
2008 Long Term Acquisition Plan



APPENDIX K

**Implementation Plan for Energy-Focused
Demand Side Management**

EC&E ADVISORY COMMITTEE STRUCTURE

The EC&E Advisory Committee is the formal stakeholder and First Nations body that makes recommendations to BC Hydro with respect to electricity conservation and efficiency. The Committee is chaired by an independent facilitator jointly selected by the EC&E Advisory Committee and BC Hydro, and is supported by a project management team from the BC Hydro Stakeholder Engagement department.

To expedite the completion of specific work priorities identified by the EC&E Advisory Committee, the ToR provide for Working Groups to be established to undertake work between meetings, and to develop information and recommendations for consideration by the Committee as a whole.

As the EC&E Advisory Committee evolved, Working Groups were established to assist the Committee in four key areas:

- ◆ **Strategic Framework Working Group** - to assist the EC&E Advisory Committee to build on BC Hydro's current Strategic Areas of Focus and develop a strategic framework that could be used by BC Hydro to pursue its conservation and efficiency goals;
- ◆ **Challenges to DSM Working Group** - to assist the EC&E Advisory Committee to clearly identify the range of potential barriers to implementing and adopting programs directed at energy/electricity conservation and efficiency measures;
- ◆ **Rates Working Group** - to assist the EC&E Advisory Committee to develop input and advice on how rates can be used as a tool, in conjunction with other measures, to drive both conservation and efficiency and achieve BC Hydro's conservation goal; and
- ◆ **Codes and Standards Working Group** - to assist the EC&E Advisory Committee in identifying how codes and standards can be used to promote energy conservation and efficiency, and develop advice for BC Hydro with respect to BC Hydro's involvement in the design and influence of Codes and Standards.

Given the nature of the work of the Rates Working Group, a decision was made to invite participation by stakeholders who were not members of the EC&E Advisory Committee and to establish formal terms of reference for this Working Group. The terms of reference for the Rates Working Group ToR are attached as Appendix F. The status of work conducted by each of the Working Groups is dealt with later in the Summary of Work section.

APPENDIX F

Rates Working Group Terms of Reference - FINAL

INTRODUCTION

BC Hydro is committed to mutually beneficial, respectful, and transparent engagement with First Nations, British Columbia communities and stakeholders. The purpose of these Terms of Reference (TOR) is to ensure that the members of BC Hydro's Rates Working Group have a clear understanding of the Working Group's objectives and what is expected of its members. These TOR are intended to provide assurance that First Nations, community and stakeholder values will be integrated into BC Hydro's electricity rates planning while supporting the smooth functioning of the Rates Working Group.

Context

1. *The Provincial Energy Plan provides the energy policy direction for British Columbia and guidance for BC Hydro's planning and operations. The Energy Plan's vision for clean energy leadership is a made in BC solution to the global challenge of ensuring secure reliable supply of affordable energy in an environmentally responsible way. The actions contained within this plan seek to deliver social, environmental, and economic benefits throughout B.C. by conserving energy and improving the energy efficiency of homes and buildings. BC Hydro will play a key role in implementing the details of the Provincial Energy Plan.*
2. *The British Columbia Utilities Commission is a regulatory agency of the Provincial Government, operating under, and administering, the Utilities Commission Act ("UCA"). The Commission's mission is to ensure that ratepayers receive safe, reliable, and non-discriminatory energy services at fair rates from the utilities it regulates, and that shareholders of those utilities are afforded a reasonable opportunity to earn a fair return on their invested capital.*
3. In March 2006 BC Hydro presented its 2006 Integrated Electricity Plan (IEP) to the BC Utilities Commission. The 2006 IEP provided an analysis of challenges and choices fundamental to securing British Columbia's electricity future by looking at two critical questions:
 - a) What are the resources BC Hydro will need to meet its share of British Columbians' electricity demands and
 - b) when will BC Hydro need them?
4. BC Hydro's current load forecast indicates that BC's electricity requirements will grow between 25 and 45 percent over the next 20 years. As part of its responsibility to ensure the province's electricity supply needs for the future are met, BC Hydro is looking at a variety of options to fill our future needs and the supply gap that is emerging ahead. Filling the emerging electricity gap will be met in three fundamental ways: conserving more, buying more from independent power producers and building more.
5. *For a number of reasons BC Hydro believes the first priority for managing the future supply gap that has been identified should be achieving cost and economically effective conservation. Central to this is helping industrial, commercial and residential customers become more efficient and wise in their use of electricity. BC Hydro believes the development and implementation of its initiatives to assist customers with electricity conservation are likely to be more effective if they are informed by input from First Nations, British Columbia communities, and stakeholders. BC Hydro further believes such input is best achieved through the establishment of a formal Rates Working Group that is informed and is able to interact with BC Hydro on an ongoing basis.*
6. BC Hydro is aligned to play a leadership role in delivering the Provincial Energy Plan and will work with government, customers, industry and the public to achieve the objectives the company sets out. As such, BC Hydro has agreed to establish a Rates Working Group to provide advice and input into the Long Term Rate Strategy, 20 year Demand Side Management Plan, Conservation Research Initiative and Advanced Metering

Infrastructure, all of which involve rates that need to be designed to meet the objectives of the Provincial Energy Plan.

WORKING GROUP OBJECTIVES

7. The objectives of the Rates Working Group are to:

- a) Build awareness and understanding of different rate options, their potential impact and how each rate option could contribute to reducing the electricity gap through encouraging conservation and shifting patterns of energy use.
- b) Provide input and advice on the design and implementation of rates that will be supported by BC Hydro's customers.
- c) Identify any challenges or unforeseen opportunities in Utilipoint's 'pricing portfolio'.
- d) Review customer research on possible rate options and the acceptable rate/pace of change, and advise on how new rate structures could be implemented.
- e) Provide input and advice on how to improve BC Hydro's approach to moving from the existing tariff to the implementation of a conservation based tariff.
- f) Provide recommendations for best methods of communicating potential changes to First Nations and Stakeholders.
- g) Provide input and advice on the best methods of communicating potential rate changes to First Nations and Stakeholders
- h) Review and provide recommendations and advice in regards to the evaluation results of any potential rate trials.

MANDATE

8. The over-arching mandate of the Rates Working Group is that given the growing gap between electricity supply and demand in B.C., the group will provide input and advice on how BC Hydro can design and implement rates that provide a price signal to encourage economically efficient and cost effective conservation, and efficient use of electricity, while ensuring that rates are fair and simple to understand.
9. The mandate for the first year of the Working Group's operation is:
 - a) To provide advice, input, and generate innovative concepts and approaches to support the development of BC Hydro's Long Term Rate Strategy, 20 year Demand Side Management Plan, Conservation Research Initiative and Advanced Metering Infrastructure initiatives.
 - b) To provide a forum for identifying and responding to key issues associated with BC Hydro's tariff. In developing recommendations, the Rates Working Group shall do so in a manner that recognizes BC Hydro operates within a context of provincial energy policy, the regulatory mandate of the British Columbia Utilities Commission, international treaties, customer expectations, unresolved Aboriginal land claims, environmental issues and business and other requirements.
 - c) To provide advice on how to structure meaningful opportunities for other stakeholder and First Nations input on BC Hydro's rates and electricity conservation and efficiency programs, and to assist BC Hydro in designing its ongoing approach to creating those opportunities for input.
10. Input and advice from the Rates Working Group to BC Hydro will be recorded in the meeting notes and in the Annual Consultative Report of the Electricity Conservation and Efficiency Advisory Committee.

OPERATIONS

11. The Rates Working Group shall also be responsible for working with the Facilitator to prepare information to be included in the Annual Consultative Report as outlined in the Electricity Conservation and Efficiency Advisory Committee Terms of Reference and forward this documentation to BC Hydro's Project Team(s) involved with rates initiatives.
12. On or before March, 31st of each year, BC Hydro and the Rates Working Group shall review the Mandate and determine if there are changes to the Mandate that both parties believe would be beneficial for the ensuing year.
13. While the role of the Rates Working Group is purely "advisory" (i.e. the Working Group has no authority to make decisions that are binding on BC Hydro):
 - a) BC Hydro will work with the Rates Working Group to ensure that the interests and concerns in relation to rates identified by the Working Group are clearly understood and considered in the design and implementation of BC Hydro's Long Term Rate Strategy, 20 year Demand Side Management Plan, Conservation Research Initiative and Advanced Metering Infrastructure initiatives;
 - b) For each recommendation made by the Rates Working Group, BC Hydro will advise the members how it deals with that recommendation (i.e. if the recommendation is accepted in whole, in part, or with modifications, and the specific steps taken by BC Hydro on the basis of that recommendation); and
 - c) Where the BC Hydro decides not to act on part or all of a recommendation, or decides to modify a recommendation, it shall provide the Working Group with a rationale for its decision.
14. The Rates Working Group shall work with the Facilitator to prepare and sign off on documentation that will be provided to the Electricity Conservation and Efficiency Advisory Committee for the purpose of forming part of their annual consultative report. The following information should be included:
 - a) the overall Rates Working Group process, including the Rates Working Group's mandate, objectives and operations;

- b) the rate options considered and an evaluation of the potential impacts identified for each, including suggestions around the design and implementation of rates that would be supported by BC Hydro's customers;
 - c) recommendations on the best methods of communicating potential changes to First Nations and Stakeholders;
 - d) areas of agreement and disagreement;
 - e) assessment of the effectiveness of the Rates Working Group in influencing the design and implementation of BC Hydro rates initiatives;
 - f) Rates Working Group members' assessment of their experience as members and how well the interests of their organizations were addressed;
 - g) suggestions or recommendations to BC Hydro on appropriate changes to any similar future stakeholder involvement processes; and
 - h) other aspects of the process the Rates Working Group wishes to address.
15. In addition to informing the Electricity Conservation and Efficiency Advisory Committee, the Working Group will elect a representative to present the information to BC Hydro's project teams involved with the Long Term Rate Strategy, 20 year Demand Side Management Plan, Conservation Research Initiative and Advanced Metering Infrastructure initiatives.

DECISION-MAKING

16. The Rates Working Group shall function as a consensus based organization:
- a) Consensus shall be defined as no substantial disagreement on an issue/matter by any member; however;
 - b) Consensus may include agreement on a document that describes different points of view on an issue/matter;
 - c) Consensus shall be determined by the Facilitator asking if any member substantially disagrees with a proposed decision or recommendation on a matter; and
 - d) BC Hydro representatives appointed to the Rates Working Group shall not participate in any determination of whether a consensus exists on a proposed recommendation in relation to a substantive issue/matter related to the Mandate.
17. All recommendations in relation to substantive issues/matters related to the Mandate, including periodic revisions to these Terms of Reference shall be made by consensus.

18. In the event of an impasse in relation to a substantive issue/matter:
 - a) the Facilitator shall assist Rates Working Group members in identifying a mutually acceptable resolution to the impasse using interest based approaches/techniques the Facilitator considers most appropriate in the circumstances – these may include:
 - i) Assisting Rates Working Group Members to clearly define the issue(s) and areas of disagreement;
 - ii) Assisting Rates Working Group Members to identify their interests with respect to the subject under discussion;
 - iii) Utilizing brainstorming sessions and other techniques determined appropriate by the Facilitator to identify options that can address the interests identified;
 - iv) Assisting the Rates Working Group Members to develop criteria for evaluating options, where appropriate; and
 - v) Facilitating the evaluation of options and the selection of the preferred option; and
 - b) If the impasse remains, the Facilitator shall record the specific issue in dispute and the differing views with respect to that issue (without attribution to individual Members unless they ask to be specifically identified);
19. The Rates Working Group shall strive to deal with all administrative and procedural issues/matters by consensus.
20. In the event of an impasse in relation to a substantive administrative and procedural issue/matter:
 - a) The Facilitator will make a specific recommendation to the Rates Working Group on how the issue/matter should dealt with from a best practices perspective; and
 - b) If the impasse remains, the issue will be dealt with in a manner determined most appropriate by the Facilitator.

RATES WORKING GROUP STRUCTURE

Members

21. The Rates Working Group shall consist of:
 - a) Fifteen individuals drawn from the Energy Conservation and Efficiency Advisory Committee, other Stakeholder Engagement initiatives and the general public.
 - b) One representative from BC Hydro.
22. All decisions on membership, including reappointments, new appointments, and term of appointments shall be made by BC Hydro.
23. The initial membership of the Rates Working Group shall be as listed in Appendix 1 of these ToR .(the (“Initial Appointments”).
24. The term of all Initial Appointments shall be
 - a) one year effective as of April 15, 2007, plus either
 - b) an additional one or two years determined on a lottery basis.

25. Upon the expiry of the Initial Appointments:

- a) BC Hydro shall consider reappointments and determine new appointments in a manner that draws a balance between continuity of Rates Working Group membership and creating opportunities for new members; and
- b) The term of all reappointments and new appointments shall be two years.

26. BC Hydro may cancel membership of an individual at any time on the basis of poor attendance or failure to conduct oneself in accordance with the "Responsibilities of Members" as set out below.

27. There shall be no provision for alternate members.

Observers and Guests

28. Upon request, and where agreed to by the Rates Working Group, First Nations representatives, community representatives, and other stakeholders may attend selected meetings as observers ("Observers"):

- a) The dates of meetings open to Observers will be established by the Rates Working Group;
- b) and made available in advance;
- c) Observers will not sit at the main table;
- d) Except where requested and/or agreed to by the Rates Working Group, Observers will not make presentations or participate in discussion; and
- e) Observers will not participate in any decision making.

29. Where determined appropriate, the Rates Working Group may invite experts or other individuals to attend meetings to provide technical presentations or respond to questions on a subject relevant to the considerations of the Working Group ("Guests") – Guests will not participate in decision-making.

ANNUAL WORK PLAN

30. On or before March, 31st of each year, BC Hydro and the Working Group shall develop a mutually acceptable work plan for the following year. This work plan shall:

- a) Identify the key tasks to be undertaken by the Working Group for the upcoming year, required actions, information and sequence of steps to undertake those tasks and assignment of responsibility for each of those steps; and
- b) Establish a meeting schedule for the year.

RESPONSIBILITIES OF MEMBERS

31. Rates Working Group members are expected to:

- a) conduct themselves and discuss issues in a manner that is constructive, interest based, and respectful of others;
- b) strive for consensus;
- c) attend and actively participate in all meetings;
- d) review all provided materials in advance of meetings;
- e) review draft notes of each meeting they participate in and suggest any modifications or additions they deem necessary to ensure the accuracy of the notes;
- f) acquaint themselves with the discussion and outcomes at any meetings they are unable to attend;
- g) keep their constituents informed on progress of the Rates Working Group; and
- h) work with the Facilitator to ensure that the results of the Rates Working Group is an accurate representation of the members' experience and views that will be incorporated into the Electricity Conservation and Efficiency Advisory Committee's Annual Consultative Report.

PROCESS MANAGEMENT

Facilitator

32. BC Hydro may appoint a Facilitator or engage the services of an independent Facilitator mutually acceptable to the Working Group.

33. The Facilitator shall be responsible for:

- a) aiding the Rates Working Group in achieving its Mandate;
- b) ensuring that all parties are heard and assisting parties in resolving differences in a manner that is fair and without unnecessary delay or expense;
- c) ensuring all discussions take place in a manner consistent with Section 30(a);
- d) being and remaining impartial, according equal attention and courtesy to all persons involved;
- e) facilitating all meetings of the Rates Working Group and, upon request, facilitating any sub-groups;
- f) working with the BC Hydro Project Team(s) and Rates Working Group members to create an agenda for each meeting;
- g) working with BC Hydro Project Team(s) to ensure the draft meeting notes accurately reflect the Rates Working Group's discussions and decisions when they are distributed to the Rates Working Group members for review; and
- h) working with the Rates Working Group members to produce documentation that will be provided to BC Hydro's Project Team(s) and the Electricity Conservation and Efficiency Advisory Committee for their Annual Consultative Report.

BC Hydro Project Team

34. BC Hydro shall establish a Project Team(s) to support the work of the Rates Working Group.

35. The Project Team(s) shall be responsible for:

- a) Providing relevant background material to Rates Working Group members, for their review and consideration, in advance of each meeting;
- b) Seeking input from Rates Working Group members on the tasks and activities identified in BC Hydro's Long Term Rate Strategy, 20 year Demand Side Management Plan, Conservation Research Initiative and Advanced Metering Infrastructure initiatives;
- c) Reviewing the Rates Working Group's recommendations;
- d) Providing a rationale for how each recommendation provided by the Rates Working Group has been addressed (i.e. if the recommendation is accepted in whole, in part, or with modifications, and the specific steps taken by BC Hydro on the basis of that recommendation);
- e) Incorporating recommendations received by the Rates Working Group into BC Hydro's current planning process and or plans where appropriate as determined above;
- f) Coordinating all communications on Rates Working Group activities to internal and external audiences; and
- g) Providing all logistics support to the Rates Working Group as necessary.

Stakeholder Engagement Advisor

36. BC Hydro shall designate a Stakeholder Engagement Advisor who will be the primary contact person for all Rates Working Group Members.

37. The Stakeholder Engagement Advisor shall be responsible for:

- a) arranging for facilitation services;
- b) preparing and distributing materials for the Rates Working Group meetings;
- c) arranging the logistics of all meetings;
- d) preparing and distributing meeting notes of Rates Working Group meetings, workshops or other meetings; (Meeting notes are expected to summarize discussions and record agreements, decisions, and any areas of disagreements. All such draft notes will be distributed directly to each Rates Working Group Member for review and comment.);
- e) assisting with preparation and presentation of the documentation to be provided to the Rates Working Group and BC Hydro Project Team(s);
- f) administering participant resources;
- g) developing and maintaining communication links with interested parties;
- h) maintaining a database of interested parties who are to receive newsletters and other materials about the Rates Working Group;
- i) producing and issuing all communications materials about the Rates Working Group; and
- j) ensuring that all draft newsletters and other public or communications materials about the Rates Working Group are reviewed with the Working Group before issuing them.

MEETINGS

38. Meetings of the Rates Working Group shall be conducted in accordance with an agenda approved by the Working Group at the outset of the meeting – to expedite this, the Facilitator shall distribute in advance of each meeting a draft/proposed agenda based on the Work Plan, discussion/direction at the prior Rates Working Group meeting, and input from the BC Hydro Project Team
39. Except where otherwise agreed by the Rates Working Group, meetings shall be attended only by Members, Observers, Guests, and the BC Hydro Project Team.
40. Meetings of the Rates Working Group shall be recorded in meeting summaries that briefly summarize the matters discussed and any recommendations made. Unless specifically requested by them, meeting summaries shall not attribute specific points of view to individual Members.

PUBLIC COMMUNICATION

41. The following will be made publicly available by being posted on the BC Hydro website:
 - a) The Rates Working Group Terms of Reference;
 - b) The agenda for each meeting;
 - c) The summary notes once approved by the Rates Working Group;
 - d) Newsletters, press releases and/or media updates; and
 - e) Other work or material produced by the Rates Working Group that the members agree should be made public.
42. BC Hydro may periodically prepare and distribute newsletters, press releases and/or media updates describing the Rates Working Group and its progress - such material will not be distributed prior to being reviewed by the Rates Working Group.
43. While Rates Working Group Members may speak to their constituents, stakeholders, the public, and media regarding the Rates Working Group and its work, they will do so in a manner consistent with the following:
 - a) they will seek to express their points of view as interests rather than positions;
 - b) they will make it clear they are expressing the views of their organization and/or their personal views and are not speaking on behalf of the Rates Working Group;
 - c) they will not speak to the views of other Members or attribute specific positions, suggestions, comments, etc. to them; and
 - d) they will not characterize and report, information, data, or other documents they or others have provided to the Rates Working Group as being sanctioned or endorsed by the Rates Working Group unless specifically agreed to by the Rates Working Group.
44. The Rates Working Group may periodically select a spokesperson, to speak publicly for the Rates Working Group.

Appendix 2: Information flow between the Electricity Conservation & Efficiency Advisory Committee, Rates Working Group and BC Hydro

