

B.C. Hydro's rate hikes start to bite soon

Utilities commission ignored issues when it approved changes in 2007

BY TIM PELTON, SPECIAL TO TIMES COLONIST
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Take a careful look at your latest B.C. Hydro bill. For a lot of families, it is about to start climbing again.

The change in the B.C. Hydro rate structure introduced last October and the second substantial rate increase that took effect last April haven't yet been fully experienced by consumers.

However, now that fall is upon us, many families will see a 10 per cent or greater increase in their bills compared to last year (and more than 20 per cent for some families since fall 2007).

On my most recent bill, the rate is 5.91 cents per kilowatt hour (kWh) for the first 666 kWh consumed by a household over 30 days (Step 1) and 8.27 cents per kWh for any use above that level (Step 2).

In November 2007 the residential rate was a flat 6.15 cents per kWh.

The idea of a stepped rate or "Residential Conservation Rate" sounds like a good green tool to curb waste and encourage conservation. But there are many issues that were effectively ignored by the B.C. Utilities Commission (BCUC) when it approved the rate change in August 2008.

I want to address four of these issues and challenge the government to step in and make a few changes to restore equity.

First, the new stepped rate system is by household. Someone living alone in a condo will likely never exceed the Step 1 threshold and end up seeing a net decrease in their bill, while a family living in an older home with electric heat and hot water may experience an increase as high as 25 per cent over winter 2007 bills.

Second, the rate does not take into account that many people chose to heat their homes with electricity because it was the best option (for example, a heat pump as a green alternative to fossil fuels or wood) or they were encouraged to do so by previous B.C. Hydro initiatives to convert homeowners to electric heat. These types of choices should be lauded and encouraged, or at least not punished and discouraged.

Third, the increase unfairly affects larger families with lower and moderate incomes who are living in rental accommodations with higher heating costs. These families are not typically wasteful consumers; many have already limited their heating and hot water consumption. Any further reductions in electricity consumption can only be accomplished with hardship or renovations like new windows or insulation. If a landlord were to choose to improve the property, then a corresponding rent increase would be equally punitive.

Finally, the BCUC process that led to this change was unbalanced. B.C. Hydro had the full force of its corporate machinery pushing for this change, while there were no significant resources available to support a co-ordinated intervention on behalf of the consumer.

B.C. Hydro took full advantage of its position as owner of the consumption data, providing only carefully selected statistics such as customer average use across the province and avoiding any comprehensive breakdown of consumption by residence type and region.

Instead of providing the BCUC with a balanced and objective summary, the submission was manipulative and effectively characterized most consumers with higher consumptions as greedy or wasteful.

I believe that improvements are possible -- if the government has a will to implement them.

The Step 1 consumption cap should be changed to reflect the number of persons normally living in a residence. B.C. Hydro claims this is too complicated, but good estimates of occupancy numbers could easily be generated using existing government information and a process introduced to correct errors.

Electric heating is a sticky issue -- it is both green and greedy. But if the government wanted to encourage reductions in both greenhouse gases and electricity consumption, then encouraging consumers with further grants to improve the energy efficiency of their homes and heating systems would be a good start.

Extending this program to encourage landlords to upgrade rental units without having to pass along costs would also relieve financial stresses on tenants and support economic development. A further system of temporary grants for low-income households with high electricity needs might also alleviate some stress.

Finally the government should implement an independent consumer advocacy program with mandated access to corporate data to intervene on behalf of the consumer in BCUC processes.

This might lead to a more balanced consideration of the issues in the future.

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