

From: ["Mochrie, Paul" <Paul.Mochrie@vancouver.ca>](mailto:Paul.Mochrie@vancouver.ca)

To: ["Direct to Mayor and Council - DL"](#)

Date: 1/17/2025 5:18:33 PM

Subject: Memo to Mayor & Council - BCUC processes for BC Hydro's Distribution Extension Policy & residential rates

Attachments: [Council Memo to Mayor & Council - BCUC processes for BC Hydro's Distribution Extension Policy & residential rates.pdf](#)

Dear Mayor and Council,

This memo provides an update on two BC Utilities Commission (BCUC) proceedings reviewing BC Hydro applications related to the energy transition. The City of Vancouver intervened in these proceedings with the District of North Vancouver, the City of Richmond, and the Metro Vancouver Regional District. Key points include:

- BC Hydro's proposed update to the Distribution Extension Policy will lower electrical service connection costs. The city intervenors supported BC Hydro's application and recommended several next steps.
- Complementary to the proposed Distribution Extension Policy changes, City staff are working closely with BC Hydro to make the costs and timelines of electrical service connections more predictable through process changes and capacity building efforts.
- BC Hydro's 2024 Residential Rate Design application proposes to shift the current two step rate structure, which discourages electrification, to a flat rate structure by 2028. The city intervenors supported the application and recommended protections for low-income customers who may be negatively affected by the changes.

Best,

Paul

Paul Mochrie (he/him)

City Manager

City of Vancouver

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The City of Vancouver acknowledges that it is situated on the unceded traditional territories of the xʷməθkʷəy̓əm (Musqueam), Skwxwú7mesh (Squamish), and səlilwətaʔ (Tsleil-Waututh) Nations.



MEMORANDUM

January 17, 2025

TO: Mayor and Council

CC: Paul Mochrie, City Manager
 Armin Amrolia, Deputy City Manager
 Karen Levitt, Deputy City Manager
 Sandra Singh, Deputy City Manager
 Katrina Leckovic, City Clerk
 Maria Pontikis, Chief Communications Officer, CEC
 Teresa Jong, Administration Services Manager, City Manager's Office
 Mellisa Morphy, Director of Policy, Mayor's Office
 Trevor Ford, Chief of Staff, Mayor's Office
 Lon LaClaire, General Manager, Engineering Services
 Saul Schwebs, Chief Building Official

FROM: Josh White
 General Manager, Planning, Urban Design and Sustainability

SUBJECT: BCUC processes for BC Hydro's Distribution Extension Policy & residential rates

RTS #: N/A

This memo provides an update on two BC Utilities Commission (BCUC) proceedings that the City has been involved in: BC Hydro's application to update its Distribution Extension Policy (DEP), and BC Hydro's 2024 Residential Rate Design application. To improve alignment with City of Vancouver policies and priorities, the City is intervening in these processes in partnership with the District of North Vancouver, the City of Richmond, and Metro Vancouver (referred to as the Local Government Intervenors or LGI),

Distribution Extension Policy

The Distribution Extension Policy (DEP) guides how BC Hydro allocates costs to applicants for new and upgraded service connections. BC Hydro's application proposed two significant changes to the DEP, namely:

1. Increasing the financial contribution that BC Hydro makes towards new customer connections.
2. Shifting the cost of system improvements triggered by a new connection (e.g. upgrades to the existing distribution system), from the new customer to BC Hydro in most cases.

The LGI [final argument](#) recommends that the BCUC approve the application because the proposal will lower service connection costs for all customers and will significantly reduce risk to developers of triggering large system improvement fees. Broadly, these changes support

housing affordability. The LGI also recommended several next steps for BC Hydro to further improve the DEP. These include accelerating the timeline on efforts to further support service connections in new Small-Scale Multi-Unit Housing, and providing equivalent BC Hydro contributions to District Energy Systems serving multiple new buildings.

In addition to the DEP update, City staff are working closely with BC Hydro in a variety of ways to make the costs and timelines for service connection more predictable for builders and developers. Examples of this work include:

1. The City has waived undergrounding requirements on electrical service connections for multiplexes, which has enabled more streamlined decision-making at BC Hydro and more multiplexes being serviced with overhead connections that are easier and less expensive to install. As of December 2024, 40% of multiplex projects received overhead service.
2. The City worked with BC Hydro to revise the connection process for multiplexes to be concurrent with the development permit process. That change removes the risk of electrical connections being requested too late in the development process.
3. The City is working with BC Hydro to expand access to its 200 amp Express Connect program, which will make it easier for more multiplex projects to connect to the grid without needing to go through the more complex Design Connect process.
4. The City is working with the Homebuilders Association Vancouver, the Canadian Home Builders' Association of BC, and BC Hydro to develop a Multiplex Electrical Service Guide, which will be shared with builders, architects, and electricians in early 2025 to help them learn about opportunities to reduce peak electrical loads and minimize service sizes.

RATE DESIGN APPLICATION

BC Hydro's 2024 Rate Design Application proposes to expand the availability of flat rate pricing to all residential customers and phase out the existing inclining-block rate by 2028. Under the inclining-block rate pricing model, customers pay a higher rate for electricity usage above a set threshold, which can pose a barrier to heat pump and EV adoption.

The LGI [final argument](#) recommends that the BCUC approve BC Hydro's application to introduce a flat rate option for all residential customers because the change makes it more affordable to switch to electricity and aligns with 2023 [direction](#) from the BCUC to eliminate the inclining-block rate. However, the LGI raised concerns that as Step 1 of the inclining-block rate is increased in 2026 and merged with the flat rate by 2028, some low-income customers who pay the Step 1 rate will experience higher electricity bills. The LGI recommended that BC Hydro address this risk by 1) filing an application by the end of 2025 that includes additional rate options that could benefit low-income customers, and 2) continuing to explore provincial policy changes that would enable rates explicitly designed to support low-income customers.

NEXT STEPS

Final arguments from the intervenors and BC Hydro have been completed in both processes. Decisions from the BCUC are expected in the first quarter of 2025 and staff will update Council when they are published.

Please feel free to contact me at josh.white@vancouver.ca if you have any questions.

A handwritten signature in black ink, appearing to read 'J White', with a stylized, cursive script.

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