
INFORMATION BULLETIN

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Ministry of Energy, Mines and Petroleum Resources

Government launches BC Hydro review

VICTORIA – To contain rate increases, control costs, and to position BC Hydro for future success, the Government of British Columbia has launched a comprehensive, two-phased review of BC Hydro.

In the first phase of the review, government is working with BC Hydro to identify cost savings, efficiencies, new revenue streams and other changes, to keep electricity rates low and predictable over the long-term, while ensuring BC Hydro has the resources it needs to continue to provide clean, safe and reliable electricity.

An advisory group, consisting of staff from the Ministry of Energy, Mines and Petroleum Resources, the Ministry of Finance and BC Hydro, will perform the first phase of the review.

Government expects recommendations from the first phase of the review this summer to inform a refreshed rates plan, and assist BC Hydro in preparing its next rates application, to be filed with the B.C. Utilities Commission (BCUC) in February 2019. A report on the first phase of the review, and government's response, will be released in the fall of 2018.

In the second phase of the review — starting in late 2018 — the Province will establish an expert panel, to provide recommendations to ensure BC Hydro is well positioned to maximize opportunities flowing from shifts taking place in the global and regional energy sectors, technological change and climate action.

The second phase of the review will be informed by new government strategies, including an energy roadmap for the future of B.C. energy and a new climate action strategy. Terms of reference for this second phase, including the makeup of the expert panel, will be finalized after the first phase of the review has been completed. It is anticipated that the panel will deliver its recommendations to government by summer or fall of 2019.

Quick Facts:

- BC Hydro rates have gone up by 25% since 2013, and by more than 70% since 2001.
- On March 1, 2018, the BCUC rejected BC Hydro's request for a rate freeze, effective April 1, 2018. It instead approved an increase of 3%, noting that even with the rate increase, BC Hydro is not able to fully recover its revenue requirements in that fiscal year.
- Government continues to work across ministries, and with stakeholders and customer groups, to design a lifeline program, which would help offset the impact of rising electricity costs for low-income individuals or families.
- BC Hydro has set up a Customer Crisis Fund pilot program for residential customers to avoid disconnection of their service when they are facing a temporary financial crisis, such as loss of employment or benefit income, unanticipated medical expenses or

pending eviction. The three-year pilot will run until 2021.

- To lower electricity costs for B.C. businesses and industries, the B.C. government is phasing out the provincial sales tax (PST) on electricity. Following the 50% reduction that started on Jan. 1, 2018, government will completely eliminate the PST on non-residential electricity on April 1, 2019. Residential use of electricity is already PST-exempt.
- Eliminating the PST on electricity will translate into savings of more than \$150 million annually for B.C. businesses.

Learn More:

To view the terms of reference for the BC Hydro review, visit:

<https://www2.gov.bc.ca/gov/content/industry/electricity-alternative-energy/electricity/bc-hydro-review>

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