

# Defining & Regulating Utilities



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**bcuc**  
British Columbia  
Utilities Commission

# BCUC Overview

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# The BCUC and Governing Legislation

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**The British Columbia Utilities Commission (BCUC) is an independent regulatory agency of the Government of British Columbia.**

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We are primarily governed by the Utilities Commission Act, our enabling legislation.

We also are guided by sections of the Clean Energy Act, Administrative Tribunals Act, Insurance Corporation Act and the Freedom of Information and Protection of Privacy Act.

We became the administrator of BC's Fuel Price Transparency Act in 2020.

# What We Do

- Regulate public energy utilities
  - Economic regulation, and
  - General supervisory role, including safety.
- Review energy supply contracts
- Review complaints about regulated entities
- License and oversee the activities of gas marketers
- Regulate tolls and conditions of service for common carrier energy pipelines
- Oversee Mandatory Reliability Standards
- Administer the *Fuel Price Transparency Act*



# What is a Public Utility?

Defined by the *Utilities Commission Act*:

“a person, or the person's lessee, trustee, receiver or liquidator, who owns or operates in BC, equipment or facilities for the production, generation, storage, transmission, sale, delivery or provision of electricity, natural gas, steam or any other agent for the production of light, heat, cold or power to or for the public or a corporation for compensation”

- Broad encompassing definition
- Hearings may be held to determine utility status

An entity that meets the definition of a “public utility” is subject to regulation under the UCA.

# Rationale for Regulation

Utility regulation exists to ensure that customers of utilities and other service providers using the utility system are protected from predatory pricing that can arise from a lack of competition.

To protect the public interest, regulation can:

- define services that regulated market participants offer
- set rates charged for services
- require approval for capital projects
- enforce safety standards

Utility regulation acts as a substitute for the economic forces that would provide the checks and balances if energy utilities operated in a competitive market.

Regulation is important because it establishes the rules for energy utilities and makes sure those rules are understood and applied consistently.

# What is the Public Interest?

There is no one sized fits all public interest test nor is public interest defined in the UCA.

The determination of the public interest is based on the specific facts contained in the evidence in a particular case.

The BCUC has discretion to consider a wide variety of factors relevant to the public interest.

The determination of whether an application meets the “public interest test” is dependent on the circumstances existing at a particular point in time and is largely an evidence-driven process.

# Regulatory Principles and the BCUC's AES Report

## *KEY PRINCIPLES*

### When to Regulate:

- Only regulate where required
- Regulation should not impede competitive markets

### How to Regulate:

- Where regulation is required, use the least amount to protect the ratepayer
- Benefits of regulation should outweigh costs

In the 2012 AES Report, the BCUC established key principles and guidelines to determine when regulation is needed, and, if needed, principles for determining the form of regulation.



# Exemptions from Regulation

Regulation is not “one size fits all” and the approach can be tailored depending on the nature of the public utility.

Public utilities may request an exemption from different parts of regulation under the UCA, the most common being Part 3 of the UCA.

Partial regulation may be better suited to smaller utilities in particular.

Two pathways for an exemption:

1. **Section 88 (3) of the UCA** – the BCUC, with approval from the Minister, exempts a public utility from any provisions of the UCA
2. **Section 22 of the UCA** – the Minister, via regulation, exempts a public utility from any of all of section 71 (filing energy supply contracts) and Part 3 (regulation of public utilities) of the UCA

# BCUC Inquiries

The BCUC holds inquiries, whether on its own initiative or by request from the Provincial Government, on matters that may have broad impact on persons or groups in BC.

- For example, in 2019, the Lieutenant Governor in Council directed the BCUC to conduct an Inquiry respecting the Regulation of Indigenous Utilities.

Inquiries are open and transparent processes where the public can participate and give their views to the BCUC.

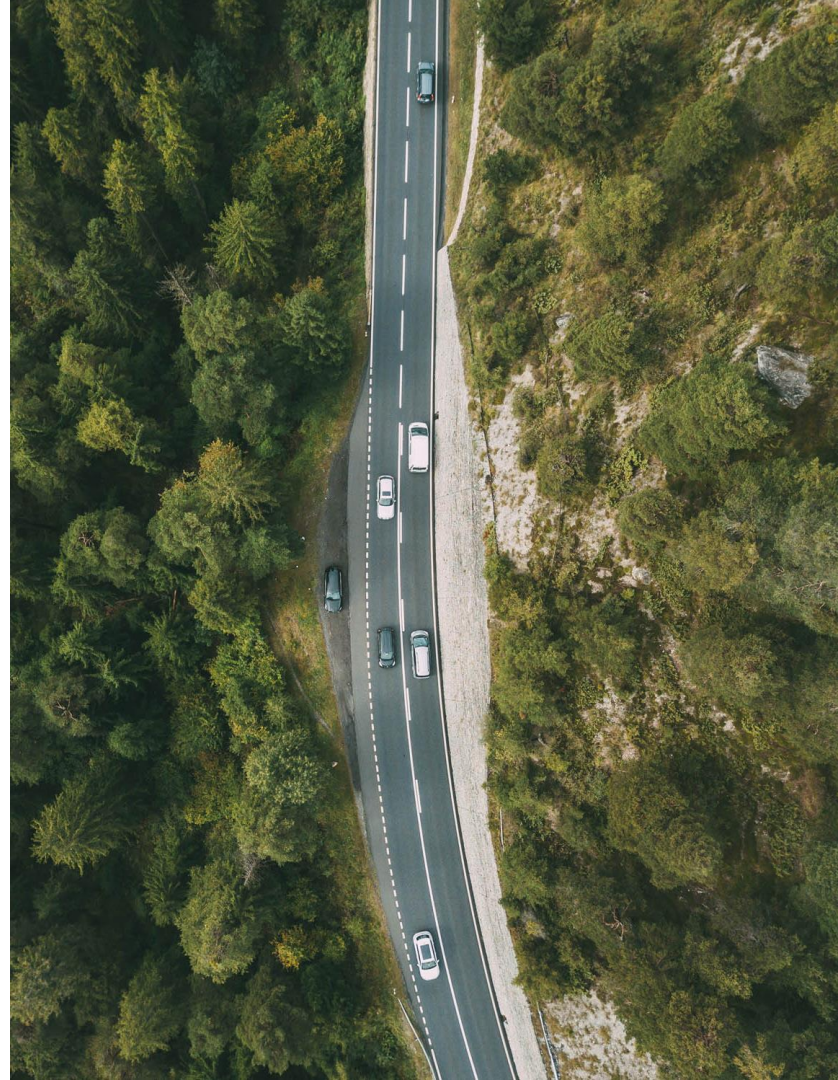
Inquiries typically conclude with a report often with recommendations or establishing key principles to guide the BCUC and its stakeholders

# Jurisdiction Overlap and Safety Inquiry Example

The BCUC has exclusive jurisdiction for many matters of public utility regulation set out under the UCA, for example, rate setting.

The BCUC also has jurisdiction over all aspects of public utility safety and cannot forbear this jurisdiction however, other entities also occupy this space.

The BCUC therefore established a number of key principles in the Safety Inquiry to guide the BCUC in regulating safety. The principles also help address regulatory overlaps and any potential operation gaps in safety.





# *Regulation of the safety of public utilities in BC is a shared responsibility*



**WORK SAFE BC**



Comptroller Water Rights



# Government Engagement

- The legislator keeps the BCUC informed on potential policy changes - government provides direction to the BCUC through regulations and Orders in Council, to implement BC government policies.
- The BCUC keeps the legislator apprised of our work and major actions.
- BCUC provides an Annual Report to government.



# Understanding Our Process

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## Fair, transparent and inclusive review processes

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Legally binding, well reasoned decisions that are based on evidence.

Neutral inquisitorial process - procedural fairness is paramount.

We receive input from stakeholders and affected parties.

Tailored proceedings depending on the nature of the application.



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**Thank you**