

Revenue Guarantee Guide

What is a revenue guarantee?

A revenue guarantee is a financial assurance provided by the customer that ensures the contribution provided by BC Hydro is realized within 5 years.

When is a revenue guarantee required?

If BC Hydro anticipates that your maximum demand will exceed 100 kW, you may need to provide a revenue guarantee for the extension, either in cash or an equivalent form. If a guarantee is required, you will be notified by your BC Hydro Design Representative. Construction and material procurement will not begin until the revenue guarantee is provided.

How do I provide a revenue guarantee?

Online payment options are not available. Payment methods, which may include cheque, money order, or an irrevocable, automatically renewable letter of credit to BC Hydro, are subject to BC Hydro's approval. Goods and services tax (GST) will apply.

Your BC Hydro Design Representative will tell you the revenue guarantee amount and available payment methods. See Figure 1 for the correct address to send your payment based on the method that you are provided.

How long is the revenue guarantee held for?

BC Hydro will hold the revenue guarantee for five years. At the end of the period, BC Hydro will reassess its contribution based on the actual number of customers connected to the extension, and their actual average billing demand over the five-year revenue guarantee period. Based on the reassessment, we will retain or return the revenue guarantee in full or in part without interest. Expect an additional 90 days to process a return.

Important Notice

Follow the instructions provided by the BC Hydro Design Representative

An e-mail will be sent that will state your revenue guarantee amount, available payment method and additional steps to ensure that your payment is processed quickly.

Cheque or Money Order	Letter of Credit
Payment Controls Dept. 333 Dunsmuir St, Vancouver, BC V6B 5R3	Treasury Dept. 333 Dunsmuir St, Vancouver, BC V6B 5R3

Figure 1 – Address to send the revenue guarantee by payment method.

EXAMPLE OF A REVENUE GUARANTEE CALCULATION

Example of a revenue guarantee calculation

You build an extension for a service with an estimated demand of 500 kW per month. We provide a contribution toward construction of \$200 per kW of estimated demand. You provide a \$100,000 guarantee for five years, which is equal to our contribution toward construction:

Calculation: 500 kW estimated demand x \$200 per kW of estimated demand = \$100,000

After five years of service, we review your account and determine that the actual average monthly demand is 400 kW, which is lower than the original estimated demand. We will keep \$20,000 and return \$80,000 of the guarantee:

Calculation: 400 kW x \$200 per kW = \$80,000



When can I have an evaluation performed?

BC Hydro will review the revenue guarantee after five years without you needing to apply. Only one review will be done for each project.

Where to find more information

If you need more information go to www.BCHydro/Connections.

NEED ASSISTANCE?

Please contact your BC Hydro Design Representative for more information while your project is still active.

To inquire about an existing revenue guarantee, contact the Customer Program Office at CPO@bchydro.com.

