

BC Hydro's Distribution Extension Policy changes

Overview

BC Hydro has updated its Distribution Extension Policy — the rules for how costs are shared when new or upgraded electrical connections are made to the distribution system. These changes, effective July 5, 2025, aim to reduce costs, improve cost certainty, and support faster, more equitable growth in communities across B.C.

The challenges this update addresses:

1. Higher costs for zero carbon new buildings

Buildings and developments that are constructed to be fully electric can require larger electrical connections than if they are constructed to be served by fossil fuels such as natural gas.

2. Unfair allocation of upgrade costs

If one building or development triggered an upgrade, then they would be on the hook for it, but everyone who comes in afterwards could benefit from the upgrade.

Key takeaways for local governments

Currently, it can be prohibitively expensive to fund new or upgraded connections to the distribution system. This can present a barrier to electrification for new and existing developments. By removing this cost, local governments, developers, and other stakeholders can more confidently electrify their projects without the burden of added costs that new and upgrading connections may incur. This clarity in system upgrade costs and processes also helps local governments in their policy design and plans for community development and growth.

BC Hydro's changes to their Distribution Extension Policy are designed to make electrical connections more affordable, more predictable, and better aligned with community growth and planning goals. The intention is to support:

- Affordable housing and multi-unit developments
- Electrification of homes, businesses, and public infrastructure
- More equitable cost-sharing in growing areas
- Improved coordination across jurisdictions and projects

For more details, visit [BC Hydro's distribution extension policy webpage](#).

About BC Hydro's Distribution Extension Policy

BC Hydro's Distribution Extension Policy outlines how costs are shared when new or upgraded electrical connections are made. Each connection typically includes:

1. Extending the system to the site
2. Upgrading the distribution system (if needed)
3. Creating the service connection
4. Installing metering to deliver electricity

Upcoming policy changes

Under the current policy, customers pay for the extension, applicable system improvement cost, and for the service connection and metering, and BC Hydro provides a contribution towards the cost of the extension and system improvement costs. But after years of feedback—especially from municipalities and developers—BC Hydro has updated their approach.

The new policy takes effect on July 5, 2025, following approval from the B.C. Utilities Commission. It aims to reduce connection costs, make them more predictable, and improve equity—including for Non-Integrated Area communities, which will now follow the same rules as the rest of the province.

A transition period starts April 22, 2025, giving customers the option to wait for the new policy if it better suits their project timelines and budgets.

These updates are designed to support community growth, affordable housing, and local electrification goals.

The term "non-integrated area" refers to a region that is not connected to BC Hydro's main electrical grid.

These areas are usually remote or isolated communities where electricity is supplied by local, stand-alone generation systems—frequently diesel generators—often at a higher cost to consumers.

Non-integrated areas will now follow the same extension policy and charges as the integrated system.

Lower Costs for Most New Connections

BC Hydro will now cover system improvement costs in most cases—a significant shift from the previous policy where customers had to pay these costs up front. This helps reduce barriers to development, especially for larger or more complex projects.

Customer connection size	BC Hydro's System Improvement Investment
Under 1 Mega Volt Ampere (MVA)	Up to \$1 million
Over 1 MVA	\$1 million per MVA, pro-rated by Kilovolt-amperes (kVA) up to a maximum of \$10 million
If the system improvement cost exceeds BC Hydro's maximum investment of \$1 million per MVA, up to a maximum of \$10 million, the customer will pay for the balance of the system improvement cost.	

Higher Contribution Allowances

BC Hydro is increasing how much it contributes to new connections, helping to offset costs for customers. These figures will adjust annually with approved rate increases.

Rate class	BC Hydro's maximum contribution allowance under current policy	BC Hydro's maximum contribution allowance under new policy (July 5, 2025)
Residential (per dwelling)	\$1,475	\$2,690
General Service (per kW of estimated billing demand)	\$200	\$501
Street lighting (per fixture)	\$150	\$174
Irrigation (per kW of estimated billing demand)	\$150	\$479

New Extension Fee Refund Process

When a customer funds a new extension, and others later connect to it, a new automatic refund process will apply. This creates a more fair and predictable system for shared infrastructure investments — especially helpful for phased or multi-developer areas.

Extension fee	Review frequency
Under \$25,000	No refund available
\$25,000 - \$999,999	Fifth anniversary date of energization
\$ 1 million - \$4.99 million	Fifth and tenth anniversary date of energization
\$5 million or higher*	Fifth, tenth, and fifteenth anniversary date of energization

*Option to apply for annual review.

Expansion of financial assistance

Financial support for connections is being extended beyond residential customers and farms to now include three-phase overhead distribution and non-residential services that provide benefits to a community, such as band offices, community centres, and water treatment plants.

Updated standard charges

New standard charges - what BC Hydro charges for standard connections, metering and alterations to the distribution system - will come into effect when the new policy launches on July 5.