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October 5, 2017

British Columbia Utilities Commission
Suite 410, 900 Howe Street
Vancouver, BC
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Attention: Mr. Patrick Wruck, Commission Secretary and Manager, Regulatory Support

Dear Mr. Wruck:

Re: FortisBC Inc. (FBC)
Project No. 1598911
Application for Community Solar Pilot Project (the Application)
FBC Written Reply Argument

On April 26, 2017, FBC filed the Application referenced above. In accordance with the British Columbia Utilities Commission Order G-114-17 setting out the Amended Regulatory Timetable for the review of the Application, please find attached FBC's Reply Argument.

If further information is required, please contact Corey Sinclair, Manager, Regulatory Services at 250-469-8038.

Sincerely,

FORTISBC INC.

Original signed:

Diane Roy

Attachments

cc (email only): Registered Parties

BRITISH COLUMBIA UTILITIES COMMISSION

**IN THE MATTER OF the *Utilities Commission Act*,
R.S.B.C. 1996, Chapter 473 (the “*Act*” or “UCA”)**

and

An Application by FortisBC Inc.

Community Solar Pilot Project ~ Project No. 1598911

REPLY ARGUMENT OF

FORTISBC INC.

October 5, 2017

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PART One: INTRODUCTION

1. FortisBC Inc. (FBC or the Company) sets out below its reply to the arguments filed by the BC Sustainable Energy Association and Sierra Club B.C. (BCSEA-SCBC), the BC Old Age Pensioners Association et al. (BCOAPO), the Industrial Customers Group (ICG), Resolution Electric Ltd. (Resolution) and Don Scarlett (Mr. Scarlett).

PART Two: GENERAL COMMENT ON BCSEA-SCBC SUBMISSIONS

2. BCSEA-SCBC support approval by the BC Utilities Commission (the Commission) of the Community Solar Pilot Project (CSPP), the “Virtual Solar” rate model and the “Solar Offset” rate model (p. 1). FBC notes in this regard that, as set out in Exhibit C2-1 (the BCSEA-SCBC request to intervene), BCSEA-SCBC are “non-profit public interest environmental and energy policy organizations” as well as “representatives of their members’ interests as ratepayers”. BCSEA-SCBC serve on FBC’s Resource Planning Advisory Group, BC Hydro’s stakeholder advisory group regarding demand side management (DSM), BC Hydro’s Technical Advisory Committee regarding the Integrated Resource Plan, and the Utilities’ Conservation Potential Review Technical Advisory Committee.¹

3. The comments set out in BCSEA-SCBC’s submissions are informed by this experience and perspective, which are particularly relevant to the issues in this proceeding. FBC generally agrees with the reasoning that BCSEA-SCBC has advanced for their position.

PART Three: LONG-TERM ELECTRIC RESOURCE PLAN

4. ICG contends that “the Commission must either reject the LTERP [FBC’s 2016 Long Term Electricity Resource Plan (LTERP)] and approve the CSPP or accept the LTERP and deny approval of the CSPP” (paras. 4, 17, 20). ICG’s proposition is unsound. The LTERP and CSPP applications serve separate functions. Not everything that a utility does is subsumed into its LTERP.

5. As BCSEA-SCBC note, “CSPP is not intended to be a new resource option and should not be evaluated on this basis” (p. 3). FBC’s position on this has been open and clear throughout. As BCSEA-SCBC further note, “the Commission should consider the [CSPP] application in terms of the purpose of the CSPP, which is...to provide customers with a new renewable energy option, and to provide

¹ Exhibit C2-1.

information to consider in the development of potential expanded offerings in the future” (p. 3).² FBC agrees with BCSEA-SCBC’s view, and also with their view that “some of the apparent criticisms of the CSPP proposal that have arisen in this proceeding and in the 2016 LTERP proceeding are based on an over-estimation of the scope and purpose of the [CSPP]” (p. 3). The CSPP is a pilot project and should be viewed in this context as a means to evaluate the longer term viability of such an offering.

6. While ICG appears to conflate the frameworks in which the CSPP and LTERP are advanced, FBC notes that:

- a. FBC’s CSPP and LTERP applications are properly under different sections of the *Utilities Commission Act* (UCA), reflecting their different purpose and the different criteria by which they are governed. FBC’s LTERP application is under s. 44.1 of the UCA (“Long term resource and conservation planning”). By contrast, FBC’s CSPP application is under s. 44.2 (“Expenditure schedule”) and 59-60 of the UCA.
- b. The fact that FBC was seeking relief under s. 44.2 was, as BCOAPO notes in its submissions, the subject of discussion at the procedural conference in the CSPP process, as the first item on the agenda was, “Given FortisBC Inc.’s (FBC) Performance-Based Ratemaking (PBR) plan, is there a need for the Commission to hear, pursuant to section 44.2 of the *Utilities Commission Act*, a capital expenditure schedule application? If so why?” FBC submitted that its request for relief under s. 44.2 was appropriate, and ICG stated, “The submissions that Ms. Herbst has made with respect to your item 1 on the agenda, take no exception with, in fact agree with.”³ In its reasons for Order G-89-17, the Commission stated: “With regard to the necessity of the Application being reviewed under section 44.2 of the UCA, the Panel accepts that given the nature of the project in terms of it being a pilot program and the public interest considerations, it is appropriate for the Application to be reviewed under section 44.2 of the UCA.”⁴
- c. In paragraph 4 of its submissions, ICG seriously mischaracterizes FBC’s position on the CSPP-LTERP dynamic. Nowhere has FBC suggested (to use ICG’s words in paragraph 4)

² See also Exhibit B-12: as FBC stated in response to ICG IR 2.1.3, the LTERP evaluates “the best resource options to meet general utility supply” where “the purpose of the CSPP is to gauge the interest in community solar, not to choose between competing resources....The CSPP, as a customer offering, is not directly relevant to the determination of resources, which is properly part of the LTERP.”

³ Transcript Volume 1 (Procedural Conference of June 1, 2017) at p. 29 ll. 13-15 (Mr. Hobbs).

⁴ Exhibit A-6. See also Exhibit B-4 - FBC response to BCSEA IR 1.1

that “in the case of the CSPP the LTERP should not be ‘carried out’ or that “the CSPP should not be built if the LTERP is ‘carried out’”. In the paragraph of FBC’s argument to which ICG points, FBC expressly and properly stated that “[t]he CSPP is viewed in isolation from the [LTERP]”⁵ – the success of one is not dependent on the other: hence the “isolation” that is referred to.

7. Further and in any event, the application that is presently before the Commission in this proceeding is for approval of the CSPP. If ICG were correct that this approval somehow barred approval of the LTERP (which is not the case), ICG can advance that argument in the LTERP process. As BCSEA-SCBC note, the relationship between the CSPP and FBC’s resource options was addressed by FBC in responding to information requests in the LTERP proceeding; the Commission panel in the LTERP proceeding therefore has information on this point if required to make its own assessment.

PART Four: PROJECT “NEED”

8. ICG suggests that “[t]he CSPP is not needed” (para. 26) and BCOAPO cites a lack of “sufficient demonstrable need” (p. 14). However, need should not be the only circumstance in which a pilot project may be undertaken (indeed, if an immediate need were always required, one might question if there would ever be time for a pilot). If a utility were constrained from taking and exploring steps in advance of immediate need, in the future it might find itself always in a reactive stance, and indeed less equipped to address whatever ultimately does arise.

9. In its IR 1.1.1, the Commission asked FBC about past service offerings “which have not been driven by public need”. FBC responded as follows:⁶

FBC interprets “public need” in the context of this question to refer to the ability of the Company to deliver on its primary obligation to deliver electricity to its customers in a safe and cost effective manner. Even though the CSPP is not a “public need” by this definition, there are a number of programs and rates that are offered by the Company driven either by direction or customer request. Rates that have specifically been implemented in response to customer preference include the Net Metering rate (RS95), the Stand-by Rate (RS37), the Green Power Rider (RS85). In addition, The Residential Conservation Rate (RS01) and the various Time-of-Use schedules have been put in place as either the default rate or an optional offering but are not required to provide service or mitigate rate increases to customers in general.

⁵ Paragraph 6.

⁶ Exhibit B-2.

PART Five: BENEFITS OF CSPP

10. Certain interveners seem to be suggesting a lack of benefit from the CSPP; BCOAPO asserts there is “little real benefit to this project” (p. 13). Though FBC agrees with BCSEA-SCBC’s caution that CSPP’s benefits should not be overstated – it is, after all, a small pilot – it also agrees with BCSEA-SCBC’s view that it is “a small step in a favourable direction”.

11. The benefits that certain of the interveners (with exceptions noted below) seem to ignore include the following

- a. **information gathering:** “[t]he CSPP will gather technical information on solar installations in the FBC service area, level of customer participation, feedback from customers, and financial information.”⁷ Information gathered will include “the level of customer commitment, constructability, contracting, interconnection, maintenance, and billing”.⁸ FBC has noted that “There is value in this to all customers, whether they participate in the pilot or not.”⁹
- b. **more reliable information gathering than by other means:** As FBC has noted, “[a]s a pilot, the results will be highly reliable as they will be based on actual behavior.”¹⁰
- c. **equipping the utility to assess whether to potentially engage in solar energy on a bigger scale:** as FBC said in its Application, the information obtained “will allow the Company to make prudent decisions with respect to the potential to expand the Program in the future.”¹¹
- d. **providing information to other stakeholders as well via reporting:** BCSEA-SCBC note in discussing FBC’s planned reporting that “[t]his information will be useful for the developers of community-owned solar projects and utilities interested in innovative rate designs” (p. 5).
- e. **allowing more customers potentially to access net metering-like benefits:** BCSEA-SCBC describe CSPP as “aimed at learning whether and how this particular model can make

⁷ Exhibit B-9 – FBC response to BCUC IR 2.23.6.

⁸ Exhibit B-1 – FBC Application at p. 1.

⁹ Exhibit B-9 – FBC response to BCUC IR 2.23.6; Exhibit B-2 – FBC response to BCUC IR 1.14.5.

¹⁰ Exhibit B-9 – FBC response to BCUC IR 2.23.6.

¹¹ Exhibit B-1 at p. ES-1.

benefits that are somewhat equivalent to those of net metering available to customers for whom installing their own small-scales self-generation is not possible or not desired” (pp. 3-4).

- f. **enhancing public awareness of solar power**: BCSEA-SCBC note that “the CSPP will modestly enhance public awareness of solar PV generation” (p. 4). In this regard as well, though Resolution raises negatives in relation to CSPP and ultimately does not support it, it also saw “[p]ositive aspects” from the perspective of a solar industry participant in having the project proceed, including “[d]rawing attention to solar photovoltaic technology as a reliable source for electricity and with FortisBC seen as a supporter could bring a certain amount of credibility” (third page of Resolution’s submissions).
 - g. **potentially enhancing customer awareness of green energy**: FBC has said it “sees its pilot project as a potentially positive force in customer engagement and support for ‘green’ sources of energy.”¹²
 - h. **enhancing public awareness of “environmentally-oriented rate designs**: BCSEA-SCBC note that “the CSPP will modestly enhance public awareness of... environmentally-oriented rate designs” (p. 4).
 - i. **responding to customer interest**: In this regard, the CSPP is responsive to customer interest. Customer satisfaction should be considered to be a worthwhile objective.
12. ICG suggests that:
- a. there should be no possibility of non-subscribing customers bearing any cost for CSPP (which FBC does not anticipate occurring in any event; it has structured the rate such that when fully subscribed, all costs will be borne by program participants¹³) because “in the case of the CSPP the generation is not intended to benefit all customers” (para. 23).
- Notwithstanding the fact the risk of a low subscription rate is likely small, and the potential impact of insufficient subscriptions is certainly minute, the ICG position that non-subscribing customers should bear no costs in any circumstance is unreasonable

¹² Exhibit B-5 – FBC response to ICG IR 1.3.26.

¹³ Exhibit B-1 at p. ES-2.

and inconsistent with the treatment of costs in any other optional rate or program offered by FBC. As a small pilot project, any such risk is further mitigated. However, as explained above, FBC does believe there is value to all customers.

- b. alternatively, ICG asserts that the costs “should be absorbed by FortisBC” (para. 23), by which ICG presumably means the shareholder. This suggestion is also unwarranted. This is a program responsive to customer demand, has benefits for customers, and is something that should be encouraged.

PART Six: RELATIONSHIP BETWEEN SOLAR POWER AND GREENHOUSE GAS EMISSIONS

13. Certain interveners appear to be suggesting that if the CSPP goes ahead, either:
 - a. hapless subscribers will be sorely disappointed once they realize it has not fulfilled their misplaced expectation of reducing GHG emissions; or
 - b. on realizing in time that the CSPP does not reduce GHG emissions, they will not subscribe.

14. Neither of these propositions is borne out by the evidence, but more generally the GHG issue is an issue that, with respect, has been blown far out of proportion. In this regard:
 - a. To put matters in perspective, very few survey respondents cited GHGs as their main reason for interest in community solar. Looking at the full Sentis report of December 2016, only **eight** percent of residential customers cited GHG reduction as their main reason for interest in community solar, and only **two** percent of commercial customers did so.
 - b. GHG reduction was not even the leading secondary reason for interest in community solar. Rather, the leading secondary reason was “being part of a green project in the community”, which is clearly an accurate descriptor of the CSPP: FBC has said that “[t]he CSPP aims to provide customers with a comparable alternative to an on-site solar installation and to enable the customer to become part of a green community project.”¹⁴ (Indeed, page 31 of Sentis’ December report indicated that **21 percent** of residential respondents and **20 percent** of commercial respondents chose being part of

¹⁴ Exhibit B-9 – FBC response to BCUC IR 2.19.12.1.

a green project in their community as the “main” reason for participating in community solar, compared to the **8 and 2 percent** respectively who characterized reducing GHG emissions in that way.) In its “Summary, Implications, Recommendations” section, Sentis said the following:¹⁵

What Makes Customers Likely to Consider Community Solar

....

Among both customer groups – but particularly among commercial customers, interest in community solar is driven primarily by the prospect of saving money overall. However, **among both customer groups, the prospect of being part of a green project in the community is a relatively strong secondary motivator.**

The fact that **being part of a green project in the community emerged as a stronger motivator than GHG emissions** and resource conservation may be because the community project is something very tangible and immediate to customers – one can see the installation, whereas the other outcomes are less tangible and more long-term. [emphasis added]

- c. If individuals should be prevented, for their own good, from participating in a course of action that may not yield the outcome that interested them in it, the government should ban sales to consumers of rooftop solar panels. In this regard, more survey respondents expressed GHG reduction as a reason for interest in rooftop solar than in community solar.¹⁶ Given that utilities in B.C. already provide clean power, by logical extension of certain intervener arguments the rooftop solar alternative should not be available.
- d. The only real issue is that solar energy may not be **better** than hydro-electric power in reducing GHG emissions; there is no suggestion on the evidence that a customer who signs up for a solar array has unwittingly triggered the GHG emissions of a coal-fired plant. The evidence is that the CSPP “meets the definition of BC Clean”.¹⁷ BCSEA-SCBC comment in their submissions that “[t]he CSPP’s solar energy is a clean or renewable

¹⁵ Exhibit B-2 – Attachment 3.14 at p. 11.

¹⁶ As set out on pages 20 and 31 (Exhibit B-2, Attachment 3.14):

(a) Residential customers:

- (i) Main reason: 12% re rooftop vs. 8% re community solar;
- (ii) A secondary reason: 63% re rooftop vs. 50% re community solar;

(b) Commercial customers:

- (i) Main reason: 12% re rooftop vs. 2% re community solar;
- (ii) A secondary reason: 60% re rooftop vs. 45% re community solar.

¹⁷ Exhibit B-2 – FBC response to BCUC IR 1.2.3.

resource” (p. 2) and indeed BCOAPO also notes that CSPP is a “green energy” project (p. 13). Statements (such as that relied on by ICG at its paragraph 16) that “the actual environmental benefit [of the CSPP] is negligible if present at all” do not mean that solar power is bad. Rather, those statements must be considered in their particular context: immediately preceding the quoted words in the IR response from which they are taken was FBC’s explanation as to why: “since the current stack of resources relied upon by the Company is already primarily clean and renewable.”¹⁸ This does not mean that solar is bad, but that in context it is not better when viewed from the perspective of GHG reduction.

- e. One might speculate that respondents who said “yes” to a GHG-related multiple choice¹⁹ question would not have answered differently had the question referred to “freezing” rather than “reducing” GHG emissions. ICG’s suggestion that “participation in the CSPP program will increase, not decrease, GHG emissions” (para. 18) is unsupported by the evidence on record.

15. Returning to the expressed concern of certain interveners about potential subscribers to the CSPP program being misled into subscribing by counting on CSPP to reduce GHG emissions, there is no basis for this in the evidence. In this regard:

- a. There is no evidence that FBC or anyone else has ever described the CSPP to any potential subscriber as having this effect. The survey responses that were obtained were to general multiple choice questions that were posed in advance of FBC making its application; the application was informed by the answers rather than the questions being informed by the application. As FBC has noted, “it is possible that when respondents indicate that ‘GHG reduction’ is a motivator for considering solar they are thinking in a more global context – that increases in solar PV worldwide will reduce GHG emissions worldwide. It is also possible that respondents are guided only by a general perception that solar generation has a GHG reduction element without considering the particular context of FBC.”²⁰

¹⁸ Exhibit B-4 – FBC response to BCSEA IR 1.4.3.

¹⁹ Exhibit B-9 – FBC response to BCUC IR 2.19.3.

²⁰ Exhibit B-9 – FBC response to BCUC IR 2.19.3.

- b. There is no evidence that FBC will not properly and appropriately describe the CSPP, if it proceeds, to potential subscribers in order to allow them to make an informed decision.²¹ In response to BCUC IR 1.6.5, where the Commission asked “What steps does FBC plan to take to ensure that customers have a full understanding of the CSPP, including its cost and bill impacts, prior to subscribing?”, FBC stated:²²

FBC plans to post details on the CSPP webpage that will fully explain the Program. In addition, a customer that wishes to enroll in the Program will be required to contact FBC customer service personnel to provide the details of participation. This interaction will include a full explanation of the Program and an opportunity to address any questions or concerns that a customer may have.

16. FBC also stated that it “will develop a standard information package for interested parties setting out how the Program works and what the benefits are”.²³ Further, as to the somewhat countervailing concern that informed customers who do not believe that the CSPP will result in GHG reductions will not subscribe, this is not a sound assumption – and certainly should not prevent testing via a pilot project. As noted earlier, GHG reduction was not even the leading secondary motivator for interest in community solar.

PART Seven: SUFFICIENCY OF SURVEYS

17. While Resolution and BCOAPO suggest in their submissions that further questions could have been asked in the surveys especially in relation to price, at some point the cost of putting forward hypotheticals or doing other than observe real world behaviour is unwarranted. BCSEA-SCBC note (p. 3), and FBC agrees, that FBC’s expectation regarding subscription in the context of having two rates ready to offer is reasonable “and that it would not be worthwhile for FBC to spend additional money trying to fine tune the estimate of market potential” (p. 3). The surveys conducted prior to this point have been sufficient and there is no real substitute for undertaking a pilot project to gauge customer interest once the details are available. FBC responded as follows to BCUC IR 1.3.2:²⁴

Aside from the February and December 2016 customer surveys conducted, did FBC undertake any other methods of research and/or consultation to assess the level of customer interest in a solar energy offering? If yes, please describe these other methods and the findings.

²¹ There is also no basis for the Commission to be required to “direct” FBC about what to tell customers, contrary to ICG’s submissions at footnote 13.

²² Exhibit B-2.

²³ Exhibit B-13 – FBC’s response to Resolution IR 2.2.2.

²⁴ Exhibit B-2.

Response:

Research and consultation activities undertaken that were specific to gathering customer input on solar offerings were limited to the two surveys.

The Company did discuss solar options during Resource Planning Advisory Group sessions in advance of filing the 2016 LTERP, and reviewed publicly available material, but has relied primarily on feedback received from the surveys of its own customers to gauge the level of support for its CSPP proposal. FBC undertook research activities that were appropriate in scope for a pilot project and in consideration of the overall cost of the Program. Part of the reason for running the Program as a pilot is to collect customer feedback and gauge interest in the CSPP structure. As such, more extensive consultation was not viewed as necessary.

See also, for example, Exhibit B-9 – FBC response to BCUC IR 2.19.11.

18. Resolution asserts in its submissions that it has “little doubt that pertinent questions were omitted from the market research questionnaire based on not wanting to know the answer from such questions”. This is an unfair allegation, which was not put to FBC in an IR to which it could respond, and a conclusion that cannot be reached based on the evidence in this proceeding. The Company has fairly described its objectives, rationale and the limitations of the research it has undertaken.

PART Eight: WHETHER CUSTOMERS EXPECTING REDUCED BILLS

19. In the surveys that were conducted leading up to the CSPP application, saving money seemed to be of particular interest, especially among commercial customers. In its “Summary, Implications, Recommendations” section, Sentis said the following under “What Makes Customers Likely to Consider Community Solar”:²⁵

Among both customer groups – but particularly among commercial customers, interest in community solar is driven primarily by the prospect of saving money overall.

20. Again, to address a concern expressed in relation to the potential for GHG reduction as well, the fact that this was given as a survey answer does not mean that anyone who subscribes to the CSPP will be embarking on that course under any misapprehension. FBC’s commitments to provide information to potential subscribers were outlined above. Further, subscribing customers will have the opportunity

²⁵ Exhibit B-2 – Attachment 3.14 at p. 11.

to withdraw without penalty after 12 months once they have that window to assess the effects of the program on their account.²⁶

21. To also address the second, countervailing concern expressed with respect to GHG reductions – that informed customers (this time informed about price) will not subscribe – this is not borne out by the evidentiary record as a basis for not proceeding with the CSPP.

22. First, customers have other reasons for subscribing to the CSPP. While noting the role of savings, Sentis then continued:²⁷

However, among both customer groups, the prospect of being part of a green project in the community is a relatively strong secondary motivator. [emphasis added]

23. Sentis also said at page 31, expressing similar sentiments:²⁸

However, being part of a green project in the community ranked high among the reasons residential and commercial customers gave for considering joining a community solar installation. [emphasis added]

24. FBC in turn noted in its Application:²⁹

The primary reasons that customers are likely to consider community solar in particular underscore the appeal of green community projects. Residential and commercial customers are just as likely to cite ‘being part of a green community project’ as they are to cite electricity bill savings as the primary reason they are likely to consider joining a community solar garden. Furthermore, being part of a green community project is a particularly strong motivator among the residential and commercial customers who are most interested in joining a community solar garden.

25. As noted earlier, the CSPP is unquestionably a “green project”, though FBC has in fairness acknowledged that “[i]t is not possible to determine from the results of the research whether a customer’s interest in being part of a green community is a strong enough secondary motivator to overcome the lack of energy savings in the short to medium term expected from subscribing to the CSPP.”³⁰

²⁶ Exhibit B-2 – FBC response to BCUC IR 1.15.1.

²⁷ Exhibit B-2 – Attachment 3.14 at p. 11.

²⁸ Exhibit B-2 – Attachment 3.14.

²⁹ Exhibit B-1 at p. 2.

³⁰ Exhibit B-9 – FBC response to BCUC IR 2.19.2.

26. Second, though FBC acknowledged that price and customer expectations needed to be taken into account as potential challenges to subscription and ongoing viability,³¹ FBC's evidence is that its observations in other real-world situations have been fairly positive. In this regard, FBC has noted that "it has experienced an annual increase in participation in its Net Metering Program despite the relatively high cost of this source of supply relative to retail energy rates so comparative power prices do not always seem to be a deterrent to participation in the solar arena."³² FBC also noted, in response to BCUC IR 2.19.1:³³

Although solar power is objectively more expensive and arguably no "greener" than existing FBC electric resources:

- Customers continue to install solar panels (and less commonly, other forms of renewable generation) under the net metering program.
- The Nelson Solar Garden, larger on a kW-per-customer basis than the CSPP, is fully subscribed according to Nelson Hydro.
- FBC is in discussions with one First Nation community that intends to broadly fund net metering solar installations for its members.

27. Third, risks that might be associated with unfriendly pricing can be mitigated by being mindful of what forms of pricing might be unattractive, and avoiding them. FBC has attempted to do just that. In this regard, FBC has been mindful of not setting the pricing in a manner that it is concerned could serve as an economic deterrent:

- a. FBC has explained that it does not wish to amend the proposed rate schedules to charge rates based on a 25-year recovery period instead of the proposed 40-year period, because that would make the rates "approximately 15 percent higher. FBC believes that potential customers will be price sensitive and that higher prices will make it more challenging for the Program to reach full subscription." Given that "the panels are expected to be still producing electricity at more than 80 percent of the rated output at the end of a 40-year period, therefore, FBC does not believe it is reasonable to recover all costs from participants in 25 years when the panels are still considered to be useful

³¹ Exhibit B-1 at p. 2; Exhibit B-4 – FBC response to BCSEA IR 1.4.3.

³² Exhibit B-6: FBC response to Resolution IR 1.3.

³³ Exhibit B-9.

for another 15 years, and at the same time increasing the risk of not fully subscribing the Program.”³⁴

- b. FBC has explained that “unlike the Nelson Hydro project, the CSPP does not require a contract or a sizable up-front payment which FBC believes could serve as deterrents to participation.”³⁵ It continued in response to BCUC IR 2.23.1: “FBC believes it would be possible, although somewhat more difficult, to achieve full subscription for the CSPP under a program offering in which customers were required to pay the full cost of the solar panel upfront. This is because FBC believes a higher up-front investment from the customer will be less appealing to customers that do not actually receive a physical solar panel.”³⁶

28. BCSEA-SCBC address in their submissions the reasonableness of FBC expectations regarding subscription and note as well their view that “the size of exposure in the event of under-subscription is small and manageable” (see p. 3 of BCSEA-SCBC’s submissions for additional detail). A high participation level (compared to the overall pool of customers) need not be achieved for the CSPP to be fully subscribed.³⁷ Specifically, when comparing the participation required for to the CSPP to the current net metering program, the Company noted that, “...FBC would similarly require 0.2 percent of customers to subscribe to 3 panels each at an annual cost of less than \$300 (under the Virtual Solar Panel option)”

29. FBC has said in response to BCUC IR 1.17.3³⁸ that it has proposed the CSPP as described in the Application because it believes the project initially will be fully subscribed. However if there is nonetheless concern on these matters, while FBC does not believe it to be ideal, it could implement either of the following to further mitigate the risk, if required by the Commission:

- a. including a minimum subscription requirement prior to commencing construction of the CSPP, such as requiring that the CSPP be 75 percent subscribed prior to commencing construction (this relates as well to certain points made by Resolution about reducing risk); and/or

³⁴ Exhibit B-2 – FBC response to BCUC IR 1.11.7.

³⁵ Exhibit B-2 – FBC response to BCUC IR 1.17.1.

³⁶ Exhibit B-9.

³⁷ Exhibit B-9 – FBC response to BCUC IR 2.19.1, 2.20.4.

³⁸ Exhibit B-2.

- b. extending the term of the subscription from a minimum of 12 months to a minimum of 5 years (or some other time period).

PART Nine: GAMING THE SYSTEM?

30. At the other extreme from the suggestion that some customers may subscribe to the CSPP without knowing the bill impact, Mr. Scarlett posits a scenario of FBC customers being permitted to “game” the system (p. 3). However, while there may be permutations that cannot fully be addressed, FBC was mindful in setting the 12-month term that “customers should not be permitted to enroll and leave on a seasonal basis in order to maximize the benefit of the solar generation.”³⁹

31. In addition, in attempting to do so the customer would have to give up solar panels without any guarantee that any would be available for re-subscription. Panels that become unsubscribed are immediately available for other customers.

PART Ten: WHETHER CSPP IS COMPLEX OR TOO COMPLEX

32. BCSEA-SCBC notes (p. 5), and FBC agrees, that “[t]he rules would be fairly straightforward”. Correspondingly, FBC does not agree with Resolution’s characterization of the CSPP (on the third page of Resolution’s submissions) as “a very elaborate scheme” (and FBC also certainly does not agree with Resolution’s next words, which are, inexplicably, that it “borders on the sinister”).

33. Resolution’s remarks are made in the context of Resolution’s expressed preference for the Nelson Hydro solar garden project. FBC has explained in its responses to information requests some differences between the CSPP and the Nelson approach, and the reasons for those differences, including FBC’s belief “that the up-front payment model would be less attractive and less successful than the structure that has been proposed. The lack of an upfront commitment and the ease of exiting the program are two convenience features that are expected to make the proposed structure attractive.”⁴⁰

PART Eleven: NO COMPETITION-RELATED ISSUES

34. ICG continues to seek to make the CSPP proceeding a platform for various arguments that do not seem related to the interests or expertise of its industrial customer members (none of whom have been identified as participants in the solar industry).

³⁹ Exhibit B-2 – FBC response to BCUC IR 1.15.2.

⁴⁰ Exhibit B-9 – FBC response to BCUC IR 2.23.4.

35. ICG makes various wide-ranging assertions regarding the existence of competition related to solar power⁴¹ (including at paras. 2, 6, 7, 10-11, 13, 20, 27, footnote 4), and then builds various arguments around these assertions. ICG's assertions and arguments are unsupported by and contrary to the evidence on the record,⁴² and should be disregarded. In this regard:

- a. ICG repeatedly asked questions of FBC regarding competition-oriented concepts, and obtained answers that ICG does not like, namely that competition-related issues do not arise in this context; those answers were supported by extensive reasoning.⁴³ Those answers are the only evidence on the record regarding the points that ICG raised.
- b. ICG had the opportunity to file evidence in this proceeding and chose not to do so. Order G-89-17⁴⁴ set July 12, 2017 as the deadline for interveners to provide a notice of intent to file evidence. ICG did not provide such notice and did not file any evidence in support of its positions despite being in receipt of FBC's responses to the first round of information requests of ICG and others, and that in those responses FBC provided information and positions with which ICG now purports to disagree.
- c. Had ICG adduced in evidence the statements it now makes, it would have been subject to information requests from FBC and others. At a minimum, if ICG had provided evidence beyond assertion and opinion, FBC would have been able to demonstrate the

⁴¹ With no evidentiary support ICG says in argument that, for example, "[i]t is...well established that there is a competitive marketplace in all aspects of generation..." and that "developers of solar facilities in BC certainly would disagree" with FBC's statement that "[t]here is not a competitive market in this regard in relation to the *operation and ownership* of this service" (para. 7, footnote 14).

⁴² See Exhibit B-5 – FBC responses including to ICG IR 1.3.1, IR 1.3.3 (ICG's question was "Please comment on whether a competitive market exists for a solar installation similar to that being proposed by FBC in this application?") and IR 1.3.18 (ICG's question was "Please comment on whether competition for the installation and ownership of the solar facilities proposed by FBC in this application has occurred?"). Then in Exhibit B-12, ICG tried again, unsuccessfully, as in ICG IR 2.2.1 (ICG's question was "Please confirm that in FortisBC's opinion a competitive market exists for the construction, operation and ownership of the CSPP?"; FBC responded: "Not confirmed. Please refer to the responses to ICG IRs 1.3.1, 1.3.3, 1.3.6, 1.3.7, 1.3.8 and 1.3.10, as well as the full sentence from which the words quoted in ICG IR 2.2.1 are taken"). ICG's assertion in its submissions that CSPP would create "competitive barriers" (para. 11) is also entirely unsupported by the evidence, and is contrary to it. For example, FBC responded to ICG's IR 1.3.19, in which ICG asked "Please comment on whether the FBC proposal will increase the barriers to entry of alternative suppliers into the solar power sector in the FBC service area?", as follows: "As noted in earlier responses, there is no alternative supplier of the service to FBC end-use customers that the pilot project involves. The pilot project does not change that situation. FBC is not aware of barriers to entry specifically facing IPPs who wish to supply power to FBC using solar generation facilities." See Exhibit B-5.

⁴³ See, for example, the long series of information requests and responses in Exhibit B-5 commencing with IR 1.3.1.

⁴⁴ Exhibit A-6.

weakness of ICG's assertions. Without such evidence, these assertions are unsupported and should be afforded no weight by the Commission.

- d. This is because Final submissions are to be based on the material contained in the evidentiary record and no weight should be placed on information that has been introduced in submissions that is not found within the evidentiary record.⁴⁵

36. ICG says that FBC's statement that "[t]he Policy Action from the 2002 Energy Plan was not carried forward in the 2007 Energy Plan, was specific to the development of IPP generation only and applied only to BC Hydro" (which is wording from FBC's response to ICG IR 2.2.3⁴⁶) is "not true" (para. 8). This discussion commenced in relation to ICG IR 2.2.2, where ICG asked "have government policies directed that all new generation be constructed and operated by participants in a competitive market and that utilities investments, or at the very least BC Hydro investments, be restricted to upgrades to existing generation facilities?"⁴⁷ FBC responded that it assumed ICG's reference was intended "to reflect Policy Action #13 from the BC Government's 2002 Energy Plan, 'The private sector will develop new electricity generation, with BC Hydro restricted to improvements at existing plants.'"⁴⁸ FBC further noted in this regard:

This policy action was not repeated in the 2007 Energy Plan and was not reflected in subsequent policy, including the Site C initiative.

With respect to Policy Action #13 itself, FBC is a public utility but also a privately owned company. Policy Action #13 therefore did not serve as a restriction on it in any respect.

Further, Policy Action #13 was directed toward the development of IPP generation resources. The end-to-end service provided by FBC (and reflected in the CSPP) is an entirely different proposition than that contemplated by the 2002 Energy Plan, just as the transmission, distribution, and customer service functions of BC Hydro were not intended to be impacted by the policy direction that it contained.

37. The wording that ICG says is "not true" was in response to ICG's IR 2.2.3, which ICG asked: "If so, please comment on whether the same government policy would apply to the CSPP?" FBC then gave the earlier-quoted response: "[t]he Policy Action from the 2002 Energy Plan was not carried forward in the

⁴⁵ FBC Application for a Radio-Off AMI Meter Option (December 19, 2013), Appendix A, p. 7; Cal-Gas Inc. Application for Approval of an Increase to Propane Rates at the Kicking Horse Mountain Resort, Reasons for Decision at p. 2.

⁴⁶ Exhibit B-12.

⁴⁷ Exhibit B-12.

⁴⁸ Exhibit B-12.

2007 Energy Plan, was specific to the development of IPP generation only and applied only to BC Hydro”.

38. ICG then points (also at its paragraph 8) to the 2007 Energy Plan statement that “...this policy will direct **BC Hydro** to establish a Standing Offer Program with no quota to encourage small and clean electricity producers” (emphasis added). FBC’s statement is precisely borne out by what ICG quotes – the new provision related to BC Hydro only, and mentioned IPPs without excluding other possibilities.

39. Further, while ICG seeks to draw parallels between service territories:

- a. the evidence on the record regarding BC Hydro is minimal. FBC noted that it “does not know the details of the SunMine-BC Hydro arrangement [in BC Hydro service territory] or what if any competition is or was associated with the project, though it believes SunMine may be selling power to BC Hydro under BC Hydro’s standing offer program.”⁴⁹
- b. more fundamentally, as FBC said in its IR responses, “FBC notes that this application relates to FBC service territory only, as the proposed installation would be located there, it would be owned and operated by FBC, and power supplied by the installation would be provided only to FBC end-use customers. Therefore, while certainly at times decisions regarding other utilities can serve as good references, strictly the experience in BC Hydro service territory does not in any event pertain here.”⁵⁰

40. There is also no support in the evidence for ICG’s assertion that “if [the CSPP application] is approved, it will be the first time the Commission has approved a solar facility owned or operated by a utility...**because** the government policy has made it clear that such alternative energy sources should be constructed, owned, and operated by IPPs” (para. 9; emphasis added). The Commission has not, to the best of FBC’s knowledge, rejected any such applications, so there has been no Commission pronouncement on this point; it is simply the case that such applications have not, to FBC’s knowledge, been made.⁵¹

41. At paragraphs 12-13 of its submissions, seeking to import certain tenets from the Alternative Energy Services (AES) Inquiry report, ICG then claims that solar is a “new business activity” for FBC and

⁴⁹ Exhibit B-5 – FBC response to ICG 1.3.6.

⁵⁰ Exhibit B-5 – FBC responses to ICG IR 1.3.4, 1.3.6.

⁵¹ Exhibit B-5 – FBC response to ICG IR 1.3.4.

says that “the distinction between thermal energy and solar energy, is a distinction without a difference” (footnote 14). The propositions that ICG advances are incorrect. In this regard:

- a. The Commission explained that it was using “the terms ‘AES and New Initiatives’ and ‘new business activities’ ... to denote current and future offerings of **products and services that relate to alternative energy sources to those offered by the traditional natural gas distribution utility**” (p. 3; emphasis added).⁵²
- b. Many of the products contemplated in the AES Inquiry were products that would not be delivered to customers using the traditional distribution system of FortisBC Energy Inc. (FEI). As the Commission noted, “Many of the new business activities being initiated by FEI involve incidental or no utilization of the traditional natural gas distribution utility infrastructure. For example, district energy systems may utilize new technologies such as geothermal ground loops that have no relationship to the distribution of natural gas” (p. 26). In this regard, the Commission viewed distribution of thermal energy (which could not be delivered through the existing distribution system) as quite different from distribution of biomethane-derived gas (which – like electricity solar energy in the case of an electricity utility⁵³ – could be distributed in the ordinary course). The Commission noted at pp. 43 and 46 of the AES Inquiry report:

...the introduction of biomethane is more closely related to the introduction of a new supply of fuel than it is to a new business activity. While the source of the fuel may differ, Biomethane Service (the distribution of biomethane to customers) utilizes the same distribution network as the existing natural gas supply and the biomethane product is available to the same set of customers. While the diagram shows biomethane customers as a separate customer group, the customers of this service are, for the most part, already connected to the system as part of the residential, commercial or industrial classes. As all gas going into the distribution system is commingled, the customer buying “biomethane” is simply paying a premium to bring a more environmentally friendly form of methane onto the system. [emphasis added]

....

In Biomethane Service a different source of methane (biomethane) is brought onto the distribution system to supplement the traditional source of methane (natural gas). **Biomethane service can therefore best be viewed as another source of supply for the regulated utility. As such, it is part of FEU’s regulated service offering.** [bold in original]

⁵² Order G-201-12 stated that “[t]he principles and guidelines set forth in the attached Inquiry Report shall apply to regulated public utilities who provide products and services outside traditional utility activities” (para. 1).

⁵³ Though biomethane and solar energy are themselves not equivalents.

- c. Biomethane itself is further afield from a traditional gas utility than solar energy could be said to be from an electricity utility; even less can it be said in the latter case that there is a departure that could attract the “new business activity” label. The evidence in this case is that “[s]olar power is simply another means for FBC as an electricity utility to generate and distribute **the product** – electricity – with which it is already associated and that it already generates and distributes. Biomethane is an **alternative to the product** (natural gas) that was traditionally distributed by Terasen”.⁵⁴ This is so even though capable of distribution through the same distribution system. In this regard, “[c]orrespondingly, solar is less of a distinct concept than biomethane; rather, it is another means of various potential means (whether hydroelectric, wind, solar, turbine or other) to carry out FBC’s traditional functions.”⁵⁵ As FBC stated in its response to ICG IR 1.3.8, “[a] solar facility is another means of generating electricity, which is the product that FBC otherwise generates, transmits and distributes”.⁵⁶
- d. In the AES Inquiry report, the Commission wrote at p. 43 that “[t]he part of the biomethane initiative that moves **beyond the umbrella of the traditional natural gas distribution utility is the inclusion of assets upstream of the distribution utility** (including the upgrader and pipe leading up to the interconnection point where gas is delivered into the traditional gas utility system)” (emphasis added). In this regard, as described in the evidence in the present proceeding, FEI “was venturing into a new arena of activity via the biomethane application” in “propos[ing] to become involved in an aspect of commodity supply via the ownership and operation of upgrading facilities. This was an involvement outside its traditional business model.”⁵⁷ This consideration simply does not arise in this case given the different nature of the utilities: the CSPP involves generation as well as distribution, but generation is part of FBC’s very well-established, traditional role (indeed, “power generation is a core activity at FBC”⁵⁸), whereas production was not part of FEI’s (distribution only) work. The difference was recognized in the AES Inquiry report: The Commission noted in the course of its AES Inquiry report that “[t]he capital assets of FortisBC Inc. are related to the **generation,**

⁵⁴ Exhibit B-13 – FBC response to Resolution IR 2.2.3.5 (emphasis added).

⁵⁵ Exhibit B-13 – FBC response to Resolution IR 2.3.5.

⁵⁶ Exhibit B-5.

⁵⁷ Exhibit B-13 – FBC response to Resolution IR 2.3.5.

⁵⁸ Exhibit B-13 – FBC response to Resolution IR 2.3.5.

transmission and delivery of electricity and are quite separate and distinct from FEU's capital assets, which are used for the **distribution** of natural gas" (p. 27; emphasis added).⁵⁹ The Commission noted that in the case of "the traditional natural gas utility, natural gas is typically purchased from a producer, and transported to the distribution utility through a provincial or interprovincial pipeline. The utility then distributes the gas through its network of pipes to a variety of customers within its franchise territory" (p. 20; see also p. 42).

42. ICG's attempt to make the CSPP into an approximation of a "new business activity" involving the equivalent of "thermal energy" is entirely off base. The CSPP application involves the same activity and product in which FBC traditionally engages – generation of electricity, and its distribution through the same means and infrastructure that FBC traditionally uses. As FBC said in response to BCUC IR 1.1.3, "[t]he approval of the CSPP would not result in a new business activity for FBC".⁶⁰

43. Further, while ICG quotes at paragraph 12 of its submissions from the portion of the AES Inquiry report regarding a business activity "with no natural monopoly characteristics", that is not the evidence regarding solar energy. ICG asked FBC about "natural monopoly characteristics" in its IR 1.3.22 and got this response:⁶¹

Please comment on whether FBC believes that there are natural monopoly characteristics of solar facilities? If not, please explain why FBC believes that the cost of power from its solar facilities should be determined based on regulatory principles such as cost of service, instead of market-driven mechanisms?

Response:

Where generation is installed by a utility for the purpose of supplying its customers, it is associated with certain natural monopoly characteristics with which the utility is associated. These do not turn on the specific means of generation or source of generation (water, solar, wind, etc.): power generated through a solar array is electricity in the same way as is power generated through a hydroelectric facility.

The service to be provided via the pilot project, if approved, is a facet of the service that FBC provides to its end-use customers in its service territory and should be regulated in the same manner as FBC's service more generally. Also refer to the response to ICG IR 1.3.1. 34

⁵⁹ See also Exhibit B-13 – FBC response to Resolution IR 2.3.5. FEI is "an energy utility that is not involved in generation (commodity supply)".

⁶⁰ Exhibit B-2.

⁶¹ Exhibit B-5: FBC response to ICG IR 1.3.22.

Of course, as earlier responses have noted, one or more solar panels or other form of generation may also be installed by an end-use customer or an IPP, but neither of those categories of owner provides service using that generation facility to another end-use customer of FBC.

44. See also FBC's response to ICG IR 1.3.20:⁶²

Please comment on whether it is reasonable to expect alternative suppliers will be able to supply from solar facilities the amount of power proposed to be supplied by FBC in the application?

Response:

As noted in earlier responses, there is no alternative supplier of the service to FBC end-use customers that the pilot project involves.

Simply with respect to the generation of electricity, presumably with sufficient funding another entity could purchase 720 solar panels and hire someone to install them. Whether that entity would be capable of generating power using those panels may depend on the entity and the circumstances, including the technology and location selected, the zoning, etc. Whether that entity would be capable of generating the power reliably, making necessary repairs, etc. is another question.

With respect to the "supply" of power in the sense of the sale of power to FBC, please refer to the factors outlined in the response to ICG IRs 1.3.1 and 1.3.15 in relation to FBC's determination of whether or not to purchase such power if offered.

With respect to the sale of power directly to FBC's end-use customers, please refer to the discussion in the response to ICG IR 1.3.1. 34

45. Further, even if competitive aspects somehow existed that were pertinent to the CSPP (which is not the evidence), there is not necessarily a zero-sum game such that other participants in the solar industry would fare better if the CSPP did not proceed. Though describing disadvantages to the CSPP as well, Resolution noted that the positives of CSPP included the potential raising of the profile of solar energy and drawing attention to its reliability (indeed, Resolution notes that "with FortisBC seen as a supporter" there could be "a certain amount of credibility" (Resolution's third page of submissions)). Resolution also notes that associated advertising, interest and news feeds "could lead to more FBC customers seeking their own systems supplied by local solar contractors" (presumably meaning the alternative of rooftop solar) (Resolution's third page of submissions).

⁶² Exhibit B-5.

PART Twelve: CONTENT OF RATE SCHEDULES

46. BCOAPO notes that the rate schedules that FBC has proposed do not refer to the fact CSPP is a pilot project or that approval for it is being sought on a temporary basis (p. 10). However, as FBC noted in its application, at p. 14:⁶³

The rates that have been developed are specific to the Project that is described in this Application. Based on FBC's experience with this pilot, there may be future solar projects for which rates may need to be developed. To accommodate this eventuality, the rate schedules have been drafted such that rates will be specific to "Defined Solar Generation Resources, or DGSR". **This will allow for future solar projects to be added to the existing rate schedule as they are approved by the Commission.** In the current case, the DGSR is defined as the Ellison Solar Array. [emphasis added]

47. In response to an information from Resolution about the above, FBC further explained in Exhibit B-6:⁶⁴

The additional rates are those that would be relevant to other projects that may be proposed if experience with the CSPP is such that FBC applies to make the Program permanent and the Commission approves such a request.

While experience with the CSPP may impact the methodology used to determine rates in the future, at this time the Company expects that rate derivation would be similar to that used in the CSPP.

48. On the first page of Mr. Scarlett's submission, at paragraph 5, he makes the assertion that, "*... FBC intends to apply 78% of a participating customer's solar credits to that customer's Tier 1 consumption...*", an erroneous claim he later refers to as the "78% scheme" and the "Company's 78% formula".

49. As explained in the IR responses to which Mr. Scarlett refers, certain assumptions about the customer load had to be made in order to respond to the questions. The example requested by the IR was for annual data, which did not allow for the fact that customers at the consumption level used will not have any Tier 2 consumption in many months during the year. FBC at no time has put forth a description of the billing methodology that would apportion the solar output as Mr. Scarlett suggests.

50. As was made clear in the FBC Argument, paragraph 13(b), the customer's share of the Ellison output is deducted from the customer's consumption prior to any energy calculations being done. If the

⁶³ Exhibit B-1.

⁶⁴ FBC response to Resolution IR 1.11.

customer has Tier 2 consumption in the billing period, then the Ellison output would serve to reduce this quantity. This is the same outcome as would naturally arise in a net-metering system.

51. For this reason, the rates schedules do not need to be amended as BCOAPO suggests might be required at page 11 of its submission.

52. On pages 9 and 10 of its submission, BCOAPO makes a number of observations regarding the future treatment of rates and suggests that FBC may clarify the points in reply. FBC clarified some aspects of rate treatment in its September 14, 2017 submission at paragraph 12, including the confirmation that the rate levels specific to the CSPP would not increase, but could be lowered over the life of the project. Both the text at page 17 of the Application and the response to BCSEA 1.15.2 address the potential for FBC to modify the structure of the rate or to pool the costs of other projects that may be commissioned. On the subject of the level of the rate, or the “price”, as stated in the Company’s September 14 Final Argument, once finalized and approved by the Commission, the CSPP rate will not rise for the life of the array.⁶⁵

PART Thirteen: ADMINISTRATIVE COSTS

53. BCOAPO states that “if the rates are approved, there should be a nominal mark-up included to recognize and account for” costs associated with marketing and administration. However, FBC’s evidence, in response to an information request from BCOAPO asking FBC to confirm that there was “*no allowance in the determination of the rates for incremental costs associated with attracting customers to the Program and, subsequently, administering customer participation in the program, including any revisions that may be necessary to billing systems and maintenance of a waiting list*”, was that “[a]ny costs associated with activities noted in the question are expected to be negligible and can be carried out by FBC staff in the normal course of work responsibilities. As such, they are not expressly recognized in the rate derivation.”⁶⁶

PART Fourteen: REPORTING AND EVALUATION

54. FBC notes that BCSEA-SCBC are satisfied with FBC’s plan for evaluation and reporting (p. 5). However, BCOAPO asks for a further report, after construction but before subscriptions are solicited (p. 12). FBC notes that this would be contrary to the process that the Commission raised in an information

⁶⁵ FBC September 14, 2017 Final Argument, paragraph 12(b).

⁶⁶ Exhibit B-3 – FBC response to BCOAPO IR 1.9.3.

request (which at p. 13 BCOAPO does not appear to favour) of achieving a certain level of subscriptions before construction.⁶⁷ ISSUES FOR REVENUE REQUIREMENTS

55. BCOAPO suggests that the alleged “opportunity cost” of land should perhaps be taken into account in future revenue requirement evaluations and rate determinations (pp. 5-6). However, there is no evidence of any opportunity of which use of the land for the CSPP is depriving FBC. In this regard, other than for the CSPP, “FBC currently has no plans to use the land. This is in part due to the existing zoning of the land which limits the future potential uses”.⁶⁸ In this regard, the land is currently zoned Agriculture 1 (A1), under which most principal uses are largely agriculture related. Though the zoning also includes “Utility Services, Minor Impact”, which it appears from consultation with the City of Kelowna captures the CSPP, “[a]ny alternative use for the property would need to be reviewed by the City of Kelowna.”⁶⁹ In turn, “[t]he current zoning and the proximity to the substation has considerable impact on the commercial value of the property. While FBC has the option to sell the property, it is unlikely to gather much interest from developers.”⁷⁰ For all these reasons, FBC does not agree that any value should be attached to the land for which the “opportunity cost” is in any case, likely nil.

56. BCOAPO’s request regarding treatment for other proceedings is not relevant to the CSPP and should not be addressed here. Likewise, while FBC does not view even the broader suggestions regarding the value of land to be valid, the BCOAPO suggestion that capital cost recognition and timing should be addressed in the Annual Review for 2018 Rates should not be adjudicated on here and simply should be dealt with in that other proceeding if BCOAPO raises it there.

PART Fifteen: BCOAPO’S PROPOSED CONDITIONS

57. On page 14 of its submissions, BCOAPO suggests that FBC might make an alternative proposal addressing various issues that BCOAPO outlines. For the most part FBC’s concerns with these conditions are addressed above (including in respect of purported opportunity and administrative costs).

PART Sixteen: MR. SCARLETT’S PROFIT-RELATED ALLEGATIONS

58. Mr. Scarlett’s submissions include an assertion that the CSPP is “a vehicle for extracting unjustified profit from customers”. This and related allegations in his submissions are without merit.

⁶⁷ Exhibit B-2 – FBC response to BCUC IR 1.17.3.

⁶⁸ Exhibit B-10 – FBC response to BCOAPO IR 2.18.1.

⁶⁹ Exhibit B-3 – response to BCOAPO IR 1.5.2.

⁷⁰ Exhibit B-3 – response to BCOAPO IR 1.5.2.

59. FBC is, as with the case for any capital project undertaken for a service offered to customers, entitled to the regulated return it earns on its investment. In this case, FBC is effectively providing the financing for the project where in some cases it may very well be the financial impediment that prevents a customer from utilizing solar power, and in all cases there would be a financial element to any customer investment in a solar system.

60. These is nothing on the record in this process that supports the assertion that the Company has, "...designed the project to maximize profit"⁷¹, or seeks to "exploit"⁷² its customers. FBC takes exception to these unjustified claims. Neither has FBC built a "steep premium"⁷³ into the pricing of the CSPP.

PART Seventeen: OTHER

61. FBC should not be taken to agree with points raised by interveners which it does not address here directly. Among other things, certain interveners have made certain throwaway comments, or comments that have been elsewhere addressed on the record or (in the case of Mr. Scarlett) the net metering process, to which FBC is not responding here.

PART Eighteen: CONCLUSION

62. In all the circumstances outlined above and as set out in FBC's earlier submissions, FBC asks that the approvals set out on page 17 and in Appendix C of Exhibit 1 be granted.

ALL OF WHICH IS RESPECTFULLY SUBMITTED.

Dated: xxx, 2016

[original signed by Corey Sinclair for]
Diane Roy

⁷¹ Scarlett, page 1 paragraph 2.

⁷² Ibid, page 2.

⁷³ Ibid, page 2.