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December 28, 2011

Attention: All Current Net Metering Customers and
Customers with Net Metering Applications in Progress

RE: BC Hydro Application to Amend Rate Schedule 1289 (RS 1289) - Net Metering Service and Cancel Tariff Supplement No. 63 (TS No. 63) - Net Metering Interconnection Agreement

BC Hydro is writing to inform you that on September 9, 2011, BC Hydro filed an application (the **Application** or Exhibit B-1) with the British Columbia Utilities Commission (**BCUC**) for approval to amend RS 1289, which is the rate that is applicable to all customers who participate in Net Metering.

The enclosed BCUC Order No. G-222-11, dated December 21, 2011 (Exhibit A-4), includes a Revised Regulatory Timetable. Please read the Timetable carefully as it includes important dates and deadlines.

A copy of Exhibit B-1, BC Hydro's answers to written questions from the BCUC and interveners (Exhibit B-3) and other documents that are currently part of the record in this application can be found at:

- http://www.bchydro.com/etc/medialib/internet/documents/planning_regulatory/other_regulatory/application_amend_net_metering_cancel_ts63.Par.0001.File.application_amend_net_metering_cancel_ts63.pdf on BC Hydro's website; and
- <http://www.bcuc.com/ApplicationView.aspx?ApplicationId=320> on BCUC's website.

If you require a paper copy of Exhibit B-1 or Exhibit B-3, please email your request to bchydroregulatorygroup@bchydro.com and a copy will be mailed to you.

The proposed changes to the Net Metering rate, RS 1289, are described in the Application. We encourage you to review the Application, which also includes a copy of a report entitled "*F2011 Net Metering Evaluation Report*".

BC Hydro is proposing two key changes to the Net Metering rate that may be of interest to you. These changes would go into effect if and when they are approved by the BCUC.

- The main purpose of the Application is to update the RS 1289 Energy Price, which is the price Net Metering customers would receive at the end of each year for net energy if the customer has delivered more energy to BC Hydro than BC Hydro has delivered to the customer. If approved, the Energy Price paid to customers for any net energy they deliver to BC Hydro would increase from 8.16 cents per kWh to 9.99 cents per kWh.

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BC Hydro Application to Amend Rate Schedule 1289 (RS 1289) - Net Metering Service
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Agreement

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- BC Hydro is also proposing amendments to the “Availability” section of RS 1289. In particular, BC Hydro is proposing the following changes to “Availability”:
 - To exclude projects with “synchronous” generators;
 - To exclude “primary service” customers; and
 - To limit the energy source used to generate electricity that is eligible for the Net Metering rate to “clean or renewable” as defined in the B.C. *Clean Energy Act*.

Please note that BC Hydro will advise the BCUC that all current Net Metering customers who use synchronous generators or are primary service customers should continue to be eligible to participate in RS 1289 as a Net Metering customer even if the BCUC approves the changes to “Availability”. In addition, BC Hydro will advise the BCUC that any RS 1289 applications that involve synchronous generators or primary service customers that are submitted *before the date of the BCUC decision* should be eligible to participate in the Net Metering rate, provided the applicants meet any other eligibility requirements and subject to the usual review and approval process for Net Metering applications.

Finally, BC Hydro is proposing to delete a document call the “Net Metering Interconnection Agreement” (referred to formally as Tariff Supplement No. 63) to reduce the administrative paperwork required to become a Net Metering customer. If approved by the BCUC, the same terms and conditions of this agreement will be incorporated directly into the rate schedule. Existing customers will not be affected by the cancellation of this agreement while current applicants whose application is approved after the BCUC decision may experience a more streamlined approach to the Net Metering application process.

For further information, please contact the undersigned.

Yours sincerely,



Sylvia von Minden
Manager, Rate Design and Tariff Administration

ls/ma

Enclosure (1)

Copy to:

BCUC

Attention: Alanna Gillis

commission.secretary@bcuc.com

BCUC Application to Amend RS 1289 and Cancel TS No. 63 Registered Intervener
Distribution List.



ALANNA GILLIS
ACTING COMMISSION SECRETARY
Commission.Secretary@bcuc.com
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Log No. 37723

VIA EMAIL

bchydroregulatorygroup@bchydro.com

December 21, 2011

BC HYDRO

NET METERING SERVICE

EXHIBIT A-4

Ms. Janet Fraser
Chief Regulatory Officer
British Columbia Hydro and Power Authority
333 Dunsmuir Street
Vancouver, B.C. V6B 5R3

Dear Ms. Fraser:

Re: British Columbia Hydro and Power Authority
Application to Amend Rate Schedule 1289-Net Metering Service
and Cancel Tariff Supplement No. 63 – Net Metering Interconnection Agreement

Further to the letter from BC Hydro dated December 15, 2011 advising the Commission that it had not complied with Commission Order G-170-11 in respect of paragraphs 2, 3, and 4, enclosed please find Commission Order G-222-11 with Reasons for Decision and Revised Regulatory Timetable.

Yours truly,

Alanna Gillis

/dg

Enclosures

cc: Registered Interveners
(*BCH-NetMetering-RI*)

SIXTH FLOOR, 900 HOWE STREET, BOX 250
VANCOUVER, BC V6Z 2N3 CANADA
web site: <http://www.bcuc.com>



**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-222-11

TELEPHONE: (604) 660-4700
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**IN THE MATTER OF
the Utilities Commission Act, R.S.B.C. 1996, Chapter 473**

and

**An Application by British Columbia Hydro and Power Authority
for Approval to Amend Rate Schedule 1289 – Net Metering Service and
Cancel Tariff Supplement No. 63 – Net Metering Interconnection Agreement**

BEFORE: David Morton, Commissioner

December 21, 2011

O R D E R

WHEREAS:

- A. The British Columbia Hydro and Power Authority (BC Hydro) filed an Application (Application) dated September 9, 2011 with the British Columbia Utilities Commission (Commission), pursuant to sections 58 to 61 of the *Utilities Commission Act* (the Act) for approval to update and amend Rate Schedule 1289 – Net Metering Service (RS 1289) and cancel Tariff Supplement No. 63 – Net Metering Interconnection Agreement (TS No. 63);
- B. The Application stated that RS 1289 was designed for residential and general service customers who wish to connect a small generating unit using a clean energy source to BC Hydro's distribution system. Electricity produced by the customer in excess of their consumption in a billing period is carried over to the next billing period as a credit in the generation account of the net metering customer. At the end of each year, BC Hydro credits the customer's account for any remaining excess generation at the RS 1289 energy price;
- C. RS 1289 was originally approved by Commission Order G-26-04 on March 12, 2004, and a price increase amendment was approved by Commission Order G-4-09 on January 29, 2009. RS 1289 is available, upon application, to customers taking service from BC Hydro who install a generating facility, with a nameplate rating of not more than 50 kW and which can be defined as producing "BC Clean Electricity," to serve their electricity requirements;
- D. Commission Order G-4-09 and Reasons for Decision stated that, until a directive from the Province is received with respect to incentive pricing and the specific role of the Net Metering Program in achieving conservation objectives, the Commission cannot presume the details of potential Government Policy. The Commission was therefore not persuaded that it should order BC Hydro to include an incentive component into the Net Metering price;
- E. The Application proposes to:
 - a. increase the price paid for net annual surplus generation from 8.15 c/kWh to 9.99 c/kWh as a result of higher prices paid under the 2011 Standing Offer Program (SOP). BC Hydro notes that the Application is consistent with Policy Action No. 11 of the 2007 BC Energy Plan, which intends that the price paid for net annual surpluses of generation purchased by BC Hydro be aligned and generally consistent with the prices paid under BC Hydro's SOP;

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- b. deny availability of RS 1289 to commercial customers taking service at a primary potential due to the added technical complexity of this type of interconnection;
 - c. deny availability of RS 1289 to customers with synchronous generators because BC Hydro is finding that it requires additional equipment cost and considerable engineering time to work with the customer to approve the interconnection; and
 - d. update and integrate the Net Metering Interconnection Agreement TS No. 63 into RS 1289;
- F. Commission Order G-170-11 dated October 6, 2011 (Exhibit A-1) established a Regulatory Timetable for the review of the Application;
- G. The Commission approved an extension to the Regulatory Timetable on November 10, 2011 (Letter L-86-11, Exhibit A-3) requested by BC Hydro in a letter dated November 8, 2011 (Exhibit B-2);
- H. BC Hydro notified the Commission on December 16, 2011 (Exhibit B-4) that it had not complied with Commission Order G-170-11 in respect to Directives 2, 3, and 4. BC Hydro proposed its Submission be postponed and that it post on its website: the Application (Exhibit B-1), its responses to information requests (Exhibit B-2), Order G-170-11 (Exhibit A-1), and other documents that are currently part of the record in this proceeding;
- I. BC Hydro also proposed, as soon as reasonably possible, to issue a letter electronically or by mail to all current RS 1289 customers and those with RS 1289 applications in progress. The letter would include:
 - a. a brief description of the Application;
 - b. BC Hydro website address and BCUC website address;
 - c. a comment and question period on the Application, with a deadline for submitting comments by January 23, 2012;
- J. Additionally, BC Hydro proposed it will, based on comments or questions received, if any, propose a new date for the submission of its Final and Reply Submission;
- K. B.C. Sustainable Energy Association and the Sierra Club of British Columbia (BCSEA) proposed in a letter dated December 18, 2011, that the regulatory timetable should be amended in such a way as to provide new and existing Interveners and Interested parties with an opportunity to participate in a new round of information requests and final written submissions.
- L. BC Hydro responded in a letter dated December 19, 2011 that it was not apparent why existing Interveners should have an opportunity to submit further information requests and supplemental final submissions unless the scope is limited to comments by RS 1289 customers and applicants, or any BC Hydro responses to the questions posed by RS 1289 customers or applicants.

NOW THEREFORE the Commission orders as follows:

1. The Commission establishes a new Written Public Hearing process for the review of the Application according to the Revised Regulatory Timetable set out in Appendix A to this Order. The process includes written Information Requests, responses to Information Requests from BC Hydro, and submissions from Registered Interveners on the Application.

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2. As soon as reasonably possible, and in any event no later than December 23, 2011, BC Hydro is to provide a copy of this Commission Order and Revised Regulatory Timetable to all Interveners or Interested Parties in the 2008 RS 1289 and 2004 RS 1289 proceeding.
3. As soon as reasonably possible, and in any event no later than December 31, 2011, BC Hydro is to provide (electronically or by mail) a letter to all current RS 1289 customers and those with applications in progress. The letter will include:
 - i. a copy of this Commission Order and Regulatory Timetable;
 - ii. a copy of, or web link to: the Application (Exhibit B-1) and BCH Responses to Commission and Interveners Information Request No. 1 (Exhibit B-3). BC Hydro is to offer to mail this material to interested parties upon request.
4. BC Hydro is to publish the Application (Exhibit B-1), BC Hydro responses to Information Requests (Exhibit B-2), Commission Order G-170-11 (Exhibit A-1), this Commission Order with Reasons for Decision, attached as Appendix B to this Order; Revised Regulatory Timetable, and other documents that are currently part of the record in this proceeding on its website.
5. New Interveners and Interested Parties are to register with the Commission, in writing or by electronic submission by Friday, January 20, 2012 and state the nature of their interest in the Application. Registered Interveners will receive from BC Hydro copies of the Application, all correspondence and filed documentation. Interested Parties may file Letters of Comment and will receive a copy of the Commission's Decision when issued.
6. Interveners intending to apply for Participant Assistance must submit a budget estimate by Friday, January 20, 2012. Participant Assistance applications should be consistent with the Commission's Participant Assistance/Cost Award Guidelines and Order G-72-07. Copies of the Guidelines are available upon request or can be downloaded from the Commission's website.

DATED at the City of Vancouver, in the Province of British Columbia, this 21st day of December 2011.

BY ORDER



D. Morton
Commissioner

Attachments

Application by British Columbia Hydro and Power Authority
for Approval to Amend Rate Schedule 1289 – Net Metering Service and
Cancel Tariff Supplement No. 63 – Net Metering Interconnection Agreement

REVISED REGULATORY TIMETABLE

ACTION	DATES (2012)
Registration of New Interveners and Interested Parties	Friday, January 20
Participant Assistance/Cost Award Budgets (existing and new Interveners)	Friday, January 20
Commission and Intervener Information Request No. 2 to BC Hydro (existing and new Interveners)	Friday, January 27
BC Hydro Response to Commission and Intervener Information Requests No. 2	Friday, February 10
BC Hydro Final Submission	Thursday, February 16
Intervener Final Submissions (Interveners who have already submitted their Intervener Submissions according to Letter L-86-11 may opt to re-submit their revised Final Submissions or retain their existing Intervener Submissions)	Thursday, March 1
BC Hydro Reply Submission	Thursday, March 15

Application by British Columbia Hydro and Power Authority
for Approval to Amend Rate Schedule 1289 – Net Metering Service and
Cancel Tariff Supplement No. 63 – Net Metering Interconnection Agreement

REASONS FOR DECISION

On September 9, 2011, British Columbia Hydro and Power Authority (BC Hydro) submitted the Net Metering Application (the Application). By Order G-170-11 the Commission directed BC Hydro to, among other directives:

- provide a copy of the Application, the Order and the Regulatory Timetable to all Interveners and Interested Parties in the 2008 RS 1289 Proceeding;
- as soon as reasonably possible, BC Hydro is to provide (electronically or by mail) a copy of the Application, and this Commission Order and Regulatory Timetable, to all current RS 1289 customers and those with applications in progress;
- publish the Application, this Commission Order and Regulatory Timetable on its website.

By letter dated December 16, 2011, BC Hydro notified the Commission that it had failed to follow these directives. Accordingly, the Commission is now directing that BC Hydro:

- as soon as reasonably possible, and in any event no later than December 23, 2011, BC Hydro is to provide a copy of this Commission Order and Revised Regulatory Timetable to all Interveners or Interested Parties in the 2008 RS 1289 and 2004 RS 1289 proceeding.
- as soon as reasonably possible, and in any event no later than December 31, 2011, BC Hydro is to provide (electronically or by mail) a letter to all current RS 1289 customers and those with applications in progress. The letter will include:
 - i. a copy of this Commission Order and Regulatory Timetable;
 - ii. a copy of, or web link to: the Application (Exhibit B-1) and BCH Responses to Commission and Interveners Information Request No. 1 (Exhibit B-3). BC Hydro is to offer to mail this material to Interested Parties upon request.

The B.C. Sustainable Energy Association and the Sierra Club of British Columbia (BCSEA-SCBC) argue that existing Interveners and Interested parties should have an opportunity to participate in a new round of information requests (if they so choose). BC Hydro responded that that it is not apparent why BCSEA or others should have a second round of information requests as they had notice of the Application. Further BC Hydro submits that existing Interveners should not file supplemental final submissions unless the scope is limited to comments by RS 1289 customers and applicants, or any BC Hydro responses to the questions posed by RS 1289 customers or applicants.

The Commission disagrees with BC Hydro's position. New Interveners will have the opportunity to review BC Hydro responses to Information Request No. 1 when drafting their information requests. If existing Interveners were restricted as BC Hydro suggests, this opportunity will be denied to existing Interveners. In addition, had RS 1289 customers (and those with applications in process) been notified of the Application, and the Application been posted on BC Hydro's website as directed by the Commission, stakeholders could possibly have asked BCSEA to represent their views or concerns. Thus, not allowing BCSEA an opportunity to participate in a new round of information requests may unnecessarily restrict the ability of BCSEA to represent stakeholders in this proceeding.

The Commission therefore finds no justification in denying BCSEA and other existing interveners the ability to participate in a new round of information requests if they so choose and allowing them to re-file their final submissions without restriction.