British Columbia Utilities Commission

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VIA EFILE
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March 15, 2017

FORTISBC INC. SELF-GENERATION POLICY STAGE II
EXHIBIT A-3

Ms. Diane Roy
Vice President, Regulatory Affairs
FortisBC Inc.
16705 Fraser Highway
Surrey, BC V4N 0E8

Dear Ms. Roy:

Re: FortisBC Inc.
Project No. 3698895/Order G-14-17
Self-Generation Policy Stage II Application

Further to your November 10, 2016 filing of the above noted application, please find enclosed British Columbia Utilities Commission Information Request No. 1. In accordance with the Regulatory Timetable, please file your responses no later than Friday, April 21, 2017.

Yours truly,

Original Signed By:

Erica Hamilton

/nd
Enclosure

1.0 Reference: SELF-GENERATION POLICY STATEMENT
FortisBC Inc. 2016 Self-Generation Policy Stage I Application, Order G-27-16 and Decision dated March 4, 2016 (Stage I Decision), pp. 13, 52–53

Page 13 of the Stage I Decision directs FortisBC Inc. (FBC) to "include a standalone comprehensive Fortis SGP [Self-Generation Policy] as part of the Stage II filing in addition to the GBL Guidelines Application." The Stage I Decision expands on this directive, listing on pages 52 to 53, thirteen elements that the standalone SGP must address (reproduced in Appendix A to this IR, numbered 1 to 13).

The current application contains a number of statements that could be considered to constitute components of an SGP. However, in the absence of a consolidated, unified statement of the entire SGP, it becomes a matter of interpretation as to what specifically constitutes as FBC's entire SGP; hence, difficult to evaluate how it addressees the thirteen elements.

1.1 Please provide FBC's standalone SGP as directed in the Stage I Decision.

1.2 Please provide an accompanying discussion that explains if/how each of the thirteen elements has been addressed in the standalone SGP filed pursuant to IR 1.1.

1.2.1 If addressed, please identify where in the standalone SGP and how the element is addressed.

1.2.2 If not addressed and/or not fully addressed in the standalone SGP, please explain why.

1.3 Please provide additional discussion that identifies any key underlying assumptions upon which the SGP rests.

2.0 Reference: SECTION 2.5 CONCERNS
FortisBC Inc. Stage I Decision, p. 55

The Stage I Decision states on page 55:

> The Panel set out as part of its Framework for Evaluation that one of the main objectives of [FBC's] SGP is the eventual removal of the Section 2.5 Restrictions. […]
>
> The Panel is optimistic that the directives and guidance provided in this Stage I Decision will provide enough clarity so as to remove BC Hydro's concerns [that FBC's SPG will increase cost to BC Hydro's ratepayers]. Nevertheless, the Panel expects that BC Hydro's position on FortisBC's SGP and GBL Guidelines will be addressed through its intervention in the Stage II filing.

2.1 Please provide a discussion on whether the standalone SGP filed in response to IR 1.1 includes, as a main objective, the eventual removal of the Section 2.5 Restrictions. If yes, please explain how the standalone SGP meets this objective. If not addressed and/or not fully addressed in the standalone SGP, please explain why.

Elements to be addressed by the Self-Generation Policy (SGP)[1]

The comprehensive SGP needs to:

1. Apply to both current and future customers;
2. Identify how long the policy will be in place and how often it will be reviewed or updated;
3. Establish policies that outlines the circumstances under which [FBC] will do nothing, remove barriers or incent self-generation;
4. Establish policies that assist in mitigating barriers to cost-effective clean self-generation;
5. Establish a policy that defines how the net benefits of self-generation are measured. The filing needs to include an analysis of alternate methods of measuring the long-term benefits of self-generation including, at a minimum, consideration of: (i) the LRMC used by BC Hydro; (ii) the LRMC used in the DSM Regulation; and (iii) [FBC]'s updated LRMC that is expected to be filed as part of its next Long Term Electric Resources Plan (due to be filed by June 30, 2016);
6. Establish separate policies for customers that intend to use self-generation to off-set load and policies related to customers who intend to export self-generation;
7. Establish policies that address: (a) customers that wish to use self-generation to off-set load but are not exporting any self-generation; and (b) customers that wish to export self-generation but only after off-setting their full load. The policies should identify any material risks or barriers to such activities and include policies on how those risks can be mitigated and barriers removed;
8. Address restrictions on generator type taking into consideration the applicable sections of the CEA and the BC Energy Plan for self-generating customers off-setting load as well as exporting;
9. Include policies that address both exporting to a third party, and exporting to [FBC];
10. Establish a policy that defines how [FBC] measures cost-effectiveness when evaluating a potential long term energy purchase contracts with a self-generation customers;
11. Establish a policy that sets out criteria that will use when comparing a potential long term energy purchase contracts with a self-generation customers against other available resource options;
12. Identify any tariffs, agreements, rate schedules, interconnection issues, transmission access issues and any business practices necessary to facilitate such exporting to a third party or to [FBC]; and
13. Include a policy statement that clarifies the role of the net-of-load restriction under a GBL construct.

[1] The FortisBC Inc. Stage I Decision on pages 52 to 53 listed thirteen bullet points. For clarity and referencing, the bullet points have been numbered.