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British Columbia Utilities Commission  
Sixth Floor, 900 Howe Street, Box 250  
Vancouver, B.C., V6Z 2N3

Attention: Patrick Wruck, Commission Secretary

Dear Sir:

Re: FortisBC Inc. Application for Reconsideration and Variance of Order G-199-16 FBC Net Metering Program Tariff Update Decision ~ Phase 2 ~ Project No.3698875

Intervenor Information Requests No. 1

### **Background**

The following are a composite of questions being asked by a group of customers who live in Kaslo and Electoral Area D of the Regional District Central Kootenay region of the FortisBC (FBC or the Company) service area, with advice from a lawyer. If any of these questions are not fully understood please to contact us at any time, so we can obtain the very best answer the Company is able to offer.

#### **NEG Pricing:**

1. On the question of BC Hydro RS 3808 (PPA Tranche 1) being the guiding value for purchase of any Net Excess Generation (NEG) electricity from Net Metering (NM) customer-generators (CG), please provide the costs (\$ per kWh) for FBC to deliver PPA Tranche 1 purchased energy, including:
  - i. from point of purchase to point of sale to a customer (\$ per kWh), and
  - ii what are the line loss costs for this energy delivery (\$ per kWh)?
2. At B-25, Panel IR#1.1.3, FortisBC Inc. (FBC) 2016 Long Term Electric Resource Plan (LTERP) and Long Term Demand Side Management Plan (LT DSM Plan) ~ Project No.3698896 ([http://www.bcuc.com/Documents/Proceedings/2017/DOC\\_49867\\_B-25-FBC\\_Panel\\_IR1\\_Response.pdf](http://www.bcuc.com/Documents/Proceedings/2017/DOC_49867_B-25-FBC_Panel_IR1_Response.pdf)), the Company states:

*"FBC has not conducted the technical analysis to determine the impact on system losses of the CSPP. However, it is likely that transmission losses, which are estimated in the response to ICG IR 2.1.2 to be between 1-3 percent of gross system load, will be avoided due to the proximity of the CSPP generation to customer loads."*

Please provide a per kWh dollar (\$) value for the avoided transmission line loss for Net Metered (NM) electricity, similar to the value the Company is claiming for CSPP produced electricity.

3. At B-10, Shadrack IR#1.20.A, FortisBC Inc. Net Metering Program Tariff Update Application ~ Project No.3698875 ([http://www.bcuc.com/Documents/Proceedings/2016/DOC\\_46692\\_B-10\\_FBC-Shadrack-IR-No1-Response.pdf](http://www.bcuc.com/Documents/Proceedings/2016/DOC_46692_B-10_FBC-Shadrack-IR-No1-Response.pdf)) FBC states that the cost of electricity, "inclusive of all charges", "...[f]or the residential class, this value is \$184,326,000/1,367,000,000 kWh = 13.48 cents/kWh."

At B-18, Shadrack IR#2.24.i, FortisBC Inc. 2016 Long Term Electric Resource Plan (LTERP) and Long Term Demand Side Management Plan (LT DSM Plan) ~ Project No.3698896 ([http://www.bcuc.com/Documents/Proceedings/2017/DOC\\_49315\\_B-18\\_FBC\\_Shadrack-IR2-Response.pdf](http://www.bcuc.com/Documents/Proceedings/2017/DOC_49315_B-18_FBC_Shadrack-IR2-Response.pdf)), FBC states that "[T]he average rate at which [NM] accounts were credited for energy delivered to the FBC system during the year...2016 is...", I believe, 12.4 cents per kWh.

These figures indicate that the cost of NM electricity to FBC is less than revenue which the Company derives from RS 1 residential customers. If FBC is asserting that NM suppliers are imposing excessive costs on the Company and other customers, using the table provided at B-18, Shadrack IR#2.24.iii, FortisBC Inc. 2016 Long Term Electric Resource Plan (LTERP) and Long Term Demand Side Management Plan (LT DSM Plan) ~ Project No.3698896 as a guide, please provide a breakdown of the applicable revenues and costs to support this assertion.

ii. Please create a table that shows the average cost of BC Hydro RS 3808 (PPA Tranche 1) and NM electricity in 2016, and then, as applicable, add in the fixed and variable costs associated for each source of power to point of sale to a residential customer.

4. Under definitions in the *Utilities Commission Act (UCA)*, a rate and service are described as follows:

*"rate"* includes

(a) a general, individual or joint rate, fare, toll, charge, rental or other compensation of a public utility,

(b) a rule, practice, measurement, classification or contract of a public utility or corporation relating to a rate, and

(c) a schedule or tariff respecting a rate;

*"service"* includes

(a) the use and accommodation provided by a public utility,

(b) a product or commodity provided by a public utility, and

(c) the plant, equipment, apparatus, appliances, property and facilities employed by or in connection with a public utility in providing service or a product or commodity for the purposes in which the public utility is engaged and for the use and accommodation of the public;

Can a residential customer, enrolled under the RS 1 or 2 tariff, purchase electricity separately without simultaneously paying a monthly or bi-monthly basic service charge or the GST?

5. In RS 95 at section 3 FBC specifically states that:

*"If in any billing period, the eligible Customer-Generator is a net generator of energy, the Net Excess Generation shall be valued at the rates specified in the applicable Rate Schedule and credited to the Customers account".*

- i. Has FBC been following this practice with all NM enrolled NEG customer-generators (CG) since the inception of the program in 2009?
- ii. Can FBC please explain how it would react and what it would do if, after making a pre-approved investment in production facilities at an agreed upon rate schedule, the Commission then ordered the Company to lower the pre-approved price of the electricity it sold from those new facilities, before it had recouped its investment costs.
- iii. Please explain the process by which FBC purchases electricity from all other non-owned sources, including but not limited to explaining whether or not the Company discusses price with the seller, sits down and negotiates a price, signs a written agreement, or whether the Company simply offers a purchase price and tells the seller to take it or leave it.

6. In B-1, FortisBC Inc. Application for Reconsideration and Variance of Order G-199-16 FBC Net Metering Program Tariff Update Decision, at paragraphs 82 to 83, on pages 28 and 29, FBC makes the following allegations:

*"82. To illustrate the materiality of the issue, FBC has reviewed the billing data for the eight residential customers in the NM program who are most likely to have annual NEG in 2016 to assess the extent to which they were compensated for NEG at a Tier 2 rate in billing periods over the last 12 months where consumption did not exceed the Tier 1 threshold. One of the eight customers did not generate or consume electricity above the Tier 1 threshold in any of the six billing periods reviewed.*

*For the other seven customers that did consume and/or generate above 1,600 kWh in a billing period in 2016, this review demonstrated that:*

*(a) five of the seven customers were compensated for NEG at Tier 2 rates in at least one billing period in which consumption was only valued at Tier 1;*

*(b) two of the customers were compensated for NEG at Tier 2 rates without consuming electricity above the Tier 1 threshold in all six billing periods;*

*and*

*(c) in over one third of the bills for these customers, NEG was compensated at Tier 2 rates without any consumption above the Tier 1 threshold, with in one case, the amount of generation compensated at Tier 2 exceeding 100,000 kWh with no corresponding Tier 2 consumption at all.*

*83. FBC can provide the 2016 generation and consumption data for the eight customers reviewed as new evidence if a second phase process for this Reconsideration Application is ordered" ([http://www.bcuc.com/Documents/Proceedings/2017/DOC\\_49017\\_B-1\\_FBC\\_Net-Metering-G-199-16-Reconsideration-App.pdf](http://www.bcuc.com/Documents/Proceedings/2017/DOC_49017_B-1_FBC_Net-Metering-G-199-16-Reconsideration-App.pdf)).*

Using data provided in C10-8, FortisBC Inc. 2016 Long Term Electric Resource Plan (LTERP) and Long Term Demand Side Management Plan (LT DSM Plan) ~ Project No.3698896, 2016 NM#1 FortisBC Electrical Charges and Net Metering Transfer Values ([http://www.bcuc.com/Documents/Proceedings/2017/DOC\\_49581\\_C10-8\\_Shadrack-Evidence-IR1-Response.pdf](http://www.bcuc.com/Documents/Proceedings/2017/DOC_49581_C10-8_Shadrack-Evidence-IR1-Response.pdf)), I provide empirical evidence that shows that NM#1 produced and transferred Tier II kWh in two of six billing periods in 2016, without purchasing any Tier II electricity, and would have likely done so in a third one if FBC had not estimated the number of kWh consumed, produced and transferred in that billing period. The six redacted bills for NM#1 can be found at C10-8-1 ([http://www.bcuc.com/Documents/Proceedings/2017/DOC\\_49656\\_C10-8-1\\_Shadrack\\_IR1-Responses.pdf](http://www.bcuc.com/Documents/Proceedings/2017/DOC_49656_C10-8-1_Shadrack_IR1-Responses.pdf)).

- i. Of the five CGs described in (a) above what number actually had an annual Tier II consumption level below their Tier II production and transfer level?
- ii. Noting that NM#1, while producing 1.273 MWh of NEG at retail rates in 2016 still did not offset the cost of service from FBC, in that this household still paid the Company \$148.23 throughout 2016, please state the actual number of CGs described by FBC in a, b and c above, for which the Company actually wrote a cheque for NEG in accordance with section 5 of RS 95.
- iii. What percentage of NM CGs would this have represented at the time of writing those cheques?
- iv. What percentage of the entire dollar (\$) value of electricity transferred from NM CGs would the amount FBC paid out in cheques have represented in 2016?
- v. Is the percentage of NM CGs for which FBC is writing cheques annually, increasing or decreasing as compared to the inception of the program, 2014, 2015, 2016 and 2017?
- vi. Is the value of NEG paid out in cheques annually, increasing or decreasing as a percentage of the total value transferred by CGs since inception of the program, 2014, 2015, 2016 and 2017?
- vii. If the purpose of the FBC NM program is to offset all or part of a CG's consumption, why is it a problem for the Company to credit a customer with Tier II production in some billing periods where only Tier I consumption takes place, and then bill them for Tier II consumption in other months when only Tier I production and transfer takes place? Is that not what an offset program is supposed to be all about?
- viii. Why could the RS 95 tariff not be tweaked so that once a CG has fully offset their Tier II consumption levels, any further purchase of NM CG production is undertaken by FBC at the Tier I retail rate?

## kWh Bank

7. Using data provided in C-10-8, FortisBC Inc. 2016 Long Term Electric Resource Plan (LTERP) and Long Term Demand Side Management Plan (LT DSM Plan) ~ Project No.3698896, 2016 NM#1 FortisBC Electrical Charges and Net Metering Transfer Values, please explain how a kWh bank would have worked for this customer in 2016 ([http://www.bcuc.com/Documents/Proceedings/2017/DOC\\_49581\\_C10-8\\_Shadrack-Evidence-IR1-Response.pdf](http://www.bcuc.com/Documents/Proceedings/2017/DOC_49581_C10-8_Shadrack-Evidence-IR1-Response.pdf)).

- i. How would the Tier 1 and Tier II NEG kWh be banked between February 17th to December 19th, 2016?
- ii. Would the NEG Tier II kWh generated between February 17th and October 17th be allowed to offset the Tier II kWh consumed between October 17th and December 19<sup>th</sup>, 2016?
- iii. Am I correct in understanding that the 1.273 MWh transferred to the FBC grid, over and above the consumption of electricity by NM#1 in 2016, would no longer be allowed to offset the cost of the basic charge and GST during the year, but that instead the CG would have to wait up to twelve months for an annual payout on the NEG?
- iv. Am I correct in understanding that any residential customer who produces and transfers sufficient electricity to the FBC grid in the summer, to offset their Tier I and Tier II consumption in the winter, would have to wait for the NEG electricity that is banked to be consumed before being able to convert that credit into a consumable entity?
- v. Please explain, in accordance with section 75 of the UCA, the merits and justice of low income consumers and fixed income seniors waiting several billing periods, possibly up to twelve months, to offset kWh that they would be required to bank until they consume those kWh so banked or are paid at a non-retail reduced rate for those kWh annually.

## Removing Customers from the Net Metering Program

8. In its original reconsideration application the FBC states:

*FBC respectfully submits that the Commission panel majority's decision (the Majority Decision) discloses material errors of fact and law that justify variation of Order G -199-16 as described above. The consequences of these errors are that:*

*FBC's pre-existing right to remove customers from RS 95 if they produce consistent annual NEG has been abrogated, on the Commission's own motion, with the result that FBC now has no ability to prevent existing customers with high NEG production based on their current generation size from maximizing annual NEG, contrary to the intent of the NM program. The amendments directed by the Commission panel majority effectively entrench a rate preference for this group of pre-existing NM customers (see pages 7 - 15, below)" ([http://www.bcuc.com/Documents/Proceedings/2017/DOC\\_49017\\_B-1\\_FBC\\_Net-Metering-G-199-16-Reconsideration-App.pdf](http://www.bcuc.com/Documents/Proceedings/2017/DOC_49017_B-1_FBC_Net-Metering-G-199-16-Reconsideration-App.pdf)).*

- i. Since the inception of the NM program, has FBC ever advised any of the CG enrollees, in

writing, that it reserves the right to remove them from the program for consistently producing NEG

- a. prior to April 26th, 2016?
- b. prior to March 17th, 2017?

ii. Since the inception of the program, has FBC ever removed any CG from the program for consistently producing NEG?

iii. Have any CGs expanded the size of their installed system without seeking permission of the Company and been removed from the NM program for doing that?

iv. Have any CGs who have expanded the size of their system, without seeking permission of the Company, not been paid retail rate for all the NEG they transferred to the Company's grid?

v. If the answer to i., ii. iii and iv above is no, please explain how CG enrollees were expected to know that FBC had a legal right to remove them from the NM program for consistently producing NEG.

9. FortisBC's Electric Tariff can be found at:

<https://www.fortisbc.com/About/RegulatoryAffairs/ElecUtility/Documents/FortisBCElectricTariff.pdf>

In TC1-30 at section 8.2, FBC specifically states that it reserves the right to suspend service "*whenever necessary to safeguard life or property, or for the purpose of making repairs on or improvements to any of its apparatus, equipment or work*".

The Company then goes on to state in the same section that:

*"The Company shall have the right to suspend or terminate Service at any time without notice whenever the Customer has breached any agreement, including provisions of a Financing Agreement, with the Company, or failed to pay arrears within the specified time, fraudulently used the Service, tampered with the Company's equipment, committed similar actions, compromised the Company's Service to other Customers or if ordered by an authorized authority to suspend or terminate such Service".*

Under "Special Conditions" at sections 7 and 10 of RS 95 it specifically states:

*"The Company maintains the right to disconnect, without liability, the Customer-Generator for issues relating to safety and reliability".*

*"Except as specifically set forth herein, Service supplied under this schedule is subject to the terms and conditions set forth in the Company's Electric Tariff on file with the British Columbia Utilities Commission".*

i. Are there any other statements in either the Electric Tariff or RS 95 that specifically refer to "suspension or termination" of a customer service by FBC?

Please provide the exact wording and URL reference.

10. Under "Billing Calculations" at RS 95, at sections 3 and 5, FBC states, concerning the creation of NEG, that:

*"If in any billing period, the eligible Customer-Generator is a net generator of energy, the Net Excess Generation shall be valued at the rates specified in the applicable Rate Schedule and credited to the Customers account".*

*"In the event that the operation of a renewable energy generating system results in a credit balance on the Customer-Generator's account at the end of a calendar year, the credit will be purchased by the Company. If such amounts are not large, they will be carried forward and included in the billing calculation for the next period at the discretion of the Company".*

i. Are there any other references to creation of NEG by an NM CG in the Electric Tariff or RS 95?

Please provide the exact wording and URL reference.

11. In FBC's 2010 Monitoring and Evaluation Report on FortisBC Inc. Net Metering Program to the Commission dated March 11, 2011, the Company specifically states:

*"Customers generating a significant amount of excess generation are a concern since they are violating a fundamental net metering principle of offsetting their own consumption (p 7, lines 3-4), but then goes on to further state in section 6:*

*"The Company is of the opinion that the original intention of the program (to offset all or some of the customers own consumption) is still valid, but there is no reason to prevent additional generation if it falls within the 50 kW cap. The principles in place for compensation for generation under the program remain essentially the same. That is, offset consumption is automatically valued at the retail rate, and a reasonable amount of generation that exceeds personal consumption will also attract that retail rate. The proposed change in the program will affect generation that a customer generator has installed with the intent to generate additional sales to FortisBC. The Company believes that compensation for these sales should be offered in a manner consistent with that of other small Independent Power Producers in its service area" (p12, line 7-17).*

([http://www.bcuc.com/Documents/Proceedings/2016/DOC\\_46489\\_A2-1\\_03-02-2011\\_FBC-2010-Report.pdf](http://www.bcuc.com/Documents/Proceedings/2016/DOC_46489_A2-1_03-02-2011_FBC-2010-Report.pdf))

i. Please quantify the exact amount of kWh that a "significant amount of excess generation" represents for FBC?

i. Please quantify the exact amount of kWh that "...additional generation if it falls within the 50 kW cap" FBC is prepared to allow over and above a CG's personal consumption level.

ii. Please quantify the exact amount of kWh that "...a reasonable amount of generation that exceeds personal consumption" FBC is prepared to allow under the NM program.

- iv. With regard the statement "...*The proposed change in the program will affect generation that a customer generator has installed with the intent to generate additional sales to FortisBC*", please explain the precise date and reasons why the Company changed its mind about pre-approving NM production systems that were sized to "generate additional sales to FortisBC".
- v. How many enrolled CGs would have been enrolled in the program at the time of that change and were they so notified of the Company's change of policy, and were those CGs enrolling after that date so notified that statements made in the 2010 Evaluation and Monitoring Report were no longer valid policy statements previously made by the Company?

vi. BC Hydro in RS 1289 at special conditions 2 specifically states:

*"The Customer shall not operate the Generation Facility so as to generate electricity at a rate greater than 110% of the Nameplate Rating of the Generating Facility, and will not add to or modify the Generating Facility without the prior written consent of BC Hydro"* (<https://www.bchydro.com/content/dam/BCHydro/customer-portal/documents/corporate/regulatory-planning-documents/integrated-resource-plans/current-plan/schedule-1289-net-metering-service.pdf>).

Has FBC considered, for clarity, adding similar wording to it's RS 95 tariff, and if not, why not?

12. Notwithstanding that FBC believes that it has a right to remove a customer from their NM program for consistently producing NEG:

- i. Does FBC agree, in accordance with section 64 and other powers granted it under the UCA, that the Commission has the legal power to grandfather the pre-existing arrangements made and conducted by the Company with its NM enrollee CGs prior to the issuance of Order G-199-16?
- ii. If the answer (i) is no, please explain why.

13. In 2006 our household, which is wired for electric heat, consumed 6,216 kWh of electricity, which through adoption of conservation measures was reduced to 3,260 kWh in 2014, the year before we enrolled in the NM program. So far in 2017 we estimate that our FBC grid household consumption at 386 kWh, with a further 304 kWh being consumed from our own solar PV system.

For purposes of calculating the size of our allowable NM system, what annual number of kWh would FBC use to calculate our current annual personal consumption of electricity, and why would the Company choose that number over any other level of annual consumption?

14. NM#1 was pre-approved by FortisBC to build a size of solar PV system, and has not added any production capacity since initial installation, that allowed this household to produce and transfer enough electricity to cover the cost of all personal electrical consumption and nearly all basic charges and the GST.

- i. Did FBC over estimate the size of system needed for this customer household?

ii. Does this customer now face the possibility of being removed from the NM program because the household consistently produces NEG annually?

15. In B-1 of the FortisBC Inc. Self-Generation Policy Stage II Application ~ Project No.3698820 FBC states:

*"On Page 104 of the New PPA Decision the Commission specified that, "...FortisBC must establish Self-Generating customer polices for current and future customers at distribution and transmission voltage."*

*Customers beneath a minimum threshold are not eligible for this policy as their situations are already addressed elsewhere. As the Commission noted in its reasons for decision that are Appendix A to Order G-32-15 (from the Stage I procedural conference):*

*'The Panel notes that FortisBC has policies to deal with customers who would fall under the net-metering generation cap of 50 kW. All parties who addressed this issue at the Procedural Conference were in agreement that any GBL Guidelines should apply to both transmission and distribution customers consistent with Order G-60-14.*

*The Panel is in agreement with the applicability of any GBL Guidelines to both transmission and distribution customers with the caveat that it should only be applied to customer generation facilities of over 50 kW'.*

*FBC assumes that more specifically, with regard to service voltage, the Commission intends that eligible customers will be those served at Transmission Voltage, defined in the FBC Electric Tariff BCUC No. 2 as having a nominal potential greater than 35,000 volts measured phase to phase and Primary Voltage which is similarly defined as having a nominal potential of 750 to 35,000 volts measured phase to phase"*

*([http://www.bcuc.com/Documents/Proceedings/2017/DOC\\_48653\\_B-1\\_FBC\\_Self-Gen-Policy-Stagell-Appl.pdf](http://www.bcuc.com/Documents/Proceedings/2017/DOC_48653_B-1_FBC_Self-Gen-Policy-Stagell-Appl.pdf), p 13, lines 3-21).*

i. Given that FBC has no Micro-Standard Offer Purchase Program (MSOP), and the Company's Self-Generation policy will not apply to NM CGs, where and how will customers producing power below 50kW and 750 volts sell their excess production if they can be removed from the NM program for consistently producing more than their personal household consumption?

ii. How does FBC explain its current and proposed policies before the Commission, towards these customers, meet with the requirements of sections 11, 25 and 28 of the 2007 BC Energy Plan?

iii. How does FBC explain that its current and proposed policies before the Commission, towards these customers, meet with the required legal objectives of section 2 (a), (b), (d), (h), (i), (k), (l) and (m) of the *Clean Energy Act*?