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<b>FORTISBC INC. RECONSIDERATION AND VARIANCE OF ORDER G-199-16 PHASE 2 EXHIBIT A-9</b>
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**To:** FortisBC Inc.  
FBC Net Metering Program Tariff Update Application Registered Interveners

**Re:** **FortisBC Inc. – Application for Reconsideration and Variance of Order G-199-16 – Project No. 1598913  
– British Columbia Utilities Commission Information Request No. 1**

Further to your March 17, 2017 filing of the above-noted application, enclosed please find British Columbia Utilities Commission Information Request No. 1.

Sincerely,

*Original signed by:*

Patrick Wruck  
Commission Secretary

/ad  
Enclosure



FortisBC Inc.  
Application for Reconsideration and Variance of Order G-199-16 FBC Net Metering Program  
Tariff Update Decision

**INFORMATION REQUEST NO. 1 TO FORTISBC INC.**

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<b>Table of Contents</b>	<b>Page no.</b>
A. Removal of Customers from the Net Metering Program on the Basis of Persistent Net Excess Generation .....	1
B. KWH Bank .....	4
C. Price of Net Excess Generation .....	5

**A. REMOVAL OF CUSTOMERS FROM THE NET METERING PROGRAM ON THE BASIS OF PERSISTENT NET EXCESS GENERATION**

FBC states that it has always had the right to remove customers from the Net Metering (NM) Program if they produce persistent Net Excess Generation (NEG). The Information Requests in this section (with the exception of IR 1.4) address the nature of that right in the specific context of the current structure/framework of the NM Program.

**1.0 Reference: REMOVAL OF NET METERING CUSTOMERS  
Exhibit B-1 (Reconsideration Application), pp. 5, 12; FBC Net Metering Tariff Update Application (NM Application) proceeding, Exhibit B-4, BCUC IR 5.6  
Service to removed Net Metering customers**

On page 5 of the Reconsideration Application, FortisBC Inc. (FBC) states that “being ‘removed’ from RS 95 in this context and the right of ‘removal’ it asserts under RS 95 do not mean that customers would...be unable to offset their electricity consumption using self-generation.”

FBC elaborates in response to BCUC IR 5.6 in the Net Metering (NM) Application proceeding that:

Under the current program structure, in the event that a system that was properly sized when installed subsequently started to produce NEG on an annual basis, the Company would reserve its right to remove the customer from the NM Program as it would no longer be in compliance with either the Eligibility criteria contained in the Tariff or the objectives of the Program. Such a customer could continue to be interconnected with the FBC system and would continue to receive the primary benefit of the Net Metering Program in offsetting personal consumption, but would not be compensated for net-generation that exceeds net-consumption in a given month.

FBC states on page 12 of its Reconsideration Application that “Customers that are not eligible for RS 95 simply have no entitlement to continue to reserve service under that rate schedule and FBC has no continuing obligation to provide it.”

- 1.1 Please explain the “benefit of the Net Metering Program in offsetting personal consumption” that a customer removed from the NM Program is entitled to in this context. Specifically, does the benefit include:
- I. the ability to instantaneously offset self-generation with coincidental consumption (i.e. use of self-generated power to cover some or all of their real-time load);
  - II. the ability to use NEG produced in one billing period to offset anything up to total consumption within the same billing period, but nothing beyond that; and/or
  - III. the ability to use NEG accumulated in one billing period to offset excess consumption in another billing period within the year ending on March 31?
- 1.2 Please confirm that removal in this context means that the removed customer is no longer served under rate schedule (RS) 95. If not confirmed, please elaborate.
- 1.2.1 If confirmed, please identify the rate schedule under which that customer would be served under in order to receive the benefits outlined in response to IR 1.1 above.
- 1.3 For whichever rate schedule is identified in response to IR 1.2, please explain, with reference to the specific terms contained in that tariff, how it would be applied to provide the “benefit of the Net Metering Program in offsetting personal consumption” as explained in response to IR 1.1 above.
- 1.3.1 Without intending to limit the depth or breadth of your response, please include answers to the following scenarios of customers whom FBC argues it has the right to have “removed from RS 95 in this context”:
- How does the rate schedule allow for NEG within the billing period to be valued at one rate just so long as it is offset against consumption within the period (i.e. at the retail rate when generation is used to offset consumption), but at another rate (i.e. zero) if it is surplus at the end of the period?
  - If the benefit includes the ability to offset consumption in another billing period, please explain how this would be accomplished (i.e. since the kWh Bank does not currently exist).
  - If a customer is removed from the NM Program having determined that they are a persistent NEG producer, but by the end of the year it turns out that their total cumulative NEG was more than fully offset by consumption at other times of the year, how does the tariff accommodate any end-of-year adjustments to the final (or prior) billings?
- 1.4 Please respond to IRs 1.1 and 1.3 above, under a scenario in which the NM program is implemented as proposed by FBC in its Reconsideration Application.

2.0 **Reference: REMOVAL OF NET METERING CUSTOMERS**  
**Exhibit B-1, p. 11**  
**Removal of customers due to system difficulties**

FBC states on page 11 of its Reconsideration Application:

It is plausible that persistent NEG could be considered a “difficulty” that “adversely affects” FBC’s electrical system within the meaning of this provision. Section 10 of the Electric Tariff may therefore provide an independent basis for FBC’s right to remove persistent producers of NEG from the NM program that was not considered in the Majority Decision.

As noted above in the preamble to IR 1.0, FBC also states that “Such a customer could continue to be interconnected with the FBC system and would continue to receive the primary benefit of the Net Metering Program in offsetting personal consumption.”

- 2.1 Given that it is FBC’s contention that a customer removed from the program on the basis of persistent NEG would still be interconnected to the system, please explain how removal from the NM Program would address the potential difficulty or adverse effects of NEG as referenced in the context of Section 10.
- 2.2 If, on the other hand, removal in this context would include some change to the nature of the interconnection and/or the flow of NEG, please reconcile this answer with the responses to IRs 1.1 through 1.3 above.

3.0 **Reference: REMOVAL OF NET METERING CUSTOMERS  
NM Application proceeding, Exhibit B-6, BCSEA IR 5.2; Exhibit B-10, Shadrack IR 7a;  
Exhibit B-14, BCUC IR 15.1; Exhibit B-15, Scarlett IR 10  
Definition of persistent NEG**

In the NM Application proceeding, FBC states in response to BCSEA IR 5.2:

Customers that install generation that is reasonably intended to offset only a portion or all of annual consumption, but that have periodic and/or minimal annual unused excess generation would continue to meet the eligibility criteria of the Program. Customers that have persistent annual NEG may no longer meet the eligibility criteria for the Program and be removed.

FBC also states in response to Shadrack IR 7a:

FBC understands that customer consumption may vary both within a year, and from year to year for a variety of reasons. The Company expects that for customers that may have the ability to generate power in sufficient quantities to offset person consumption, there may be over-generation in some years, but net consumption in others. Routinely, in this case, is best described as the continued accumulation of net-generation without the prospect of using it to offset consumption in subsequent billing periods”

FBC further states in response to Scarlett IR 10 that it “has no interest in unreasonably restricting the installation of generation that complies with Program parameters, or will comply within a reasonable timeframe.”

In response to BCUC IR 15.1, FBC states that “The complete contractual agreement between FBC and its NM customers is contained in the FortisBC Electric Tariff, FortisBC Net Metering Tariff Rate Schedule 95, Net Metering Interconnection Guidelines and the Net Metering Interconnection Agreement.”

- 3.1 Please elaborate on what are the specific quantum and frequency of annual NEG that would constitute non-compliance with the eligibility criteria of the NM program.
- 3.2 Please identify the conditions and terms in the contractual agreement between FBC and its NM customers that set out the specific standards against which ongoing eligibility is measured vis-à-vis ‘producing persistent NEG’.
  - 3.2.1 If the conditions are not identified in FBC’s contractual agreement with its NM customers, are there specific guidelines in place that provide a consistent and measurable set of criteria that can be applied, and if so, are they readily available to the public and/or NM participants?

- 3.2.2 If no such guidance is set out, what processes/practices has FBC relied upon to ensure fair and consistent assessment to determine whether a customer is producing persistent NEG, and therefore can/should be removed from the NM program?

4.0 **Reference: REMOVAL OF NET METERING CUSTOMERS**  
**Exhibit B-1 (Reconsideration Application), pp. 20, 27; Exhibit B-4, Part 2, p. 1;**  
**NM Application proceeding, Exhibit B-1 (NM Application), pp. 4, 9–10; Exhibit B-4,**  
**BCUC IR 5.4**  
**Historical experience with persistent NEG customers**

FBC states on page 4 of its NM Application that “the Company cannot determine with certainty the number of customers that will have a positive NEG balance after a 12 month period however a review of the accounts suggests that 6-8 Program participants may be in this position.”

FBC states on page 1 of Part 2 of its evidence that based on billing analysis for the period from April 1, 2015 to March 31, 2016, “There are four customers that are worse off under the proposed methodology; those that have annual unused NEG. The production of annual unused NEG by these customers is contrary to the intent of the NM program.”

On page 20 of the Reconsideration Application, FBC submits there are a number of negative consequences of excess NEG being compensated at the current retail rate. FBC states on page 27 that “FBC is intrinsically receiving lower rates for the energy it delivers than is required for it to make the approved, just and reasonable return.” FBC also states on pages 9 to 10 of its NM Application that FBC would be “purchasing power on non-participating customer’s behalf at rates far above what is available from other sources.”

FBC states in response to BCUC IR 5.4 in the NM Application proceeding that “The language in the Tariff indicates that service to the customer under the Net Metering Program is initiated with a minimum one year term and is self-renewing unless terminated by the customer. As with any tariff rate, the customer must continue to meet the eligibility criteria as contained in the rate schedule.”

- 4.1 Please confirm, or explain otherwise, that amongst the customers that FBC has identified as producers of NEG, some fall into the category that FBC considers to be persistent NEG producers.
- 4.1.1 If confirmed, please explain how the answer to IR 3.0 above has been brought to bear on determining which customers are persistent NEG producers.
- 4.1.2 If confirmed, given that FBC argues it has always had the right to remove them from the NM Program, and given the issues with paying for persistent NEG as stated by FBC, please explain why has FBC not removed these customers when FBC first realized they were persistent NEG producers?

B. **KWH BANK**

5.0 **Reference: KWH BANK**  
**Exhibit B-1, pp. 17–18**  
**Relation to NEG price**

FBC states on page 17 of its Reconsideration Application that “the kWh bank proposal had numerous benefits for FBC’s customers that are independent of the specific NEG pricing change that FBC also proposed.”

FBC further states on page 18 of its Reconsideration Application:

FBC's Application presented the kWh bank and the new NEG compensation rate as a package of NM program changes. There is an interrelationship between these proposed changes. For example, implementing a kWh bank and carrying-forward and then compensating for any NEG annually would be problematic if tiered retail rates are retained as the basis for NEG compensation.

- 5.1 Please confirm that a NEG pricing change away from the tiered retail rates is necessary in order to implement the kWh bank mechanism. If not confirmed, please explain the interrelationship between the two requests.
- 5.2 Please confirm, or explain otherwise, that the kWh bank and the new NEG compensation rate is a package of NM program changes, and therefore the package must be reviewed as a whole (i.e. the commission's decision to approve or reject the two requests must be consistent).

6.0 **Reference: KWH BANK  
Exhibit B-4, Part 1, BCUC IR 70.1  
Recovery of customer charge**

FBC states in response to BCUC IR 70.1 in Part 1 of FBC's evidence:

...the compensation for NEG each billing period at the retail rate instead of the use of a kWh Bank enables customers with small-scale generation, such as those in the NM Program, to avoid even the minimum contribution to fixed charges if their bill is less than the Customer Charge. A customer that reduces their bill to zero, or less, is still using the FBC system, and still driving a system cost, which in the absence of a sufficient bill amount will fall to the account of the remaining customers.

- 6.1 Please confirm, or explain otherwise, that a NM customer will pay the Customer Charge for each billing period if a kWh Bank is implemented.
  - 6.1.1 If confirmed, please explain whether the issue of recovering system costs incurred by NM customers from other FBC customers is fully addressed with the implementation of a kWh Bank, independent from the quantum of the annual NEG price.

C. **PRICE OF NET EXCESS GENERATION**

7.0 **Reference: PRICE OF NET EXCESS GENERATION  
Exhibit B-1, p. 23; NM Application proceeding, Exhibit B-4, BCUC IR 9.6  
NEG compensation**

On page 23 of the Reconsideration Application, FBC contends that the Panel "erred in concluding that the circumstances had not changed sufficiently to warrant a new price for the compensation of NEG. The implementation of the two-tiered [Residential Conservation Rate] does represent a rate design change that affects a majority of customers in the NM program."

In response to BCUC IR 9.6 in the NM Application proceeding, FBC provides the pros and cons of a number of NEG compensation pricing options, one of which is the FBC Exempt Residential Service (RS 3) rate at 11.433 c/kWh.

- 7.1 Please confirm, or explain otherwise, that the change in circumstances upon which the NM Application sought a change to NEG pricing is singularly the implementation of the Residential Conservation Rate (RCR). If other changes underpin FBC's request to change the NEG pricing, please identify where, in the record of the NM Application proceeding, these other changes are brought forward to support its request.
- 7.2 Please confirm that the FBC Exempt Residential Service Rate (RS 3) is equivalent to the residential flat rate prior to the introduction of the RCR. If not confirmed, please explain in detail what amount would be an appropriate proxy for the residential flat rate (i.e. prior to introduction of the RCR).
- 7.3 Given the response to IR 7.1 and 7.2, please explain why FBC did not propose a change in the NEG price to the residential flat rate (or its proxy) as a remedy for the introduction of the RCR, and instead proposed the lower BC Hydro RS 3808 Tranche 1 rate.
- 7.4 Please confirm, or otherwise explain, whether FBC considers that establishing the NEG compensation price at the BC Hydro RS 3808 Tranche 1 rate as proposed in the NM Application, is consistent with FBC's understanding of the original intent of the program when the NM Program was first established in 2009.
  - 7.4.1 If confirmed, please identify where, in the record of the NM Application proceeding, the case is brought forward that RS 3808 would have been a preferable alternative to using the residential rate when the NM Program was established in 2009.
- 7.5 Under the scenario that FBC has the right to remove NM customers who produce persistent NEG and FBC's request to compensate NEG at the RS 3808 Tier 1 level were approved, please comment on whether the annual NEG eligible for compensation would be within the spirit of a revised RS 95 and FBC would have no basis for removing them from RS 95 as such customers would be in compliance and consequently not be at risk of removal.

8.0 **Reference: PRICE OF NET EXCESS GENERATION  
Exhibit B-4, Part 2, pp. 1–2  
Additional billing analysis**

In Part 2 of Exhibit B-4, FBC provides additional billing analysis for 35 residential customers that were active participants in the NM program for the period from April 1, 2015 to March 31, 2016. FBC states on page 1 that "For the purposes of the "Customer Impact" columns in the table, kWhs remaining in the kWh Bank at the end of March 2016 are assumed to be purchased at the current BC Hydro Rate Schedule 3808 Rate."

- 8.1 Please replicate the analysis with i) the residential flat rate (or its proxy) as set out in the answer to IR 7.2 and ii) the RCR, instead of at the BC Hydro RS 3808 rate as presented in FBC's analysis.
  - 8.1.1 Please present a table comparing the customer impact under i) the BC Hydro RS 3808 Tranche 1 rate, ii) the residential flat rate (or its proxy), and iii) the RCR from the analysis above.
- 8.2 Please comment on the customer impact from using a NEG price at the residential flat rate versus the BC Hydro RS 3808 Tranche 1 rate.