



**5.1** Please outline of the “distinct issues” (per lines 17 and 23) associated with Wholesale customers that would suggest the Self-Generation Policy may be universally applicable.

**6.0 Reference: Exhibit B-1, page 14, lines 24-30**

**6.1** Please explain further the point that FortisBC is seeking to make in the paragraph at lines 24-30 and how it relates to Section 2.5 of the PPA.

**7.0 Reference: Exhibit B-1, pages 14-15, Section 2.4.2**

**7.1** What are the implications for customers seeking to develop self-generation from resources that are not clean or renewable of FBC’s Self-Generation Policy not applying to their circumstances? For example, will FBC not provide them with Stand-by Service and not establish an SSO if requested?

**8.0 Reference: Exhibit B-1, page 22, lines 14-18**

**8.1** Under the terms of the Wholesale Wheeling Tariff what compensation, if any, would a self-generation customer receive if as a result of generating in excess of its SSO with no third party sales the excess power was deemed to have been delivered to the FBC system?

**9.0 Reference: Exhibit B-1, page 14 (lines 24-30); page 25 (lines 4-8) and pages 29-30.**

**Preamble:** Page 14 states: “any self-generating customer whose conduct causes a reduction in revenue to FBC without at least an equal reduction in power purchase costs does not provide a net benefit”.

Page 25 states: “This value is multiplied by 50% in recognition of the shared benefits that are assumed to flow from the presence of self-generation”.

**9.1** Are the benefits referred to on page 25 and also on page 29 the benefits that exist in comparison with a situation where the customer has no self-generation? If not, what is meant by “benefits that are assumed to flow from the presence of self-generation”?

**9.2** Please clarify what is meant by “power purchase cost” as used in the page 14 reference. In particular, is it referring to FBC’s LRMC or some other measure of “power purchase cost”?

**9.3** Based on FBC’s current rates and purchase power costs, does the presence of self-generation provide a net benefit based on the approach described at page 14? Please explain the basis for the

response.

**9.4** Are the benefits referred to on pages 25 and 29 from the presence of self-generation the same benefits as referred to on page 14?

**9.4.1** If no, what “benefits” are being referred to on pages 25 and 29?

**10.0 Reference: Exhibit B-1, page 26 (lines 26-27) and page 28 (line 17)  
Exhibit B-1, Appendix A, page 4, Section 10**

**10.1** Please describe how FortisBC will determine when a self-generation customer is or is not utilizing its SSO.

**11.0 Reference: Exhibit B-1, page 32 (lines 19-23)**

**11.1** Please explain more fully how the “power supply-planning implications associated with the addition of the considerable load that would need to be accommodated should all FBC’s self-generating customer become full requirement customers” can be reflected in a reduction to the Stand-by Billing Demand based on the avoided cost of power purchases for “load not served”.

**12.0 Reference: Exhibit B-1, page 33 (lines 8-16)  
Exhibit B-1, page 25 (lines 4-8)**

**12.1** Please explain why a similar process to that outlined on page 33 at lines 8-16 could not be used to determine the percentage reduction to be applied to the “Annual Generation Used to Serve Load” for purposes of establishing the SSO.

**13.0 Reference: Exhibit B-1, page 33 (lines 8-16) and page 34 (line 30) to  
page 35 (line 3)**

**13.1** Please confirm that if the appropriate per kWh LRMC value (Step 1) is less than the blended per kWh rate (Step 2) then there is no kVA reduction to the SBBD.

**13.2** Will the SBBD be recalculated each time a new (different) LRMC is approved by the Commission for resource planning purposes? If not, why not?

**13.3** Will the SBBD be recalculated each time the Commission approves new rates (for the relevant customer classes) which are used in the calculation of the foregone revenues? If not, why not?

**14.0 Reference: Exhibit B-1, page 33 (lines 8-16)  
Exhibit B-1, page 34 (line 30) to page 31 (line 3)**

**Exhibit B-1, page 14 (lines 24-30)**

**Exhibit B-1, Appendix B, page 6 (lines 25-33)**

- 14.1** Please confirm that, according to the process set out on page 33, when considering the determination of the SBB, the “benefit” from self-generation is based on the difference between FBC’s LRMC between and the average rate associated with the foregone revenue.
- 14.2** Please confirm that, according to the discussion on page 14 and in Appendix B, when considering the determination of the SSO, the “benefit” from the presence of self-generation is considered to be based on the difference between the average rate associated with the foregone revenue and the price that would be paid for power to serve the load and explain how this “price” differs from FBC’s LRMC.
- 14.3** Please explain why FBC’s LRMC is used in the case of the SBB but the price paid to serve the load is used in the case of the SSO. In doing so please specifically address why the same “cost” isn’t used in both cases.

**15.0 Reference: Exhibit B-1, page 33 (lines 8-16)**

**Exhibit B-1, Appendix B, page 6 (lines 25-33)**

- Preamble:** The derivation of the SBB reduction treats the foregone revenues as a “cost” and saved procurement costs as a “benefit” and, in doing so, assumes the status quo would be no self-generation at all. In contrast, the discussion of benefits for purposes of determining the SSO, treats the revenues gained as a “benefit” to be compared with the “cost” of purchasing the power to supply the additional load. In doing so the discussion of the SSO determination assumes the status quo is where self-generation exists and is used first to supply the entire plant load.
- 15.1** Please explain why the discussion of benefits for purposes of determining the SBB and SSO each use a different starting point as status quo.
  - 15.2** More specifically, please explain why in determining the SBB the existence of self-generation to offset load that would otherwise be served by FortisBC is considered to create “benefits” while in the determination of the SSO the ability to serve load that would otherwise be supplied by self-generation is considered to create “benefits”.
  - 15.3** Would the benefit calculation set out on page 33 and in Table 4-1 yield a positive result if the avoided costs used was the current cost of purchased power to serve the load?
  - 15.4** Would there be positive benefits associated with establishing an SSO if FBC’s LRMC was used as the basis for the “cost”?

**16.0 Reference: Exhibit B-1, pages 35-36**

**16.1** With respect to Table 4-1, please explain why, at Step 5, the result is not also divided by 12 to convert the annual savings to be shared (line o) into a monthly equivalent which would then be divided by the monthly Wires Charge.