

October 26, 2017

British Columbia Utilities Commission
Sixth Floor, 900 Howe Street, Box 250
Vancouver, BC, V6Z 2N3
Attn: Erica Hamilton, Commission Secretary

By email: commission.secretary@bcuc.com

Dear Madam:

**Re: BCUC Project No. 3698875 FortisBC Inc. Reconsideration and Variance of
G-199-16 Net Metering Program Tariff Update Decision
Final Argument by Donald Scarlett**

I will not pretend to be a lawyer for this hearing. However, I have followed the correspondence in this Reconsideration Hearing and am fully aware of the facts and the issues. I have become acutely conscious that this hearing constitutes an abuse of the public—both the customers of FortisBC (FBC) and the taxpayers of British Columbia.

I once was present at a small claims court session involving nonpayment of a bill for materials amounting to less than \$500. The judge's first question, given the size of the claim, was whether the parties had met to try to reach a settlement before coming before the court and causing expenditure of public resources in the already overloaded legal system. Needless to say, the plaintiff left the courtroom with much less than the original claim.

We could use the intervention of such a judge in this proceeding. It is sad to contemplate the waste of time and resources created by FBC's initiation of this Reconsideration Hearing following the 2016 Net Metering Update Hearing, which by evidence on the record establishes that the Company's outlay to date for reimbursed Net Excess Generation (NEG) has been less than \$100,000. The Company's costs for legal and staff time, and the costs to the BC Utilities Commission surely have greatly exceeded that figure. We all know it's inevitable that FBC will find a way to ensure its shareholders are kept financially whole.

It was, of course, FBC that initiated this process with the 2016 Net Metering Update Hearing, and under the rules we are compelled to follow, the terms of reference are set by the Company. At no time since the inception of FBC's Net Metering program has the Company made any attempt to communicate directly with any of its Net Metering customers to express its concern about NEG. If there were any justice or common sense in this proceeding FBC would have been required to contact its Net Metering customers to learn whether the Company could reach an accommodation with them—before initiating two hearings that will accomplish little more than running up unnecessary costs to the public and eliminating much of the goodwill that the Company's adoption of Net Metering presumably was intended to create.

Since FBC was not wise enough to design its Net Metering program along the lines that BC Hydro chose to use, the Company has probably permanently missed the opportunity to benefit from the peaceful relationship the Crown Corporation enjoys with its Net Metering customers. Seeking to unilaterally offer the lowest price for NEG that it could justify, then threatening to break contractual relationships with existing Net Metering customers and ultimately to eject them from the program is a formula for conflict and lasting bad blood. What public utility would choose to take such an unnecessary and harmful course, and what sort of utility commission would allow them to do it?

The thought has occurred to me and others, that the Net Metering customers of FBC should band together and apply to the BCUC for a third Net Metering hearing—setting sensible terms of reference, foremost among which would be a requirement for the Company to consult with its customers and make an honest effort to reach an accommodation with them. The trouble with that idea is that FBC, with its present antagonistic modus operandi, would inevitably fight tooth and nail against common sense and run up still more costs for its customers and the general public.

So here we are at the closing of an unnecessary and expensive process in which everyone—including FBC itself—gets hurt and the BCUC loses credibility. Were I shareholder of the Company, I would do my best to put an end to such futile and counterproductive adventures. Under the present circumstances, all I can do is state the obvious and anticipate a reply argument from FBC that will either ignore the truth or claim I'm speaking outside the hearing terms of reference.

So far I have focused on the harm done to FBC's customers, the general public and the Company's goodwill, but another casualty is the potential of Net Metering itself. If I were to substitute the term, "Demand Side Management" for Net Metering, the Company's actions in these two hearings would immediately attract the pejorative attention they deserve. Demand Side Management met early resistance from profit-oriented electricity utilities but with time the public interest (and the practice of allowing utilities to make money administering conservation programs) prevailed. Yet, as I stated in my argument at the end of the 2016 Net Metering Update Hearing, Demand Side Management and Net Metering are identical in effect and value to society, differing only in that *creating the Net Metering resource costs the public and the Company nothing*. The value of NEG of course can be debated—and should be—but first the Company should be required to consult with Net Metering customers to determine whether both parties can constructively move towards accommodation.

Net Metering can provide clean distributed energy to the grid at essentially no additional cost to the utility or to its customers. Transmission energy loss is reduced and neighbors of Net Metering customers can enjoy the satisfaction of displacing part or all of their electricity consumption with renewable energy that is cleaner than that from the grid—for the same cost they presently pay. Compare that to FBC's Solar Pilot Project, which charges gullible customers about twice as much for renewable energy while doing almost nothing to reduce transmission losses. If there were any consistency and common sense in FBC's approach to Net Metering, the Company would take advantage of the opportunity to resell Net Metering NEG at a fair price (slightly above the regular retail rate) to environmentally conscious customers who for various reasons can't self-generate—and split the profit fairly between the Company and the NEG producers.

FBC, by constraining the Net Metering program to eliminate NEG, wastes much of the program's potential to provide clean distributed energy and the imposition of arbitrary limits on customers' Net Metering power production prevents customers from achieving economies of scale and chases away socially beneficial investment. There are few more obvious cases of a utility being allowed to pursue a socially and environmentally backward policy; it's as though the Company has the right to do whatever it likes, instead of promoting the public interest.

The BCUC should have recognized at the outset that a problem was brewing when FBC claimed to have clearly restricted Net Metering to simply offset customers' own consumption in its RS95 tariff. It clearly did not. The wording in RS95 was at best unclear and at worst misleading. Everything in that document suggested NEG could be produced and paid for at retail rates. As noted in the 2016 Net Metering Update Hearing the Company's website also did not make it clear that own consumption was to be the limit;

50kW was the only clearly defined limit, and that would be a meaningless own-consumption limit for any but a few good-sized businesses. Just for fun I have attached as Appendix A to this document the PowerPoint handout I was given in 2009 when FBC held open houses to promote the Company's Net Metering program. On page 5 FBC clearly states, "Net Excess Generation (NEG) valued at retail."

Denying the obvious became a pattern for FBC in both Net Metering hearings; the supposed "right" of the Company to eject Net Metering customers from the program for producing NEG is nonsense, in that RS95 clearly states that the Net Metering contract can be renewed annually at the pleasure of the customer. These canards continued throughout the two Net Metering hearings. If the BCUC is willing to let FBC get away with patent falsehood, public participants like myself can only wonder why we should bother.

Nevertheless, I believe in the BCUC as an agency that is capable of checking egregious behaviour by utilities and I hold out hope that the public interest will not be buried under a heap of self-serving terms of reference and complex legalese. A good first step would be to compel FBC to meet with its Net Metering customers—or at least the ones that are capable of producing NEG—to consult and invite suggestions for compromise, rather than rely on false claims and intimidation in a lawyer-driven travesty of a hearing.

Donald Scarlett

**FortisBC Net Metering
Open Houses**

*Castlegar
March 17, 2009*

*Kelowna
March 19, 2009*

FORTISBC

The poster features a background image of a misty lake with evergreen trees on the left and right sides. The text is centered and uses a mix of bold and italicized fonts.

be

FortisBC

Corey Sinclair - Regulatory Affairs
Mark Warren - Director, Customer Service
Gary Williams - Regional Planning Engineer
Michael Leyland - Regulatory Affairs -
Jodie Foster-Sexsmith - Corporate Communications

FORTISBC

The poster features a background image of a misty lake with evergreen trees on the left and right sides. The text is centered and uses a mix of bold and italicized fonts.

Agenda

- **Net Metering Review**
- **Application Review**
- **Process Review**
- **Timeline**
- **Contact**
- **Questions & Discussion**

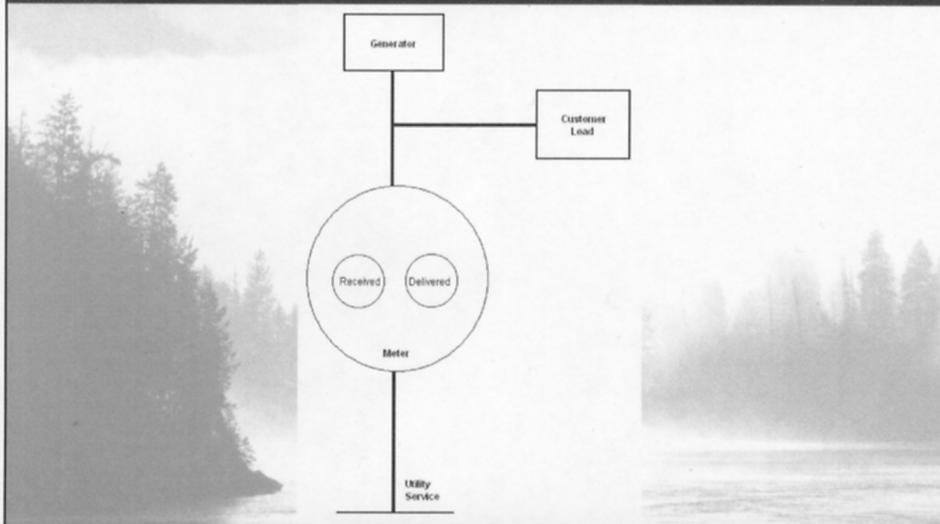
FORTISBC

Net Metering – What are we talking about?

- Nets the amount of electricity you use against the amount of electricity you generate
- results in a "net" total from which your bill is calculated
- allows customers to install small generators that use a clean and renewable fuel source at their premises, and to interconnect with the FortisBC system.

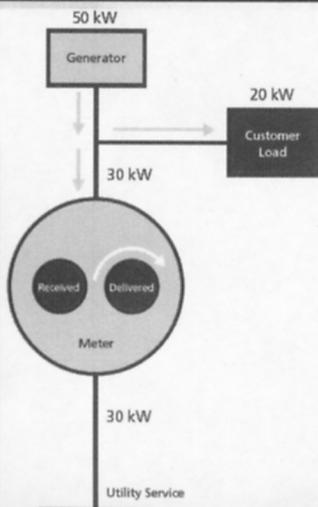
FORTISBC

Net Metering – What are we talking about?



FORTISBC

Net Delivery



During a given hour, the customer's generator produces a steady 50 kW. During the same hour, the customer's residence demands a steady 20 kW. This would equal 50 kW.h of generation and 20 kW.h of consumption.

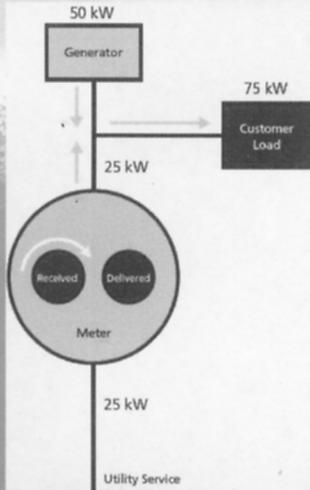
During the hour, the customer will need 20 kW.h of his generated power for his own use, and will deliver 30 kW.h to the utility.

This 30 kW.h is the only power that the meter and the utility will record and have visibility of.

During this hour, the *Delivered* register will record the flow of energy.

FORTISBC

Net Consumption



Total consumption at the residence is 75 kW.h and total generation is only 50 kW.h for the hour.

25 kW.h will be required from the utility in order to meet the customer load.

During this hour, the *Received* register will record the required utility supply.

Again, the utility meter only sees the 25 kW.h and all of the customer generation is being used to offset consumption.

FORTISBC

The Program - Objectives

Customer

- An application process that is easy to complete and understand.
- No undue barriers to interconnection with FortisBC.
- Provides financial compensation for generation.

FortisBC

- No risk to the safety of its employees, customers or the general public.
- Not administratively burdensome or costly.
- No compromise to the quality of service to FortisBC customers.
- No unreasonable costs to either FortisBC or its customers.

FORTISBC

The Application - Eligibility

- All Residential and General Service Rates.

BC Energy Plan:

- Clean or renewable resources include sources of energy that are constantly renewed by natural processes, such as *water power, solar energy, wind energy, tidal energy, geothermal energy, wood residue energy, and energy from organic municipal waste.*
- 50 kW maximum installed capacity

FORTISBC

Billing - Basics

- Customer Charge is the same as the underlying rate. No additional charges.
- No change in the way demand is billed.
- All generation is valued at retail.
- Net Excess Generation (NEG) valued at retail
- Annual Settlement

FORTISBC