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FortisBC Inc.

Self-Generation Policy Stage II Application

Decision
and Order G-41-19

February 27, 2019

Before:

H. G. Harowitz, Panel Chair
M. Kresivo, QC, Commissioner
R. I. Mason, Commissioner
D. M. Morton, Commissioner

TABLE OF CONTENTS

Page no.

1.0 Introduction1

2.0 Self-Generation Policy Determination.....3

 2.1 Panel Determination4

 2.2 The original purpose of the SGP.....5

 2.3 Risk of harm to ratepayers10

3.0 Net benefits.....14

4.0 Closure of this process17

COMMISSION ORDER G-41-19

APPENDICES

APPENDIX A List of Exhibits

1.0 Introduction

On May 6, 2014, the British Columbia Utilities Commission (BCUC) issued decision and Order G-60-14 in the matter of British Columbia Hydro and Power Authority's (BC Hydro) Application for a New Power Purchase Agreement (PPA) between BC Hydro and FortisBC Inc. (FBC) under Rate Schedule (RS) 3808 (New PPA Decision).¹ Directive 5 of the New PPA Decision ordered FBC to initiate a consultation process to develop, and subsequently file for approval by the BCUC, a self-generation policy (SGP).

In response to receiving FBC's SGP application submitted on January 9, 2015, the BCUC determined that the review process would proceed by way of a two-staged approach:

- Stage I – The Panel makes certain findings on the high-level policy statement and supporting policies to establish building blocks for Stage II; and
- Stage II – Filing and review of a Generator Baseline (GBL) Guidelines application.²

On March 4, 2016, the BCUC issued decision and Order G-27-16 in the matter of FBC's SGP Stage I Application (SGP Stage I Decision), ordering FBC to file a Stage II SGP application that must include a comprehensive SGP and GBL Guidelines.

On November 10, 2016, FBC filed its SGP Stage II Application (Application). The Application sought the following approvals:³

- Approval of the Self-Supply Obligation (SSO) Guidelines; and
- Approval of the use of Stand-by Billing Demand (SBBD), with the adjustments proposed in the Application, for any future customers that will not be making third-party sales, or will do so only after having offset its load, to receive a share or the net-benefits attributable to its self-generation.

The following parties registered as interveners in the proceeding to review the Application:

- B.C. Sustainable Energy Association and Sierra Club B.C. (BCSEA);
- BC Hydro;
- British Columbia Old Age Pensioners' Organization *et al.* (BCOAPO);
- British Columbia Municipal Electric Utilities (BCMEU);
- Commercial Energy Consumers Association of BC (CEC); and
- Zellstoff Celgar Limited Partnership (Celgar).

The regulatory process included: two rounds of BCUC information requests (IRs) to FBC; one round of BCUC IRs to BC Hydro; one round of intervener IRs; comments on outstanding issues; submissions on further process; and submissions on Celgar's request for the removal of the Dennis Swanson witness statement.

¹ British Columbia Hydro and Power Authority (BC Hydro) Application for Rates between BC Hydro and FortisBC Inc. with regards to Rate Schedule (RS) 3808, Tariff Supplement No. 3 - Power Purchase and Associated Agreements, and Tariff Supplement No. 2 to RS 3817 (New PPA), Decision and Order G-60-14 dated May 6, 2014.

² FortisBC Inc. (FBC) Self-Generation Policy Stage I Application (SGP Stage I), Exhibit A-5, Order G-32-15 with reasons for decision dated February 27, 2015.

³ FBC Reply Submission, pp. 16–17, para. 73.

Table 1: Summary of Terms/Abbreviations Used in this Decision

Terms

1993 PPA	British Columbia Hydro and Power Authority Application for Rate Schedule 3808 and Revised Power Purchase Agreement with West Kootenay Power Ltd. Decision and Order G-27-93 dated April 22, 1993
Application	FortisBC Inc. Self-Generation Policy Stage II Application dated November 10, 2016
BC Hydro	British Columbia Hydro and Power Authority
BCMEU	British Columbia Municipal Electric Utilities
BCOAPO	British Columbia Old Age Pensioners' Organization <i>et al.</i>
BCSEA	B.C. Sustainable Energy Association and Sierra Club B.C.
BCUC	British Columbia Utilities Commission
CEC	Commercial Energy Consumers Association of BC
Celgar	Zellstoff Celgar Limited Partnership
CSB	Customer Specific Baseline (Section 2.5)
embedded cost power	FortisBC Inc.'s resource stack, including: power generated by FortisBC Inc.'s generation assets; market purchases; purchase of power generated from the Brilliant Dam; purchases from other Independent Power Producers; and purchases from British Columbia Hydro and Power Authority under Rate Schedule 3808
FBC	FortisBC Inc.
GBL	Generator Baseline
GBL Guidelines	The proposed Generator Baseline Guidelines set out in FortisBC Inc.'s Self-Generation Policy Stage II Application dated November 10, 2016
IR	information request
LRMC	Long-Run Marginal Cost
New PPA	British Columbia Hydro and Power Authority Application for Approval of Rates between BC Hydro and FortisBC Inc. with regards to Rate Schedule 3808, Tariff Supplement No. 3 – Power Purchase and Associated Agreements, and Tariff Supplement No. 2 to Rate Schedule 3817 Decision and Order G-60-14 dated May 6, 2014 (replacing the 1993 Power Purchase Agreement)
Non PPA Power	All of FortisBC Inc.'s Embedded Cost Power, excluding Power Purchase Agreement Power
PPA	Power Purchase Agreement
PPA Power	Power purchased from British Columbia Hydro and Power Authority under Rate Schedule 3808
RS	Rate Schedule

RS 3808	Rate Schedule 3808, pertaining to FortisBC Inc.'s Power Purchase Agreement with British Columbia Hydro and Power Authority
SBBD	Stand-by Billing Demand, is a billing determinant in Rate Schedule 31 that is also applicable to customers utilizing the Company's Stand-by Service (Rate Schedule 37)
Section 2.5 Guidelines	Per the New Power Purchase Agreement Decision dated May 6, 2014, guidelines that would be used within Rate Schedule 3808 as a basis for setting customer specific generator baselines
Section 2.5 Restrictions	Section 2.5(a)(ii) of the New Power Purchase Agreement, setting out limitations on FBC's ability to use electricity purchased under the New Power Purchase Agreement to serve FortisBC Inc. customers with self-generation facilities
SG	self-generation
SGP	The proposed Self-Generation Policy set out in FortisBC Inc.'s Self-Generation Policy Stage II Application dated November 10, 2016
SSO	Self-Supply Obligation as set out in FortisBC Inc.'s Self-Generation Policy Stage II Application dated November 10, 2016

Decisions

SGP Stage I Decision	Decision and Order G-27-16 dated March 4, 2016, ordering FortisBC Inc. to file a Stage II Self-Generation Policy application to address matters set out in the decision
New PPA Decision	Decision and Order G-60-14 dated May 6, 2014, approving the New Power Purchase Agreement, including Section 2.5

2.0 Self-Generation Policy Determination

On November 10, 2016, FBC filed its Application, which it states was intended to provide all of the elements that would constitute FBC's policies regarding self-generation, in compliance with a requirement set in the SGP Stage I Decision.⁴ Subsequently, in response to BCUC IR No. 1, FBC filed a standalone SGP document, including appendices describing the determination of the SSO Guidelines and RS 37 SBBD.⁵

In the Application, FBC defines an SSO as "the threshold amount of load that represents a demarcation point for the amount of electricity that the customer must generate for self-supply prior to using any self-generation for sale to a third party."⁶ FBC proposes that each SSO shall be agreed to between FBC and a customer, and then submitted to the BCUC for approval.

⁴ FBC Final Argument, p. 9.

⁵ FBC Final Argument, p. 9.

⁶ Exhibit B-1, Application, p. 19.

FBC proposes to calculate the SSO as follows:

In all cases, the SSO will be based on the Annual Generation Used to Serve Load. For a customer with existing generation, the determination of Annual Generation Used to Serve Load is based on an historical value. For new generation, the determination uses an engineering estimate to determine the capability of the proposed generation, which is then treated in a manner consistent with the historical determination. [...]

In all cases, once the Annual Generation Used to Serve Load has been determined, the SSO calculation is the same: Annual Generation Used to Serve Load, divided by 8760 as the number of hours in 365 days, and rounded to the nearest MW. This value is multiplied by 50% in recognition of the shared net benefits that are assumed to flow from the presence of the self-generator.⁷

FBC states that by setting an SSO, the benefits of self-generation are shared equally between the self-generator and other customers of FBC.⁸ FBC proposes that its self-generating customers have the choice between receiving their share of the benefits of self-generation from an SSO, or from the determination of their Stand-by Billing Demand, but not both.

2.1 Panel Determination

For the reasons set out below, **the Panel does not approve the Self-Generation Policy and Self-Supply Obligation Guidelines as applied for by FBC.**

FBC applies for “approval of the policies that it proposes to govern its interaction with self-generating customers.”⁹ The choices before the Panel are either to approve the Application or not to approve the Application.

The New PPA Decision’s intention was that an SGP would provide comfort that risks to ratepayers associated with self-generation are mitigated. However, it is clear from the arguments that little to no comfort has been achieved by the interveners in this proceeding.

As explained in Section 2.3 below, most interveners consider that the SGP introduces new risk of harm to ratepayers, and the Panel agrees. In addition, three of the interveners (BC Hydro, Celgar and CEC) recommend that the Application be rejected, and BCSEA submits that it should not be accepted as filed. BCOAPO only supports the Application subject to comments, concerns and suggestions. Only BCMEU is generally supportive.

In the absence of virtually any support for the SGP, it is clear to the Panel that the comfort the New PPA Decision was seeking has not been achieved, and thus that the SGP does not satisfy its original purpose.

The scope of this proceeding is to consider the merits of the applied-for SGP. FBC and interveners have raised many issues during this proceeding and in the related proceedings that have led up to this one, and the Panel has considered the Application in light of those issues. However, it is not within the scope of this proceeding to

⁷ Exhibit B-1, Application, pp. 24, 25. On page 14 of its Reply Submission, FBC accepts the correction as suggested by BCOAPO. The intent of the revisions to its SSO Guidelines is that the SG customer can elect to meet between 50 percent and 100 percent of its historical load served by SG.

⁸ Exhibit B-2, BCUC IR 1.1.1, Attachment 1, p. 3.

⁹ Exhibit B-1, Application, p. 1.

resolve all the outstanding issues with regard to self-generation, merely to approve or to reject the Application on its merits. Nevertheless, the Panel will address in Section 3 the issue of sharing the net benefits of self-generation.

2.2 The original purpose of the SGP

Evidence

New PPA Decision

The New PPA Decision, which approved an application by BC Hydro to replace the 1993 PPA¹⁰ between BC Hydro and FBC under RS 3808 with a new PPA, was the genesis for FBC's SGP application. In the New PPA Decision, the Panel defined the term "Self-Generation Policy Issue" as: "other utility ratepayers should not be harmed by self-generating customers' arbitrage of embedded cost power."¹¹

In the New PPA Decision, the BCUC concluded that the amended Section 2.1 of the 1993 PPA did not address the Self-Generation Policy Issue in the FBC territory; it only sought to protect BC Hydro ratepayers. In the BCUC's view, what BC Hydro was seeking through the restrictions contemplated in Section 2.5 of the New PPA Decision was protection of its own ratepayers against potential detriment caused by FBC's self-generating customers arbitraging between fixed utility rates and market prices – and nothing else.¹²

The BCUC agreed that the Self-Generation Policy Issue in the FBC service territory should be addressed but disagreed that this should be achieved through RS 3808. The BCUC concluded that ensuring the Self-Generation Policy Issue is addressed in the FBC territory is of "utmost importance."¹³

Under the terms of the New PPA, the BCUC concluded that there was "no significant material risk of harm" to BC Hydro ratepayers that warranted continued inclusion of the restrictions as originally provided for in Section 2.5. Thus, the BCUC's preferred solution was to immediately remove the Section 2.5 Restrictions, but it concluded that this was premature as FBC self-generation policies were not sufficiently developed, articulated and approved by the BCUC.¹⁴

Section 9 of the New PPA Decision, entitled Self-Generation Policy Issue in the FortisBC Service Territory, starts with the question: "Why a review is required?" The New PPA Decision answers this question by stating:

The [BCUC] has concluded that the proposed restrictions in section 2.5 of the New PPA, as they related to self-generating customers in the FortisBC service territory, are no longer necessary. However, it recognizes that the Parties would gain a considerable amount of comfort if the Self-Generation Policy issue in the FortisBC service territory was formally addressed and resolved once and for all.¹⁵ (Emphasis added)

¹⁰ BC Hydro Application for Rate Schedule 3808 and Revised Power Purchase Agreement with West Kootenay Power Ltd., Decision and Order G-27-93 dated April 22, 1993.

¹¹ BC Hydro Application for Rates between BC Hydro and FortisBC Inc. with regards to Rate Schedule (RS) 3808, Tariff Supplement No. 3 - Power Purchase and Associated Agreements (PPA), and Tariff Supplement No. 2 to RS 3817, Decision dated May 6, 2014, p. 81.

¹² New PPA Decision, p. 80.

¹³ Ibid., p. 81.

¹⁴ New PPA Decision, pp. 98–99.

¹⁵ New PPA Decision, p. 100, emphasis added.

Section 9.4 of the New PPA Decision, entitled Comprehensive Self-Generation Application, states:

[The BCUC] is of the opinion that the best way to resolve the FortisBC self-generation policy issue¹⁶ in the FortisBC service territory is for FortisBC to initiate a consultation process to establish high level principles concerning this matter. The outcome of this process would be a filing of a Comprehensive Self-Generation Policy Application with the Commission. BC Hydro, other FortisBC customer groups and other eligible groups should be encouraged to actively participate in this process.¹⁷ (Emphasis added)

The New PPA Decision's concerns about the Section 2.5 Restrictions were related to regulatory efficiency, as described below:

The [BCUC] is hopeful that once the two concurrent consultation processes have resulted in clearly documented Commission-approved principles, the [BCUC] will seek submissions from parties to determine whether it would be reasonable to eventually remove the restrictions from section 2.5 of the New PPA in pursuit of improved regulatory efficiency.¹⁸

Directive 5 of the New PPA Decision directed FBC to ensure that its SGP consultation process included as a consideration that "arbitrage is not allowed."¹⁹

SGP Stage I Decision

In the subsequent FBC SGP Stage I proceeding, the BCUC emphasized that "FortisBC's SGP should satisfy the concerns raised in the New PPA Decision regarding Section 2.5."²⁰ The SGP Stage I Decision summarizes the primary reasons for directing FBC to file what became the Stage I application:

In the New PPA Decision, the [BCUC] anticipated that if FortisBC had a [BCUC] approved SGP the Section 2.5 Restrictions could possibly be removed altogether, therefore greatly improving regulatory efficiencies.²¹

The BCUC re-affirmed that the number one priority for the SGP was the removal of the Section 2.5 Restrictions from the New PPA, and the benefits this would have with regard to regulatory efficiency.

Specifically, if FortisBC's SGP does not result in the eventual removal of the Section 2.5 Restrictions, a BC Hydro CSB [customer specific baseline] would be required for a FortisBC customer looking to sell any of its self-generation to either FortisBC or a third party even if that customer had a FortisBC approved GBL. This would result in the continuation of complex rate design issues and would considerably restrict FortisBC's flexibility in the future to change its regulations for customers with self-generation.²² (Emphasis added)

¹⁶ It appears that the term self-generation policy issue should have been capitalized to be consistent with the rest of the New PPA Decision.

¹⁷ New PPA Decision, p. 103, emphasis added.

¹⁸ New PPA Decision, p. 109.

¹⁹ New PPA Decision, Order G-60-14, Directive 5.

²⁰ FBC Self-Generation Policy Stage I (SGP Stage I), Decision dated March 4, 2016, Section 4.1, p. 9.

²¹ FBC SGP Stage I Decision, p. 2.

²² Ibid., emphasis added.

In the SGP Stage I Decision, the BCUC recognized that the term “arbitrage” led to confusion and was subject to logical errors and therefore clarified that the language used in Directive 5 of Order G-60-14 be changed from “arbitrage is not allowed” to “mitigate the risk to other ratepayers.”²³

The BCUC’s request for comments on outstanding issues (Exhibit A-6)

FBC notes its support for concluding the work that has been done to date on the SGPs in its service area given FBC’s and stakeholders’ hard work in participating in past BCUC proceedings and in developing the SGP in light of them. FBC adds that the BCUC in the New PPA Decision suggested that it may be premature to remove Section 2.5 of the PPA while the FBC SGP is not in place. However, with the SGP in the form that FBC has proposed, FBC is hopeful that the concerns which prompted that statement can be addressed.²⁴

In response to the BCUC’s request for comments, BC Hydro states that:

it will not be possible to reach a conclusion on SGP for the FortisBC service area without a clear articulation of the problem(s) that need to be solved, and quantitative analysis of the costs, benefits and risks of the alternative solutions to the problem. The starting point has to be a clear understanding of what self-generators and those considering investing in self-generation in the FortisBC service area want to do and identification of the barriers to the proposed activities/investments, and only then can there be consideration of whether there is a SGP that effectively serves the need without putting undue risk on others.²⁵

Following the filing of the above BC Hydro comments pursuant to the BCUC’s Exhibit A-6, the BCUC and CEC asked FBC to articulate the issue(s)/problem(s) that need to be addressed by the FBC SGP. In response to CEC’s IRs, FBC stated:

Use of the term ‘problem’ originates with the referenced BC Hydro submission. FBC does not characterize the drivers for the SGP in this manner. The issues without which the requirement for the SGP would not likely exist, are twofold:

1. The desire on the part of certain SG [self-generation] customers to sell below-load power, coupled with the opportunity to do so suggested by the Commission under some constraints;
2. The [BCUC] decisions compelling FBC to recognize net-benefits of self-generation.²⁶

In response to BCUC’s IRs, FBC added:

The proposed SGP contains provisions to effectively manage both of these issues, [...]

In the absence of the circumstances identified above, service to SG [self-generation] customers [...] could be managed through existing practices as has been the case in the past.²⁷

In response to another CEC IR about the objectives of the Application, FBC stated that “the primary objective of this SGP Application is to gain [BCUC] approval of the policies and related tariff items such that service to SG

²³ FBC SGP Stage I Decision, pp. 27–28.

²⁴ Exhibit B-3, p. 1.

²⁵ Exhibit C2-2, p. 4.

²⁶ Exhibit B-11, CEC IR 1.1.2.

²⁷ Exhibit B-6, BCUC IR 2.6.1.

[self-generation] customers can proceed with some clarity. In order to be successful in this objective, the SGP must meet to the satisfaction of the [BCUC], the set of requirements included in Table 2-1 of the Application.”²⁸

In response to Exhibit A-6, BCMEU notes that Section 2.5 is unnecessary and not effective in protecting BC Hydro ratepayers, but to provide comfort to BC Hydro. It supports leaving Section 2.5 in place until the SGP is finalized.²⁹

Position of the parties

In its final argument, FBC reiterates its views that there are “two primary issues driving the current Application,” which are “the opportunity sought by SG [self-generation] customers to sell power that would otherwise be used to serve load,” and “the recent Commission requirements that FBC’s SG [self-generation] related rates include a recognition of the benefits and costs (in sum, *the Net Benefits*), that the presence of SG [self-generation] brings to the utility system and other FBC customers.”³⁰

FBC is also cognizant of the fact that the comprehensive SGP application that was initiated by Order G-60-14 was meant to result in FBC self-generation policies that are sufficiently developed, articulated and approved by the BCUC such that all parties would gain comfort and that in the interest of regulatory efficiency, the restrictions in section 2.5 of FBC’s PPA with BC Hydro could be removed.³¹

However, FBC makes no claim that the SGP will support the removal of the Section 2.5 Restrictions. In argument, FBC merely states that removal of the Section 2.5 Restrictions would indicate that the SGP is sufficiently developed.³²

BC Hydro submits that, for a number of reasons, FBC has not demonstrated its SGP proposal as set out in the FBC Application is required.³³ In particular, BC Hydro submits that:

The SGP proposal is not required for BC Hydro to acquire incremental clean energy from self-generators in the FortisBC service area. BC Hydro has been clear that it will not be purchasing power based on any SSO mechanism that may exist between FortisBC and a FortisBC self-generating customer unless the SSO is comparable to the baseline BC Hydro would determine for the purpose of acquiring incremental/new clean energy.³⁴

Also, BC Hydro submits that, in the New PPA Decision:

the BCUC concluded that FortisBC’s self-generation policies were not sufficiently developed or articulated to make any final determinations regarding risks to BC Hydro and its customers. The BCUC clearly contemplated at that time that FortisBC would bring forward an articulated SGP proposal that does not introduce significant risk of harm to FortisBC or BC Hydro customers (as subsequently made clear in the [SGP] Stage 1 Decision requirements). Only after such an SGP proposal is approved by the BCUC would there be further consideration of whether the restrictions in section 2.5 of the New PPA are still needed. The FortisBC SGP proposal in this proceeding does not comply with the BCUC’s requirements and would introduce risk of harm to

²⁸ Exhibit B-11, CEC IR 1.1.1.1.

²⁹ Exhibit C3-2, p. 1.

³⁰ FBC Final Argument, p. 2, paras. 7–8.

³¹ FBC Final Argument, p. 3, para. 12.

³² FBC Final Argument, para. 13.

³³ BC Hydro Final Argument, pp. 2–3, paras. 7–10.

³⁴ BC Hydro Final Argument, p. 3, para. 11.

BC Hydro customers that was not envisaged by the BCUC at the time of the Order G-60-14 [New PPA] Decision. This is confirmed by Exhibit A-6 in this proceeding.³⁵

BC Hydro concludes that there is no evidence that the SGP proposal is needed, and it is not possible to ascertain whether the SGP proposal is the most effective means for addressing issues.³⁶

Celgar submits that the BCUC should conclude that the purpose of the SGP should be to encourage self-generation and provide economic incentives, and remove barriers, to develop generation such that generators are afforded the opportunity to maximize profit.³⁷

Furthermore, it is Celgar's understanding that FBC's position is that the entire driver of the SGP is to direct the use of self-generation output. Celgar submits that FBC's focus on the use of self-generation output narrows the focus of the SGP and will stall the development of self-generation in the FBC service area. In policy formulations, such as this one, the BCUC decisions should advance, not hinder, the development of self-generation.³⁸

Panel Determination

For the reasons set out below, the Panel finds that the original purpose of the SGP was to provide comfort that risks to ratepayers associated with self-generation are mitigated and that this comfort would be beneficial in the eventual removal of the Section 2.5 Restrictions.

The need for an SGP was identified by the New PPA Decision. The BCUC determined that the Section 2.5 Restrictions in the New PPA were not warranted and would impose regulatory inefficiencies on FBC and its customers. However, the BCUC considered that removing the Section 2.5 Restrictions "may be somewhat premature"³⁹ as FBC's self-generation policies were "not sufficiently developed, articulated and approved by the Commission."⁴⁰ The BCUC added that parties to that proceeding would gain "a considerable amount of comfort"⁴¹ if the self-generation policy issue in the FBC service territory was "formally addressed and resolved once and for all."⁴²

In the New PPA Decision proceeding, the BCUC's main concern was potential harm to ratepayers, stating for example that "the Panel still agrees that self-generating customers should not be permitted to arbitrage between embedded cost rates and market prices to the detriment of other ratepayers."⁴³ (Emphasis added)

In the SGP Stage I Decision, the BCUC re-affirmed that the number one priority for the SGP was the removal of the Section 2.5 Restrictions.⁴⁴ The BCUC also expressed concern regarding "the risk to other ratepayers due to the difference between the regulated rates and the contract price or market price."⁴⁵

³⁵ BC Hydro Final Argument, p. 8, para. 23.

³⁶ BC Hydro Final Argument, p. 9, para. 25.

³⁷ Celgar Final Argument, p. 5, para. 8.

³⁸ Celgar Final Argument, pp. 5–6, para. 9.

³⁹ New PPA Decision, p. 99.

⁴⁰ Ibid.

⁴¹ New PPA Decision, p. 100.

⁴² Ibid.

⁴³ Ibid., emphasis added.

⁴⁴ FBC SGP Stage I Decision, p. 9.

⁴⁵ FBC SGP Stage I Decision, p. 28.

This Panel expresses no view on the merits or otherwise of the Section 2.5 Restrictions themselves. The Panel notes that the removal of the Section 2.5 Restrictions from the New PPA was not included in the scope of the SGP proceeding at either stages, but would be the subject of a possible future proceeding.

2.3 Risk of harm to ratepayers

Evidence

FBC stated in response to a BCUC IR:

FBC has expressed concerns in the past about certain of these principles and their implications (including a potential increase in the cost of resources used to supply customers in general and the possibility of stranded assets resulting from the reduction in historical customer load). In the opinion of FBC, while the baseline (or SSO) serves to mitigate harm to other customers by placing a limit on the amount of power that may be exported, it still introduces the risk of harm relative to the status quo. FBC does not believe more can be done in the SGP to address this issue reasonably; rather, it is inherent in the concept.⁴⁶ (Emphasis added)

BC Hydro shares the concerns about the risk of harm to utility customers that could result from the activities FBC proposes to enable with its SGP proposal. BC Hydro's concerns are focused on the potential harm to BC Hydro customers, who will be harmed if the activities FBC proposes to enable result in an increase in the cost of resources BC Hydro uses to supply its customers in general or a decrease in trade income. BC Hydro notes that such harm is a possible if not a likely outcome of FBC's SGP proposal. It might be possible to justify taking this risk and/or to adequately mitigate the risk, but FBC has not provided analysis of the extent of the risk, the justification for taking it or the options for mitigating the risk if taken.⁴⁷

BCSEA has also expressed concerns that the SGP principles emerging from the various BCUC decisions are leading to an approach in which there could be energy sales by industrial self-generation customers while simultaneously receiving embedded cost power that could harm other ratepayers.⁴⁸

During the second round of BCUC IRs, FBC clarified that "acceptance by the BCUC of the SSO construct proposed by FBC may result in an increase in the amount of embedded cost-utility service provided to a self-generating customer over historical levels. The SSO reduces but does not eliminate the risk to other ratepayers associated with utility support of the export activities of the self-generator."⁴⁹

FBC provided a numerical example showing how utility supply would increase if an SSO is established for an existing self-generator. Whether the impact of a self-generation customer increasing its power supply requirements from FBC as a result of third-party sales is beneficial, detrimental or neutral to the other ratepayers is determined by how the additional revenue from the self-generation customer compares to the additional cost to FBC of resourcing the additional sales.⁵⁰ In cases where the cost of supplying the additional energy exceeds the incremental revenue, FBC agrees that the SSO construct would be detrimental to other FBC ratepayers regardless of the factor applied to the generation previously used to serve load; the only difference

⁴⁶ Exhibit B-2, BCUC IR 1.1.3, emphasis added.

⁴⁷ Exhibit C2-2, pp. 1–2.

⁴⁸ Exhibit C4-2, p. 5.

⁴⁹ Exhibit B-6, BCUC IR 2.1.2.

⁵⁰ Exhibit B-6, BCUC IR 2.4.1, 2.4.1.1.

would be the degree as there would be a net cost in each case. On balance, FBC expects that this net cost will not be typical of occasions where the SSO is used.⁵¹

Positions of the parties

FBC takes the position that its proposed SSO mitigates the risk to its ratepayers, although it notes that this risk “cannot be eliminated.” It adds that the risk of harm to BC Hydro ratepayers is remote, and that the risk is mitigated by the SSO.⁵²

BC Hydro disputes FBC’s statement that its SGP proposal complies with the requirement to mitigate the risk to other ratepayers. Rather, BC Hydro submits that FBC’s proposal to set the SSO at 50 percent of the self-generator’s normal generation output introduces new risk to ratepayers rather than mitigating risk. In BC Hydro’s view, it would be more appropriate to set the SSO at the self-generating customer’s normal level for self-supply (i.e. 100 percent of the self-generator’s normal generation output) as this would comply with the BCUC’s requirement and would significantly reduce the risk to ratepayers.⁵³ On this point, BC Hydro asked FBC if an SSO set at 100 percent of the customer’s normal self-generation output would better mitigate the risk of harm to ratepayers. FBC responded that it would likely set an SSO in the manner suggested by BC Hydro were it not for the requirements directed by the BCUC in its FBC Stage I Decision.⁵⁴

BC Hydro also notes FBC’s suggestion that its SGP proposal would provide self-generators in its service area with an enhanced opportunity to realize greater returns on historical investments. However, BC Hydro remarks that FBC has not explained why it is necessary or appropriate to provide such opportunity when the enhanced returns would likely be funded by higher costs to FBC and/or BC Hydro ratepayers.⁵⁵

In conclusion, BC Hydro argues that the SGP introduces a new risk of harm to ratepayers, and that FBC has not provided analysis of the extent of the risk, the justification for taking the risk or the options for mitigating the risk if taken.⁵⁶ Accordingly, BC Hydro is of the position that the BCUC should dismiss the FBC Application.⁵⁷

BCSEA strongly disagrees with the proposed method of calculating the SSO because it introduces the risk of financial harm to ratepayers as a whole due to the sale of self-generation-output on a below-load basis. BCSEA explains that:

the purpose of the SSO is to ensure an appropriate balance between the interests of the SG [self-generation] customer and the interests of the FBC customers as a whole. Having established a customer-specific SSO to define the appropriate balance between a specific customer and all customers, there is no satisfactory rationale for arbitrarily adjusting that specific SSO. FBC readily acknowledges that the size of the ‘up to 50%’ adjustment is arbitrary. There is no way to determine on a ‘one size fits all’ basis that a certain size of adjustment to the SSO is appropriate.⁵⁸

⁵¹ Exhibit B-6, BCUC IR 2.4.1.1.1.

⁵² FBC Final Argument, pp. 11–12, para. 57

⁵³ BC Hydro Final Argument, p. 4, para. 13.

⁵⁴ BC Hydro Final Argument, p. 8, para. 24.

⁵⁵ BC Hydro Final Argument, p. 5, para. 15.

⁵⁶ BC Hydro Final Argument, p. 1, para. 4.

⁵⁷ BC Hydro Final Argument, p. 9, para. 26.

⁵⁸ BCSEA Final Argument, p. 8, paras. 26–27.

Furthermore, BCSEA does not support the SGP Stage I Panel’s approach that FBC must adopt a policy that requires other FBC customers to contribute financially (by foregoing revenue, incurring expense or acquiring risk) to a self-generation customer’s sale of self-generation output on a below-load basis regardless of any case-by-case consideration of the material facts.⁵⁹ (Emphasis added)

CEC recommends that the BCUC deny the FBC proposal because FBC’s SSO is at 50 percent of the self-generation customers’ historic Annual Generation Used to Serve Load, which could introduce unacceptable risks to ratepayers.⁶⁰

CEC submits that the question of risks arising from self-generators selling without first offsetting their full historic baseline load is not well quantified in the evidentiary record. CEC notes FBC’s response to CEC IR 1.1.1: “Self-Generation in a Not Net of Load situation carries the potential for negative impacts on other FBC customers under certain conditions.” FBC appears to submit that, at present, the risk to ratepayers is low due to the availability of “low cost resources,” a fact that is not substantiated in the evidence as a long-term reality upon which FBC may rely to reduce risks to ratepayers. CEC finds that the FBC proposal may expose ratepayers to considerable risks in the future in light of recent BCUC decisions (BCUC Inquiry Respecting Site C, BC Hydro Waneta 2017 Transaction) that reference considerable potential for higher cost resources in the future than FBC is able to rely on at present.⁶¹

BCOAPO agrees with FBC that while the establishment of the SSO as proposed does serve to mitigate the potential harm to other customers, it “does introduce risk of harm relative to the status quo.”⁶²

BCOAPO explains that setting the SSO at less than 100 percent of the Annual Generation Used to Serve Load increases the risk to FBC ratepayers, as it increases the ability of self-generators to use power supplied by FBC to meet plant load while making sales to third parties. BCOAPO submits that FBC has sought to dismiss this increased risk by noting that, in the short-term, increased sales to such customers can actually provide benefit to FBC’s other ratepayers and the SSO obligation is short-term in nature.⁶³ However, the short-term nature of the SSO is disputed by BCOAPO.⁶⁴

As a result, BCOAPO argues that FBC’s proposal can, under certain market conditions, also increase the risk to FBC’s other ratepayers. Under those conditions, BCOAPO submits that permitting a reduction in the SSO of up to 50 percent of the historical generation used to serve plant load as a means of sharing the net benefits of self-generation is inappropriate as it fails to account for the increased risks to ratepayers that are being created by such a reduction. If market conditions are forecast to unfold such that the reduction in the customer’s SSO will increase the risk to FBC’s other ratepayers then, with adequate notice, FBC should be permitted to increase the minimum self-supply factor from 50 percent to 75 percent in order to recognize that, under those conditions, reducing the SSO as a means of “sharing benefits” also increases the risk to other ratepayers.⁶⁵

BCMEU and Celgar have no comment on the matter.

⁵⁹ BCSEA Final Argument, p. 7, para. 20, emphasis added.

⁶⁰ CEC Final Argument, p. 2, para. 5.

⁶¹ CEC Final Argument, p. 7, paras. 40, 43–46.

⁶² BCOAPO Final Argument, p. 14.

⁶³ BCOAPO Final Argument, pp. 21–22.

⁶⁴ BCOAPO Final Argument, pp. 15–16.

⁶⁵ BCOAPO Final Argument, pp. 21–22.

In reply, FBC does not dispute the “conceptual risk of harm” related to the SGP, but states that BC Hydro has failed to demonstrate that the risk is likely or material, or counter FBC’s conclusion and the New PPA Decision that concludes that risk is not likely or material.

FBC adds:

With respect to the BC Hydro complaint that FBC has not provided analysis or quantification of the risks associated with its SGP proposal, it is entirely reasonable to refrain from speculating on the potential impact of SG [self-generation] exports given that any impact would be highly dependent on the amount of additional load it must serve and the cost of replacement resources.⁶⁶ (Emphasis added)

FBC concludes that:

In the view of FBC, if the determination is to be made on principles which include that an SG [self-generation] customer should receive some portion of the assumed Net Benefits it provides, and that a SG [self-generation] customer has a limited right to receive some FBC embedded cost supply while selling its output to a third party, then the impact on other FBC customers must be accepted even if that impact is potentially negative.⁶⁷

Panel Determination

For the following reasons, **the Panel finds that the SGP introduces the risk of material harm to ratepayers.**

The risks that FBC identified are the “potential increase in the cost of resources used to supply customers in general and the possibility of stranded assets resulting from the reduction in historical customer load.”⁶⁸

By setting the SSO of a self-generating customer at 50 percent of its generation previously used to serve load, FBC’s SGP introduces the possibility that existing self-generation customers would be able to sell energy that they previously used to serve their own load. As a result, such a self-generation customer would require more energy from FBC, and in turn, FBC would need to procure that additional energy. This entails the risk that the overall cost of energy for FBC’s customers increases if the incremental energy costs more than the additional revenues generated from the sales to the self-generation customer. Further, if FBC sources additional energy from BC Hydro through RS 3808 (the New PPA), this exposes BC Hydro’s ratepayers to a similar risk.

No one disputes that the SGP introduces some risk of harm to ratepayers. FBC has acknowledged that the SGP “introduces the risk of harm relative to the status quo.”⁶⁹ BC Hydro, BCSEA, CEC and BCOAPO all agree with this sentiment, and argue that this risk is a reason to reject the Application. The other interveners, BCMEU and Celgar, express no opinion regarding risk to ratepayers. **Therefore, the Panel finds that the SGP introduces the risk of harm to ratepayers.**

Neither FBC nor any intervener has provided compelling evidence to enable the Panel to assess the likelihood or magnitude of these risks. FBC does not provide “analysis or quantification of the risks associated with its SGP

⁶⁶ FBC Reply Argument, para. 26, emphasis added.

⁶⁷ FBC Reply Argument, para. 103.

⁶⁸ Exhibit B-2, BCUC IR 1.1.3.

⁶⁹ Exhibit B-2, BCUC IR 1.1.3.

proposal” and relies on the New PPA Decision which stated that the risk to BC Hydro’s ratepayers was low. However, BC Hydro observes that FBC has reduced its PPA purchases and has much more embedded cost Tranche 1 energy available to serve incremental load than had been assumed at the time of the New PPA Decision⁷⁰, and thus the risk of harm to BC Hydro’s ratepayers has increased since then.

If the likelihood of the risk or the magnitude of the harm were small, then the existence of this risk might not be a major factor in this decision. However, the Panel is not persuaded by FBC’s argument that the BCUC’s 2014 assessment that the risk of harm to BC Hydro’s ratepayers still applies today. Further, FBC has not quantified the risk of harm to its own ratepayers. For these reasons, **the Panel finds that the risk of harm to ratepayers introduced by the SGP has the potential to be material.**

3.0 Net benefits

Many parties have commented on the concept of calculating and sharing the net benefits of self-generation. While the Panel’s decision not to accept the Application is not because of the proposed sharing of net benefits, the Panel wishes to provide commentary on the topic.

Evidence

New PPA Decision

In the New PPA Decision, the BCUC raised the issue of the benefits of self-generation, stating:

In this Decision, and many prior proceedings, the focus has been on the negative impacts to BC Hydro and its ratepayers of a self-generating customer serving its own load with embedded cost power while exporting its own self-generation. At the same time, as BCMEU has pointed out, there has been little discussion of the benefit to BC Hydro of a self-generation customer using its own self-generation to serve its own load first. Perhaps it is the time to ask what benefits there might be to the Province as a whole from an economic development perspective, if the role and responsibilities of self-generators was more clearly defined.⁷¹ (Emphasis added)

This question ultimately translated into a directive to FBC:

FortisBC is directed to initiate a concurrent consultation process in its service territory to address or ensure:

(i) the potential benefits of self-generation; [...]⁷²

SGP Stage I Decision

A number of BCUC directives and considerations from the FBC SGP Stage I Decision are related to the concept of net-benefits:

- The Panel supports the policy where the net benefits are recognized and accrue to both the self-generating customer and FBC’s customers on a shared basis;⁷³

⁷⁰ BC Hydro Final Argument, para. 22.

⁷¹ New PPA Decision, p. 101, emphasis added.

⁷² New PPA Decision, Order G-60-14, Directive 5.

⁷³ FBC SGP Stage I Decision, p. 53.

- 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 Long-Run Marginal Cost (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);⁷⁴
- The Panel does not support the position that the sharing of net benefits is best reflected through the Stand-by Rate's SBBB, rather the Panel finds that the GBL is the mechanism that reflects a sharing of the net benefits between the ratepayers and the self-generator.⁷⁵

FBC's position regarding net benefits can be summarized as follows:

- "The benefits and costs (from a system perspective) are highly contingent on the particular circumstance of the individual SG [self-generation] customer. However, as a practical matter given the small number of potential customers to which the SGP will apply and the complexity and cost involved in arriving at a methodology to apply in determining net-benefits, FBC has provided a generic methodology that applies to all customers."⁷⁶ (Emphasis added)
- In its SGP, FBC has taken a broad view of net benefits, i.e., net benefits are general and not specific to any instance of self-generation on the system because it is too complex to formalize a method to measure net benefits;⁷⁷
- The only instance in the SGP where a net benefit is specifically identified and valued using LRMC is through the calculation of the SBBB reduction for customers not taking service under an SSO (i.e., not wanting to sell power below load);⁷⁸
- In the view of FBC, "if a methodology was approved that was able to identify and value the entirety of both the costs and benefits associated with a particular SG [self-generation] installation, there may be some occasions where the costs of self-generation would be greater than the benefits of self-generation, resulting in negative net benefits. FBC has acknowledged that this is a possibility."⁷⁹ (Emphasis added)
- The 50 percent factor in the SSO methodology is applied with the intention of recognizing the net benefits that may result from the customer's self-generation and sharing those net benefits with that customer. Applying a factor of 50 percent in case there are net costs to self-generation mitigate the risk to other ratepayers.⁸⁰

Positions of the parties

In its final argument, FBC acknowledges that "the potential outcome of the SGP that may result in sales of below load power comes from the sharing of Net Benefits."⁸¹ FBC has proposed to reflect the sharing of benefits of self-generation to the self-generator through either an adjustment of the SSO, which effectively allows for additional sales opportunities, or the reduction in the SBBB as utilized in the billing related to RS 37 service. It is the adjustment to the base SSO level (set with reference to historical generation), which results from the

⁷⁴ FBC SGP Stage I Decision, p. 52.

⁷⁵ FBC SGP Stage I Decision, p. 53.

⁷⁶ Exhibit B-10, BCSEA IR 1.5.4, emphasis added.

⁷⁷ Exhibit B-6, BCUC IR 2.21.1; Exhibit B-9, BCOAPO IR 1.1.1, 1.9.2; Exhibit B-11, CEC IR 1.5.2; Exhibit B-10, BCSEA 1.5.1.

⁷⁸ Exhibit B-9, BCOAPO IR 1.9.4.

⁷⁹ Exhibit B-6, BCUC IR 2.21.2, emphasis added.

⁸⁰ Exhibit B-11, CEC IR 1.5.2; Exhibit B-12, Celgar IR 1.3.1; Exhibit B-6, BCUC IR 2.4.1.1.2.

⁸¹ FBC Final Argument, p. 7, para. 36.

requirement to provide a sharing of Net Benefits, that provides the additional sales opportunity for self-generators, not the original reference point of the SSO itself.⁸²

FBC notes that in its Application, it “does not propose to measure and value the Net Benefits of self-generation in any particular circumstance given the difficulties with doing so set out in the record.”⁸³

CEC notes that the utility has been placed in a difficult situation by the recent BCUC determination which requires the utility to share what the BCUC has determined are “net benefits” from self-generation between the self-generator and FBC customers in general on a shared basis.⁸⁴

Nonetheless, CEC submits that the BCUC should require substantive and well-quantified net benefits before enabling FBC to recognize “net benefits” that occur from having self-generators on the system where the supply is not incremental to historic service.⁸⁵

CEC submits that the “net benefits” sharing concept is complex, and simplification leads to arbitrary pricing for these specific customers. CEC finds that the FBC assessment of Net Benefits is less than adequate as a basis for providing pricing benefits to self-generators.⁸⁶

BCSEA submits that the question of whether the sale of self-generation output on a below-load basis creates a positive net financial benefit for all FBC ratepayers can be answered only on a case by case basis. BCSEA disagrees with the SGP Stage I Panel’s assumption that below-load sale of SG output always creates a “Net Benefit” for other FBC ratepayers regardless of the circumstances of a particular case. The concept that the SGP Stage I Panel refers to as “Net Benefit” is more accurately and appropriately understood as a “Presumed Net Benefit.”⁸⁷

BCOAPO agrees with FBC that the benefits and costs associated with a particular customer’s self-generation is likely to be situation-specific, and that such benefits may also vary over time with system conditions. In addition, BCOAPO agrees the identification of net benefits may be “difficult and contentious,” and accepts that an approach that is both practical and workable is needed for identifying and sharing benefits.⁸⁸

In reply, FBC concludes:

FBC has in this reply submission provided a number of clarifications and corrections to the submissions of the other parties. However, it remains the case that the Commission has before it a fundamental determination to make regarding the rights of SG customers and the balancing of those rights with the interests of other customers of FBC. If the Commission sees fit to revisit previous determinations in this regard, including those respecting the provisions contained in the New PPA with BC Hydro, FBC would expect that the SGP may take a different form.⁸⁹

⁸² FBC Final Argument, p. 8, paras. 40–41.

⁸³ FBC Final Argument, p. 11, para. 55.

⁸⁴ CEC Final Argument, p. 1.

⁸⁵ *Ibid.*, p. 12.

⁸⁶ *Ibid.*, pp. 14–15.

⁸⁷ BCSEA Final Argument, p. 6, para. 15.

⁸⁸ BCOAPO Final Argument, p. 17.

⁸⁹ FBC Reply Argument, p. 23, para. 102.

Panel Discussion

The Panel is of the opinion that requiring the net benefits on self-generation to be shared was flawed. To be clear, this is not the reason the Panel is not approving the Application. However, the Panel considers that it is useful to the parties to provide the reasons for the Panel's opinion in this matter.

The New PPA Decision acknowledged there might be benefits to the Province of British Columbia from self-generation. However, in the New PPA Decision, the BCUC did not determine that the benefits of self-generation must be measured, nor shared, but merely that they should be considered.⁹⁰

In the SGP Stage I proceeding, FBC took the position that both costs and benefits should be recognized and accrue to both the self-generating customer and other FBC customers on a shared basis,⁹¹ and recommended that the net benefits should be shared by adjusting a self-generating customer's stand-by billing demand level rather than by setting a baseline above which self-generators could sell energy.⁹² In issuing the SGP Stage I Decision, the BCUC disagreed with FBC and established that net benefits would be shared between the self-generator and FBC's other customers by setting a baseline above which the self-generator could sell energy.

FBC's responses to IRs highlighted above reveal that the benefits of self-generation can only be established on a case-by-case basis, and cannot be established in the general case and embodied in a policy of general application. These points have been noted and supported by many interveners in their arguments. Further, FBC argues that there are considerable difficulties in measuring and valuing net benefits of specific self-generation installations and that such determinations are "potentially contentious."⁹³

The Panel agrees that measuring the net benefits of self-generation in an individual case is difficult and contentious, and that it should not be presumed that the net benefits of self-generation are positive. Therefore, the Panel concludes it is not possible to establish a general rule that fairly apportions the presumed net benefits of self-generation without introducing the risk of harm to ratepayers.

FBC has stated in this proceeding that it would not have submitted the present Application in its current form were it not for the direction that net benefits are to be shared. Further, it has stated that the risk of harm to ratepayers arises directly from the sharing of net benefits.

4.0 Closure of this process

The development of an SGP by FBC was initiated by Directive 5 of the New PPA Decision:

FortisBC Inc. is directed to initiate a concurrent consultation process in its service territory to address or ensure:

- (i) the potential benefits of self-generation;
- (ii) the 1999 Access Principles in the context of self-generating customers;

⁹⁰ New PPA Decision, p. 101.

⁹¹ FBC SGP Stage I Decision, p. 29.

⁹² FBC SGP Stage I Decision, p. 30.

⁹³ Exhibit B-1, Application, p. 30.

- (iii) if the GBL methodology is proposed, GBL Guidelines for both idle historic self-generation and new self-generation; and
- (iv) arbitrage is not allowed.

FortisBC Inc. is further directed to file a resultant Self-Generation Policy application with the Commission by December 31, 2014, that establishes high level principles for its service territory.⁹⁴

In the SGP Stage I proceeding, FBC described its consultation activities:

Specifically, FBC consulted with key stakeholders on the following items:

- i. The potential benefits of self-generation (G-60-14);
- ii. The 1999 Access Principles in the context of self-generating customers (G-60-14);
- iii. If the GBL methodology is proposed, GBL Guidelines for both idle historic self-generation and new self-generation (G-60-14); and
- iv. Arbitrage is not allowed (G-60-14).

The key stakeholders successfully engaged by FBC were:

- Stakeholders who have shown an ongoing interest in the Company's regulatory review processes:
 - British Columbia Public Interest Advocacy Centre representing the British Columbia Old Age Pensioners' Organization, Active Support Against Poverty, Disability Alliance BC, Council of Senior Citizens' Organizations of BC, and the Tenant Resource and Advisory Centre *et al.* (BCOAPO)
 - Commercial Energy Consumers (CEC)
- Select entities to which a Self-Generation Policy may apply to or affect:
 - Columbia Power Corporation
 - City of Nelson / Nelson Hydro
 - Tolko
 - Celgar⁹⁵

In this proceeding, FBC filed an SGP with high-level principles in response to BCUC IR 1.1.1.

Having completed its consultation activities and submitted an SGP with high-level principles, **the Panel finds that FBC has fulfilled its obligations set out in Directive 5 of the New PPA Decision.**

Further, in the SGP Stage I Decision, FBC was directed as follows:

Within 120 days of the date of this order, FortisBC Inc. (FortisBC) is directed to file a Stage II Self-Generation Policy Application, which includes both a comprehensive Self-Generation Policy and Generator Baseline Guidelines, in accordance with the decision issued concurrently with this order.⁹⁶

⁹⁴ New PPA Decision, Order G-60-14, Directive 5.

⁹⁵ FBC SGP Stage I Application, Exhibit B-1, p. 9.

⁹⁶ FBC SGP Stage I Decision, Order G-27-16, Directive 1.

In this proceeding, FBC has filed an SGP application including a policy and generator baseline guidelines. Therefore, **the Panel finds that FBC has fulfilled its obligations set out in Directive 1 of the SGP Stage I Decision.**

DATED at the City of Vancouver, in the Province of British Columbia, this *27th* day of February 2019.

Original Signed By:

H. G. Harowitz
Panel Chair / Commissioner

Original Signed By:

M. Kresivo, QC
Commissioner

Original Signed By:

R. I. Mason
Commissioner

Original Signed By:

D. M. Morton
Commissioner



ORDER NUMBER
G-41-19

IN THE MATTER OF
the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

FortisBC Inc.
Self-Generation Policy Stage II Application

BEFORE:

H. G. Harowitz, Panel Chair
M. Kresivo, QC, Commissioner
R. I. Mason, Commissioner
D. M. Morton, Commissioner

on February 27, 2019

ORDER

WHEREAS:

- A. On November 10, 2016, FortisBC Inc. (FBC) filed with the British Columbia Utilities Commission (BCUC) its Self-Generation Policy Stage II Application, seeking among other things, approval of the Self-Supply Obligation Guidelines and the Stand-by Billing Demand (Application);
- B. On March 4, 2016, the BCUC issued its decision and Order G-27-16 (SGP Stage I Decision) and directed FBC to file the Application, which includes both a comprehensive Self-Generation Policy and Generator Baseline Guidelines, within 120 days of the SGP Stage I Decision;
- C. On February 2, 2017, the BCUC issued Order G-14-17 establishing the regulatory timetable for the review of the Application, which includes two rounds of BCUC information requests (IRs) and one round of intervener IRs;
- D. On January 8, 2018, the BCUC issued Order G-2-18, amending the regulatory timetable to include filing dates for BCUC IR No. 2 and Intervener IR No. 1 by February 8, 2018, followed by FBC responses to IRs on March 8, 2018, with further process to be determined;
- E. On January 8, 2018, the BCUC issued Order G-140-18, amending the regulatory timetable to include the filing of final and reply arguments; and
- F. The BCUC has reviewed the Application and evidence filed in the proceeding and makes the following determinations.

NOW THEREFORE pursuant to the *Utilities Commission Act* and for the reasons set out in the decision issued concurrently with this order, the BCUC orders as follows:

1. FortisBC Inc.'s Self-Generation Policy, which includes both a Self-Generation Policy (SGP) and Self-Supply Obligation Guidelines, as applied for, is not approved.
2. FBC has fulfilled its obligations set out in Directive 5 of Order G-60-14, dated May 6, 2014.
3. FBC has fulfilled its obligations set out in Directive 1 of Order G-27-16, dated March 4, 2016.

DATED at the City of Vancouver, in the Province of British Columbia, this 27th day of February 2019.

BY ORDER

Original Signed By:

H. G. Harowitz
Commissioner

IN THE MATTER OF
the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

FortisBC Inc.
Self-Generation Policy Stage II Application

EXHIBIT LIST

Exhibit No.	Description
<i>COMMISSION DOCUMENTS</i>	
A-1	Letter dated January 30, 2017 - Appointing the Panel for the review of FortisBC Inc. Self-Generation Policy Stage II Application
A-2	Letter dated February 2, 2017 – Commission Order G-14-17 establishing the Regulatory Timetable
A-3	Letter dated March 15, 2017 – Commission Information Request No. 1
A-4	Letter dated May 12, 2017 – Commission Order G-70-17 amending the Regulatory Timetable
A-5	Letter dated June 9, 2017 – Commission Order G-90-17 suspending the Regulatory Timetable until further notice
A-6	Letter dated August 10, 2017 – Request for Comments on Outstanding Issues
A-7	Letter dated January 8, 2018 – Commission Order G-2-18 resuming the proceeding and amending the Regulatory Timetable
A-8	Letter dated February 8, 2018 – Commission Information Request No. 2 to FBC
A-9	Letter dated February 8, 2018 – Commission Information Request No. 1 to BC Hydro
A-10	Letter dated March 2, 2018 – Commission Order G-51-18 approving FBC’s filing extension request (Exhibit B-5) and amending the Regulatory Timetable
A-11	Letter dated May 17, 2018 – Request for Submissions on Further Process
A-12	Letter dated June 12, 2018 – Request for Submissions on Celgar’s Request for Removal of the Dennis Swanson Witness Statement
A-13	Letter dated July 26, 2018 – BCUC Order G-140-18 approving Celgar’s Request for Removal of the Dennis Swanson Witness Statement and establishing the remainder of the Regulatory Timetable
A-14	Letter dated September 7, 2018 – Response to BCMEU Extension Request to File Final Submission

COMMISSION STAFF DOCUMENTS

A2-1 Evidence removed pursuant to Order G-140-18

APPLICANT DOCUMENTS

- B-1 **FORTISBC INC. (FBC)** Letter Dated November 10, 2017 - Self-Generation Policy Stage II Application
- B-2 Letter Dated April 21, 2017 - FBC Responses to BCUC IR No. 1
- B-3 Letter Dated September 7, 2017 - FBC Comments on Outstanding Issues
- B-4 Letter Dated October 19, 2017 - FBC Reply Comments on Outstanding Issues
- B-5 Letter Dated February 27, 2018 – FBC Submitting Request for Filing Extension
- B-6 Letter Dated March 16, 2018 – FBC Submitting Response to BCUC IR No. 2
- B-6-1 **CONFIDENTIAL** Letter Dated March 16, 2018 – FBC Submitting Confidential Response to BCUC IR No. 2.17.4 – Web cover letter only
- B-7 Letter Dated March 16, 2018 – FBC Submitting Response to BC Hydro IR No. 2
- B-8 Letter Dated March 16, 2018 – FBC Submitting Response to BCMEU IR No. 2
- B-9 Letter Dated March 16, 2018 – FBC Submitting Response to BCOAPO IR No. 2
- B-10 Letter Dated March 16, 2018 – FBC Submitting Response to BCSEA IR No. 2
- B-11 Letter Dated March 16, 2018 – FBC Submitting Response to CEC IR No. 2
- B-12 Letter Dated March 16, 2018 – FBC Submitting Response to Celgar IR No. 2
- B-13 Letter dated May 24, 2018 – FBC Submitting Comments on Further Process
- B-14 Letter dated June 5, 2018 - FBC Reply Submission on Further Process
- B-15 Letter dated June 28, 2018 – FBC Response to Celgar’s Response Exhibit C6-5 regarding Removal of the Dennis Swanson Witness Statement

INTERVENER DOCUMENTS

- C1-1 **BRITISH COLUMBIA OLD AGE PENSIONERS’ ORGANIZATION, DISABILITY ALLIANCE BC, COUNCIL OF SENIOR CITIZENS’ ORGANIZATIONS OF BC, AND THE TENANT RESOURCE AND ADVISORY CENTRE (BCOAPO)** Letter Dated April 24, 2017 – Request to Intervene by Tannis Braithwaite
- C1-2 Letter Dated January 29, 2018 – BCOAPO Submitting Change of Counsel

- C1-3 Letter Dated February 8, 2018 – BCOAPO Submitting IR No. 1 to FBC
- C2-1 **BRITISH COLUMBIA HYDRO AND POWER AUTHORITY (BC HYDRO)** Letter Dated April 25, 2017 – Request to Intervene by Fred James
- C2-2 Letter Dated October 5, 2017 – BC Hydro Submitting Comments on Outstanding Issues
- C2-3 Letter Dated February 8, 2018 – BC Hydro Submitting IR No. 1 to FBC
- C2-4 Letter Dated March 8, 2018 – BC Hydro Submitting Response to Commission IR No. 1
- C2-5 Letter Dated May 31, 2018 – BCH Submitting Comments on Further Process
- C2-6 Letter Dated June 28, 2018 – BCH Submitting Response to BCUC regarding Removal of the Dennis Swanson Witness Statement
- C3-1 **BRITISH COLUMBIA MUNICIPAL ELECTRICAL UTILITIES (BCMEU)** Letter Dated April 25, 2017 – Request to Intervene by Marg Craig
- C3-2 Letter Dated October 5, 2017 – BCMEU Submitting Comments on Outstanding Issues
- C3-3 Letter Dated February 8, 2018 – BCMEU Submitting IR No. 1 to FBC
- C3-4 Letter Dated May 31, 2018 – BCMEU Submitting Comments on Further Process
- C4-1 **BC SUSTAINABLE ENERGY ASSOCIATION AND SIERRA CLUB BC (BCSEA)** Letter Dated April 27, 2017 – Request to Intervene by Thomas Hackney and William Andrews
- C4-2 Letter Dated October 5, 2017 – BCSEA Submitting Comments on Outstanding Issues
- C4-3 Letter Dated February 8, 2018 – BCSEA Submitting IR No. 1 to FBC
- C4-4 Letter Dated May 25, 2018 – BCSEA Submitting Comments on Further Process
- C4-5 Letter Dated June 21, 2018 – BCSEA Submitting Response regarding Removal of the Dennis Swanson Witness Statement
- C5-1 **COMMERCIAL ENERGY CONSUMERS ASSOCIATION OF BRITISH COLUMBIA (CEC)** Letter Dated April 28, 2017 – Request to Intervene by David Craig and Christopher Weafer
- C5-2 Letter Dated October 5, 2017 – CEC Submitting Comments on Outstanding Issues
- C5-3 Letter Dated February 8, 2018 – CEC Submitting IR No. 1 to FBC
- C5-4 Letter Dated May 31, 2018 – CEC Submitting Comments on Further Process
- C5-5 Letter Dated June 28, 2018 – CEC Submitting Response regarding Removal of the Dennis Swanson Witness Statement
- C6-1 **ZELLSTOFF CELGAR LIMITED PARTNERSHIP (CELGAR)** Letter Dated April 27, 2017 – Request to Intervene by Robert Hobbs
- C6-2 Letter Dated October 5, 2017 – Celgar Submitting Comments on Outstanding Issues

- C6-3 Letter Dated February 8, 2018 – Celgar Submitting IR No. 1 to FBC
- C6-4 Letter Dated May 30, 2018 – Celgar Submitting Comments on Further Process
- C6-5 Letter Dated June 21, 2018 – Celgar Submitting Response to BCUC regarding Removal of the Dennis Swanson Witness Statement
- C6-6 Letter Dated July 5, 2018 – Celgar Submitting Reply Response to BCUC regarding Removal of the Dennis Swanson Witness Statement