



Diane Roy
Director, Regulatory Services

Gas Regulatory Affairs Correspondence
Email: gas.regulatory.affairs@fortisbc.com

Electric Regulatory Affairs Correspondence
Email: electricity.regulatory.affairs@fortisbc.com

FortisBC
16705 Fraser Highway
Surrey, B.C. V4N 0E8
Tel: (604) 576-7349
Cell: (604) 908-2790
Fax: (604) 576-7074
Email: diane.roy@fortisbc.com
www.fortisbc.com

June 8, 2016

British Columbia Utilities Commission
6th Floor, 900 Howe Street
Vancouver, BC
V6Z 2N3

Attention: Ms. Laurel Ross, Acting Commission Secretary and Director

Dear Ms. Ross:

**Re: FortisBC Inc. (FBC)
Net Metering Program Tariff Update Application
British Columbia Utilities Commission (the Commission) Order G-59-16,
Directives 2 and 3**

On April 15, 2016, FBC filed with the Commission its Net Metering Program Tariff Update Application (the Application). The Application seeks the following:

- Clarification of the billing methodology;
- Implementation of a kWh Bank as a means to carry forward excess generation within a 12 month period as opposed to carrying forward the dollar value of the kWh each month¹; and
- The payment of any kWh left in the kWh Bank at an avoided cost based rate.

The Application does not seek any changes to the size of the 50 kW installation cap that has been previously approved by the Commission or the amount of Net Excess Generation (NEG) allowed under the Net Metering Program. The intent of the Net Metering Program is to allow participants to offset personal consumption and the Application does not seek to impose any further restrictions on what a customer may install under the Net Metering Program.

¹ Under either the current or proposed method, customer generation that is used by the customer during the year is valued at the retail rate. However, for many customers billed on the residential conservation rate, the kWh Bank will allow more kWh to be valued at the higher Tier 2 rate.

With this letter, FBC is providing the Commission with copies of the letters issued to customers enrolled in the Net Metering Program as directed by the Commission in Order G-59-16, Directives 2 and 3 that would otherwise not appear in the regulatory record. These Directives were as follows.

2. *By no later than May 12, 2016, FBC is to provide a copy of the Application, this Order and Regulatory Timetable, to all Interveners and Interested Parties in the FBC 2009 Net Metering Tariff Application proceeding, all current Rate Schedule 95 customers, and those with net metering service applications in progress. FBC is also to publish the Application, this Order and Regulatory Timetable on its website. By no later than May 12, 2016,*
3. *FBC is to provide to each FBC current Rate Schedule 95 customer who has received monetary compensation for any net excess generation (NEG) in the past three years, a comparison of the actual dollar amount received by the customer for the NEG in the past three years relative to the dollar amount the customer would have received under the NEG rate proposed in the Application (i.e. in addition a copy of the Application this Order and Regulatory Timetable per Directive 2).*

The Company provided one of two letters to customers; a sample of each type is included as Attachments to this letter.

1. A letter to customers that were either too new to the Net Metering Program to have any data with which to make a determination on bill impact, or that would not have qualified for monetary compensation by accumulating a NEG balance over the course of a year (Attachment 1); or
2. A letter for those customers that would have had an accumulation of NEG that would have been eligible for monetary compensation (Attachment 2).

In order to determine which letter would be sent to customers, FBC performed a bill analysis going back 36 months, and using current rates, was able to compare the impact of the proposed Net Metering Program updates on each customer that had consumption and/or generation during that time. A summary of that analysis is as follows.

The total number of customers, including those that have pending applications or new Net Metering Agreements was 112. Of these, 88 had consumption and/or generation during the period and could be examined for billing impact and 24 were new to the program. Details of the analysis of the 88 accounts are as follows.

| Rate Code | Description | Number of Accounts | Had NEG During Any Billing Period | Had NEG Eligible for Monetary Compensation | Accounts Better Off | Accounts Worse Off | Accounts No Impact |
|--------------|--------------------|--------------------|-----------------------------------|--|---------------------|--------------------|--------------------|
| RS01 | Residential RCR | 67 | 24 | 7 | 40 | 12 | 15 |
| GS20 | Small Commercial | 15 | 6 | 1 | | 1 | 14 |
| RS03 | Residential Exempt | 2 | 0 | 0 | | | 2 |
| GS21 | Commercial | 2 | 0 | 0 | | 2 | |
| T2ARB | Residential TOU | 1 | 1 | 1 | | 1 | |
| IR60 | Irrigation | 1 | 0 | 0 | | | 1 |
| | Total | 88 | 31 | 9 | 40 | 16 | 32 |

If further information is required, please contact Corey Sinclair, Manager, Regulatory Services at 250-469-8038 or corey.sinclair@fortisbc.com.

Sincerely,

FORTISBC INC.

Original signed:

Diane Roy

Attachments

cc (email only): Registered Parties

Attachment 1



May 12, 2016

Dear Rate Schedule 95 Customer:

On April 26, 2016, FortisBC filed an Application with the British Columbia Utilities Commission (BCUC) to update its Net Metering program. Most customers will not see any significant change in their bills if the proposed changes are approved by the BCUC.

On May 3, 2016 the BCUC issued Order G-59-16, establishing the Regulatory Timetable that will be followed in order to review the Application through a written hearing process.

As part of the Order, FortisBC is required to,

2. By no later than May 12, 2016, FBC is to provide a copy of the Application, this Order and Regulatory Timetable, to all Interveners and Interested Parties in the FBC 2009 Net Metering Tariff Application proceeding, all current Rate Schedule 95 customers, and those with net metering service applications in progress. FBC is also to publish the Application, this Order and Regulatory Timetable on its website.
3. By no later than May 12, 2016, FBC is to provide to each FBC current Rate Schedule 95 customer who has received monetary compensation for any net excess generation (NEG) in the past three years, a comparison of the actual dollar amount received by the customer for the NEG in the past three years relative to the dollar amount the customer would have received under the NEG rate proposed in the Application (i.e. in addition a copy of the Application this Order and Regulatory Timetable per Directive 2).

This letter is in response to Directive 2 above, informing you of the filing and directing you to the materials that have been filed to date. All Application materials, including the Order and the Regulatory Timetable are available for either on the BCUC website (www.bcuc.com) or the FortisBC website:

<https://www.fortisbc.com/About/RegulatoryAffairs/ElecUtility/ElectricBCUCsubmissions/OtherApplications/NetMeteringTariffApplication/Pages/2016-Net-Metering-Tariff-Update-Application.aspx>

Should you wish to receive a printed copy of the Application, please send a request to electricity.regulatory.affairs@fortisbc.com and we will mail one to you.

Our billing records indicate that you are either a new Net Metering customer or that you do not generally generate more electricity than you use in a billing period (this is called "Net Excess Generation"), or, credits associated with your Net Excess Generation are normally used to offset consumption in a future billing period.

We do intend to send you further information regarding how your bill would be impacted by the proposed changes.

If you are interested in learning more about the application to the BCUC, we encourage you to review it at fortisbc.com/netmetering. Additionally, if you have any questions regarding this matter, please contact me directly at 250-469-8038.

Regards,

Corey Sinclair
FortisBC
Manager, Regulatory Affairs
Tel: 250-469-8038
corey.sinclair@fortisbc.com

Attachment: BCUC Order G-59-16

Attachment 2



May 12, 2016

«First_Name» «Last_Name»
«Address_1» «Address_2» «Address_3» «Address_4» «Address_5»
«City», «Prov»
«PC»
«Email»

Dear «First_Name» «Last_Name»:

On April 26, 2016, FortisBC filed an Application with the British Columbia Utilities Commission (BCUC) to update its Net Metering program.

On May 3, 2016 the BCUC issued Order G-59-16, establishing the Regulatory Timetable that will be followed in order to review the Application through a written hearing process.

As part of the Order, FortisBC is required, among other Directives to,

2. By no later than May 12, 2016, FBC is to provide a copy of the Application, this Order and Regulatory Timetable, to all Interveners and Interested Parties in the FBC 2009 Net Metering Tariff Application proceeding, all current Rate Schedule 95 customers, and those with net metering service applications in progress. FBC is also to publish the Application, this Order and Regulatory Timetable on its website.
3. By no later than May 12, 2016, FBC is to provide to each FBC current Rate Schedule 95 customer who has received monetary compensation for any net excess generation (NEG) in the past three years, a comparison of the actual dollar amount received by the customer for the NEG in the past three years relative to the dollar amount the customer would have received under the NEG rate proposed in the Application (i.e. in addition a copy of the Application this Order and Regulatory Timetable per Directive 2).

We write in accordance with Directive 2 above to inform you of the filing, and to direct you to the materials that have been filed to date. All Application materials, including the Order and the Regulatory Timetable are available for viewing either on the BCUC website (www.bcuc.com) or the FortisBC website:

<https://www.fortisbc.com/About/RegulatoryAffairs/ElecUtility/ElectricBCUCsubmissions/OtherApplications/NetMeteringTariffApplication/Pages/2016-Net-Metering-Tariff-Update-Application.aspx>

Should you wish to receive a printed copy of the Application, please send a request to electricity.regulatory.affairs@fortisbc.com and we will mail one to you.

In addition, our billing records indicate that your account would have accumulated a Net Excess Generation (NEG) credit(s) over the 3 year period such that it would have been eligible for monetary

compensation under the existing billing methodology, and would also have had an annual balance of kWh's in the kWh Bank that would be paid out under the proposed billing methodology.

The comparison of the value of NEG under the two scenarios is complicated by the facts that historically customers may or may not have received payment for an accumulated credit balance in consideration of whether the credit could be used in a reasonable amount of time to offset future consumption, and those customers that have chosen a payout may not have done so at the point in time where the kWh Bank balance would be purchased by the Company.

In order to provide customers with an apples to apples comparison of the value of NEG under the current and proposed billing methodologies, FortisBC has undertaken an analysis that compares the total value of the NEG over the 3 years specified by the Commission under both. For the current billing methodology, the total value of the NEG is derived by examining the value it attracted when it was credited to the account during billing and it was assumed that this amount was carried forward and not cashed out. Under the proposed methodology, the value of NEG is determined by the value of the kWh it displaces when it is used to offset future consumption, or when it is purchased by the Company on the anniversary date. These values are therefore for either the entire time you have been a Net Meter customer to a maximum of 3 years. In order to provide a clearer understanding of the "bottom line" impact of the proposed changes, we have including a comparison of the net billing after both the bills and potential kWh Bank payouts are considered.

It is also possible that where a customer has a billing period incorporating April 2016 and also has NEG during that billing period, some NEG may be left in the kWh Bank that has not been valued. Where this is the case, the number of un-monetized kWh remaining in the Bank is shown.

In order to remove the impact of annual rate increases from the analysis, current 2016 rates were used for all calculations. The summary for your account is below. The financial impact is found by comparing column 1 to column 3 and recognizing that the value of the kWh remaining in the Bank has not yet been realized.

| Current Bill Methodology | | Proposed Bill Methodology | | |
|---|--------------------------------|---|--------------------------------|-----------------------|
| 1 | 2 | 3 | 4 | 5 |
| Pre-tax Total of Bills including Customer Charges | Value of Net Excess Generation | Net Total of Pre-tax Bills and Value of kWh's Purchased from kWh Bank | Value of Net Excess Generation | kWh Remaining in Bank |
| | | | | |

Regards,

Corey Sinclair
 FortisBC
 Manager, Regulatory Affairs
 Tel: 250-469-8038
corey.sinclair@fortisbc.com