British Columbia Utilities Commission

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VIA EFILE
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August 12, 2016

FORTISBC INC. NET METERING PROGRAM TARIFF UPDATE **EXHIBIT A-7**

Ms. Diane Roy
Director, Regulatory Affairs
FortisBC Inc.
16705 Fraser Highway
Surrey, BC V4N 0E8

Dear Ms. Roy:

Re: FortisBC Inc.
Project No. 3698875
Net Metering Program Tariff Update Application

Further to British Columbia Utilities Commission Order G-126-16, which established further process in the Regulatory Timetable with respect to the above noted Application, enclosed please find the Commission's Information Request No. 2. In accordance with the Regulatory Timetable, please file your responses no later than Wednesday, August 31, 2016.

Yours truly,

Original signed by
Doug Chong

Laurel Ross

/pw
Enclosure

FortisBC Inc. (FBC)
Net Metering Program Tariff Update Application

12.0 Reference: CLARIFICATION OF PROGRAM INTENT
Exhibit B-1 (Application), Appendix C, sheet 45; Exhibit B-4, BCUC IR 3.2, 5.6
Energy Cap

In response to BCUC Information Request (IR) 3.2, FBC described the 2009 net metering objectives: "A successful Net Metering Program will promote distributed renewable generation, and allow customers to take responsibility for their own power production, and to reduce their environmental impact." [Emphasis added]

In Appendix C of the application, the blacklined version of the proposed tariff includes the following additional wording to the existing tariff, among other edits: "The program is not intended for customers who generate electricity in excess of their annual requirement."

In response to BCUC IR 5.6, FBC stated that "Under the current program structure, in the event that a system that was properly sized when installed subsequently started to produce NEG on an annual basis, the Company would reserve its right to remove the customer from the NM Program as it would no longer be in compliance with either the Eligibility criteria contained in the Tariff or the objectives of the Program."

12.1 Please explain whether the proposed wording change is aligned with the 2009 Net Metering objectives as stated in the preamble.

12.2 Please confirm that, based on the Eligibility criteria contained in the current tariff, there is no restriction for a Net Metering (NM) customer to install a generation equipment that can generate more than enough energy to "offset…all of the customer's requirement for Electricity". If not confirmed, please explain.

12.3 Please explain whether "requirement for Electricity" in the existing wording has a broader interpretation, and can be interpreted to include peak demand, than "requirement for Electricity on an annual basis" in the proposed wording.

12.4 Please specify, under the existing tariff and under the proposed tariff, i) the clause in the tariff that grants FBC the right to remove a NM customer from the program and ii) the criteria and detailed process FBC uses to remove a NM customer who started to produce net excess generation (NEG) on an annual basis from the program.

13.0 Reference: CLARIFICATION OF PROGRAM INTENT
Exhibit B-7, CEC IR 1.5.1; Exhibit B-8, Resolution IR 6; Exhibit B-10, Shadrack IR 9a;
Energy Cap

In response to CEC IR 1.5.1, FBC stated: "However, under the proposed rate, as any excess energy purchased would be at the short-term value, the impact to other customers would be mitigated."

13.1 Does FBC consider that, if the price for annual NEG reflects the estimated market value, there is a need for a net metering rate energy cap (limiting annual NEG) and capacity cap (currently set at 50MW) in order to protect other customers? Please explain.

In response to Shadrack IR 9a, FBC stated: “FBC has not rejected a submitted Application. Through discussion with prospective Applicants, FBC has advised that the size of a planned installation should be reduced prior to an Application being submitted.”

13.2 Please describe the discussion with prospective applicants referred to in Shadrack IR 9a above. Specifically, what type/size of generation did the customer(s) consider installing, how much annual NEG would have been generated, and did the customer’s investment decision change as a result of these discussions with FBC?

In response to Resolution IR 6, FBC stated: “Customer systems with the greatest amounts of unused annual NEG are those with small hydro-electric installations.”

13.3 Please describe the general size and types of the small hydro-electric installations that have the greatest amounts of unused annual NEG.

13.4 Does FBC <u>currently</u> have any technical or safety concerns regarding customer investment in small hydro-electric installations that cannot be adequately addressed through FBC’s connection policy? If yes, please explain.

13.5 Under which program/rate schedule, and at what price, would a customer investing in a small hydro-electric installation generally receive for energy fed into FBC’s grid if they were not eligible for the net metering rate? Please explain.

14.0 Reference: NET EXCESS GENERATION VALUATION
FBC Application for Approval of Demand Side Management Expenditures for 2015 and 2016, Order G-186-14 and Decision dated December 3, 2014 (FBC 2015/2016 DSM Decision), p. 6; Exhibit B-7, BCUC IR 7.1
Rationale for existing approach

The Commission stated on page 6 of the FBC 2015/2016 DSM Decision: “the Commission Panel accepts FBC’s LRMC of BC new clean resources as $112 per MWh and the deferred capital expenditure value of $35.60 per kW per year for the purpose of the 2015-2016 DSM Plan.”

In response to CEC IR 7.1, FBC stated that “FBC considers that the BC Hydro RS3808 Tranche 1 rate is a reasonable proxy to use to purchase excess energy. This is below the expected rate required to build new long term generation but above the rate from several existing long term sources of supply.”

14.1 Please complete the following table for BC clean energy delivered to the FBC distribution network:

Estimated market value of delivered energy	¢/kWh estimate (or range)	Source/Key assumptions
Short-term (less than 3 years) non-firm		
Short-term firm		
Long-term (more than 15 years) non-firm		
Long-term firm		

14.1.1 Please reconcile any (i) ¢/kWh estimated difference between the long-term firm and long-term non-firm value of power with (ii) FBC's estimate of its long-term value of deferred capital expenditures ($35.60 per kW per year) in FBC's 2015-2016 DSM Plan.

14.2 Please elaborate on the quality, cleanliness, and source of the "several existing long term sources of supply" which FBC purchases at a rate below the British Columbia Hydro and Power Authority (BC Hydro) RS3808 Tranche 1 rate.

14.3 In response to BCUC IR 1.9.3, FBC provided lifetime estimates by generator type. Please state (with reasons) whether the energy generated from each generator type (up to 100kW) should be considered (i) firm or non-firm, and (ii) short-term or long-term.

15.0 Reference: NET EXCESS GENERATION VALUATION
Exhibit B-1, p. 8; Exhibit E-4 (Letter of Comment), Attachment, p. 2
Net Metering contractual agreement

On page 2 of the attachment in Exhibit E-4, it is stated that "FortisBC is proposing to cut the payment from the Tier 1 rate of 9.845 cents and Tier 2 rate of 15.198 cents to 4.303 cents per kWh. In any commercial situation this proposal would be regarded as a breach of contract between the parties."

On page 8 of the Application, FBC states that "The additional documents used in the administration of the Program, (Application for Net Metering Program, Net Metering Interconnection Guidelines, and Net Metering Interconnection Agreement) are technical in nature and do not speak to the Program intent and require no changes."

15.1 Please provide the complete contractual agreement between FBC and its NM customers.

15.2 Please explain in detail whether FBC considers a reduction in NEG compensation a breach of the agreement between FBC and its existing NM customers.

16.0 Reference: NET EXCESS GENERATION VALUATION
Exhibit E-4, Attachment, p.1,
Billing scenario

On page 1 of the attachment in Exhibit E-4, it is stated that "While FortisBC does not state it specifically in its application, they are proposing to eliminate the allowing of retail NEG credits to be used to offset the Basic Charge, the GST and other nonconsumptive charges."

The table on page 3 of the attachment to Exhibit E-4 illustrates the total bill difference under the existing and proposed billing methodology.

16.1 Please comment on the accuracy of the statement and billing calculation referenced above. If there are any inaccuracies, please explain and provide a revised version that is consistent with FBC's proposal in its application.