

D Barry Kirkham, QC*
James D Burns*
Jeffrey B Lightfoot*
Christopher P Weafer*
Michael P Vaughan
Heather E Maconachie
Michael F Robson*
Zachary J Ansley*
George J Roper
Clayton J Greenwood

Robin C Macfarlane*
Duncan J Manson*
Daniel W Burnett, QC*
Ronald G Paton*
Gregory J Tucker, QC*
Terence W Yu*
James H McBeath*
Edith A Ryan*
Daniel H Coles
Patrick J O'Neill

Douglas R Johnson*
Alan A Frydenlund, QC**
Harvey S Delaney*
Paul J Brown*
Karen S Thompson*
Harley J Harris*
Paul A Brackstone**
James W Zaitsoff*
Jocelyn M Le Dressay

Josephine M Nadel*
Allison R Kuchta*
James L Carpick*
Patrick J Haberl*
Gary M Yaffe*
Jonathan L Williams*
Scott H Stephens*
Pamela E Sheppard
Katharina R Spotz

OWEN BIRD

LAW CORPORATION

PO Box 49130
Three Bentall Centre
2900-595 Burrard Street
Vancouver, BC
Canada V7X 1J5

Carl J Pines, Associate Counsel*
Rose-Mary L Basham, QC, Associate Counsel*
Hon Walter S Owen, QC, QC, LLD (1981)
John I Bird, QC (2005)

* Law Corporation
* Also of the Yukon Bar

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VIA ELECTRONIC MAIL

British Columbia Utilities Commission
6th Floor, 900 Howe Street
Vancouver, B.C.
V6Z 2N3

Telephone 604 688-0401
Fax 604 688-2827
Website www.owenbird.com
Direct Line: 604 691-7557
Direct Fax: 604 632-4482
E-mail: cweafer@owenbird.com
Our File: 23841/0147

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

Dear Sirs/Mesdames:

Re: FortisBC Inc. (FBC) Net Metering Program Tariff Update Application ~ Project No. 3698875

We are counsel to the Commercial Energy Consumers Association of British Columbia (CEC). Enclosed please find the CEC's second set of Information Requests with respect to the above-noted matter.

If you have any questions regarding the foregoing, please do not hesitate to contact the undersigned.

Yours truly,

OWEN BIRD LAW CORPORATION



Christopher P. Weafer
CPW/jlb
cc: CEC
cc: FBC
cc: Registered Interveners

COMMERCIAL ENERGY CONSUMERS ASSOCIATION OF BRITISH COLUMBIA
INFORMATION REQUEST #2

FortisBC Inc. (FBC) Net Metering Program Tariff Update Application
Project No. 3698875

1. Reference: Exhibit B-7, CEC 1.1.7 and CEC 1.10.1

1.7 Please provide a monthly profile of the energy provided by rate class.

Response:

Please find below the requested data for 2015.

2015 Loads (GWh)

Rate Class	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Residential*	150.2	122.1	120.3	92.0	76.7	84.4	110.1	97.2	73.4	99.3	125.8	146.6	1298.1
Commercial	80.2	72.3	68.7	64.6	71.4	74.7	72.1	72.0	68.6	62.8	67.2	78.7	853.2
Wholesale*	65.8	58.6	51.6	41.1	41.1	36.0	45.2	43.9	37.4	42.7	51.9	65.1	580.5
Industrial	32.1	33.6	32.8	31.2	36.6	26.3	28.0	34.1	32.4	29.9	27.9	35.0	379.7
Lighting	1.3	1.3	1.3	1.3	1.4	1.4	1.3	1.3	1.2	1.3	1.3	1.4	15.9
Irrigation	0.8	0.7	1.1	2.7	5.7	7.9	8.5	7.7	5.2	3.1	1.8	0.9	46.0

(*Normalized)

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Dollar values are at current rates regardless of the billing period year.

Rate Class	Total Accounts with Activity		Net Consumers		Net Suppliers		Total Net Consumption		Total Net Supply	
	2014	2015	2014	2015	2014	2015	kWh	Dollars	kWh	Dollars
Residential	30	59	25	50	5	9	686,032	\$ 105,740	318,843	\$ 64,246
Commercial	11	16	10	15	1	1	2,199,578	\$ 177,556	93,312	\$ 13,221
Irrigation	0	1	0	1	0	0	25,440	\$ 1,797	1,200	\$ 85
Total	41	76	35	66	6	10	2,911,050	\$ 285,093	413,355	\$ 77,551

- 1.1. Please confirm that Net Metering customers typically supply during the summer months, and consume during the winter months.
- 1.2. Please provide the 2015 Net Metering customer supply by rate class by month.
- 1.3. Please provide the 2015 Net Metering customer consumption by rate class by month.

2. Reference: Exhibit B-7, CEC 1.8

- 1.8 Please provide FBC's ability to store renewable energy in its system in terms of GWhs and duration of storage.

Response:

FBC generally has sufficient system storage and capacity to handle day-to-day operational variations in incremental renewable energy resources. However, FBC has only a very limited seasonal storage ability. No storage is available to move energy acquired in May, June or July to the rest of the year. Therefore, any run of river hydro resource option is not likely to be a good fit to meet FBC's requirements due to heavy generation in the May through July months.

About 20 GWh in total can be acquired in the months of April, August, September and October for use in the November through March period. However, this tends to be fully utilized through existing generation and market opportunities. Therefore, storing incremental renewable energy for winter use would come at the cost of acquiring less of other available resources that are likely to be more cost effective.

- 2.1. Please confirm that the period of November through March is considered FBC's winter peak period.
 - 2.1.1. If not confirmed, please provide the FBC's winter peak period.
- 2.2. Please confirm that customers who have Net Metering, and provide energy during the summer and consume energy in the winter are receiving a value as compared to other customers in that they are likely contributing to the peak capacity costs but are paying less overall for energy, which contains FBC's demand cost recovery in part or in total.
 - 2.2.1. If not confirmed, please explain why not.
- 2.3. Please identify any other costs and benefits generated or received from Net Metering customers relative to other customers.

3. Reference: Exhibit B-1, Page 1 and Exhibit B-7, CEC 1.3.2

The intent of the Program is evident in documents that form part of the regulatory record and the final version of RS 95 approved by the Commission. The Company's experience to date reveals that without the benefit of knowledge of the original regulatory process, and with insufficient clarity in the approved program documentation (including the RS 95 tariff schedule) some customers may embark upon the installation of a Net Metering System under certain material misconceptions about the potential program benefits. The Company is not proposing to change the treatment of NEG with respect to the incidental amount of NEG that the program was originally intended to accommodate. Rather, the Company is seeking to clarify the primary purpose of the Program as it has always existed. That is, installed generation capacity should not be in excess of the customer's annual requirements. In the following section, the Company summarizes the portions of the 2009 Application and associated regulatory process that described the purpose of the Net Metering program.

- 3.2 Please confirm that businesses anticipating growth might be prudent to install generation to meet their future requirements, rather than just their present requirements.

Response:

During the initial discussion with customers on sizing their generation installation, consideration can be given for short-term planned increases in consumption. Longer-term planned increases in consumption could be offset with future incremental generation additions.

FBC notes there is nothing precluding a business from installing generation larger than allowed under the Net Metering Program – but it would not qualify for RS95. The benefits attributable to the offsetting of consumption would still be realized

- 3.1. Do all customers have an initial meeting with the company? Please explain.
- 3.1.1. If so, why do some customers have a material misconception about the potential program benefits?
- 3.1.2. If not, could a required meeting with the customer that serves to clarify the benefits be useful? Please explain why or why not.
- 3.1.3. Are there aspects to the formal information exchange with potential customers that could be improved?
- 3.1.3.1. If yes, please discuss and identify any plans that FBC has to undertake such improvements.

4. Reference: Exhibit B-7, CEC 1.5.1

- 5.1 Please outline a scenario in which net metering customers retained a 50 MW maximum, but were entitled to sell electricity beyond their annual requirements into FortisBC's grid and elaborate on how such a scenario might impact FortisBC and non-participating customers. Please consider such issues as: How much energy might be available? What would be the appropriate price for FortisBC to pay for such energy? How would such energy affect FortisBC's planning and capacity requirements in the long run? Would there be net benefits to other customers or net losses? Please explain.

Response:

The Company assumes that the 50 MW value included in the question was intended to be "50 kW". FBC does not currently have any Net Metering customers with generation at the 50kW maximum. However, in the hypothetical situation where a customer had a large system that provided consistent, and relatively large amounts of unused annual net excess generation, other customers would be disadvantaged. Based on the factors outlined in the responses to BCUC IRs 1.9.4 and 1.9.4.2 any excess energy sold to FBC under Net Metering provides short-term value and would appropriately be valued at the BC Hydro RS3808 Tranche 1 energy rate. Therefore, under any rate above that level, the Company believes that there will be a net loss to other customers. 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. There is no change to FBC's planning and capacity requirements in the long run.

- 4.1. Please confirm that any energy delivered from the Net Metering customers could displace energy purchased under the Tranche 1 energy rate, such that FBC is purchasing the same amount of energy regardless of whether it is sourced from BC Hydro or from Net Metering customers.
 - 4.1.1. If not confirmed, please explain why not.
- 4.2. What impacts would there be on FBC customers with regard to 3808 energy if the energy displacements exceed the threshold or deadband arrangements in place with BC Hydro? Please explain.

5. Reference: Exhibit B-7, CEC 1.6.1 and Exhibit B-1, Page 12

6 Reference: Exhibit B-1, Page 6

With the introduction of the RCR, and following the Tariff language of RS 95, NEG for residential customers is now compensated at the Tier 1 rate up to the threshold of 1,600 kWh over 2 months and at the Tier 2 Rate for amounts over 1,600 kWh over 2 months.¹⁹ FBC does not believe this to be reasonable given that:

1. The implementation of the RCR means that NEG can be valued at different amounts depending on the level generated, without any particular rationale;
2. NEG can be valued at the Tier 2 level approaching 15 cents/ kWh which is far in excess of the cost of other resources available to the Company and also in excess of any measure of long run marginal cost that the Company utilizes in resource planning, potentially encouraging customers to install more generation than they need to offset their own consumption; and
3. The relatively high per unit compensation amount incents generation above the levels intended by the Program.

- 6.1 Please provide the current compensation rates for Commercial and Industrial customers.

Response:

Industrial customers are not eligible for net metering.

Small Commercial (RS20) customers are billed at 9.921¢ per kWh.

Commercial customers (RS21) are billed at 8.430¢ per kWh for the first 8000 kWh and 6.998¢ per kWh thereafter.

4. For eligible Customers receiving Service under a Time-of-Use (TOU) rate schedule, consumption and generation during On-Peak Hours shall be recorded and netted separately from consumption and generation during Off-Peak Hours and held in separate kWh Banks such that any balance in the respective Banks charges or credits applied to the account reflect can be applied in subsequent billing periods in either the On-Peak or Off-Peak Hours at the appropriate time-dependent value for the energy.

- 5.1. Please confirm that the 'compensation rate' is equal to the 'billing rate' under the current Net Metering tariff.
- 5.2. Please confirm that Commercial (RS30) or other commercial rate schedule customers (not time of use) are not eligible for the Net Metering service.
- 5.2.1. If not confirmed, please provide the compensation rates for each RS that is eligible for the Net Metering service that is not already provided above. .
- 5.3. Please provide the Time of Use compensation rates that currently apply to Net Metering customers.
- 5.4. Please provide the capacity value that is embedded in the energy rate for each rate class for which Net Metering is an option.

6. Reference: Exhibit B-7, CEC 1.7.1

7 Reference: Exhibit B-1, Pages 9 and 10

While a customer has the ability under the Program to offset personal consumption, FBC does not believe that other customers (non-participants in the Program) should support the Company

purchasing power on their behalf at rates far above what is available from other sources. This situation would arise when residential customers in the Program generate excess electricity.

- 7.1 Would it be reasonable to purchase excess energy that is generated from customers under the Net Metering tariff at rates below that available from other sources? Please explain why or why not.

Response:

In the view of the Company, as the primary objective of the Program is for customers to be able to offset personal consumption and not to sell power to FBC, the most appropriate rate would be zero. However, since the Company does provide compensation to other parties for unscheduled deliveries into the FBC system FBC is proposing to compensate Net Metering customers for unused annual net excess generation.

FBC has energy available to it from a variety of sources and at different prices. 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. Given that FBC considers the energy acquired from excess energy purchases to be short-term in nature, the BC Hydro RS 3808 Tranche 1 rate is the appropriate rate to apply to excess energy. Please also refer to the responses to BCUC IRs 1.9.3.2, 1.9.4.2 and 1.9.5.

- 6.1. Are there other jurisdictions that do not compensate Net Metering customers for net excess energy?
 - 6.1.1. If yes, please identify those jurisdictions.