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August 30, 2016

Box 484
Kaslo, British Columbia
VOG 1M0

Attention: Mr. Andy Shadrack

Dear Mr. Shadrack:

Re: FortisBC Inc. (FBC)
Project No. 3698875
Application for the Net Metering Program Tariff Update (the Application)
Response to Andy Shadrack (Shadrack) Information Request (IR) No. 2

On April 15, 2016, FBC filed the Application referenced above. In accordance with British Columbia Utilities Commission Order G-126-16 establishing further process in the Regulatory Timetable for the review of the Application, FBC respectfully submits the attached response to Shadrack IR No. 2.

If further information is required, please contact Corey Sinclair, Manager, Regulatory Services at 250-469-8038.

Sincerely,

FORTISBC INC.

Original signed:

Diane Roy

Attachments

cc: Commission Secretary
Registered Parties

FortisBC Inc. (FBC or the Company) Net Metering Program Tariff Update Application (the Application)	Submission Date: August 30, 2016
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- 1 1. Residential customers Phil Trotter and Michelle Poulin write, in their Letter of Comment
2 (E-4), that, according to calculations supplied to them by FBC itself, FBC's proposed
3 changes will increase the overall Trotter/Poulin annual electricity bill by 52.8%. Under
4 the current billing methodology, \$144.68 of the annual Basic Charge cost of \$187.38 is
5 paid off by the Trotter/Poulin household at the Rate Schedule (RS) 95 retail kWh
6 exchange rate. Under the proposed kWh bank proposal, and BC Hydro RS 3808
7 Tranche 1 rate of 4.303 cents per kWh, only \$57.38 of the annual Basic Charge cost of
8 \$187.38 is paid off. Thus the amount of the Basic Charge that the Trotter/Poulin
9 household pays cash for, even though they exchange the same number of kWh,
10 increases from \$42.70 to \$130 - a tripling of the Basic Charge cash payout by them.
11 Using the same method as FBC applied to the Trotter/Poulin account (but excluding
12 GST and other non-consumptive charges), please state how many of the 97 (June 1,
13 2016) enrolled net metering customers can expect increased annual bills under the
14 proposed changes, and please provide the percentage range of such increases:
- 15 i. 300% or higher
 - 16 ii. 200% or higher iii. 100% or higher iv. 75% or higher
 - 17 iii. 50% or higher
 - 18 iv. 25% or higher
 - 19 v. % or higher

20
21 **Response:**

22 It is not possible to perform the analysis on all 97 accounts mentioned in the question as many
23 of these customers do not have the full year of Program participation necessary in order to
24 provide the requested comparison. Of the 67 RS01 accounts considered for Commission Order
25 G-59-16, 34 had the required six billing period history similar to that of the original Trotter/Poulin
26 analysis appended to Exhibit E-4.

27 Of these 34 accounts, and excluding non-consumptive charges as requested, eight accounts
28 have no change in annual billing, 19 accounts would have lower total annual bills under the
29 proposed methodology, three accounts would have a higher annual total bill and four accounts
30 would have a decrease in the annual credit they would receive.

31 For the three accounts that would receive annual billings where they have an amount owing to
32 FBC under either method, and would also see an increase in the billed amount, two would have
33 increases of less than 5%. The other would experience an increase above 300% but this is due
34 to the small base original annual bill amount of \$7.

35 There are four accounts that would be in a credit position under either method but would receive
36 a smaller annual credit under the proposed method. Each of these accounts generates far in

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1 excess of their annual electricity requirement and would see a reduction in the credit of between
2 50% and 75%.

3 The analysis supports the Company's conclusion that the proposed changes will have either no
4 impact or provide a small benefit for most customers while reducing the benefit for those
5 participants that routinely generate in excess of their annual requirements.

6
7

8

9 2. During the six billing periods prior to enrollment in the net metering program, this
10 intervenor's household purchased 2.768 MWh of power from FBC, whereas in the six
11 most recent billing periods following enrollment (ending June 16th, 2016) our household
12 purchased 2.66 MWh of power and exchanged a further 1.458 MWh, resulting in a net
13 purchase from FBC of 1.202 MWh. This represents a 43.4% reduction in net purchase
14 of electrical power from FBC. The cost to our household of the purchased electricity,
15 including Basic Charge and before taxes, was \$480.66 compared to \$307.96 in the six
16 most recent billing periods, a net reduction of \$172.70 or 35.9%.

17

18 i. What is the average net cost to FBC per delivered kWh of electricity supplied
19 by FBC to residential and small commercial customers in B.C.?

20

21 **Response:**

22 The Commission has provided, by Order G-126-16, the scope for round two information
23 requests, which is limited to:

- 24
- 25 • approval of changes to Rate Schedule (RS) 95 to clarify the intent of the Net Metering Program;
 - 26 • approval of the use of a kWh Bank to carry forward Net Excess Generation for an annual
27 period with compensation at the end of that annual period;
 - 28 • approval for compensating customers for remaining unused Net Excess Generation at
29 the BC Hydro RS 3808 Tranche 1 rate currently priced at 4.303 cents; and
 - 30 • confirmation on FBC's proposed billing methodology.

31

32 The Company does not believe that questions related to Cost-of-Service considerations are
33 within the scope defined by the Commission and further, it is unclear what is meant by "average
34 net cost to FBC per delivered kWh of electricity" as posed in the question. It may be useful to
35 note that the average net cost to supply electricity to residential and small commercial

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1 customers is equal to the average revenue received from those customers. In other words, the
2 cost per delivered kWh is the revenue requirements associated with the residential and
3 commercial customers divided by the kWh delivered to those customers. In 2017 based on the
4 forecasts provided for the Annual Review of 2017 Rates, this value is roughly a \$0.119/kWh
5 blended rate for the Residential and Commercial classes. Where the number of delivered kWh
6 is reduced, there is upward pressure on rates.

7 The cost to provide service to individual customer classes is only determined pursuant to a fully
8 allocated cost of service analysis done on a periodic basis. Regardless, the Application before
9 the Commission only proposes to change the manner in which a Net Metering customer's
10 account is billed and not any aspect of the Program that would impact the cost to serve relative
11 to the current Program billing.

12
13

14

15 ii. Using the same methodological calculation as described above, what is the
16 average amount of the reduction in kWh purchased by all FBC's net metering
17 customers and the reduction in retail dollar value as compared to the number of
18 kWh and dollar value purchased prior to enrolling in the net metering program?
19

20

Response:

21 The Commission has provided, by Order G-126-16, the scope for round two information
22 requests, which is limited to:

- 23 • approval of changes to Rate Schedule (RS) 95 to clarify the intent of the Net Metering
24 Program;
- 25 • approval of the use of a kWh Bank to carry forward Net Excess Generation for an annual
26 period with compensation at the end of that annual period;
- 27 • approval for compensating customers for remaining unused Net Excess Generation at
28 the BC Hydro RS 3808 Tranche 1 rate currently priced at 4.303 cents; and
- 29 • confirmation on FBC's proposed billing methodology.

30

31 An examination of billing records over time does not fit within the scope identified by the
32 Commission.

33 The Application before the Commission only proposes to change the manner in which a Net
34 Metering customer's account is billed and not any aspect of the Program that would impact the

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1 amount of energy that a customer is able to generate. It is also the case that any such
2 reduction cannot necessarily be attributed to the installation of customer-owner generation in
3 isolation of any other changes to connected load or behaviour. This is supported by Mr.
4 Shadrack's statement prefacing his Question 2.3 where he notes that he has reduced his
5 consumption by 82% in the last decade but that the majority of that increase occurred prior to
6 the installation of his net metering system.

7

8

9

10 iii. Noting that if there is a reduction in cost to the customer, there must also be a
11 corresponding reduction in cost to FBC, what is the total dollar reduction in cost
12 to FBC as a result of the Company's net metering customers reducing their
13 consumption of purchased kWh of power?

14

15 **Response:**

16 Please refer to the response to Shadrack IR 2.2i. Any reduction in the cost to the customer
17 related to reduced consumption would be reflected in a reduction in power purchase costs;
18 however, no reduction in the fixed cost of providing the energy would be expected. In addition,
19 there would be a resulting reduction in revenue related to the energy sale that would need to be
20 considered.

21

22

23

24 iv. Are the kWh dollar cost savings equal to, less than or more than the current
25 dollar cost to FBC of purchased Net Energy (Excess) Generation from net
26 metering customers?

27

28 **Response:**

29 Please refer to the response to Shadrack IR 2.2iii.

30

31

32

33 3. The originally stated intent of the net metering program was to allow customers to offset
34 a portion, or all, of their own electrical requirements. Over the last decade this
35 intervener's household has reduced grid consumption from FBC by 82% in the first three

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1 2016 billing periods, as compared to the first three in 2006. A 49.5% reduction was
2 achieved prior to joining the net metering program and a further 32.5% reduction after.

3
4 As a means to encourage reduced electrical power consumption FBC reimburses
5 customers an average of 32% of their costs (Shadrack 1 23) for participating in Demand
6 Side Management (DSM) programs, in the amount of (for example) \$527,000 for
7 residential customers (Shadrack 1 22).

8
9 How do the dollars invested by FBC per kWh of reduced consumption for each of the 10
10 - 13 DSM programs (Shadrack 1.22 and 1.23) compare with the dollars spent by FBC
11 per kWh saved by customers enrolled in the net metering program?

12
13 **Response:**

14 A discussion of the costs for administering either DSM or the Net Metering Program is not within
15 the scope of the round 2 Information Requests provided by the Commission in Order G-126-16.
16 The company notes however that as discussed in the response to Shadrack 1.22a, FBC does
17 not have information available on the internal costs specific to the Net Metering Program. In
18 addition, FBC does not have visibility into customer generation (just net consumption and
19 generation) if this is what the question considers to be kWh saved by customers enrolled in the
20 Net Metering Program. Therefore, even if the question were in scope, a response is not
21 possible.

22