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British Columbia Utilities Commission
Sixth Floor, 900 Howe Street, Box 250
Vancouver, B.C. V6Z 2N3

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

Dear Ms. Ross:

**Re: FortisBC Inc. 2016 Long Term Electric Resource Plan (LTERP) and Long Term Demand Side Management Plan (LT DSM Plan) ~ Project No.3698896
Intervenor Information Request No.2**

1. In response to BCUC IRI.11.4, FBC stated:

“...customers with DG, including net metered customers, pay lower variable consumption charges, and, since some of the Company’s fixed costs are collected through the variable (energy and demand) charges, fixed charges are under-recovered. In the case of net metered customers, the compensation for net excess generation during a billing period may reduce the contribution toward fixed costs to zero or negative. While the avoidance of energy charges is fair because the customers did not use the power, it is problematic that they also avoid paying for all of the fixed costs of the grid that delivers power when they need it and/or takes the excess power they sell back to the utility. The costs are ultimately borne by other customers through higher rates.”

And in response to Scarlett IRI.1.d, FBC stated:

“...customers with low consumption, whether as a result of consumption habits or participation in DSM, still make a standard contribution towards the fixed costs of the system through the Customer Charge. Only customers with DG that have the ability to reduce bills to zero (or negative) can avoid this contribution completely. This means that DG customers, who still rely on and benefit from connection to the electric grid, are being subsidized by other non-DG customers.”

- a) Do all NM customers, including those who produce NEG, receive bimonthly bills which include the “Basic Customer Charge,” which is then subtracted—along with GST—from whatever credit or debit balance the customer would otherwise have on that bill?
- b) Does the Company maintain that NM customers who produce NEG cause other customers to pay higher rates primarily because customers with NEG may avoid paying “all of the fixed costs of the grid,” or because the Company loses sales for which it is not compensated (unlike DSM for which it is compensated through return on investment)?
- c) How much revenue normally collected through the Basic Customer Charge has been lost to FBC due to NM customers producing sufficient NEG to avoid paying that charge?

2. In response to Scarlett IR1.2.a, FBC stated:

“Expected peak load for a new subdivision is calculated based on the number and type of planned dwellings. This calculation of expected peak load typically incorporates a diversity factor, which captures the differences in timing of customers’ individual peak loads referenced in the question.”

- a) In its use for calculation of peak load is “diversity factor” a well enough understood and reliable phenomenon to justify planning and sizing of FBC distribution infrastructure?
- b) Why is a similar diversity factor calculation not used to evaluate the capacity benefit to the utility from large numbers of NM customers who use different sizes and types of generation?

3. In response to Scarlett IR1.5.a, FBC stated:

“For DG that periodically injects power into the local system, the benefit may be similar to DG generally, but if the scale is sufficient, flows of power may have the same effect of straining the local system that would be experienced for an increase in customer load.”

- a) Given the 50kW maximum generation restriction for NM (which is close to the theoretical demand of a 200 amp residential service) and in view of the fact that any generation greater than the NM customer’s instantaneous load travels only to neighbours’ services until it is absorbed, does FBC maintain that NM could strain the local distribution system as would be experienced by an increase in customer load?