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July 27, 2017

Sent via eFile

FORTISBC INC. LONG TERM ELECTRIC RESOURCE PLAN & LONG TERM DEMAND SIDE MANAGEMENT PLAN EXHIBIT A-14

Ms. Diane Roy
Vice President, Regulatory Affairs
FortisBC Energy Inc.
16705 Fraser Highway
Surrey, BC V4N 0E8
electricity.regulatory.affairs@fortisbc.com

Re: FortisBC Inc. – 2016 Long-Term Electric Resource Plan & Long-Term Demand-Side Management Plan – Project No. 1598896 – Panel Information Request No. 1

Dear Ms. Roy:

Further to your November 30, 2016 filing of the above-noted application, in accordance with the Regulatory Timetable, please file your responses no later than Thursday, August 24, 2017.

Sincerely,

Original signed by Nhi Do for:

Patrick Wruck
Commission Secretary

/yl
Enclosure

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FortisBC Inc.
2016 Long Term Electric Resource Plan & Long Term Demand Side Management Plan

British Columbia Utilities Commission
Panel Information Request No. 1 to FortisBC Inc.

FortisBC Inc. (FBC) references the Community Solar Pilot Project (CSPP) in the Long Term Electric Resource Plan (LTERP) application and further in response to British Columbia Utilities Commission (BCUC, Commission) Information Requests (IR). In the CSPP proceeding, the Commission has also explored the project's connection to the LTERP in IR1 (see Exhibit B-2 in the CSPP proceeding). The Panel has additional questions related to the implications of the CSPP application on the LTERP in consideration of the evidence provided in the CSPP proceeding.

1.0 Reference: PLANNING ENVIRONMENT
Exhibit B-1 (LTERP Application), p. ES1; Exhibit B-2, BCUC IR 11.6;
FBC CSPP, Exhibit B-2, BCUC IR 1.2, 9.6, 9.4, 9.7
Community solar

FBC states in response to BCUC IR 11.6:

> As described in the Resource Planning Guidelines, the action plan consists of 'the detailed acquisition steps for those resources (from the selected resource portfolio) which need to be initiated over the next four years to meet the most likely gross demand forecast'. The community solar pilot project is not being relied upon to meet the load forecast and is not included in the recommended resource portfolio.

FBC states on page ES1 of its LTERP Application that "FBC does not need new supply-side resources in the next ten years."

In the CSPP proceeding, FBC states the following in response to BCUC IR 9.6: "The CSPP is viewed in isolation from the LTERP since the energy it will produce is not required to meet customer load…."

FBC further states the following in response to BCUC IR 9.7:

> The CSPP is a customer driven project that does not rely upon the energy it produces as a justification for either proceeding with the initial installation covered by the current Application, or any future expansion that might occur within the planning horizon of the LTERP.
>
> For this reason, FBC considers the CSPP and the LTERP to be unrelated and while they should not, and do not, conflict with each other, complete alignment should not be expected. If the CSPP had to be considered within the criteria used in the LTERP to select the optimal set of resources to meet FBC's load, it would not be built.

FBC states in response to BCUC IR 1.2:

> FBC does consider the CSPP to be a new generation resource, since, as a practical matter, it delivers energy into the FBC system that is used to meet customer load. However, due to timing, the CSPP was not included in the recommended resource portfolio contained in the Company's most recent Long-Term Electric Resource Plan (LTERP).

FBC states in response to BCUC IR 9.4 that the output of the CSPP "will likely offset hydro-based energy purchases and therefore will have little to no effect on FBC's overall percentage of clean generation."

1.1 Community Solar is a pilot project. It is not clear what FBC's strategic long-term vision is regarding this pilot project. Please explain FBC's strategic long-term vision if the pilot project is successful.

1.2 Under the assumption of a successful pilot project, please elaborate on the range of solar capacity that FBC might build over the course of; i) the next five years; and ii) the next ten years.

1.2.1 Please explain how the FBC resource stack might be impacted in the two scenarios described above.

1.3 Leaving aside the scale of installed capacity (i.e. whether the pilot project or the installed capacity that might arise in answer to the preceding IR), please provide details of the generation capacity and attributes of the energy generated from the CSPP (such as long-term vs short-term, firmness, shape, contribution to line losses, and cleanliness).

1.3.1 Please explain if this generated new power is part of the total resource stack. If yes, please explain if/how this generated new power will displace other power from the resource stack and/or will reduce market purchases.

1.3.1.1 If not, please explain why not

1.4 Given that FBC states in the LTERP that its preferred portfolio is 93% clean energy and that FBC states in the CSPP proceeding that the output of the CSPP will have little to no effect on FBC's overall percentage of clean generation, what measurable benefits are conferred through customers' participation in the CSPP?

2.0 Reference: PLANNING ENVIRONMENT
FBC 2016 NM, Exhibit B-4, BCUC IR 8.2; FBC Final Argument, p. 6
Small-scale distributed generation

In the FBC 2016 NM proceeding, FBC states in response to BCUC IR 8.2 that FBC "supports the principle that non-participating customers should not be required to subsidize the net metering program, no matter how small that subsidization may be."

In FBC's Final Argument, FBC further states on page 6 that:

> FBC supports the customer's decision and ability to take responsibility for their own energy needs, the Company does not however support requiring that other customers pay for increased power purchase costs without the same ability to realize decreased electric bills that Net Metering customers enjoy.

2.1 The Panel's understanding of the CSPP is that if the community solar pilot project fails to recover all costs associated with the program, the shortfall would be (directly or indirectly) born by other FBC ratepayers. Please confirm, or provide clear information on who would bear the risk.

2.2 Please reconcile FBC's position on non-participating ratepayers' exposure to risks associated with a) the net metering program, and b) community solar pilot project.

3.0 Reference: PLANNING ENVIRONMENT
Exhibit B-1, p. 27; Exhibit B-9, Shadrack IR 11.i, 11.iii;
Exhibit B-2, BCUC IR 9.3.2, IR 30.2; FBC 2016 NM proceeding,
Reasons for Decision, p. 5; FBC CSPP, Exhibit B-2, BCUC IR 3.19
Community Solar

FBC states in its 2016 LTERP Application on page 27, that one of the key features of the net metering program is that it is intended only to offset part or all of the customer's requirements for electricity.

FBC further states in response to Shadrack IR 11.i that "NM as designed and approved is not intended to be a supply resource," and in Shadrack IR 11.iii that the "NM program helps facilitate distributed generation within the FBC system."

FBC further states in response to BCUC IR 9.3.2:

> The Company only includes sources of supply in the long term planning process where there is a long term commitment that the power will be available. Therefore, excess energy from net metering customers is considered short-term in nature as there is no long-term commitment.

On page 5 of the FBC NM reasons for decision, the Commission stated:

> The Panel feels that these broader issues (for example, whether the Program should be expanded beyond its original intent) are more appropriately addressed following the LTERP and/or [self-generator policy (SGP)] proceedings as these proceedings may provide broader guidance regarding FBC's self-generation strategy.

In the CSPP proceeding, FBC states in response to BCUC IR 3.19: "As noted in earlier responses, there is no alternative supplier of the service to FBC end-use customers that the pilot project involves."

In the LTERP proceeding, FBC states in response to BCUC IR 30.2: "FBC could also expand the net metering program, but does not expect that such a supply would significantly change LTERP requirements."

3.1 In the net metering program, customers install their own generation capacity and provide FBC with clean, renewable energy in the form of net excess generation (NEG). In the community solar pilot project, FBC proposes to make an investment to build a PV solar system in order to help customers interested in, but unable to install solar generation (and potentially other forms of distributed generation). Instead of making investment in the community solar pilot project, has FBC considered purchasing energy from the net-metering program participants, and supplying that clean energy to those customers who are unable to install PVs (for any of the reasons as listed by FBC). Please explain.

3.1.1 If not considered, please explain why not.

3.2 Please explain whether FBC considers it possible for net metering participants to have a long term commitment to supply energy to FBC.

3.3 Does FBC see any obstacles to an expansion of the net metering program so as to provide a supply of PV solar energy, BC generated distributed generation power to FBC end-use customers? Please explain.

3.4 Please comment on FBC's willingness to expand its net metering program to enable using the program as a supply source of clean, distributed generation energy.

4.0 Reference: PLANNING ENVIRONMENT
FBC CCSPP, Exhibit B-1-1, Appendix A, Revised Proposed Tariff Pages;
Exhibit B-2, BCUC IR 14.4; FBC NM, Exhibit B-1, p. 10
Value of energy generated from clean distributed generation

FBC is requesting approval of two rate schedules in the CSPP proceeding: Rate Schedule 85A – "FortisBC Virtual Solar Rate Option" and Rate Schedule 85B – "Solar Offset Rate".[1]

Under Rate Schedule (RS) 85A, CSPP customers will be charged $7.17 per panel per month to participate in the solar program. Additionally, the following clauses are included in RS 85A:

4. If in any month, the number of kWh determined in item 2 above exceeds the total kWh consumption recorded by the meter(s) associated with the Customer's account that has been designated to receive the power from the Customers share of the DSGR the additional output shall be held in a "kWh Bank" and used in subsequent billing periods to offset net consumption.

5. In the event that there is a balance in the kWh Bank at March 31, the balance will be reduced to zero. In the case where there is a balance in the kWh Bank at March 31, and the balance has been reduced to zero, FortisBC shall be deemed to have purchased that amount of electricity from the Customer, and shall pay the Customer for that electricity at the rate determined in accordance with Clause 6 below. If such amounts are not large, they will be carried forward and included in the billing calculation for the next period at the discretion of the Company.

6. The rate paid for electricity represented by kWh remaining in the kWh Bank at the billing period immediately following March 31 in each year shall be the BC Hydro 3808 Tranche 1 energy rate in effect at the time.

Under RS 85B, CSPP customers will be charged $0.246 per kilowatt-hour (kWh) for each kWh of energy the customer deems to be supplied from the CSPP.

[1] Exhibit B-1-1, Appendix A, Revised Proposed Tariff Pages.

In response to BCUC IR 14.4 in the CSPP proceeding, FBC states the following:

> The use of the BC Hydro RS 3808 Tranche 1 rate…is consistent with the valuation used for other ad-hoc deliveries to the FBC system, and best reflects the unused output to the Company. Although the 3808 rate may not be the least cost resource available to the Company at any given time, it does represent a consistent short term option for purchasing incremental energy and on an annual planning basis is used as the resource to balance load and resources in the Annual Electric Contracting Plan, as accepted by the Commission. It provides a consistent valuation for the unused output regardless of the rate schedule under which the customer normally receives service.

In the FBC 2016 NM proceeding, FBC states on p. 10:

> …FBC is proposing two changes in the Program. The first is to adopt an NEG carry-forward methodology consistent with that used by BC Hydro and other utilities surveyed across Canada. That is, the use of a kWh bank that alternately carries NEG forward to offset consumption in a future billing period, or applies previously accumulated NEG in a billing period when net consumption exceeds net generation. The second change is, in those situations where a customer under RS95 has a balance in its kWh bank at March 31, those kWh hours will be purchased by the Company at the BC Hydro RS 3808 Tranche 1 rate.

4.1 Please explain the difference in FBC's proposed price of energy to supply a net metering participant's own demand (essentially the retail rate through the offset mechanism) vs the price of energy to supply the demand of a CSPP participant at $0.246/kWh using energy generated from solar PVs.