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VIA ELECTRONIC MAIL

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**Attention: Patrick Wruck, Commission Secretary and Manager,
Regulatory Support**

Dear Sirs/Mesdames:

Re: FortisBC Inc. Self-Generation Policy Stage II Application ~ Project No. 3698820

We are counsel for the Commercial Energy Consumers Association of British Columbia (the "CEC"). Attached please find the CEC's comments on the outstanding issues with respect to he above.

Should you have any questions regarding the foregoing, please do not hesitate to contact the writer.

All of which is respectfully submitted.

Yours truly,

OWEN BIRD LAW CORPORATION



Christopher P. Weafer

CPW/jj
cc: CEC
cc: FortisBC Inc.
cc: Registered Interveners

**COMMERCIAL ENERGY CONSUMERS ASSOCIATION
OF BRITISH COLUMBIA (“CEC”)**

COMMENTS ON OUTSTANDING ISSUES

FortisBC Inc. Self-Generation Policy Stage II Application ~ Project No. 3698820

1. The CEC represents the interests of ratepayers consuming energy under commercial tariffs in applications before the BC Utilities Commission (“BCUC” or “Commission”).
2. On August 10, 2017 the Commission requested comments from participants in the FortisBC Inc (“FBC”) Self-Generation Policy Stage II proceeding regarding the best process moving forward, and specifically on whether development of a Self-Generation Policy (“SGP”) is required and/or the most effective means for addressing specific issues.
3. The CEC provides the following comments on the issues itemized by the Commission.
 - A. Matters relating to Section 2.5 of the 2014 Rate Schedule 3808 Power Purchase Agreement between FBC and the British Columbia Hydro and Power Authority (BC Hydro) (Order G-60-14), and the extent to which it:**
 - A.1 Is necessary/effective in protecting BC Hydro’s ratepayers;**
4. FBC states that it has proposed an SGP that it hopes will alleviate Commission concerns regarding the possibility that FBC would increase its use of BC Hydro power to serve additional demand within FBC service territory.
5. FBC states that even if there were not an SGP in FBC service territory, Section 2.5 restrictions would still be unlikely to have any significant influence on BC Hydro ratepayers.
6. They reference a Commission observation that:

“any embedded cost energy that could have been used to serve incremental load under the 1993 PPA has almost totally been eliminated by the terms of the New PPA due to the introduction of the Tranche 1 cap, the Tranche 2 price and the Energy and Nomination Scheduling requirements.”
7. The CEC believes that the FBC statements should be tested in an IR process.
8. BC Hydro does not support the removal of Section 2.5 restrictions. In their Intervenor comments supplied in the application they state:

“Although there are elements of the Draft SSO Guidelines which address some of the concerns we have raised in the past, it is still unclear to BC Hydro how the SSO Guidelines do not negatively impact ratepayers and,

in particular, BC Hydro ratepayers. The methodology, as proposed by FortisBC, does not conform with Commission Order G-38-011 and the principle of not requiring the utility to supply increased embedded cost of service to facilitate a self-generating customer's exports to market. The Draft SSO Guidelines do not seek to identify incremental generation of a self-generating customer in excess of what the customer normally generates, but instead simply seek to identify 50 per cent of what a self-generating customer generates (in a recent representative year) to serve its plant load and then convert that annual number to an hourly MW figure. Our understanding is that once a FortisBC self-generating customer receives a Commission-approved SSO, and the customer chooses to use its SSO, then FortisBC will be required to increase its supply obligation by the difference between the SSO and the customer's normal self-generation output for the purpose of facilitating exports to market by that customer. We understand that FortisBC plans to resource such additional service requirements from its available resource stack, which may include the Power Purchase Agreement (PPA) with BC Hydro."

9. To the extent that BC Hydro is accurate in this assessment, the CEC considers that there may be material impacts to the FBC ratepayers as well as BC Hydro ratepayers.
10. With regard to the above Commission observation and Section 2.5 of the PPA, the CEC recognizes that the impact on BC Hydro ratepayers from FBC self-generating customer activity may be minimal, but considers that there is no harm in having Section 2.5 remain in place. It may be beneficial in terms of preserving the intent of the agreement and in ensuring that future modifications to the SSO do not jeopardize this intent.
11. The CEC does not consider it would be prudent for the Commission to consider modifying clauses in the PPA which are intended to protect BC Hydro ratepayers without specific consideration of BC Hydro views on the potential impact on its ratepayers.

A.2 Is necessary/effective in protecting FBC's ratepayers;

12. FBC does not consider Section 2.5 of the PPA to offer protection to FBC ratepayers, but was instead intended to offer protection to BC Hydro ratepayers.
13. The CEC agrees with FBC on this matter.

A.3 Affects the ability of FBC and its customers to establish terms of service; and/or

14. FBC considers that clarity and finality around the Section 2.5 issue is the key means to establish term of service. They state that while removal of the Section 2.5 restrictions

¹ Order G-38-01 (BC Hydro Obligation to service RS 1821 Customers) provided the capability to sell excess self-generated electricity to customers with idle self-generation, provided the self-generating customer do not arbitrage between BC Hydro's embedded cost utility service rates and market prices.

from the PPA would lead to a minimum amount of effort, even if the Section remains the mechanism contained in the Energy Export Agreement (Order G-60-14) could be adapted to enable FBC to serve its customers as appropriate. Once the general mechanisms are agreed upon between FBC and BC Hydro, any future FBC customer terms of service would be routine.

15. The CEC accepts FBC as the appropriate authority on how the Section 2.5 would affect the ability of FBC and its customers to establish terms of service, and adopts the FBC view in this matter.

A.4 Affects regulatory efficiency;

16. The CEC agrees with FBC's view that once a decision is reached with respect to the Section 2.5 restriction, and particularly if the SGP is approved, then it would not be required to submit further applications to the Commission for the routine establishment of terms of service for its customers, other than for final approval.

B. Matters relating to the utility's obligation to serve and/or the self-generator's obligation to offset load as it pertains to:

B.1 Existing FBC self-generation customers under their current configuration;

B.2 Existing FBC self-generation customers who wish to take advantage of idle generation capacity and/or add to existing self-generation capacity; and

B.3 Existing or new FBC customers wishing to become self-generators;

17. FBC has concerns regarding the reopening of issues related to this matter that the Commission has already addressed.
18. The CEC does not have an objection to examining any issue that the Commission has previously addressed, and believes it is important to do so where there may be new considerations, incompleteness in prior judgements or any other relevant factors.
19. The CEC notes that the Commission is not bound by its prior determinations.
20. The CEC agrees with FBC and with previous Commission decisions that the utility does not have an obligation to serve the full plant load of a self-generating customer where there may be impacts to other customers and without regard to historical practice.
21. FBC states that the proposals contained in the Company's Stage II SGP Application effectively address the issues raised, for the term of the agreement between FBC and its customer. They state that the provisions contained in the proposed SGP are sufficient to deal with each of the circumstances described in the above bullet points.

22. The CEC believes that the FBC assertions should be properly tested in an Information Request process.

C. Matters relating to the extent to which FBC should be neutral, encouraging or discouraging towards self-generation.

23. The CEC agrees with the FBC position that customers should be free to make investment decisions appropriate for their circumstances, and that it is not the role of the utility to encourage or discourage the installation of customer-owned generation by any customer.

D. Matters relating to the measurement and allocation of any benefits/costs arising out of self-generation activity.

24. FBC states:

The SGP filed by FBC addresses the benefits/costs by making an assumption that such net benefits may exist. Any attempt to actually define, identify, measure and provide some form of compensation based on that exercise to either a customer or FBC is likely to be an incredibly difficult and contentious undertaking that seems unlikely to justify the effort and expense to other customers. FBC does not consider that anything further is required in this regard.

25. The CEC agrees with FBC on this matter.

E. A consideration of whether the SGP Stage 1 decision and accompanying directives provide the most appropriate foundation for moving forward.

26. FBC states:

The SGP Stage 1 Decision was the basis for the Company's Stage II Application. Although FBC has stated that it has reservations regarding some of the potential outcomes of the SGP as filed, it expressed those reservations (such as the in the response to BCUC IR 1.3 referenced above) not because it is seeking to abandon the process, but in an effort to make clear institution of the SGP, which FBC can certainly work with, is not without risk.

27. The CEC believes that the SGP Stage 1 is an appropriate and useful foundation for moving forward; FBC's Stage 2 follow up also appears to be useful in moving forward.

F. Within this context, the Panel wishes to explore if, and potentially the extent to which, the key issues of the current proceeding are: a) appropriately framed; b) still relevant; c) still require a remedy; and/or d) within the jurisdiction of the Commission.

28. FBC states:

The overall SGP is a collective of policies and rates that describe how service to a customer with self-generation within the FBC service area is to be managed. FBC considers that providing some clarity to customers through these documents is a positive outcome and that they are still relevant and should be put in place. As the SGP is structured, FBC believes that the Commission has jurisdiction to decide the matter. FBC does not see it as necessary to frame the SGP as linked directly to the Section 2.5 restrictions since those restrictions can either stay or be removed without impacting the SGP in its current state.

29. The CEC agrees with FBC that the issues raised in the proceeding are a) appropriately framed; b) still relevant; c) still require a remedy and d) are within the jurisdiction of the Commission.

30. The CEC agrees with FBC that the SGP should not be linked directly to Section 2.5.

G. Additional Comments.

G.1 Should the current proceeding proceed or be dismissed?

G.2 If your view is that the proceeding should be dismissed, what issues remain that the Commission must address through some other means?

G.3 What approach would be most effective in addressing any issue(s) identified in response to question 2?

31. The CEC agrees with FBC's view that the current process should be allowed to proceed.

ALL OF WHICH IS RESPECTFULLY SUBMITTED

David Craig

David Craig, Consultant for the Commercial Energy
Consumers Association of British Columbia



Christopher P. Weafer, Counsel for the Commercial
Energy Consumers Association of British Columbia