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April 20, 2018

Mr. Patrick Wruck
Commission Secretary and Manager
Regulatory Support
British Columbia Utilities Commission
Suite 410, 900 Howe Street
Vancouver, BC V6Z 2N3

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Routing

Reference: A. BC Hydro Power Smart letter from Fred James, Chief Regulatory Officer dated April 20, 2018

Dear Mr. Wruck:

RE: British Columbia Utilities Commission (BCUC or Commission)
British Columbia Hydro and Power Authority (BC Hydro)
Application to Amend Net Metering Service under Rate Schedule (RS) 1289

Overview

I have just installed a Photo Voltaic (PV) solar energy system that was approved for use as of the writing of this letter. Coincidentally, on the very next day I received a notification from BC Hydro expressing their view that individual generation capacity "beyond their own energy needs" should be limited. Since BC Hydro currently holds a monopoly on energy production, transmission, billing, and standards, I would expect nothing less from a 'crown corporation' that, at times, seems to behave in a rather arbitrary and authoritarian manner when their monopoly is challenged.

The reality of 21st century electric energy is that the cost of home generation is dropping quickly, while the associated technology is improving more rapidly than our ability to absorb the change. According to Reference A, there are currently about 1200 net metering customers in BC and that is expected to grow by about an additional 600 customers in 2018. I will examine some of the possible reasons for this growth later in this submission.

On the other hand, large public corporations like BC Hydro, based on my experience in government, are more often than not interested in self-preservation, are overly bureaucratic, lack imagination, are resistant to change, and rely on public monies and their monopoly status to stifle innovation and progress. A case in point would be the 'Site-C' - dam project which, as near as I can tell, is not in the public interest, not based on any sound financial business plan, is already over-budget, but is a shining example of business as usual and a lack of foresight given the changes that are already affecting cumbersome and conventional business models.

It would be very short-sighted for me to fail to acknowledge the role that politics plays in the decision making surrounding this, and other larger issues. Nonetheless, at some point Provincial politicians will have to examine the issues under discussion in greater detail and develop a policy framework that will guide us into the next two to three decades.

In the subsequent submission I would like to address the Rate Schedule (RS)1289 application in Reference A from a personal and practical perspective and highlight some of the inequities of the current system. I have chosen to use a table to illustrate the inequities and other issues.

Finally, when I bought my home in 1998, it came with a grandfathered rate for E-Plus which was a factor in purchasing the home. I have addressed that particular issue separately with BC Hydro in the past and will not cover the salient point that I made at that particular time. When BC Hydro pursued an application to change the rate structure several years ago it was decided by the Commission that E-Plus would end when a home was sold – there were only approximately 1,200 customers at the time. Recently I received notification that the E-Plus rate would be annually adjusted by several percentage points until it equaled the prevailing rates which in essence superseded the previous decision. Unsurprisingly, promises were made and then broken all in the span of a few short years – monopolies can do that.

Factors

The following table highlights some of the factors that I feel are germane to your decision-making responsibility, especially from the perspective of a consumer, and soon to be, a private generator of electric power.

Index	BC Hydro	Private Generator
1.	All bureaucracy, infrastructure, operations, and maintenance paid by the public.	All costs including materials, installation, permits, operation, and maintenance borne by the individual.
2.	Multi-tiered rate structure for industry, business, and individuals.	Single rate structure.
3.	Transmission and loss costs offset by billing.	No transmission costs
4.	Lower industrial rates for large or preferential consumers that, in effect, constitute a tax on everyone else.	No equivalent.
5.	Increased annual costs to consumers to support current and future business plans.	No equivalent.

If we accept that electricity is electricity and is a commodity that can be bought and sold, then we also have to accept that it should not matter how or who produces the electricity—provided it meets a mandated standard. I believe that there is an admission of concern by BC Hydro that private generators will eventually change the way we produce, store, transmit, and use electricity

in the future – and rightfully so. I count myself among the vanguard of those people that are making this necessary and practical change.

What BC Hydro considers to be over capacity based on historical consumption is not a good indicator of future needs. For example, the clawing-back of my E-Plus rate has already affected my total energy costs and will continue to do so well into the future. As my wife and I age, we have both been affected by arthritis. Our historically low consumption has been based on our individual efforts to be a bit more 'green' than our neighbours and friends. Regrettably, our consumption has increased, and will continue to increase, to provide an environment that is commensurate with our medical needs. We have recently purchased an electric vehicle which will also increase our consumption. Climate change, and our personal mitigation efforts will ultimately affect our consumption as we turn away from fossil fuels to more sustainable forms of energy. The Site-C dam is not environmentally sound, and will suck significant monetary resources out of the Provincial treasury. Moreover, it is counter-productive to our personal efforts to leave the planet in better shape. BC Hydro's two-tier rate structure for residential use has a disproportionate impact on homes that were converted to electric heat at the urging and lure of BC Hydro's E-Plus Program—not to mention the conversion costs! BC Hydro's costs are projected to rise at a rate that is substantially greater than the rate of inflation. My private generation capability has been sized to offset these costs and help defray the costs of installation and maintenance.

The differences are that BC Hydro is publicly funded, while we are a private enterprise trying to break into their monopoly. We private generators have to bear the full costs of our production and so I do not believe that it is unreasonable to expect us to sell any surplus back into the grid at a fair and reasonable price to recoup our costs – just like BC Hydro does. Furthermore, since it is a commodity, why should BC Hydro even care how much is being generated by private generators? The simple answer is that it will affect their current and future business plans (like Site C dam) and affect future government tax revenues.

Page 8 of Reference A states: "Projects with oversized generating facilities that have an annual energy output that is well in excess of the customer's annual load requirements provide a consistent supply of surplus energy to BC Hydro that conflicts with the intent of the Program, which is to encourage and allow customers the opportunity to generate electricity only to offset part or all of their own load requirements with a clean or renewable resource." I can only conclude that BC Hydro established and designed the "Program" to stifle private producers while protecting their own monopoly. Indeed, what other conclusion could be drawn from this statement? Yet, by their own admission, there will be a shortage of generating capacity in the future and that formed part of the rationale for the development of the Site-C dam. Furthermore, given the size of any payouts to private generators, those payouts in 2017 pale in comparison to their annual budget and do not financially represent a 'clear and present danger' to the Corporation—and any suggestion to the contrary would be patently absurd. The 'Program' represents a first step in the evolution of private generation capability and needs to be reviewed by all stakeholders on a regular basis. The development of the 'Program' can not be left to BC Hydro alone which has clearly tried to limit innovation and initiative.

I implore you to consider the future of electricity production. Over the next few years battery storage, coupled with photo-voltaic cells, will provide the capacity to run a home for days and in the long-term relegate BC Hydro to the equivalent of a big battery stored behind a dam somewhere in BC. Except for large industry, their revenue streams will continue to diminish at the same rate that private generation is introduced. The chart on page seven of Reference A clearly illustrates their concern. If we consider a modest growth in private generation over the next twenty years then, as an organization, BC Hydro will be dramatically changed. Since the cost of production at or close to the point of use is more economical than production at distant and remote sites, then it is only logical to apply a single rate to the production of surplus electricity regardless of the private generation capacity. In this way, we shift the cost burden of developing new sources of electricity to private generators. In essence, the future of BC Hydro is as a power broker between private and public electricity services, in addition to maintaining strategic generation capacity, transmission, standards, and billing.

BC Hydro's views on limiting generation capacity only serves to illustrate their unwillingness to relinquish the monopoly and stranglehold they have over both the consumer and now private generators. I strongly urge the Commission to reject their application at Reference A and support the trend to unlimited private generation that is commensurate with a fee structure that represents the true and unsubsidized cost of electrical generation in the Province.

Yours truly

A handwritten signature in cursive script, appearing to read "Richard Lacharite". The signature is written in dark ink and is positioned above the printed name.

Richard Lacharite