



Dennis Swanson  
Director, Regulatory Affairs

**FortisBC Inc.**  
Suite 100 - 1975 Springfield Road  
Kelowna, BC V1Y 7V7  
Ph: (250) 717-0890  
Fax: 1-866-335-6295  
regulatory@fortisbc.com  
www.fortisbc.com

June 17, 2009

**Via Email**  
**Original via mail**

Ms. Erica M. Hamilton  
Commission Secretary  
BC Utilities Commission  
Sixth Floor, 900 Howe Street, Box 250  
Vancouver, BC V6Z 2N3

Dear Ms. Hamilton:

**Re: Net Metering Tariff Application Project No. 3698552**

Please find enclosed FortisBC Inc.'s Final Submission with regard to the above noted project. Twenty copies will be couriered to the Commission.

Sincerely,

A handwritten signature in black ink, appearing to be "D Swanson", written over a horizontal line.

Dennis Swanson  
Director, Regulatory Affairs

## **FINAL SUBMISSION OF FORTISBC INC.**

### **Net Metering Tariff Application Project No. 3698552**

#### **A. INTRODUCTION**

1. On April 17, 2009, FortisBC Inc. (“FortisBC” or “the Company”) applied to the British Columbia Utilities Commission (“the Commission”) for approval of;
  - a. Revisions to Rate Schedule 80 – Charges for Connection or Reconnection of Service, Transfer of Account, Testing of Meters, and Various Custom Work and;
  - b. Net Metering Rate Schedule 95 and;
  - c. Net Metering Interconnection Agreement

Collectively, these documents constitute a Net Metering Program (“the Program”).

2. On April 28, 2009, the Commission issued Order G-43-09, wherein the Commission set down a written public hearing to review the Program Application (the “Application”) process.
3. Order G-43-09 also called for Commission and Registered Intervenor Information Requests #1. In addition to those received from the Commission, Information Requests were received from the BC Old Age Pensioners Organization (the “BCOAPO”), the Okanagan Environmental Industry Alliance (the “OEIA”), Resolution Electric Ltd. (“Resolution”), and Christina Postnikoff. FortisBC responded to all Information Requests on June 10, 2009 (Exhibit B-2).
4. For the reasons described in the Application and as further detailed below, FortisBC submits that the evidence before the Commission establishes that the Program as proposed in the Application and as modified by the responses to specific Information Requests should be approved.

**B. DESCRIPTION OF THE PROGRAM**

5. The Net Metering Program is supportive of the BC Energy Plan: A Vision for Clean Energy Leadership, the “2007 Energy Plan”, the Utilities Commission Act, particularly Section 64.01 regarding provincial self-sufficiency, and the parameters provided by the BC Utilities Commission for such a program as outlined by the Commission, in its Letter L-37-03 to BC Hydro dated July 22, 2003, which included:
  - Availability to residential and commercial classes;
  - Applicable only to clean energy projects;
  - Applicable to generation of 50 kW or less;
  - Interconnection must be safe, but rules governing interconnection should not be extensive or administratively burdensome;
  - Customer generation limited to own use at the registered location of the installation, and net excess generation may be banked as a credit against future net consumption; and
  - The utility should propose a rate for purchase of net excess generation on a given anniversary date.
6. The Program meets the requirements of the Utilities Commission Act, and, for the reasons set out above and in the Application, is not unjust or unreasonable within the meaning of the Act.
7. The proposed Net Metering Program allows participants, termed “Customer-Generators”, to take responsibility for their own power production, and to reduce their environmental impact by interconnecting small generating facilities with the FortisBC system.
8. The Program allows for the connection of generating technologies that are defined by the Government of British Columbia as “Clean and Renewable” and as may be updated from time to time.

9. Customer-Generators may install generation with no greater than a 50 kW nameplate rating and must comply with FortisBC’s Net Metering Interconnection Guidelines and must sign a Net Metering Interconnection Agreement prior to having a Net Metering System connected to the FortisBC system.
10. It is the overriding intent of the program that customers gain the ability to offset their own consumption.
11. As with any Net Metering Program, a Customer-Generator’s generation output up the level of the consumption at the premise is automatically valued at the underlying retail rate under which service is provided. Generation in excess of the on-premises consumption is also valued at the underlying retail rate. Where service is taken under a Time-of-Use (“TOU”) or Green rate, all related premiums and/or time-based rate adjustments are reflected in the dollar amount credited to the account from Net Excess Generation as defined in the Application.

**C. ISSUES ARISING ON THE APPLICATION**

12. Through comments received during public consultation, it is clear that there is general support for the implementation of a Net Metering Program in the FortisBC service area. In his e-mail to the Company and the Commission, Mark McKenney writes, *“I am in support of Fortis’ application, and urge the Commission to consider public input and move this Net Metering Application forward.”* (Exhibit B-1, Appendix I). Mr Donald Scarlett also comments, *“I support the net metering concept for a number of reasons, including:*

- *Encouraging development of renewable energy with low environmental impact,*
- *Potentially strengthening the grid by distributing generation sources,*
- *Stimulating innovation in small-scale renewable energy production,*
- *Recognizing the value to the Province of small-scale self-generation, and*
- *Treating small-scale self-generators equitably.* (Exhibit B-1, Appendix I)

These are typical of the comments received during the consultation activities.

The individual aspects of the Program to which comments and Information Requests were directed are identified and discussed in the following sections.

**(i) Program Parameters**

13. Capacity Limit - Several intervenors sought clarification on the nature of the 50 kW capacity limit of the generation, (Resolution IRQ1.1, BCUC IR Q2.1, Q2.2), and the treatment of installations that exceed the limit (BCUC IR Q16.1, BCOAPO Q1a). The 50 kW limit is consistent with the intent of the Net Metering Program and as noted by the Commission in Appendix A to Order G-26-04, the Reasons for Decision in the BC Hydro Net Metering Application, “...from a regulatory perspective, limits to system size are intended to reduce the potential magnitude of cost-shifting to non-participating customers.” FortisBC maintains that a 50kW limit is appropriate.
14. Metering – FortisBC maintains that the use of a single meter which adheres to Measurement Canada guidelines is appropriate for the Program, with dual meters acceptable where a cost or technical advantage exists. Standard electro-mechanical meters will not be permitted due to potential inaccuracies of readings, as explained in the response to BCUC IR#1 Q 8.1.
15. Eligible Technologies – No intervenor took issue with the eligible technologies as listed in the Application (Exhibit B-1). FortisBC further notes that the Application states on page 8, lines 2 to 4, that additional technologies may be accepted. This is further explained in the response to BCUC IR Q4.1.

**(ii) Program Participation and Cost**

16. As noted in the response to BCUC IR Q3.2, determining the participation in the Program, both in terms of overall take-up and by technology is speculative. For the foreseeable future, however, the potential impact on rates, costs and system load requirements is

negligible. There were no issues raised during this proceeding related to participation or cost that could warrant the denial of this Application.

17. FortisBC acknowledges that there will be costs associated with the implementation and administration of the program as well as the decrease in revenue from customer-generators. However, the magnitude of the costs is extremely small and the proposal to spread them amongst the entire customer base is consistent with the practice of BC Hydro and has received minimal attention during public consultation and the formal portion of this proceeding.

**(iii) Net Excess Generation**

18. The amount paid by a utility to a Customer-Generator for Net Excess Generation garners considerable attention in Net Metering discussions. FortisBC is of the opinion that given the likelihood and potential impact of net excess generation for either the Customer-Generator or the Company, the topic receives a disproportionate amount of consideration. The experience of BC Hydro has been that, at the time of filing its Net Metering Re-pricing Application in 2008 only one participant had ever been in a surplus position. Furthermore, any surplus should be a temporary exception since the net metering program is intended only for customers to offset their own consumption. Given the small amount that any surplus could potentially be under the program rules, and the additional administrative requirement that would result, FortisBC does not propose to pay a rate other than the proposed retail.
19. As evidenced by the lengthy payback periods as described in the responses to BCUC Information requests Q8.3, Q9.1, and 13.1-13.3, a customer's justification for the installation of a net-metering system must include more than economic considerations. While the payment of an incentive component on a power purchase rate for the promotion of a certain technology may make sense on a larger scale project, for a net-metering system it is unnecessary.
20. FortisBC respectfully submits that the program developed and submitted with its Application represents a workable balance between the desires of certain of its customers,

and the impetus found in the 2007 Energy Plan, to have in place a Net Metering program, with its obligation to provide power to its entire customer base at the lowest reasonable cost.

(iv) **Impact on load**

21. The issue of whether or not a Net Metering Program will have an impact on the load requirements of FortisBC was raised during the IR process by the Commission; "... please provide for the next three years: Projected decrease in capacity demand." (Q3.2.2). The Company does not consider that the nature or amount of energy generated by even the aggregate of the installed net metering systems will be significant enough to include in its resource stack.

**D. CONCLUSION**

22. Throughout the public consultation activities, the submission of written comment, and the Information Request process, no intervenor argued that the Net Metering Program should not be approved. In fact, several parties indicated that they support the Application and indicated that its introduction was overdue. The bulk of the comment and questions merely sought clarification on program details and occasionally, suggested small changes that would improve program implementation.
23. FortisBC has incorporated many of the stakeholder suggestions into the Application that it submitted to the Commission on April 17, 2009, and has continued to accept suggestions through the Information Request process including the revised Application Form (per Resolution IR#1 Q6.1) The resulting FortisBC Net Metering Program provides a highly workable Program that satisfies both the BCUC initial parameters as repeated in paragraph 6 above, the Program Objectives as discussed in the Application on page 5.
24. For all the reasons discussed above, FortisBC believes that its Net Metering Program is in the public interest and should be approved.

ALL OF WHICH IS RESPECTFULLY SUBMITTED

A handwritten signature in black ink, appearing to be 'DS', written over a horizontal line.

Dennis Swanson  
Director, Regulatory Affairs