

**FortisBC  
2009 Net Metering Tariff Application  
Final Submission**

**by OEIA**

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For: Okanagan Environmental Industry Alliance  
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Project Number: 3698552**

The following submission is submitted on behalf of the Okanagan Environmental Industry Alliance for the FortisBC Net Metering Tariff application.

**1.0 Self-sufficiency**

FortisBC notes in its Final Submission that its “*Net Metering Program is supportive of . . . the Utilities Commission Act, **particularly Section 64.01 regarding provincial self-sufficiency** . . .*”<sup>1</sup> [***emphasis added***]

Given the evidence that has come forward in the proceedings, we have issue with the implications of this statement. One would assume that in noting that provincial self-sufficiency is “particularly” supported by the Net Metering program, that the programs make a reasonably significant contribution towards self-sufficiency.

The FortisBC evidence produced in this proceeding reveals that only .003% of the residential<sup>2</sup> and .006% of the commercial<sup>3</sup> annual energy is expected through this program by 2012 with only 25 customers.

FortisBC also admits that “*The Company does not expect any decrease in capacity demand due to the nature of [the] projects.*”<sup>4</sup>

***We submit that these levels of contribution are not reasonably significant in supporting provincial self-sufficiency, but instead are a necessary step towards the development of a significant program in the future.***

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<sup>1</sup> FortisBC Final Submission, June 17, 2009, Page 2

<sup>2</sup> 36,792 kWh / 1,221.7 GWh = .003%; (Exhibit B-2, BCUC IR#1, A3.2.1, Table 3.2.1 & Exhibit B-2, BCUC IR#1, A3.1, Table A3.1a)

<sup>3</sup> 40,296 kWh / 678.2 GWh = .006%; (Exhibit B-2, BCUC IR#1, A3.2.1, Table 3.2.1 & Exhibit B-2, BCUC IR#1, A3.1, Table A3.1a)

<sup>4</sup> Exhibit B-2, BCUC IR#1, Page 7, A3.2.2

## 2.0 Basis of program

FortisBC notes in its Final Submission that its “*Net Metering Program is supportive of . . . 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 . . .*”<sup>5</sup>. FortisBC also noted in its Application that “*in its Decision of the BC Hydro Net Metering Application, G-26-04, the BC Utilities Commission stated that it agreed that this ‘makes a clear directive for utilities to develop policies such as net metering’*”<sup>6</sup>.

FortisBC notes that it “*did not rely on additional studies or reports in the development of its Net Metering Program . . .*”<sup>7</sup> beyond those in the 2003-2004 BC Hydro Net Metering Application other than a review of “*a number of Tariffs used by other utilities from both Canada and the United States*”<sup>8</sup>.

***Therefore, we submit that FortisBC Net Metering program as presented in its application is in essence a response to the BCUC directive in G-26-04 in 2004 for Utilities to develop Net Metering policies. Further, we submit that it is not a program developed which is taking into account today’s regulatory and market environment as there were no additional studies or reports since 2003 and there was not a review of worldwide tariffs.***

## 3.0 Net Metering report

BCUC in granting BC Hydro’s Net Metering decision G-26-04 ordered BC Hydro to file a report<sup>9</sup>.

OEIA asked the following questions:

*“Is FortisBC planning to file a similar report? If so, please explain any changes that FortisBC plans compared to direction given to BC Hydro? If not, why does FortisBC not plan to file such a report?”*<sup>10</sup>

FortisBC in response states:

*“No, FortisBC is not planning to file an implementation report at this time”*<sup>11</sup>.

We note that FortisBC did not indicate any reason for its decision to not file a report.

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<sup>5</sup> FortisBC Final Submission, June 17, 2009, Page 2

<sup>6</sup> Exhibit B-1, Page 1, Lines 6 to 9

<sup>7</sup> Exhibit B-2, OEIA IR#1, Page 10, A7.3

<sup>8</sup> Exhibit B-2, OEIA IR#1, Page 10, A7.3

<sup>9</sup> Exhibit C7-2, Appendix C, G26-04, Item #3 & Exhibit C7-2, Appendix C, G26-04, Appendix A, Page 15 of 15, Section 2.6

<sup>10</sup> Exhibit B-2, OEIA IR#1, Page 8, Q6.1

<sup>11</sup> Exhibit B-2, OEIA IR#1, Page 8, A6.1

Such a report will be useful for determining the success of the program, and to lay the foundation for future customer distributed generation programs. There is no evidence why FortisBC should be given a different treatment for its Net Metering program compared to BC Hydro.

***Therefore, we submit that FortisBC should be directed to file a report similar to that of BC Hydro's as stated in G-26-04, section 2.6, within a set time period, we suggest perhaps within 2 years.***

#### **4.0 Payback period**

FortisBC reported that the estimated payback periods for a customer installing a Net Metering system would be from 153 to 459 years<sup>12</sup>.

FortisBC also stated:

*"FortisBC may choose to provide incentives through its PowerSense program for certain types of small generation technologies, which would be considered by FortisBC to be demand side management."*<sup>13</sup>

***We submit that 153 to 459 years is an unreasonable payback period to expect a viable on-going program. We submit that as part of the approval of the Net Metering application, FortisBC should commit to implementing a demand side management program to reduce the payback period of the Net Metering system to less than a certain number of years, we suggest, for now, perhaps 30 years would be reasonable.***

#### **5.0 Premiums**

FortisBC reported that there is *"a belief among some stakeholders that a premium should be offered on the NEG purchase rate in order to promote the Program and reduce the payback period on the initial investment"*<sup>14</sup>.

FortisBC reported that it had not *"written or gathered any studies regarding programs that have premiums offered"*<sup>15</sup>.

***We submit, that as part of the Net Metering report as indicated in section 3.0 of this document, FortisBC should include a report of world-wide programs that offer premiums.***

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<sup>12</sup> Exhibit B-2, BCUC IR#1, Page 25, A13.1 & A13.2

<sup>13</sup> Exhibit B-2, BCUC IR#1, Page 29, A15.3

<sup>14</sup> Exhibit B-2, OEIA IR#1, Page 10, Q7.4 & A7.4

<sup>15</sup> Exhibit B-2, OEIA IR#1, Page 10, Q7.4 & A7.4

FortisBC stated that “*Should Government or Commission policy regarding a potential incentive be released, FortisBC will consider it at that time.*”<sup>16</sup>

We note that FortisBC is not clear about its’ process in considering the policy - e.g whether Intervenors will have the opportunity to comment.

***Therefore, we submit, that should Government or Commission policy regarding the potential incentive be released, FortisBC should commit to prepare an BCUC application incorporating the policy.***

## **6.0 Support of FortisBC’s Net Metering Tariff Application**

We believe all the items listed within this document are reasonable requirements to be included in BCUC’s approval of this Net Metering Application. Should all the items be implemented, we would then support and encourage the approval of FortisBC’s Net Metering Tariff application.

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<sup>16</sup> Exhibit B-2, OEIA IR#1, Page 11, A7.5.1