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August 30, 2016

Commercial Energy Consumers Association of British Columbia  
c/o Owen Bird Law Corporation  
P.O. Box 49130  
Three Bentall Centre  
2900 – 595 Burrard Street  
Vancouver, BC  
V7X 1J5

Attention: Mr. Christopher P. Weafer

Dear Mr. Weafer:

**Re: FortisBC Inc. (FBC)**

**Project No. 3698875**

**Application for the Net Metering Program Tariff Update (the Application)**

**Response to the Commercial Energy Consumers Association of British Columbia (CEC) Information Request (IR) No. 2**

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On April 15, 2016, FBC filed the Application referenced above. In accordance with British Columbia Utilities Commission Order G-126-16 establishing further process in the Regulatory Timetable for the review of the Application, FBC respectfully submits the attached response to CEC IR No. 2.

If further information is required, please contact Corey Sinclair, Manager, Regulatory Services at 250-469-8038.

Sincerely,

**FORTISBC INC.**

***Original signed:***

Diane Roy

Attachments

cc: Commission Secretary  
Registered Parties (e-mail only)



FortisBC Inc. (FBC or the Company) Net Metering Program Tariff Update Application (the Application)	Submission Date: Aug 30, 2016
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1 **1. Reference: Exhibit B-7, CEC 1.1.7 and CEC 1.10.1**

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1.7 Please provide a monthly profile of the energy provided by rate class.

**Response:**

Please find below the requested data for 2015.

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2015 Loads (GWh)													
Rate Class	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Residential*	150.2	122.1	120.3	92.0	76.7	84.4	110.1	97.2	73.4	99.3	125.8	146.6	1298.1
Commercial	80.2	72.3	68.7	64.6	71.4	74.7	72.1	72.0	68.6	62.8	67.2	78.7	853.2
Wholesale*	65.8	58.6	51.6	41.1	41.1	36.0	45.2	43.9	37.4	42.7	51.9	65.1	580.5
Industrial	32.1	33.6	32.8	31.2	36.6	26.3	28.0	34.1	32.4	29.9	27.9	35.0	379.7
Lighting	1.3	1.3	1.3	1.3	1.4	1.4	1.3	1.3	1.2	1.3	1.3	1.4	15.9
Irrigation	0.8	0.7	1.1	2.7	5.7	7.9	8.5	7.7	5.2	3.1	1.8	0.9	46.0
(*Normalized)													3173

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Dollar values are at current rates regardless of the billing period year.

Rate Class	Total Accounts with Activity		Net Consumers		Net Suppliers		Total Net Consumption		Total Net Supply	
	2014	2015	2014	2015	2014	2015	kWh	Dollars	kWh	Dollars
Residential	30	59	25	50	5	9	686,032	\$ 105,740	318,843	\$ 64,246
Commercial	11	16	10	15	1	1	2,199,578	\$ 177,556	93,312	\$ 13,221
Irrigation	0	1	0	1	0	0	25,440	\$ 1,797	1,200	\$ 85
<b>Total</b>	<b>41</b>	<b>76</b>	<b>35</b>	<b>66</b>	<b>6</b>	<b>10</b>	<b>2,911,050</b>	<b>\$ 285,093</b>	<b>413,355</b>	<b>\$ 77,551</b>

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1.1 Please confirm that Net Metering customers typically supply during the summer months, and consume during the winter months.

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10 **Response:**

11 Net Metering customer generation is dominated by solar installations that produce more power  
 12 in the summer months than in the winter. Customers generally have higher consumption  
 13 through the winter. Generally speaking, the premise of the question can be confirmed.

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1.2 Please provide the 2015 Net Metering customer supply by rate class by month.

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1 **Response:**

2 The information below shows the net excess generation, by rate class, for those months in 2015  
3 where net generation exceeded net consumption. The numbers shown are the sums for only  
4 those individual customers that had net excess generation in a month, not the aggregate for all  
5 customers. This is consistent with the calculations in the referenced question. FBC can only  
6 provide the kWh billed in each of the months, which means that for the bi-monthly billed  
7 accounts, the kWh shown will have overlap between months and typically contain two months of  
8 data.

9 If the Net Metering customers were simply aggregated and had both net generation and net  
10 consumption considered as a group, there would be no month for any rate class where that  
11 group of net metering customers were net suppliers to FBC.

12 Also, this data represents when the kWh were billed as opposed to generated and consumed.  
13 As such, there is a billing lag within the numbers.

2015 NM Customer Supply by Billing Month													Total Net Supply
Rate Class	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	kWh
Residential	12,870	1,106	13,047	3,835	22,844	12,503	25,687	11,211	32,373	7,136	20,049	3,780	166,441
Commercial	8,201	-	7,850	1,032	11,948	1,641	10,148	2,824	9,985	1,447	-	-	55,076
Irrigation	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>21,071</b>	<b>1,106</b>	<b>20,897</b>	<b>4,867</b>	<b>34,792</b>	<b>14,144</b>	<b>35,835</b>	<b>14,035</b>	<b>42,358</b>	<b>8,583</b>	<b>20,049</b>	<b>3,780</b>	<b>221,517</b>

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18 1.3 Please provide the 2015 Net Metering customer consumption by rate class by  
19 month.

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21 **Response:**

22 The requested information is provided in the following table. This table shows the net  
23 consumption for the aggregated customers in each class. In other words, the table shows the  
24 sum of the net consumed power and net delivered power for each class. As with the response  
25 to CEC IR 2.1.2, FBC can only provide the kWh billed in each of the months, which means that  
26 for the bi-monthly billed accounts, the kWh shown will have overlap between months and  
27 typically contain two months of data.



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2015 NM Customer Consumption by Billing Month													Total Net Supply
Rate Class	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	kWh
Residential	34,555	79,909	14,991	23,734	10,933	15,247	- 3,665	21,032	- 8,847	34,834	32,111	67,930	322,765
Commercial	94,607	65,269	70,944	75,872	96,644	106,301	87,737	94,485	107,128	97,439	82,083	89,189	1,067,698
Irrigation	-	-	-	560	3,760	3,760	-	-	16,240	-	-	-	24,320
Total	129,162	145,178	85,935	100,166	111,337	125,308	84,072	115,517	114,521	132,273	114,194	157,119	1,414,783

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1    **2.    Reference: Exhibit B-7, CEC 1.8**

1.8    Please provide FBC's ability to store renewable energy in its system in terms of GWhs and duration of storage.

**Response:**

FBC generally has sufficient system storage and capacity to handle day-to-day operational variations in incremental renewable energy resources. However, FBC has only a very limited seasonal storage ability. No storage is available to move energy acquired in May, June or July to the rest of the year. Therefore, any run of river hydro resource option is not likely to be a good fit to meet FBC's requirements due to heavy generation in the May through July months.

About 20 GWh in total can be acquired in the months of April, August, September and October for use in the November through March period. However, this tends to be fully utilized through existing generation and market opportunities. Therefore, storing incremental renewable energy for winter use would come at the cost of acquiring less of other available resources that are likely to be more cost effective.

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2.1    Please confirm that the period of November through March is considered FBC's winter peak period.

**Response:**

Confirmed.

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2.1.1    If not confirmed, please provide the FBC's winter peak period.

**Response:**

Please refer to the response to CEC IR 2.2.1.

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2.2    Please confirm that customers who have Net Metering, and provide energy during the summer and consume energy in the winter are receiving a value as compared to other customers in that they are likely contributing to the peak



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1 capacity costs but are paying less overall for energy, which contains FBC's  
2 demand cost recovery in part or in total.

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4 **Response:**

5 Partly confirmed.

6 Since per kWh tariff rates recover a certain amount of fixed costs of the utility, any factor that  
7 reduces consumption will require the fixed costs to be spread across fewer billed kWhs and  
8 places an upward pressure on the rates of all customers.

9 With respect to peak reductions, the FBC winter/annual peak will almost certainly occur in the  
10 winter between the hours of 5 and 6 PM. The summer peak is more variable but usually is in  
11 response to peak air conditioning loads and will almost certainly occur between 5 and 7  
12 PM. Depending on local circumstances, it can be either the summer or the winter peak that  
13 drives the need to make additional investments to meet peak loads.

14 In order to make a contribution to meeting FBC peak loads, the Net Metering technology must  
15 make energy available during peak load times either through generation or the release of  
16 previously stored energy. Therefore, if a Net Metering installation can only generate during the  
17 day and doesn't employ any storage for later release, then, in such a case that Net Metering  
18 technology will only assist with the summer peak and there will likely only be a partial  
19 contribution to peak costs.

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24 2.2.1 If not confirmed, please explain why not.

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26 **Response:**

27 Please refer to the response to CEC IR 2.2.2.

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32 2.3 Please identify any other costs and benefits generated or received from Net  
33 Metering customers relative to other customers.

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1 **Response:**

2 Please refer to the discussion of the Net Metering Program and the potential impact on other  
3 customers in the responses to BCUC IR 2.13.1 and CEC IR 2.2.2.

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1    **3.    Reference: Exhibit B-1, Page 1 and Exhibit B-7, CEC 1.3.2**

The intent of the Program is evident in documents that form part of the regulatory record and the final version of RS 95 approved by the Commission. The Company's experience to date reveals that without the benefit of knowledge of the original regulatory process, and with insufficient clarity in the approved program documentation (including the RS 95 tariff schedule) some customers may embark upon the installation of a Net Metering System under certain material misconceptions about the potential program benefits. The Company is not proposing to change the treatment of NEG with respect to the incidental amount of NEG that the program was originally intended to accommodate. Rather, the Company is seeking to clarify the primary purpose of the Program as it has always existed. That is, installed generation capacity should not be in excess of the customer's annual requirements. In the following section, the Company summarizes the portions of the 2009 Application and associated regulatory process that described the purpose of the Net Metering program.

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3.2    Please confirm that businesses anticipating growth might be prudent to install generation to meet their future requirements, rather than just their present requirements.

**Response:**

During the initial discussion with customers on sizing their generation installation, consideration can be given for short-term planned increases in consumption. Longer-term planned increases in consumption could be offset with future incremental generation additions.

FBC notes there is nothing precluding a business from installing generation larger than allowed under the Net Metering Program – but it would not qualify for RS95. The benefits attributable to the offsetting of consumption would still be realized.

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4        3.1    Do all customers have an initial meeting with the company? Please explain.

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6    **Response:**

7    An initial meeting with the customer will sometimes take place if it is requested by the customer.  
8    It is more common for FBC to provide the customer with additional information and clarification  
9    via phone prior to or during the application process.

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13        3.1.1    If so, why do some customers have a material misconception about the  
14        potential program benefits?  
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1 **Response:**

2 FBC cannot speculate on why individual customers reach the conclusions that they do  
3 regarding the net metering program. The Company attempts to ensure that customers  
4 understand the Program criteria through its published documentation and conversations with  
5 interested customers. The Company is of the belief that making its suggested changes to the  
6 Program documentation will serve to further clarify the existing Program eligibility requirements  
7 and ensure that potential Program participants make decisions with the best possible  
8 information. The proposed changes do not alter the type or size of the installations currently  
9 permitted under the Program.

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13 3.1.2 If not, could a required meeting with the customer that serves to clarify  
14 the benefits be useful? Please explain why or why not.

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16 **Response:**

17 FBC does not believe that a meeting is always required, keeping in mind that FBC generally  
18 provides the customer with additional information and clarification via phone during the  
19 application process. The proposed changes to the Program documentation, along with  
20 additional effort to communicate the Program particulars during discussions with customers  
21 should be sufficient to address the Program intent.

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25 3.1.3 Are there aspects to the formal information exchange with potential  
26 customers that could be improved?

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28 **Response:**

29 Please refer to the response to CEC IR 2.3.1.2.

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33 3.1.3.1 If yes, please discuss and identify any plans that FBC has to  
34 undertake such improvements.

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- 1 **Response:**
- 2 Please refer to the response to CEC IR 2.3.1.2.
- 3

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1   **4.     Reference: Exhibit B-7, CEC 1.5.1**

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5.1   Please outline a scenario in which net metering customers retained a 50 MW maximum, but were entitled to sell electricity beyond their annual requirements into FortisBC's grid and elaborate on how such a scenario might impact FortisBC and non-participating customers. Please consider such issues as: How much energy might be available? What would be the appropriate price for FortisBC to pay for such energy? How would such energy affect FortisBC's planning and capacity requirements in the long run? Would there be net benefits to other customers or net losses? Please explain.

**Response:**

The Company assumes that the 50 MW value included in the question was intended to be "50 kW". FBC does not currently have any Net Metering customers with generation at the 50kW maximum. However, in the hypothetical situation where a customer had a large system that provided consistent, and relatively large amounts of unused annual net excess generation, other customers would be disadvantaged. Based on the factors outlined in the responses to BCUC IRs 1.9.4 and 1.9.4.2 any excess energy sold to FBC under Net Metering provides short-term value and would appropriately be valued at the BC Hydro RS3808 Tranche 1 energy rate. Therefore, under any rate above that level, the Company believes that there will be a net loss to other customers. However, under the proposed rate, as any excess energy purchased would

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be at the short-term value, the impact to other customers would be mitigated. There is no change to FBC's planning and capacity requirements in the long run.

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4.1   Please confirm that any energy delivered from the Net Metering customers could displace energy purchased under the Tranche 1 energy rate, such that FBC is purchasing the same amount of energy regardless of whether it is sourced from BC Hydro or from Net Metering customers.

**Response:**

11   It is possible that the situation posited in the question could occur. However, the more likely scenario is that BC Hydro PPA purchases would not be displaced by the output of Net Metered systems, but instead market-based resources that are more cost-effective than the BC Hydro PPA purchases. Please also refer to the response to BCUC IR 2.13.1.

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4.1.1   If not confirmed, please explain why not.



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1 **Response:**

2 Please refer to the response to CEC IR 2.4.1.

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6 4.2 What impacts would there be on FBC customers with regard to 3808 energy if  
7 the energy displacements exceed the threshold or deadband arrangements in  
8 place with BC Hydro? Please explain.

9

10 **Response:**

11 Please refer to the response to BCUC IR 2.13.1 for a description of the circumstances in which  
12 this event could occur. If this were to happen, then not all the required PPA energy would be  
13 purchased but it would still be paid for. To the extent that energy displacements contributed to  
14 this event, the end result would be that effectively the rate paid for such energy would be double  
15 since it was paid for twice, once under the PPA (and not received) and again at the PPA rate as  
16 annual net excess generation.

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1 **5. Reference: Exhibit B-7, CEC 1.6.1 and Exhibit B-1, Page 12**

6 **Reference: Exhibit B-1, Page 6**

With the introduction of the RCR, and following the Tariff language of RS 95, NEG for residential customers is now compensated at the Tier 1 rate up to the threshold of 1,600 kWh over 2 months and at the Tier 2 Rate for amounts over 1,600 kWh over 2 months.<sup>10</sup> FBC does not believe this to be reasonable given that:

1. The implementation of the RCR means that NEG can be valued at different amounts depending on the level generated, without any particular rationale;
2. NEG can be valued at the Tier 2 level approaching 15 cents/ kWh which is far in excess of the cost of other resources available to the Company and also in excess of any measure of long run marginal cost that the Company utilizes in resource planning, potentially encouraging customers to install more generation than they need to offset their own consumption; and
3. The relatively high per unit compensation amount incents generation above the levels intended by the Program.

6.1 Please provide the current compensation rates for Commercial and Industrial customers.

**Response:**

Industrial customers are not eligible for net metering.

Small Commercial (RS20) customers are billed at 9.921¢ per kWh.

Commercial customers (RS21) are billed at 8.430¢ per kWh for the first 8000 kWh and 6.998¢ per kWh thereafter.

- 2
4. For eligible Customers receiving Service under a Time-of-Use (TOU) rate schedule, consumption and generation during On-Peak Hours shall be recorded and netted separately from consumption and generation during Off-Peak Hours and held in separate kWh Banks such that any balance in the respective Banks ~~charges or credits applied to the account reflect~~ can be applied in subsequent billing periods in either the On-Peak or Off-Peak Hours ~~the as~~ appropriate ~~time dependent value for the energy.~~

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5 5.1 Please confirm that the 'compensation rate' is equal to the 'billing rate' under the  
6 current Net Metering tariff.

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8 **Response:**

9 The term "compensation rate" has been used by parties during this process to describe two  
10 distinct situations.

11 Within the current program structure and in the context of the referenced IR response, the  
12 compensation rate is, as the question suggests, equal to the retail billing rate that applies to  
13 each customer pursuant to their underlying rate schedule. This is because generation used to  
14 offset consumption is inherently valued at the underlying retail rate. In addition, any Net Excess



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1 Generation during the billing period is also valued at the relevant retail rate and the resulting  
2 dollar amount is applied as a credit to the customer account.

3 The above is distinct from what could also be considered a “compensation rate” under the  
4 proposed kWh Bank billing process, in which unused annual Net Excess Generation would be  
5 valued at a proxy for the avoided cost value of the energy.

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9 5.2 Please confirm that Commercial (RS30) or other commercial rate schedule  
10 customers (not time of use) are not eligible for the Net Metering service.

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12 **Response:**

13 Confirmed.

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17 5.2.1 If not confirmed, please provide the compensation rates for each RS  
18 that is eligible for the Net Metering service that is not already provided  
19 above.

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21 **Response:**

22 Please refer to the response to CEC IR 2.5.2.

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26 5.3 Please provide the Time of Use compensation rates that currently apply to Net  
27 Metering customers.

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29 **Response:**

30 TOU compensation rates are the retail rates contained in the underlying rate schedules as  
31 follows:

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**Rate Schedule 2A (Residential TOU – now closed to new customers)**

RATES BY PRICING PERIOD:

		¢/kW.h
Summer (July, August)	On-Peak Hours: 9:00 am - 11:00 am Monday-Friday 3:00 pm – 11:00 pm Monday-Friday	19.181
	Off-Peak Hours: 11:00 pm - 9:00 am Monday-Friday 11:00 am – 3:00pm Monday-Friday All hours on Saturday and Sunday	6.212
All other months	On-Peak Hours: 8:00 am - 1:00 pm Monday-Friday 5:00 pm - 10:00 pm Monday-Friday	19.181
	Off-Peak Hours: 10:00 pm to 8:00 am Monday-Friday 1:00 pm - 5:00 pm Monday-Friday All hours on Saturday and Sunday	6.212

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**Rate Schedule 22A (Commercial Service Secondary)**

RATES BY PRICING PERIOD:

		¢/kW.h
Summer (July, August)	On-Peak Hours: 9:00 am - 11:00 am Monday-Friday 3:00 pm – 11:00 pm Monday-Friday	14.716
	Off-Peak Hours: 11:00 pm - 9:00 am Monday-Friday 11:00 am – 3:00pm Monday-Friday All hours on Saturday and Sunday	4.768
All other months	On-Peak Hours: 8:00 am - 1:00 pm Monday-Friday 5:00 pm - 10:00 pm Monday-Friday	14.716
	Off-Peak Hours: 10:00 pm to 8:00 am Monday-Friday 1:00 pm - 5:00 pm Monday-Friday All hours on Saturday and Sunday	4.768

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**Rate Schedule 23A (Commercial Service Primary)**

RATES BY PRICING PERIOD:

		¢/kW.h
Winter (Nov. - Feb.)	On-Peak Hours: 7:00 am - 12:00 pm business days 4:00 pm - 10:00 pm business days	21.252
	Off-Peak Hours: 10:00 pm to 7:00 am business days 12:00 pm - 4:00 pm business days All hours on weekends and statutory holidays	5.323
Summer (July, August)	On-Peak Hours: 10:00 am - 9:00 pm business days	20.451
	Off-Peak Hours: 9:00 pm - 10:00 am All hours on weekends and statutory holidays	4.420
Shoulder (all other months)	On-Peak Hours: 6:00 am - 10:00 pm, Monday to Saturday	5.853
	Off-Peak Hours: 10:00 pm to 6:00 am - Monday to Saturday, All day Sunday	3.677

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5.4 Please provide the capacity value that is embedded in the energy rate for each rate class for which Net Metering is an option.

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**Response:**

10 The Commission has provided, by Order G-126-16, the scope for round two information  
 11 requests, which is limited to:

- 12 • approval of changes to Rate Schedule (RS) 95 to clarify the intent of the Net Metering  
 13 Program;
- 14 • approval of the use of a kWh Bank to carry forward Net Excess Generation for an annual  
 15 period with compensation at the end of that annual period;
- 16 • approval for compensating customers for remaining unused Net Excess Generation at  
 17 the BC Hydro RS 3808 Tranche 1 rate currently priced at 4.303 cents; and
- 18 • confirmation on FBC's proposed billing methodology.

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20 The Company does not believe that questions related to Cost-of-Service considerations are  
 21 within the scope defined by the Commission, however, as the information is readily available  
 22 FBC will provide it in an effort to be responsive. The information required to determine the





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1 capacity portion of costs by customer class was last determined in the 2009 Rate Design  
2 Application. Based on the 2009 COSA results from that process, the portion of the average  
3 energy rates that are demand-related or capacity-related costs by customer class are provided  
4 below.

5	Residential	53% of average energy rate
6	Small Commercial	47% of average energy rate
7	Commercial	60% of average energy rate
8	Irrigation	56% of average energy rate
9		

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1   **6.   Reference: Exhibit B-7, CEC 1.7.1**

7       **Reference: Exhibit B-1, Pages 9 and 10**

While a customer has the ability under the Program to offset personal consumption, FBC does not believe that other customers (non-participants in the Program) should support the Company

purchasing power on their behalf at rates far above what is available from other sources. This situation would arise when residential customers in the Program generate excess electricity.

7.1    Would it be reasonable to purchase excess energy that is generated from customers under the Net Metering tariff at rates below that available from other sources? Please explain why or why not.

**Response:**

In the view of the Company, as the primary objective of the Program is for customers to be able to offset personal consumption and not to sell power to FBC, the most appropriate rate would be zero. However, since the Company does provide compensation to other parties for unscheduled deliveries into the FBC system FBC is proposing to compensate Net Metering customers for unused annual net excess generation.

FBC has energy available to it from a variety of sources and at different prices. FBC considers that the BC Hydro RS3808 Tranche 1 rate is a reasonable proxy to use to purchase excess energy. This is below the expected rate required to build new long term generation but above the rate from several existing long term sources of supply. Given that FBC considers the energy acquired from excess energy purchases to be short-term in nature, the BC Hydro RS 3808 Tranche 1 rate is the appropriate rate to apply to excess energy. Please also refer to the responses to BCUC IRs 1.9.3.2, 1.9.4.2 and 1.9.5.

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4           6.1    Are there other jurisdictions that do not compensate Net Metering customers for  
5                   net excess energy?

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7       **Response:**

8    Yes. Appendix D to the Application includes two jurisdictions in Canada that do not compensate  
9    customers for excess generation that has not been used within a defined period.

10   From SaskPower's website<sup>1</sup>:

11           Your excess power should be used within the year; if not, at the end of 12 months on  
12           your net metering anniversary date, any credits you may have for excess electricity sent  
13           to the grid will reset to zero.

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<sup>1</sup> <http://www.saskpower.com/efficiency-programs-and-tips/generate-your-own-power/self-generation-programs/net-metering-program/>



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1 If you want to produce more power than you consume over the calendar year and sell it  
2 to SaskPower, consider the Small Power Producers Program.

3 Hydro Quebec publishes an information brochure on its program that includes on page 11 the  
4 following passage<sup>2</sup>:

5 Accumulated credits must be used within 24 months. You may inform us of the expiry  
6 date you wish to use; otherwise the default date of March 31 will apply. On that date, any  
7 credits banked will be lost, as the net metering option does not allow monetary payment  
8 in exchange for credits.

9  
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11  
12 6.1.1 If yes, please identify those jurisdictions.

13  
14 **Response:**

15 Please refer to the response to CEC IR 2.6.1.

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<sup>2</sup> <http://www.hydroquebec.com/self-generation/docs/depliant-mesurage-net.pdf>