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September 30, 2016

British Columbia Utilities Commission  
6<sup>th</sup> Floor, 900 Howe Street  
Vancouver, BC  
V6Z 2N3

Attention: Ms. Laurel Ross, Acting Commission Secretary and Director

Dear Ms. Ross:

**Re: FortisBC Inc. (FBC)**  
**Project No. 3698875**  
**Application for the Net Metering Program Tariff Update (the Application)**  
**FBC Reply Submission**

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On April 15, 2016, FBC filed the Application referenced above. In accordance with Commission Order G-126-16 establishing further process in the Regulatory Timetable for the review of the Application, please find attached FBC's Reply Submission.

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

Sincerely,

**FORTISBC INC.**

***Original signed:***

Diane Roy

Attachment

cc (email only): Registered Parties

**BRITISH COLUMBIA UTILITIES COMMISSION**

**IN THE MATTER OF the *Utilities Commission Act*,  
R.S.B.C. 1996, Chapter 473 (the “Act”)**

**and**

**FortisBC Inc. Net Metering Program Tariff Update Application**

**REPLY SUBMISSIONS OF**

**FORTISBC INC.**

**September 30, 2016**

**TABLE OF CONTENTS**

A. Introduction .....	1
B. The kWh Bank .....	2
C. The Preferred Billing Methodology.....	3
D. Rate Schedule 95 Language Amendments.....	4
E. The Annual NEG Purchase Price.....	7
F. Additional Reply.....	12
G. Summary of Conclusions.....	14

## **A. INTRODUCTION**

1. This filing constitutes the Reply Submission of FortisBC Inc. (FBC or the Company) to the Final Submissions of Mr. Shadrack, Mr. Engman, Mr. Scarlett, Resolution Electric, the British Columbia Old Age Pensioners' Organization, Disability Alliance BC, Council of Senior Citizens' Organizations of BC, and the Tenant Resource and Advisory Centre, (BCOAPO), B.C. Sustainable Energy Association and the Sierra Club of B.C. (BCSEA – SCBC), and Commercial Energy Consumers Association of British Columbia (CEC).

2. In addition to this Reply Submission, FBC relies on its filed Application, its responses to intervener and Commission information requests and its Final Argument. The Company has addressed matters contained in intervener submissions that it considers to be most relevant to aid the Commission in arriving at a Decision. FBC's silence on a particular issue should not be construed as agreement with intervener submissions..

3. The main areas of discussion, and for the determinations that the Company seeks from the Commission, are:

- a. Use of a kWh Bank to carry forward Net Excess Generation (NEG) that occurs in a Billing Period;
- b. Adoption of the Company's Preferred Billing Methodology;
- c. Rate Schedule (RS) 95 language amendments for the purpose of providing clarity regarding the intent of the Program; and
- d. The use of the BC Hydro RS 3808 Tranche 1 Rate for the purchase by FBC of Annual Unused NEG.

4. FBC believes that there is substantial agreement on many aspects of these subject areas. In Reply, FBC has addressed each of the subject areas in turn. The Company then turns to the remaining portions of the intervener submissions that do not fit clearly within the subject areas but that FBC is addressing in Reply.

## **B. THE KWH BANK**

5. The use of a kWh Bank is supported by Mr. Scarlett, Resolution Electric, BCSEA – SCBC, and CEC. Mr. Shadrack provides discussion of the circumstances under which he would provide support and BCOAPO does not support the kWh Bank. Mr. Engman did not provide comments on the kWh Bank. FBC first addresses the submission of Mr. Shadrack and then the submission of BCOAPO.

6. Mr. Shadrack states, at paragraph 24, “As a net metering customer, I have no objection to FortisBC switching to a kWh “bank” provided that the definitions and criteria for billing from such a “bank” accord with the definitions of “rate” and “service” found within the Utilities Commission Act (UCA), such that the annual electrical requirement billed for includes the Basic Charge, GST, and any other non-consumptive charges.”

7. FBC notes that the ability to offset non-consumptive charges is a purely theoretical one. It is true that a kWh Bank will require the customer to pay the non-consumptive charges each billing period, and with the status quo they may not. However, this is only a concern for a specific billing period; on an annual net basis there would be no difference between the current and proposed methods, as explained in the following paragraph.

8. Consider a customer that is generating just enough NEG to exactly offset the non-consumptive charges in each billing period. Under the status quo, the customer’s bill at the end of each billing period would be zero, and there would be no annual NEG pay-out. With the kWh Bank methodology, the customer would pay the non-consumptive charges each billing period and bank the excess NEG kWh. The customer would receive an annual pay-out for the kWh in the bank. In both cases, the customer would pay the same on an annual basis (assuming the rate paid for the NEG was the same). Mr. Shadrack’s concerns with the kWh bank should be given no weight.

9. BCOAPO does not support the use of a kWh Bank. In supporting the purchase price equivalent to the BC Hydro RS 3808 tranche 1 rate (which will be returned to later in this submission), while not supporting a kWh Bank, BCOAPO is advocating for a system where any NEG is purchased by FBC at the end of each billing period. While this is a possible solution, FBC believes it to be inferior to the annual reconciliation since it is more complex from a billing perspective and because it creates more billing variability. For example, customers may pay nothing for electric service during the shoulder season

when their demand for electricity is lower, and then have higher bills the rest of the year. A kWh bank smooths out billing for customers.

10. The implementation of a kWh Bank is supported by most interveners, is consistent with widespread industry practice, and provides a benefit for most customers. The alternative presented by BCOAPO would require NEG settlement on a billing period basis which the Company views as impractical and not in keeping with the goals of the Program. The kWh Bank should be approved as proposed.

### **C. THE PREFERRED BILLING METHODOLOGY**

11. The adoption of the Company's Preferred Billing Methodology is supported by Resolution Electric, BCSEA – SCBC, BCOAPO and CEC. Mr. Engman and Mr. Scarlett provide no specific comment on the matter. Only Mr. Shadrack made submissions arguing against FBC's Preferred Billing Methodology.

12. Mr. Shadrack indicates a lack of support tied to his general concerns on the billing of net metering as described in Paragraph 4 of his submission. As with its response to Mr. Shadrack's concerns with the kWh Bank, the Company also does not believe that the use of compensation for NEG to offset non-consumptive charges is a consideration for the appropriate billing methodology.

13. The paragraphs that Mr. Shadrack devotes to his efforts to reduce his personal consumption and his ongoing dissatisfaction with the structure and level of the Basic Charge are not relevant to the current Application and should not be given weight by the Commission. As he has noted in his paragraph 37, the Commission has upheld the fact that it is appropriate for a customer to pay the Basic Charge regardless of consumption. The fact that the percentage of the total bill that the Basic Charge represents increases as consumption drops, whether through conservation efforts or on-site generation, is a reality for all customers, whether net metered or not, and is not germane to the current process. The production of NEG in no way reduces the need to recover the costs associated with customer service or existing infrastructure that do not vary with the level of consumption.

14. The Company's preferred billing methodology interpretation is supported by all interveners that expressed a view on the subject with the exception of Mr. Shadrack. BCOAPO agrees that both of the methodologies described in the Application (the one currently in use and the one proposed) represent a

conceivable interpretation of the existing tariff language<sup>1</sup>. Given the support received for this proposal, it should be approved.

#### **D. RATE SCHEDULE 95 LANGUAGE AMENDMENTS**

15. The additions to the RS 95 language for the purpose of providing clarity regarding the intent of the Program are supported by BCOAPO and CEC. Mr. Scarlett provides no specific comment on the matter. Mr. Engman provides comment to the effect that he does not agree with FBC's assertions regarding the intent of the Program, but has not provided any conclusion regarding the Company's proposed language. The submissions of Resolution Electric, BCSEA-SCBC, Mr. Shadrack and Mr. Engman are addressed below.

16. The submissions of the other interveners regarding the intent of the Program are squarely focussed on whether the intent of the Program when it was originally approved by the Commission in 2009 is as the Company provides (and which the Company says the existing regulatory record supports), and in any case, whether that intent is appropriate. FBC believes the answer is yes in both cases.

17. BCSEA-SCBC asserts that the intent described by FBC is "putative"<sup>2</sup> and that the existing NM tariff does not include a provision that limits the generation of a NM customer. FBC was responsible for drafting the language and is clear on the intent. While the regulatory record associated with the original 2009 Application is also clear on the intent, the current tariff language is not. This has prompted the current Application.

18. BCSEA – SCBC goes on to say that if it was FBC's intent when it first drafted the tariff language that a limitation on NEG was inherent in the Program, this fact is less important than the assumption that the Commission did not understand this to be the case and the fact that the Commission was silent on such a condition when it issued the 2009 Decision is proof of this assertion.

19. The Commission issues a Decision after considering all of the evidence placed before it in a given regulatory process, including the application, all evidentiary filings, and responses to information requests. The 2009 Regulatory process that informed the Commission's Decision, as referenced on pages 5 and 6 of the current Application, contained ample discussion on this point. In addition, the Panel at the time had available to it the Commission's Letter L-37-03 which noted that, "Customer

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<sup>1</sup> BCOAPO Submission, para. 23

<sup>2</sup> Ibid, Page 6

generation should be limited to own use only at the registered location of the net metering installation...”

20. There is no reason to assume that the Commission Panel at the time was not aware of the intent and restrictions contained in the Program as approved.

21. Mr. Shadrack suggests, primarily by adding quotations around his use of the term “original intent” that FBC is proposing substantive changes to the Program rather than adding plain language designed to make the intent of the Program clear. This is not the case.

22. In his Paragraph 11, Mr. Shadrack attempts to summarize FBC’s argument regarding the portion of the Application that pertains to the original intent of the Program. While Point a. therein largely captures the essence of the reason for the Company’s current proposal, the following points do not. Contrary to Point b., the present wording in the Tariff does reflect what FBC originally intended, however the Company has acknowledged that additional language would be helpful to add clarity. The additional language is not being proposed because FBC was mistaken in its 2009 Application as suggested by Point c. Further, the Company does not suggest that the current wording, “must now be changed” as contended in Point d. However, FBC does believe that clearer language would be useful.

23. Both Mr. Shadrack and Mr. Engman seek to show, by presenting limited information from the Company’s March 2011 Monitoring and Evaluation Report on the Net Metering Program (the 2011 Report), that that the intent of the Program has changed since the original 2009 Application.

24. Mr. Shadrack states that the 2011 Report, “...*proposed changes to clarify the treatment of “intentional generation above a customer’s own use” which are rather contrary to those contemplated in its current application, yet which it also considered, at that time, completely in accord with the Program’s “original intent”.*

25. To the contrary, the content of the 2011 Report only supports the Company’s position that the intent of the Program was clear from the beginning. For example, in the 2011 Report but not raised by Mr. Shadrack, FBC states the following:

There has, however, emerged a potential inconsistency between the intention of the program to limit the size of net metering installations to customer consumption, the 50kW cap and the encouragement of small-scale distributed generation. (Page 6)



The Eligibility Criteria contained in Rate Schedule 95 are somewhat less clear on the intent when read in isolation in that it only states that a customer's Net Metered System, "must be intended to offset a portion or all of the customer's requirements for electricity." This leaves open to interpretation the use of energy above that level. This creates a situation where a customer can install a generator that is much larger than required to offset consumption (subject to the 50 kW cap) with the intent of using the excess capacity essentially as a commercial enterprise. (Page 6)

Customers generating a significant amount of excess generation are a concern since they are violating a fundamental net metering principle of offsetting their own consumption. (Page 7)

26. Mr. Shadrack has been selective in his choice of excerpts from the 2011 Report. The two paragraphs he has included are best considered in context with the paragraphs that immediately precede and follow. For completeness, the 2011 Report contains the following text on page 12:

As discussed in Section 4.1, the Company proposes to add additional language to Rate Schedule 95 that will not change the maximum allowable capacity of the program, but will clarify the treatment of generation that is in excess of an individual customer's own use.

The Company is of the opinion that the original intention of the program (to offset all or some of the customers own consumption) is still valid, but there is no reason to prevent additional generation if it falls within the 50 kW cap.

The principles in place for compensation for generation under the program remain essentially the same. That is, offset consumption is automatically valued at the retail rate, and a reasonable amount of generation that exceeds personal consumption will also attract that retail rate.

The proposed change in the program will affect generation that a customer-generator has installed with the intent to generate additional sales to FortisBC. The Company believes that compensation for these sales should be offered in a manner consistent with that of other small Independent Power Producers in its service area.

27. Two points are required regarding the 2011 Report passage quoted by Mr. Engman, "...FortisBC will file with the Commission an application to change certain sections of the Net Metering program Tariff intended to allow intentional generation above a customer's own use." First, the passage needs to be considered in the context of the surrounding discussion in the 2011 Report, particularly those passages repeated in paragraph 26 above. The phrase should not be taken to infer that there were already sections of the Net Metering program Tariff that allowed intentional generation above a customer's own use. There were not. Since "intentional generation above a customer's own use" was not permitted, any amendment would have clearly been intended to permit this use in some manner.

28. Second, the changes that FBC was considering at the time, which are also consistent with the current Application, were clearly predicated upon the position stated in the paragraph previous to the one quoted by Mr. Engman. That is, “The Company believes that compensation for these sales should be offered in a manner consistent with that of other small Independent Power Producers in its service area.”

29. While competing regulatory initiatives have prevented the filing of the Application until this year, the current Application is entirely consistent with the changes that the Company suggested be made in the 2011 Report.

30. There is no evidence to support the contention of certain interveners that there was an original intent of the Program that varies from what has been described by FBC in this Application. Arguments that dispute the original intent that rely on only a reading of the current language in the tariff fail to consider the original Application, the ensuing regulatory process, and the 2011 Report. The evidence supports that the original intent is as described. In order to effectively communicate that intent to customers, the proposed language amendments should be approved. Failing to do so will risk continued customer confusion.

#### **E. THE ANNUAL NEG PURCHASE PRICE**

31. Finally, and assuming that the kWh Bank is approved by the Commission, a purchase price needs to be set for annual unused NEG that may occasionally result from a net metering system. FBC has proposed that an appropriate value is a proxy for a comparable quality of power – the BC Hydro RS 3808 tranche 1 price as may be adjusted from time to time. This price, while not typically the lowest priced alternative, is a rate that is offered at times to other producers of intermittent renewable generation, and is easy to track and communicate. Intervener positions on the appropriate price are varied, with the CEC advocating for a lower price, the BCOAPO agreeing with FBC’s suggestion and others viewing a higher price as appropriate.

32. Mr. Engman advocates for a price based either on the rate paid by BC Hydro (Recommendation 3), or Time of Use (TOU) On-peak rate (Recommendation 4). Neither of these rates have any relevance for the purchase of short-term ad-hoc deliveries of power to FBC. The BC Hydro rate is specific to BC Hydro and the needs that it has identified for its power supply portfolio. There is no logical basis for a

requirement that FBC should pay a purchase price approaching 18 cents per kWh for this power as would be the case for the TOU based rate.

33. Further, a residential net metering customer on a TOU rate (of which there is only one and further instances are limited by the fact that the TOU rate is closed), is still provided time-based retail value for banked NEG since FBC has designed a kWh Bank mechanism that records and values the consumption and generation in each time period. While there may be a noticeable percentage difference between the On-Peak TOU rate and the compensation rate based on the price of comparable alternate resources, this should not prevent an appropriate and principled correction to occur prior to the forecast higher participation rates in the Program. The impact on the majority of customers is small, and those few customers that are generating in excess of their annual consumption by a large degree should have their benefit balanced with the interests of the non-participating customers.

34. BCSEA – SCBC agrees that a retail rate is not appropriate for the price paid for annual unused NEG for the reasons it outlines in Section 5 of its submission. Instead, BCSEA – SCBC advocates for an NEG purchase price that is based on FBC’s long-run marginal cost (LRMC) of acquiring electricity generated from clean or renewable resources in British Columbia. The Company explained in Paragraph 25 of its Final Submission that it would be inappropriate to impute such a value for NEG because FBC only includes sources of supply in the long term planning process where there is a long term commitment that the power will be available. There is no long term value for NEG from net metering customers and a measure approaching any value for firm, dispatchable long-term power is not an appropriate NEG rate.

35. A value for NEG that is equivalent to the Company’s LRMC of acquiring electricity generated from clean or renewable resources in British Columbia is higher than the price at which FBC could acquire equivalent resources for its customers.

36. Resolution Electric requests that the rate for annual unused NEG be based on the Tier 1 Rate of the RCR. FBC disagrees for a number of reasons described below. The Company also notes that Resolution Electric seems to be under the belief that the BC Hydro methodology is also to pay the Block 1 rate for NEG.<sup>3</sup> This is not the case.

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<sup>3</sup> Ibid, Paragraph 4.

37. Resolution Electric states that it, "...would like to request the compensation level for NEG should also reflect BC Hydro methodology and be paid out at the Block 1 rate."<sup>4</sup> FBC here points out that Resolution is mistaken in its understanding of the BC Hydro program. BC Hydro does not compensate for NEG at its Block 1 rate. Rather, it compensates at a rate that it has identified as a proxy for alternative resources in its particular circumstance. FBC is advocating the same principled approach, though the rate is different and reflective of the value it places on alternative sources of energy of comparable characteristics.

38. Compensation based on Block 1 of the RCR ignores the fact that the Program is available to customers in a variety of customer classes in addition to Residential. There is no particular reason why Block 1 of the RCR is an appropriate referent for the purchase of power on behalf of FBC customers. FBC maintains that it makes more sense to base the purchase price for NEG on some measure related to power purchases. FBC considers that the power of similar characteristics is that which is, at times, purchased at a rate based on the BC Hydro RS 3808 Tranche 1 price, although most often, as shown in the response to BCUC IR 2.14.1, the purchase price is lower. The BC Hydro RS 3808 Tranche 1 price provides a reasonable reference that does not require the Company or the customer to consider a fluctuating proxy for the actual lowest cost alternative that may exist over the course of a year.

39. In paragraph 32, CEC recommends, "The CEC recommends that the Commission approve a change in compensation rates to a price based on the lowest priced equivalent energy purchasable by FBC, or at the market price for which the NEG energy could be sold on the Mid-C market."

40. FBC recognizes that this recommendation is a logical conclusion to be drawn for the discussion that precedes it in the CEC submission. However, from a practical perspective, basing the purchase price for NEG on an Index price that fluctuates throughout the year would add complexity to the billing for the Company, and reduce rate certainty for the customer. Use of the BC Hydro RS 3808 tranche 1 rate would not be subject to either of these concerns.

41. Mr. Scarlett is the Company's largest producer of excess generation. The bulk of Mr. Scarlett's submission advocates for customers to be able to produce as much power as possible, and at the highest possible rate, and therefore devotes much of his submission to the issue of the NEG purchase price.

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<sup>4</sup> Ibid.

42. As noted previously, Mr. Scarlett is supportive of the use of a kWh Bank, but states that, *“It would make sense to simplify calculation of the amount to be reimbursed for NEG kWh.”*<sup>5</sup> However, rather than the Company’s proposal to simply pay a flat rate reflective of comparable sources of supply for all unused annual NEG, Mr. Scarlett sees an annual calculation for residential customers as a simpler solution. His proposal is as follows, *“The tier 1 and tier 2 rates for the previous year should be separately prorated (to account for rate increases that seem to occur at various times in the year). Then the first 9600 kWh of NEG should be paid for at the averaged tier 1 rate and the remainder paid for at the averaged tier 2 rate...”*

43. FBC does not see this as a simpler method and considers that a single rate for compensation of annual unused NEG is far more efficient to administer and provides more price certainty for those few customers to which it would apply

44. Mr. Scarlett claims that FBC is making a “windfall profit” when buying electricity from a Net Metering customer at a lower price and selling it to their neighbour at a higher price.<sup>6</sup> This is despite the fact that no other intervener disputes the fact that when NEG flows into the FBC system and the Company purchases that energy at an average rate lying between the Tier 1 and Tier 2 rates of the RCR, the Company has acquired that energy at a rate higher than it may have been available from another source.

45. While the electrons associated with that delivery of energy may well flow to a load in the local area as described by Mr. Scarlett on page 5 of his submission, it is not the case that the financial implications of the delivery follow the same path. The Company must deliver the energy to meet local load regardless of where it is sourced. Given that the Company has lower cost alternatives available to meet that load, importing any power at retail rates raises the overall average power purchase costs to customers.

46. Further, FBC, and other interveners<sup>7</sup>, disagree with Mr. Scarlett’s contentions on page 8 that, *“No credible case has been made that negative impacts have been or will be felt by FBC customers due to retail payments for NEG. Much of the Company’s case for decreasing the reimbursement for NEG by*

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<sup>5</sup> Scarlett Final Submission, page 11

<sup>6</sup> Ibid, Top Page 6.

<sup>7</sup> See CEC paragraph 15, BCOAPO paras 12 & 16,

*more than 2/3 has been based on the supposedly deliberate violation<sup>8</sup> of the terms of FBC's NM agreement by NM participants."*

47. With respect to the second point in the above paragraph, FBC has never stated that there has been a deliberate violation of the Program parameters. The Company has acknowledged only that the language in the tariff provides the potential for misunderstanding and there would be a benefit to clarifying that language.

48. Key to Mr. Scarlett's argument is to ascribe motivations to FBC that do not stand scrutiny.

49. The first such motivation is that FBC seeks to maximize its profit at the expense of net metering customers. This is evidenced by such statements as,

- It is to be expected that private corporations will avoid giving up the opportunity to profit from sales if they can. (Page 1)
- The customer's NEG continues to flow to her neighbours but FBC seeks permission from the Commission to make a 350% windfall profit selling it to them. (Page 5)
- ...the Company is presently asking the Commission to allow it to make a windfall profit from its resale of NEG (Page 6)
- FBC claims in this Application that denial of this unearned profit to the Company would negatively impact its customers (Page 6)
- ...the social and environmental value of energy conservation (up to a certain cost per kilowatt saved) is universally considered to trump the utility's profit motive (Page 6)
- ...FBC seeks in this Application to preserve the Company's profit from electricity sales (Page 8)

50. Further, Mr. Scarlett also claims on page 5 that he must "correct" the misconception contained in the Application that,

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.

51. To be clear, the issue of profit is not relevant to the current Application. First, the concern with the misapplication of the Program that allows unlimited NEG to be compensated at an inappropriately

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<sup>8</sup> See CEC paragraph 45,

high rate is related only to installations that are not in-keeping with the approved intent of the Program, and which have the potential to place upward pressure on the rates of other customers.

52. Second, the regulated return of FBC is unaffected by the activities of Net Metering customers. FBC's approved regulatory treatment ensures that variances from forecast revenue and power purchase expenses are flowed through to customers such that these amounts do not affect the earnings of the Company.

53. FBC maintains that the BC Hydro RS 3808 Tranche 1 rate is the only rate that properly reflects the short term, ad-hoc nature of the power involved that the Commission itself has described as "lower quality energy".<sup>9</sup> Any higher rate has the potential to negatively impact other customers. In the view of the Company, the Program, inclusive of the ability to offset personal consumption and with compensation for NEG that is fair to all customers and other power producers, strikes the appropriate balance. The proposed NEG purchase price should be approved.

## **F. ADDITIONAL REPLY**

54. Additional submissions of Mr. Shadrack and Mr. Scarlett that are not directly related to the subject areas above, are addressed in this section.

### ***I. REPLY TO MR. SHADRACK***

55. With respect to the additional evidence presented by Mr. Shadrack in his Appendix B, the Company notes that in the 11 years of billing data presented, his consumption has never been in excess of the Tier 2 threshold and in fact has not exceeded even 50% of the threshold since 2007. Since Mr. Shadrack has been enrolled in the Program, neither his Net Consumption nor Net Generation have approached the Tier 2 Threshold.

56. In his paragraph 5, Mr. Shadrack states, "*I further respectfully oppose the net excess generation rate change which FortisBC proposes, to reduce payment to 4.303 cents per kWh from the existing retail rates, which, for my household, are 9.845 cents and 15.198 cents per kWh (RS01 Tier 1 and Tier 2).*" This claim is again made in paragraph 40. FBC assumes that Mr. Shadrack is expressing a principled objection here as he is not personally facing a per kWh reduction for net excess generation. Given the level of generation and consumption summarized in his Appendix B, it is unlikely that his

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<sup>9</sup> Letter L-37-03, page 3

household will have any NEG. In addition, the BC Hydro RS 3808 Tranche 1 rate is only applicable to annual NEG balances that remain in the kWh Bank at the end of a 12 month period. Under FBC's proposals, Mr. Shadrack continues to receive the full retail rate for all generation consumed on site.

## **II. REPLY TO MR. SCARLETT**

57. While FBC agrees with Mr. Scarlett regarding many of the benefits of Net Metering, it objects to the characterization of the proposed changes as arbitrary or that they are intended to discourage participation. The changes proposed are intended to make the program clear to potential NM participants and to provide a principled basis for compensating any annual NEG produced. Rather than being an "arbitrary"<sup>10</sup> reduction in the price paid for NEG, the rate proposed by the Company is one that is inherently fair to all customers of FBC and to other producers of equally clean, renewable power.

58. FBC wishes to point out that the NM Program, which it fully supports, is not the same as the ongoing production of NEG. Mr. Scarlett approaches his objections to the changes to the Program as though the Company is seeking to do away with the Program entirely.

59. At page 1, Mr. Scarlett states, *"From the viewpoint of the electricity utility, however, a NM customer's electricity generation is indistinguishable from energy conservation by that customer because less energy has to be transmitted long distances from large, centralized power plants to serve her load."*

60. FBC agrees. However, a customer that participates in a DSM initiative does not have the opportunity to benefit above and beyond the level of his consumption. It is the NEG, not the net metering, that provides this distinction.

61. Similarly, FBC does not dispute that net metering provides a clean source of generation, and further accepts, as stated by Mr. Scarlett on page 3, that, *"...NM generation is socially beneficial, in that it allows the public to become engaged with production of clean and renewable energy and to invest in its development."*

62. However, these considerations need to be balanced with the impacts to other customers and the Company's ability to make prudent decisions with respect to the power that it purchases for all of its customers.

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<sup>10</sup> Scarlett Submission, bottom, page 5



**G. SUMMARY OF CONCLUSIONS**

63. The implementation of a kWh Bank is supported by most interveners, is consistent with widespread industry practice, and provides a benefit for most customers. The kWh Bank should be approved as proposed.

64. The Company's preferred billing methodology interpretation is supported by all interveners that expressed a view on the subject with the exception of Mr. Shadrack. Given the support received for this proposal, it should be approved.

65. With regard to the RS 95 language additions, the intent of the Program has been consistent since its inception. Arguments that dispute the original intent that rely on only a reading of the current language in the tariff fail to consider the original Application, the ensuing regulatory process, and the 2011 Report. The evidence supports that the original intent is as described. In order to effectively communicate that intent to customers, the proposed language amendments should be approved.

66. FBC maintains that the BC Hydro RS 3808 Tranche 1 rate is the appropriate rate to reflect the short term, ad-hoc nature of the annual NEG delivered to the FBC System. A higher rate increases the potential to negatively impact other customers. The Program, inclusive of the ability to offset personal consumption and with compensation for NEG that is fair to all customers and other power producers, strikes the appropriate balance. The proposed NEG purchase price should be approved.

67. ALL OF WHICH IS RESPECTFULLY SUBMITTED.

Dated: September 30, 2016

*[original signed by Corey Sinclair for]*  
**Diane Roy**