



LETTER NO. L-3-03

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January 30, 2003

Mr. Ray Aldeguer
Senior Vice-President
Corporate Resources & General Counsel
British Columbia Hydro and Power Authority
333 Dunsmuir Street
Vancouver, B.C. V6B 5R3

Dear Mr. Aldeguer:

Re: British Columbia Hydro and Power Authority
Application by M. Wheatley et al. for Net Metering Policy

Policy Action #20 in the recently released Energy Policy states that B.C. Hydro, Aquila Networks, and other investor-owned utilities will develop policies such as net metering and interconnection standards to achieve a voluntary goal to acquire 50 percent of new supply from BC Clean Electricity over the next 10 years.

On December 10, 2002, Mr. Wheatley and others applied to the Commission for a change to B.C. Hydro's standard metering practices to include a "limited and simple form of net metering" citing Policy Action #20. Mr. Wheatley et al. proposed a similar change in October 2001, but the Commission, with input from B.C. Hydro, deferred consideration of net metering until after the release of the Energy Policy.

B.C. Hydro has asked the Commission to decline to hear Mr. Wheatley's renewed application. B.C. Hydro reasons that specific suggestions such as Mr. Wheatley's should not be dealt with on an *ad hoc* basis. Rather, B.C. Hydro notes that such suggestions should form part of an integrated process that will develop in the coming months as Government, B.C. Hydro, and stakeholders consider the means for implementing the policy actions of the new Energy Policy.

The new Energy Policy makes a clear directive for utilities to develop policies to support the voluntary goal of acquiring 50 percent of new supply from BC Clean Electricity over the next 10 years. The Commission requests that B.C. Hydro prepare, in consultation with customer groups and other utilities such as Aquila Networks, a report to assess the merits of a net metering policy.

The report should define and detail the potential for net metering of small generators and suggest a direction for the development of a net metering tariff application. As part of this analysis, the report should identify the anticipated costs and benefits of net metering from the perspective of both B.C. Hydro and ratepayers. It should also include an examination of the experience with net metering in other jurisdictions and discuss key barriers to and policy considerations for successful implementation of net metering in BC.

Please submit your report to the Commission by June 30, 2003.

Yours truly,

Original signed by:

Robert J. Pellatt

RBG/cms

cc: Mr. George Isherwood
Regulatory Affairs Executive
Aquila Networks Canada (British Columbia) Ltd.
Mr. Michael J. Wheatley et al.