

**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER** G-4-09

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IN THE MATTER OF  
the Utilities Commission Act, R.S.B.C. 1996, Chapter 473

and

An Application by British Columbia Hydro and Power Authority  
for Approval to Re-Price Net Metering Services

**BEFORE:** L.F. Kelsey, Commissioner  
R.K. Ravelli, Commissioner  
D.A. Cote, Commissioner  
January 29, 2009

**O R D E R**

**WHEREAS:**

- A. British Columbia Hydro and Power Authority ("BC Hydro") filed an Application (the "Application") dated October 3, 2008, with the British Columbia Utilities Commission (the "Commission"), pursuant to sections 58 to 61 of the Utilities Commission Act ("UCA"), for approval to increase the Rate Schedule 1289 - Net Metering Service ("RS 1289") energy price; and
- B. RS 1289 was originally approved by Commission Order G-26-04 on March 10, 2004. RS 1289 is available, upon application, to customers taking service from BC Hydro who install a generating facility, with a nameplate rating of not more than 50 kW and which can be defined as producing "B.C. Clean Electricity", to serve their electricity requirements; and
- C. Net Metered Customers generating more energy than they consume currently receive a credit from BC Hydro valued at the rate applicable to their electricity service account, which is applied against future consumption charges. At each annual anniversary date, if there is any excess energy remaining in the customer's account, BC Hydro credits the customer for that energy, currently at 5.40 cents/kWh; and
- D. BC Hydro stated that the Application is consistent with Policy Action No. 11 of the 2007 B.C. Energy Plan (the "2007 Energy Plan"), which intends that the price paid for net annual surpluses of generation purchased by BC Hydro be generally consistent with the prices paid under BC Hydro's Standing Offer Program ("SOP"); and
- E. BC Hydro proposed to increase the RS 1289 energy price from 5.40 cents/kWh to 8.16 cents/kWh. The proposed price of 8.16 cents is the 2006 SOP levelised base price of 7.84 cents, adjusted for inflation; and

**BRITISH COLUMBIA  
UTILITIES COMMISSION**

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NUMBER** G-4-09

2

- F. The B.C. Sustainable Energy Association and the Sierra Club of British Columbia, and Horizon Technologies Inc. representing Energy Solutions for Vancouver Island Society, Okanagan Environmental Industry Alliance and Island Transformations Org, registered as Intervenors, and participated in the review. Each submitted one round of information requests; and
- G. The Commission has reviewed the Application, the responses to information requests, and the final submissions of BC Hydro and the participating Intervenors.

**NOW THEREFORE** the Commission, by this Order and the attached Reasons for Decision, determines as follows:

1. Rate Schedule 1289, as proposed in the Application, is approved. The rates proposed in the Application are to be effective as of January 1, 2009.
2. BC Hydro is directed to submit its next Net Metering – Monitoring and Evaluation Report to the Commission within 120 days after the date of submission of the Standing Offer Program report associated with the review of that program, currently scheduled for March 2010.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 30<sup>th</sup> day of January 2009.

BY ORDER

*Original signed by:*

L.F. Kelsey  
Commissioner

Attachment

An Application by British Columbia Hydro and Power Authority  
for Approval to Re-Price Net Metering Services

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**REASONS FOR DECISION**

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British Columbia Hydro and Power Authority (“BC Hydro”) submitted the Net Metering Re-Pricing Application (the “Application”) specifically to update the energy rate offered to net metered customers. The stated purpose of the Application was to address program pricing. BC Hydro was specific regarding the scope of the Application, stating that “[a]t this time, BC Hydro is not proposing in this application any other changes to the terms and conditions of RS 1289.”

The last Net Metering Evaluation Report was submitted to the British Columbia Utilities Commission (the “Commission”) on June 1, 2005. In the Report, BC Hydro committed to re-establishing the Net Metering price based on future rate revisions on the average price for clean projects that are accepted as a result of BC Hydro’s Call For Tender (“CFT”) process. BC Hydro noted that, at the time of the 2005 Report, it was in the midst of a CFT, and expected that the successful projects would be finalized the following year. In the 2005 Report, BC Hydro indicated its intent to then update RS 1289, after price information from the successful clean projects became available. The CFT submissions were filed by April 7, 2006. The levelised energy rate from CFT submissions was \$78.40/MWh, in 2006 dollars.

The BC Energy Plan (“BCEP”) was announced on February 27, 2007. BCEP Policy Action #11 directed BC Hydro to establish a standing offer program (“SOP”) for clean electricity projects up to 10MW. The levelised energy rate from the 2006 CFT is the basis for the energy rates of SOP. The SOP energy rate includes qualitative components, with the rate varying by time of year and location. The SOP also includes rate adjustments for environmental attributes, which BC Hydro purchases from participating energy suppliers.

BCEP Policy Action #11 also requires that, to ensure even treatment, the rate paid for net annual surpluses of generation purchased by BC Hydro is generally consistent with the prices paid in the SOP. At the time the Application was submitted, the energy rate in RS 1289 was 5.40 cents/kWh. There was a wide differential between that and the SOP rate; the two rates were not consistent. Given the qualitative differences between the SOP and Net Metering programs, the Commission is of the view that achieving a Net Metering energy rate consistent with the SOP rate does not require that the rates be equal. Instead, the Commission interprets “generally consistent” as meaning that the two rates are of similar magnitude and are not biased toward either source of supply. The SOP rate schedule varies by location, which means a range of prices offered by BC Hydro. The proposed RS 1289 rate is within the upper portions of the SOP rate range for 2008 and for 2009. Therefore, the Commission deems the Net Metering rate to be generally consistent with that offered under SOP.

Two intervenors participated in the written review of the Application: the B.C. Sustainable Energy Association and the Sierra Club of British Columbia, collectively (“BCSEA”); Horizon Technologies Inc., representing Energy Solutions for Vancouver Island Society, Okanagan Environmental Industry Alliance and Island Transformations Org, collectively (“ESVI”). ESVI proposed that other, non-price aspects of the Net Metering Program warranted modification. BCSEA expressed general satisfaction with the Application.

ESVI submits that re-pricing the Net Metering rate should have occurred earlier, and that a retroactive rate adjustment is warranted. In ESVI’s view, BC Hydro had sufficient clean energy, CFT information on which to re-price Net Metering as of summer of 2006. BC Hydro did not re-price the Net Metering rate from 2005 until the filing of the Application on October 3, 2008. ESVI submits that any increase to the Net Metering rate should be

retroactive to August 2006. BCEP Policy Action #11, requiring general consistency between the Net Metering and SOP rates, was announced in February of 2007. Therefore, any retroactive increase to RS 1289 could at best be back-dated to that time.

BC Hydro submits that the existing rates were appropriate having been approved by the Commission. BC Hydro points out that there have been rate design hearings since the time that the rate of 5.40 cents/kWh was established, wherein intervenors could have proposed adjusting RS 1289. No such adjustment proposal was brought forward in those proceedings.

BCEP Action #11 requires BC Hydro to offer a Net Metering rate that is generally consistent with the SOP energy rate. The final SOP rate structure was not established until approval of the program with the issue of Order G-43-08 on March 19, 2008. The fact that the SOP energy rate was not determined until March 2008, and that no intervenor raised the matter during recent BC Hydro rate design proceedings is persuasive. The Application was filed in early October 2008, which is a reasonable period after the determination of the SOP. The Commission therefore finds no justification to retroactively apply the revised rates.

ESVI also raised the matter of the incentive aspect of the pricing of net metering. The Province has not yet issued a directive to the Commission with respect to incentive pricing and the specific role of the Net Metering program in achieving conservation objectives. Until the time that such a directive is issued, the Commission cannot presume the details of potential Government policy. The Commission is therefore not persuaded that it should order BC Hydro to include an incentive component into the Net Metering price at this time.