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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-32-15**

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**IN THE MATTER OF
the *Utilities Commission Act*, RSBC 1996, Chapter 473**

and

**FortisBC Inc.
Self-Generation Policy Application**

BEFORE: B. A. Magnan, Panel Chair/Commissioner
L. A. O'Hara, Commissioner
R. D. Revel, Commissioner
February 27, 2015

O R D E R

WHEREAS:

- A. On May 6, 2014, the British Columbia Utilities Commission (Commission) issued Order G-60-14 with attached reasons for decision, which included the following directive:

FortisBC Inc. is directed to initiate a concurrent consultation process in its service territory to address or ensure:

- (i) the potential benefits of self-generation;
- (ii) the 1999 Access Principles in the context of self-generating customers;
- (iii) if the GBL methodology is proposed, GBL Guidelines for both idle historic self-generation and new self-generation; and
- (iv) arbitrage is not allowed.

FortisBC Inc. is further directed to file a resultant Self-Generation Policy application with the Commission by December 31, 2014, that establishes high level principles for its service territory.

- B. By letter dated December 30, 2014, the Commission granted FortisBC Inc.'s (FortisBC) request for an extension to file the Self-Generation Policy application (the Application) by January 9, 2015 ;
- C. On January 9, 2015, FortisBC filed the Application which includes policy statements on the subjects of arbitrage, the 1999 Access Principles, Generator Baseline Guidelines and the benefits of self-generation;
- D. FortisBC states that it engaged in public consultation regarding the Application with the British Columbia Old Age Pensioners' Organization *et al.*, B.C. Sustainable Energy Association and Sierra Club of British

Columbia, Nelson Hydro, Columbia Power Corporation, British Columbia Hydro and Power Authority (BC Hydro), British Columbia Municipal Electrical Utilities and Zellstoff Celgar Limited Partnership;

- E. In its Application, FortisBC asserts that it has fulfilled the requirements to consult on and submit high level policies as required by Order G-60-14 and requests that the Commission issue an order, without further process, as following:
- (i) The Commission finds that FBC fulfilled the requirement to consult on and submit high level principles as required by Order G-60-14;
 - (ii) FBC is directed to file with the Commission an application for approval of Generator Baseline (GBL) Guidelines (FBC GBL Guidelines application) no later than 90 days after the approval of either the BC Hydro Application for Approval of Contracted GBL Guidelines and Reconsideration and Variance of Order G-19-14 or approval of the BC Hydro Application for Approval of Section 2.5 Guidelines for Tariff Supplement No. 3 to Rate Schedule 3808, whichever occurs later, and that the FBC GBL Guidelines application should incorporate the self-generation policies set out in this Application; and
 - (iii) FBC is directed to file with the Commission an application for approval of a tariff supplement that incorporates the self-generation policies set out in this Application no later than 90 days after the date of a decision on this Application or a decision in the FBC Application for Stepped and Stand-By Rates for Transmission Voltage Customers proceeding, whichever occurs later; and
- F. By Order G-3-15, dated January 13, 2015, the Commission established a procedural conference scheduled for Thursday, February 5, 2015, and issued instructions for the Procedural Conference by letter dated January 27, 2015;
- G. The British Columbia Old Age Pensioners' Organization *et al.*, B.C. Sustainable Energy Association and Sierra Club of British Columbia, Commercial Energy Consumers Association of British Columbia, BC Hydro, British Columbia Municipal Electrical Utilities, Zellstoff Celgar Limited Partnership and the Association of Major Power Customers registered as interveners and attended the Procedural Conference;
- H. The Commission has considered the submissions made by FortisBC and the register interveners at the Procedural Conference and finds that establishing an initial regulatory timetable to review the Application is warranted.

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NOW THEREFORE for the reasons set out in Appendix A, the Commission orders as follows:

1. In accordance with section 2.1.1 of the attached reasons and the Regulatory Timetable attached as Appendix B, the Commission seeks comments from parties on the issues listed in Appendix C to this Order.
2. After considering the comments, the Commission will issue a timetable for further submissions in accordance with the process established in section 2.1.2 of the attached reasons.

DATED at the City of Vancouver, in the Province of British Columbia, this 27th day of February 2015.

BY ORDER

Original signed by:

B. A. Magnan
Panel Chair/Commissioner

Attachments

FortisBC Inc.
Self-Generation Policy Application

REASONS FOR DECISION

On January 9, 2015, FortisBC Inc. (FortisBC), in compliance with Order G-60-14, filed a Self-Generation Policy Application (Application) with the British Columbia Utilities Commission (Commission), which it states includes policy statements on the subjects of Arbitrage, the 1999 Access Principles, Generator Baseline (GBL) Guidelines, and the benefits of self-generation. In the Application, FortisBC asserts that it has fulfilled the requirements to consult on and submit high level policies as required by Directive 5 of Order G-60-14 and requests that the Commission issue an order without any further process to review the Application.

By Order G-3-15, dated January 13, 2015, the Commission established a procedural conference to take place on Thursday, February 5, 2015, and by way of a letter dated January 27, 2015, issued further instructions regarding the Procedural Conference.

In addition to FortisBC, the following registered interveners attended the Procedural Conference:

- the British Columbia Old Age Pensioners' Organization *et al.* (BCOAPO)
- B.C. Sustainable Energy Association and Sierra Club of British Columbia (BCSEA-SCBC)
- Commercial Energy Consumers Association of British Columbia (CEC)
- British Columbia Hydro and Power Authority (BC Hydro)
- British Columbia Municipal Electrical Utilities (BCMEU)
- Zellstoff Celgar Limited Partnership (Celgar)
- the Association of Major Power Customers (AMPC)

These Reasons for Decision address the key topics raised at the Procedural Conference which included:

- Is the filing in compliance with Order G-60-14 (Section 1)?
- How should the review of the Application proceed (Section 2)?
- The timing of hearing the Application in relationship with other related application filings (Section 3).
- The minimum size of generation capacity to which the GBL Guidelines should apply (Section 4).

1.0 COMPLIANCE WITH ORDER G-60-14

FortisBC asserts that it has fulfilled the requirement to consult and submit high-level principles under Order G-60-14.¹ CEC and BCMEU concluded that it is the acceptance of those high level principles that is the outstanding matter for the Commission and no party has submitted that FortisBC did not fulfill the requirement except for Celgar.²

Celgar maintains that the filing is deficient because it did not include GBL Guidelines³ which Celgar interprets Directive 5 of Order G-60-14 to require. However, Celgar acknowledges that the language in Directive 5 is a little awkward.⁴

¹ Transcript Volume 1, p. 5.

² Transcript Volume 1, CEC p. 28; Transcript Volume 1, BCOAPO p. 70, Transcript Volume 1, BCSEA p. 74.

³ Transcript Volume 1, p. 34.

⁴ Ibid., pp. 34–35.

In summary, FortisBC submits that it was appropriate not to file the GBL Guidelines for several reasons, as follows:

- FortisBC went through the full process to determine that a GBL approach should be adopted.
- Order G-60-14 did not require that GBL Guidelines or a number of high level principles be set – it only required that FortisBC consult.
- In the reasons that supported Order G-60-14, the Commission noted that while setting these parameters, FortisBC has the discretion and judgment in determining the scope of consultation and resultant application.⁵
- The ‘nitty-gritty’ of GBL Guidelines are a matter of implementing the high-level principles in the Application and are appropriately left for a further stage.
- FortisBC sees a benefit in observing the events in the two BC Hydro proceedings (Application for Approval of Contracted GBL Guidelines and Reconsideration of Order G-19-14 and Section 2.5 Guidelines for Tariff Supplement No. 3 to Rate Schedule 3808) that are being examined concurrently in order to incorporate a sense of what BC Hydro finds acceptable.⁶ Specifically FortisBC notes:
 - If FortisBC can draft GBL Guidelines that seem to be somewhat in accordance with BC Hydro’s preference that may increase the likelihood of Section 2.5 of the BC Hydro Rate Schedule 3808 Power Purchase Agreement (RS 3808 PPA) ultimately being redundant.⁷
 - Observing the Contracted GBL process would be very useful to FortisBC as a general marker of how another experienced utility deals with deriving a number in connection with customer load.⁸

Celgar argued that the GBL Guidelines are not the ‘nitty-gritty’. The ‘nitty-gritty,’ Celgar maintains, is actually applying those Guidelines.⁹ Celgar asserts that no progress has been made until they see the GBL Guidelines and the principles set out do not further the process.¹⁰ Until the FortisBC GBL Guidelines are approved, Celgar is blocked from making an application to have Section 2.5 of RS 3808 New PPA removed and remains the only big industrial customer in the province stuck in the net-of-load standard.¹¹ Celgar further submits that it is the only party with exigent circumstances and is the only party to suffer through the status quo.¹²

Celgar states that “...even if the Order did not explicitly direct that the Guidelines be filed, as part and parcel of the principles required to establish the existing customers’ supply obligation, which was the goal of the Order, it was at least implied that they should form part of this...filing.”¹³

In conclusion, Celgar stresses that the most important consideration, and the first step, is for the Commission to determine whether or not the application is deficient because it did not contain GBL Guidelines.¹⁴ Finally, Celgar

⁵ Ibid., pp. 6–8.

⁶ Ibid., p. 18.

⁷ Ibid., p. 18.

⁸ Ibid., p. 20.

⁹ Ibid., p. 37.

¹⁰ Ibid., p. 37.

¹¹ Ibid., p. 39.

¹² Ibid., p. 41.

¹³ Ibid., p. 39.

¹⁴ Ibid., p. 41.

notes that even if the Commission finds that the Application was not deficient, the Commission can order FortisBC to file the GBL Guidelines as the next step.¹⁵

FortisBC replied by stating that the application was not deficient and highlights that even Celgar acknowledged that it wasn't expressed in either the Decision or the Reasons that filing the GBL Guidelines was to be made at the same time as the high level principles. FortisBC reminded everyone that it is the wording of the order that should be the measurement of any deficiency and states that Directive 5 clearly does not contemplate the filing of GBL Guidelines – it refers to high level principles only.¹⁶

Commission determination

The Commission Panel concurs with FortisBC that the wording of Order G-60-14 is the measure of any deficiency in the Application. Directive 5 states:

5. FortisBC Inc. is directed to initiate a concurrent consultation process in its service territory to address or ensure:

- (i) the potential benefits of self-generation;
- (ii) the 1999 Access Principles in the context of self-generating customers;
- (iii) if the GBL methodology is proposed, GBL Guidelines for both idle historic self-generation and new self-generation; and
- (iv) arbitrage is not allowed.

FortisBC Inc. is further directed to file a resultant Self-Generation Policy application with the Commission by December 31, 2014, that establishes high level principles for its service territory.

The Panel acknowledges that the wording of the Directive is open to at least two interpretations as indicated by the parties. FortisBC is proposing a staged approach with the filing of the GBL Guidelines after the high level principles have been established by the Panel. The Panel notes that there is nothing specific in the Directive specifically requiring the inclusion of the GBL Guidelines in the initial application materials as opposed to requiring them to be filed at a later time in the proceeding. FortisBC has elected to proceed based on its reasonable interpretation of the Directive that does not require the GBL Guidelines to be filed with the initial application materials. **Given the wording of the Directive, the Panel finds that the Application as filed does comply with the Directive.**

2.0 REVIEW OF HOW THE FORTIS BC SELF-GENERATOR POLICY APPLICATION SHOULD PROCEED

In the Commission letter sent to FortisBC and the registered interveners concerning issues to be addressed during the Procedural Conference, the following guidance was provided regarding how the Application should be reviewed:

- a. *Without further process as proposed by FortisBC in the draft order included as Exhibit B-1, Attachment 1;*
- b. *By way of Staff Alternate Proposal consisting of two stages (see further details below);*
- c. *By way of Other Approach.*

¹⁵ Ibid., p. 42.

¹⁶ Ibid., p. 82.

Staff Alternate Approach

Stage I: The Commission would make certain determinations on issues and/or policies to establish building blocks for Stage II. Stage I could include determinations on issues such as incenting self-generation, the definition of arbitrage, the applicability of the 1999 Access Principles to self-generators, and the GBL and Net-of-Load concepts in the FortisBC service area.

Stage II: FortisBC would be required to file a Stage II application based on the determinations established in the Stage I decision. The Stage II application could include GBL Guidelines (if that methodology is approved in Stage I), the self-generator policies that are to be attached as an appendix to the Stand-by Rate and any other filings required as a result of the determinations made in the Stage I decision.

FortisBC agrees with staff that there should be some process around the acceptance of the high level principles presented in the Application¹⁷ FortisBC submits that it supports staff's two-stage approach leading to two decisions.¹⁸ FortisBC entered as Exhibit B-2 its proposal for the two stages.¹⁹

BCOAPO is strongly in favour of the two-stage process with Stage I being needed specifically because:

- there is a lot of disagreement over exactly what was decided in the past;
- the extent to which the past decisions should apply in hearing this Application because some of those decisions were made in other contexts and at other historical periods of time ; and
- finally, whether or not some of those decisions merit being revisited.

BCOAPO is also of the opinion that the parties can save a lot of time by having these issues resolved before FortisBC filed the detailed GBL Guidelines.²⁰

CEC and BCMEU also support staff's two-stage approach, stating that the high level principles do need some high-level review by the Commission and some input from other parties. The concept of a Stage I to solidify those high-level principles in a manner acceptable to the Commission is important to the ratepayers.²¹

Celgar is not in agreement with a two-stage process. It recommends that FortisBC be directed to file GBL Guidelines and they should properly be considered within the context of the current Application.²² Celgar is concerned that a two-stage process will stretch out the process and notes that the main reason for their objection is that it sees Stage I as an attempt by FortisBC to redefine a number of concepts that were settled in prior Commission decisions. Celgar submits that it is wrong to proceed to Stage I as what it seems to contemplate is not really a review of the high-level principles, but a reconsideration of past Commission decisions.²³

AMPC submits that the two-stage approach suggested by staff is ill-conceived and should not be implemented because the issues suggested by staff have all been looked at before and the generic review that is suggested

¹⁷ Ibid., p. 11, 22 and 25.

¹⁸ Ibid., p. 25.

¹⁹ Marked as Exhibit B-2.

²⁰ Transcript Volume 1, p. 71.

²¹ Ibid., p. 29.

²² Ibid., pp. 41–42.

²³ Ibid., pp. 42, 44.

would be revisiting issues in a factual vacuum and it's that vacuum that AMPC is concerned with most.²⁴ AMPC submits that, in the absence of FortisBC GBL Guidelines, the Commission has little reason to change or reconsider any of the decisions already made, which may result in change for reasons that nobody quite understands and which may or may not be applicable when the FortisBC GBL Guidelines themselves come forward later. There has been no request for a reconsideration of any Commission decision. AMPC submits that after FortisBC files the GBL Guidelines we will be in a much better position to proceed.²⁵

BC Hydro finds that staff's two-stage approach is potentially problematic as the Application is not a sufficient basis for the Commission to make those sorts of determinations. The approach seems to contemplate reconsideration of previous decisions with a potentially grossly insufficient evidentiary basis and should be avoided.²⁶

BCSEA does not support the staff proposed two-stage approach of looking at the principles in isolation for the same reasons raised by BC Hydro, Celgar and AMPC.

On Celgar's suggestion that there is some attempt to try to get a reconsideration or variance of past Commission determinations, FortisBC replies by stating that the Application tries to encapsulate and articulate the decisions in a way that can be translated into high-level policy principles that a new self-generator could come up and read if they were attached to a tariff or other document.²⁷ FortisBC further argues that the very fact that suggestions have been made that FortisBC has not accurately described the Commission's past decisions illustrates and reinforces why there is a need for a Stage I process.²⁸

In reply to AMPC's expressed concern that a Stage I process would revisit decided issues in a vacuum, FortisBC states that it has absolutely no intent to revisit issues but rather to crystallize and articulate past Commission decisions, or its understanding of those decisions, in such a way that could be used as a policy statement to guide customers. It is the issue of a proper interpretation and application of past decisions²⁹ and as such there is no need for a full new evidentiary record, as suggested by BC Hydro. FortisBC states that there is already an evidentiary record that underpins those past Commission decisions.³⁰

FortisBC further states that:

It makes little sense for it to be drafting and filing GBL Guidelines which it believes to be based on past Commission decisions when other people would take the view that, in fact, the high level principles on which the GBL Guidelines would be based, are departures from those past Commission decisions. And so... this reinforces why there should be a bit of a pause, and Stage I is a useful exercise to make sure everyone is on the same page.³¹

Commission determination

The proposed Stage I suggests that there are more issues affecting the development of GBL principles and guidelines than are addressed in previous Commission decisions. Appendix C provides a listing of those issues

²⁴ Ibid., pp. 53–54.

²⁵ Ibid., p. 54.

²⁶ Ibid., p. 60–62.

²⁷ Ibid., p. 83.

²⁸ Ibid., p. 83.

²⁹ Ibid., p. 86.

³⁰ Ibid., p. 88.

³¹ Ibid., p. 83.

which the Panel has identified as potentially impacting this Application. As an example, FortisBC indicates that the 1999 Access Principles have little implication for the development of their proposed GBL methodology, whereas Celgar argues the opposite. The Panel is also concerned about government policies and statements such as the *Clean Energy Act* and the BC Energy Plan that could impact the establishment of any guidelines. Receiving further commentary on the importance of these and other issues is, in the view of the Panel, important to this Application.

The Commission Panel finds that the most efficient way to proceed is to seek submissions in order to obtain the positions of the parties on the relevance and applicability of past decisions in current and future circumstances as well as any other issues as directed by the Panel.

The Panel recognizes that many of the past decisions were made in other contexts and at other historical periods of time. The question therefore arises as to the extent to which they apply here. The Panel agrees with BCPSO that the parties can save a lot of time by having these issues resolved before FortisBC files the detailed GBL Guidelines.

The Panel is mindful that FortisBC has stated that it has absolutely no intent to revisit issues but rather to crystallize and articulate past Commission decisions, or its understanding of those decisions, as a way that could be used as a policy statement to guide customers as directed by the Commission in Order G-60-14.

The Panel agrees with FortisBC that it makes little sense for FortisBC to be drafting and filing GBL Guidelines which it believes to be based on past Commission decisions when other people would take the view that in fact, the high level principles on which the GBL Guidelines would be based, are departures from those past Commission decisions.

In making this determination, the Panel is mindful of Celgar, BC Hydro, AMPC and BCSEA's positions that this could end up as not just a review of the high-level principles but as a reconsideration of past Commission decisions. However, the Panel does not agree that these would be reconsiderations. Rather, the Panel holds that the previous decisions were ones made based on the evidence provided and the conditions prevalent at the time of the specific decision and that this evidence is a matter of record.

2.1 Further steps and process

Participants were asked to address the following two questions:

- *What are the suggested steps and timetable for the associated regulatory review process?*
- *If further process is required, should the review of the Application proceed by a written public hearing or some other process?*

2.1.1 Suggested steps and timetable

FortisBC proposes a Stage I process that consists of an exchange of written submissions, organized around particular issues that the Commission advises participants it would like to see addressed.³² FortisBC further suggests that it make the first filing of its written submission. Interveners would then have an opportunity to file a written response and then FortisBC file a written reply.³³ FortisBC indicates that it could have its submission ready in a matter of weeks, depending on the nature of any issues that the Commissioners would like to have

³² Exhibit B-2.

³³ Transcript Volume 1, p. 22.

addressed.³⁴ FortisBC further submits that there is no need for information requests (IRs) or for the filing of intervenor evidence at Stage I given the nature of the issues.³⁵ The high-level principles set out in its Application attempted to distill and implement the Commission decisions that have already taken place³⁶ and FortisBC maintains that Stage I is more a matter of law and interpretation and application of Commission decisions rather than something that can be tangibly distilled into an evidentiary backdrop. Further the Application arose out of a consultative process with the parties and an extensive back and forth has already occurred.³⁷

FortisBC submits that if the Commission would prefer not to have the submissions oriented around particular issues or sub-issues then FortisBC may also be content to rely on its application followed by intervenor written submissions and a FortisBC reply.

CEC and BCMEU support FortisBC's suggested approach and strongly urge the Commission to issue a scope document on Stage I that identifies any concerns the Commission may have with the principles laid out in the Application.³⁸ CEC and BCMEU support the Commission issuing an order subsequent to this proceeding on the high-level principles as to what the Panel would wish to have commented on by the parties. CEC and BCMEU recommend a written process with the potential for a streamlined review process, whereby the parties, if disagreeing on the principles, could articulate their concerns and Commissioners could ask questions.³⁹

Celgar does not support a staged approach but did submit that it was willing to argue as to what has been determined by the Commission in past decisions by way of submission and give the citations and so forth and deal with it in that process.⁴⁰

AMPC prefers a written process because it is more cost efficient, expedient and is easier for parties to participate.⁴¹ BCOAPO agrees that a written process is preferred.⁴²

FortisBC supports a Stage I scoping document being issued by the Commission by which the parties' submissions might be governed, as this would be useful to set parameters concerning what should be commented on.⁴³

Commission determination

The Panel is persuaded by FortisBC's arguments and determines that the best way to proceed, is for FortisBC to first file its written submission, followed by interveners filing written responses and then for FortisBC to file a written reply regarding the positions of the parties on the relevance and applicability of past decisions in current and future circumstances and any other issues as directed by the Panel.

The Panel is in agreement with FortisBC that there is no need for IRs at this time, as this is more a matter of law and interpretation on the application of past Commission decisions than something that can be tangibly distilled into an evidentiary backdrop.

³⁴ Ibid., p. 23.

³⁵ Ibid., pp. 23, 24.

³⁶ Ibid., p. 23.

³⁷ Ibid., p. 24.

³⁸ Ibid., p. 30.

³⁹ Ibid., p. 31.

⁴⁰ Ibid., p. 44.

⁴¹ Ibid., p. 56.

⁴² Ibid., p. 71.

⁴³ Ibid., pp. 79–80.

If the parties disagree on the principles or the interpretation of past decisions, the Panel will consider at that time whether or not a process similar to a streamlined review process should be followed whereby the parties could articulate their concerns and Commissioners could ask questions.

2.1.2 Preliminary comment period

There seems to be an agreement amongst several of the parties that the value of these submissions would benefit from the Commission issuing a scoping document identifying the particular issues that the Commission would like the parties to address in their submissions. The Panel sees merit in this additional step; however, would like to have input from all the parties before it finalizes any issues list. **The Panel has included, as set out in Appendix C, its preliminary list of issues that could be addressed and would like to receive comments from the parties, in accordance with the Regulatory Timetable attached as Appendix B, on their agreement, or disagreement, including a rationale as to why. The Panel also requests that parties identify any additional items they would like to see added to the issues list.** Once the Panel has reviewed the comments it will issue a further order establishing a final list of issues which the parties will use to guide them in making their submissions.

3.0 TIMING OF THE FILINGS

Proceeding Conference participants next addressed the question of:

Should the filing of the FortisBC GBL Guidelines be delayed until the Commission makes a determination on both the BC Hydro Application for Approval of Contracted GBL Guidelines and Reconsideration and Variance of Order G-19-14 and the BC Hydro Application for Approval of Section 2.5 Guidelines for Tariff Supplement No. 3 to Rate Schedule 3808?

3.1 BC Hydro Application for Approval of Contracted GBL Guidelines and Reconsideration and Variance of Order G-19-14 (BC Hydro Contracted GBL Guidelines)

FortisBC recommends that Stage I of the Application and the review of the BC Hydro GBL Guidelines Application could run concurrently, but separately.⁴⁴ FortisBC submits that a decision on the BC Hydro GBL Guidelines Application would not be necessary for the Commission to make a determination on Stage I of its Application. However, FortisBC submits that there should be a decision on the BC Hydro Contracted GBL Guidelines Application before FortisBC is directed to move to Stage II and file its GBL Guidelines.⁴⁵ FortisBC notes that this may happen in the normal course without the Commission needing to make a formal determination.

CEC and BCMEU submit that BC Hydro has been quite adamant that the FortisBC issues are not related to the BC Hydro process so they are not sure there is real regulatory efficiency in terms of waiting for that process to conclude.⁴⁶ Therefore, they encourage the Commission to move forward with Stage II without waiting for the BC Hydro Contracted GBL Application proceeding to be completed.

Celgar does not want to slow down this process in any way for the BC Hydro Contracted GBL Guidelines Application⁴⁷ and it has no problem with the two processes moving forward in parallel.⁴⁸ Celgar submits that it

⁴⁴ Ibid., p. 12; Exhibit B-2.

⁴⁵ Transcript Volume 1, p. 13.

⁴⁶ Ibid., p. 30.

⁴⁷ Ibid., p. 48.

⁴⁸ Ibid., p. 49.

would be unfair to say that we should wait for BC Hydro processes when the Commission has taken the position that BC Hydro is a different service area. Celgar argues that you can't have it both ways.⁴⁹

AMPC suggests that the BC Hydro GBL Guidelines goes first, and potentially be decided first, although it is open to suggestion.⁵⁰

BC Hydro suggests that the review of the Application be adjourned until the Commission makes a final determination on the BC Hydro Contracted GBL Guidelines Application, which should proceed first.⁵¹ If the Commission decides to proceed with the FortisBC application then BC Hydro proposes that the FortisBC application and the Contracted GBL application move forward in parallel, independent processes. BC Hydro has no problem if the BC Hydro Contracted GBL decision is issued before FortisBC files the GBL Guidelines application.⁵²

BCSEA supports BC Hydro's position to suspend the FortisBC Self-Generation Policy Application pending a determination on the BC Hydro Contracted GBL Guidelines Application.⁵³

FortisBC replies stating that it has concerns regarding the delays that would result if Stage I did not proceed in parallel with the review of the BC Hydro Contracted GBL Guidelines Application. FortisBC highlighted that it is not looking for guidance on the high-level principles but only on the GBL Guidelines which would only come up in Stage II.⁵⁴

Commission discussion

The Panel is persuaded by FortisBC's argument that it seems likely that the BC Hydro Contracted GBL Application process could be quite efficient and could conclude quite quickly, and in that ordinary course of events, even without a formal order, it could wrap up before⁵⁵ or some time very close to the time when FortisBC would be required to file its GBL Guidelines.

The Panel finds that a determination as to whether or not a final decision on the BC Hydro GBL Guidelines Application should be issued before FortisBC files its GBL Guidelines is premature at this time. The Commission will consider this again when it issues its further direction regarding the final list of issues.

3.2 BC Hydro Application for Approval of Section 2.5 Guidelines for Tariff Supplement No. 3 to Rate Schedule 3808 (Section 2.5 Guidelines)

In Exhibit B-2 submitted at the Procedural Conference, FortisBC provided two options on how best to proceed with the review of the Application. Under Option A, a Commission decision on the Section 2.5 Guidelines Application could occur before the FortisBC Application moves to Stage II. Under Option B the Section 2.5 Guidelines Application process could be deferred until after Stage II was completed.

FortisBC states that the Application envisioned Option A; however, after further consultation, FortisBC sees some benefits as well with Option B and has no strong preference either way.

⁴⁹ Ibid., p. 50.

⁵⁰ Ibid., p. 55.

⁵¹ Ibid., p. 58.

⁵² Ibid., p. 66.

⁵³ Ibid., p. 74.

⁵⁴ Ibid., p. 87.

⁵⁵ Ibid., p. 16.

Celgar proposes that Section 2.5 Guidelines Application remain suspended until this process (the FortisBC Self-Generation Policy Application) is completed.⁵⁶ Celgar is hopeful that the approval of FortisBC GBL Guidelines will make Section 2.5 of the RS 3808 PPA redundant and running that process ahead of this one seems wasteful and awkward.⁵⁷

AMPC submits that the BC Hydro Section 2.5 Guidelines Application should proceed after the BC Hydro Contracted GBL Guidelines Application and this Application are completed.

BC Hydro suggests that the Section 2.5 Guidelines Application should continue to be adjourned at this time and a determination on the duration of that adjournment is not needed at this time.⁵⁸

BCOAPO and BCSEA support suspending the Section 2.5 Guidelines Application process until the review of this Application is completed on the basis that it may be unnecessary once the FortisBC GBL Guidelines are approved.⁵⁹

Commission discussion

The suspension of the Section 2.5 Guidelines Application proceeding established by Order G-4-15 does not impact the review of this proceeding and therefore no alteration to that timetable as it relates to this proceeding is required.

4.0 MINIMUM SIZE OF GENERATION CAPACITY

The final question addressed by the Procedural Conference is:

What is the minimum size of generation capacity that the self-generation policies established in this Application should apply to?

In regards to the minimum size of generation capacity that the Self-Generation Policies established in the Application should apply to, FortisBC points out that the series of proceedings that led to the filing of the Application were mainly focused on large industrial customers. In addition, customers with generation capacity are dealt with in two other ways in the FortisBC service territory being:

- a) Net Metering (TS 95) for generation up to 50 kilowatts subject to eligibility requirements; and
- b) IPPs with whom separate arrangements are made.

FortisBC states that the principles could apply to any future interactions that aren't already covered, say by the net metering tariff or otherwise or customers who are not on a demand rate. Other than that there would be no minimum size of generation capacity that would otherwise restrict the policy's application.⁶⁰

CEC and BCMEU support FortisBC's position and support the GBL Guidelines applying to both transmission and distribution customers.⁶¹

⁵⁶ Ibid., p. 48.

⁵⁷ Ibid., p. 49.

⁵⁸ Ibid., pp. 48–49.

⁵⁹ Ibid., pp. 71, 79.

⁶⁰ Ibid., p. 27.

⁶¹ Ibid., p. 32.

Celgar and BCOAPO⁶² support CEC and BCMEU's position and note that Order G-60-14 said that the self-generation policy should apply to both distribution and generation voltage customers.⁶³ However, BCOAPO submits that the precise size of the generation should be determined as part of the review of the Application.⁶⁴

Commission determination

The Panel notes that FortisBC has policies to deal with customers who would fall under the net-metering generation cap of 50 kW. All parties who addressed this issue at the Procedural Conference were in agreement that any GBL Guidelines should apply to both transmission and distribution customers consistent with Order G-60-14. **The Panel is in agreement with the applicability of any GBL Guidelines to both transmission and distribution customers with the caveat that it should only be applied to customer generation facilities of over 50 kW.**

⁶² Ibid., p. 72.

⁶³ Ibid., p. 51.

⁶⁴ Ibid., p. 72.

FortisBC Inc.
Self-Generation Policy Application

REGULATORY TIMETABLE

ACTION	DATE (2015)
FortisBC comments on draft list of issues	Friday, March 6
Intervener comments on draft list of issues	Thursday, March 12
FortisBC Reply	Tuesday, March 17

FortisBC Inc.
Self-Generation Policy Application

COMMISSION PRELIMINARY ISSUES LIST

The Panel invites comments from parties on the following draft issues list, in accordance with the Regulatory Timetable set out in Appendix B to this order.

1. Review and application of past Commission decisions.
2. The application of the BC Energy Plan.
3. The application of the *Clean Energy Act* and any other relevant legislation.
4. Potential Benefits of Self-Generation.
5. Should the policy incent Self-Generation?
6. Arbitrage.
7. Net-of-Load concept.
8. The Generator Baseline Load concept, and its application for both idle historic self-generation and new self-generation.
9. 1999 Access Principles in the context of self-generating customers.