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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-51-15**

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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
March 31, 2015

O R D E R

WHEREAS:

- A. On January 9, 2015, FortisBC Inc. (FortisBC) filed a Self-Generation Policy application (Application) with the British Columbia Utilities Commission (Commission) in compliance with Order G-60-14;
- B. 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, British Columbia Hydro and Power Authority, British Columbia Municipal Electrical Utilities, Zellstoff Celgar Limited Partnership and the Association of Major Power Customers registered as interveners;
- C. On January 13, 2015, by Order G-3-15, the Commission established a procedural conference to hear submissions from the parties on how to proceed with the review of the Application;
- D. Subsequent to the procedural conference, on February 27, 2015, by Order G-32-15, the Commission determined, among other things, that the most efficient way to proceed was to initially seek submissions to obtain the positions of the parties on the relevance and applicability of past decisions as well as any other issues as identified by the Panel (Panel Issues List);
- E. The Commission also determined that there would be merit in having the parties comment on the preliminary Panel Issues List before the parties filed submissions;
- F. In consideration of the comments made by the parties, the Panel has established a final Panel Issues List and established a regulatory timetable for filing submissions in respect of it.

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NOW THEREFORE the Commission orders as follows:

1. For the reasons stated in Appendix A to this order, the final Panel Issues List is as set out in Appendix B to this order.
2. The Regulatory Timetable to file submissions on the final Panel Issues List is set out in Appendix C to this order.
3. The Panel will issue further direction after it has reviewed and considered the submissions.
4. A deadline for submitting Participant Cost Award budgets will be established once a determination on further process has been made.

DATED at the City of Vancouver, in the Province of British Columbia, this 31st day of March 2015.

BY ORDER

Original signed by:

B. A. Magnan
Panel Chair/Commissioner

Attachments

FortisBC Inc.
Self-Generation Policy Application

REASONS FOR DECISION

1.0 INTRODUCTION

On January 9, 2015, in compliance with Order G-60-14, FortisBC Inc. (FortisBC) filed an application with the British Columbia Utilities Commission (Commission) which included policy statements on the subjects of arbitration, the 1999 Access Principles, Generator Baseline Guidelines (GBL) and the benefits of self-generation (Application).

In the Application, FortisBC stated that it engaged in public consultation regarding the Application, and asserted that it has fulfilled the requirements to consult on and submit high level policies as required by Order G-60-14 and requested that the Commission issue an order, without further process.

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) and the Association of Major Power Customers (AMPC) registered as interveners.

By Order G-3-15, the Commission established a procedural conference to take place on Thursday, February 5, 2015. Subsequent to the procedural conference, by Order G-32-15, the Panel determined, among other things, that the most efficient way to proceed was 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 identified by the Panel. Order G-32-15 included a Panel preliminary issues list (Panel Issues List) and established a regulatory timetable for commentary by the applicant and the interveners on the preliminary Panel Issue List.

2.0 COMMENTS ON THE PRELIMINARY PANEL ISSUES LIST

Appendix C to Order G-32-15 comprised the following preliminary Panel Issues:

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.

After considering the preliminary Panel Issues List, FortisBC proposes that to best insure the submissions deal with the same points, “rather than being ships passing in the night, so to speak,” and to provide the focus that will allow this process to continue expeditiously, it would be helpful to crystallize the proposed issues into the form of questions, where possible. This approach, FortisBC indicates, could serve as the headings and subheadings within participants’ submissions.¹ FortisBC also suggested that the first three listed preliminary issues might best be considered as informing submissions that could be made on other points, distinguished from issues that can be distilled into specific questions which are to be the subject of distinct sections of participants’ filings.²

BCOAPO agrees with FortisBC, BC Hydro, and BCSEA-SCBC that it is preferable to frame the issues as questions. BCOAPO states, “We believe that submissions which are overly abstract will not be useful in advancing this process, and that framing the issues as specific questions will assist FortisBC and the Commission to develop concrete policies.”³

BCSEA-SCBC notes that it substantially concurs with FortisBC’s comments and FortisBC’s proposed revised issues list. In the process of offering comment on particular issues put forth by FortisBC, BCSEA-SCBC frames each one of its comments in the form of questions suggesting that its preferred format is also one of questions.⁴

BC Hydro agrees with FortisBC that for this proceeding the issues should be framed as questions that can be used to define headings for the participants’ written submissions in the next part of the process.⁵

Celgar does not take a firm position on the nature of how the issues list is formatted. Celgar, however, notes that given the Commission’s determinations in Order G-32-15, it accepts the Commission process and supports the methodology and proposed steps as set out in that order. In presenting its proposed additional 10 items for the list, Celgar presents these in a topic only style, similar to the Commission, and not in the form of questions.⁶

While not specifically taking a stance on the question format for presenting the issues, the BCMEU states that it has reviewed the submissions of counsel on behalf of FortisBC and submits that these submissions set a helpful framework for consideration of the issues of relevance to a review of the Fortis BC self-generation policy.

The CEC submits that “the formulation of specific questions or areas of discussion that serve as sub-headings under larger topic areas could offer a good framework for interveners and the Commission to focus responses on the key elements of the discussion and minimize extraneous discussion.”⁷ Apart from Celgar, CEC is the only party to accept the notion of the review and application of past Commission decisions, the application of the BC Energy Plan and the application of the *Clean Energy Act* to be addressed as individual issues and not only referred to as necessary in support of other listed issues.

AMPC notes that it would not normally comment on BCSEA-SCBC’s “parallel” comments, but does so in this instance to support them. In the unique circumstances of this proceeding, with some ambiguity about how to deal with facts versus principles, AMPC expects BCSEA-SCBC’s un-conventional yet focussed approach will

¹ Exhibit B-3, p. 1.

² Ibid.

³ Exhibit C1-2, p. 1.

⁴ Exhibit C4-2.

⁵ Exhibit C2-1.

⁶ Exhibit C7-4.

⁷ Exhibit C3-2, p. 2.

provide appropriate guidance to parties and result in organized submissions. AMPC continues: "...further notes that if, however, the Commission prefers a standard, concise and neutrally framed issues list, a suggested version is attached as Appendix 'A'. AMPC considers it to be largely comparable in substance to that of FortisBC. Some sub-issues have been removed because they fall under the umbrella of larger issues." AMPC's proposed list is entirely in the form of questions.⁸

Commission determination

The Panel observes that no intervenor specifically objected to the FortisBC suggestion that the final Panel Issues List be presented in the form of questions. In fact, those intervenors, with the exception of Celgar, who made suggestions concerning the list presented their suggestions in an interrogatory form rather than as topics.

The Panel considers that the merits of reverting to a question format is highly desirable as it offers the benefit of a more focused set of responses that should lead to a more directed and efficient hearing process. **Therefore, the Panel has incorporated this recommended change into the final Panel Issues List.**

In regards to the Panel's issues themselves, the Panel notes that all parties, save for CEC and Celgar, agree with FortisBC's position regarding the first three preliminary issues—namely:

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.

There was also significant support for the remaining six Panel issues. In addition, some of the Interveners provided suggested framing for the proposed questions and Celgar suggested some additional questions be added which were questioned by FortisBC in its Reply.

The Commission considered FortisBC's comment that legislation and policies should be addressed in the context of addressing other topics and is aware of FortisBC's position that there is virtue in addressing past Commission decisions in the context of particular subject matter. However, the Panel is concerned that the participants would not want to address the suggested first three issues other than in the form of support as required for the other issues. In its earlier reasons for decision in Order G-32-15, the Panel clearly indicated that it wanted to obtain the positions of the parties on the relevance and applicability of past Commission decisions to the proposed FortisBC self-generation policy in current and future circumstances.

The Panel also is aware of the potential impact of provincial policies on issues such as self-generation and believes addressing FortisBC self-generation in light of overall provincial energy policies would be of benefit to all parties.

Accordingly, the Panel is not persuaded that FortisBC's proposal regarding the first three issues should be accepted. The Panel agrees with CEC that the application of past Commission decisions, the BC Energy Plan and the *Clean Energy Act* are best addressed as individual issues and not only referred to in support of the other issues. **Therefore, the Panel determines that the final Panel Issues List will not be modified as suggested by FortisBC.**

⁸ Exhibit C6-2.

Furthermore, the Panel is not persuaded that the additional issues proposed by Celgar would add to a better understanding in determining high level principles for a self-generation policy. **The Panel finds that Celgar's issues may better be addressed when dealing with the setting of the GBL Guidelines themselves and not in establishing the high level principles.**

Therefore, the Panel seeks submissions from the parties on the final Panel Issues List as set out in Appendix B to this order. The submissions should provide commentary on each issue giving the greatest possible perspective for your organization. If sufficient commentary on any particular issue has been addressed as part of a previous issue, indicate in your submission where specifically it has been addressed.

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PANEL SUBMISSION LIST

Where appropriate please provide rationale for any position taken.

1. What, if any, past Commission decisions are applicable in establishing a self-generation policy in the FortisBC service area? If any are applicable, please specify why.
2. Should the 1999 Access Principles established in Order G-27-99 apply to self-generating customers in the FortisBC service area?
3. What, if any, application does the BC Energy Plan have in establishing a self-generation policy in the FortisBC service area? If applicable, please specify why.
4. What, if any, application does the *Clean Energy Act* have in establishing a self-generation policy in the FortisBC service area? If any are applicable, please specify why.
5. What, if any, are the current and future potential benefits or drawbacks to self-generation in the Fortis BC service area?
 - (i) How does a self-generator's location impact the assessment of current and future benefits?
 - (ii) How, if at all, should the relative benefits or drawbacks of any particular self-generator be reflected in determining a GBL?
6. Should FortisBC's self-generation policy incent self-generation? If yes, under what circumstances?
7. What should the definition of arbitrage be in the current and future FortisBC service area environment?
8. Is there a role for the net-of-load concept in the FortisBC service area if the GBL methodology is accepted? If yes, what is that role?
9. How should the GBL be defined in the context of both idle historic self-generation and current idle self-generation?

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REGULATORY TIMETABLE

ACTION	DATE (2015)
FortisBC Submission	Friday, May 8
Intervener's Submission	Friday, May 22
FortisBC Reply	Friday, June 5