



ORDER NUMBER
G-89-17

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

and

FortisBC Inc.
Application for a Community Solar Pilot Project

BEFORE:

R. D. Revel, Panel Chair/Commissioner
W. M. Everett, QC, Commissioner
D. A. Cote, Commissioner

on June 2, 2017

ORDER

WHEREAS:

- A. On April 26, 2017, FortisBC Inc. (FBC) filed, pursuant to sections 44.2 and 59–60 of the *Utilities Commission Act* (UCA), an application with the British Columbia Utilities Commission (Commission) seeking acceptance of a capital expenditure schedule relating to the proposed Community Solar Pilot Project (the Ellison Solar Project) and for approval to implement Rate Schedules 85A and 85B (Application);
- B. FBC proposes to construct and operate a 240 kilowatt solar array composed of 720 solar panels on land it currently owns adjacent to its Ellison Substation;
- C. FBC estimates the capital cost of the Ellison Solar Project to be \$960,744 and proposes to include the capital costs of the project within its 2017 formula capital spending envelope. FBC's formula capital spending envelope is a component of its performance-based ratemaking plan (PBR Plan), which was approved by Order G-139-14 and is in place for the period of 2014 through 2019;
- D. Rate Schedule 85A is a Virtual Solar Rate which, if approved, would allow FBC to offer customers, for a fee, the measured output of solar panels from a defined solar generation resource. The proposed fee for panels from the Ellison Solar Project is \$6.75 per panel per month;
- E. Rate Schedule 85B is a Solar Offset Rate which, if approved, would allow FBC to offer customers the option to offset a portion of their electricity consumption with solar generation from a defined solar generation resource. The proposed rate for the Ellison Solar Project is \$0.231 per kilowatt-hour;
- F. On May 8, 2017, pursuant to Order G-66-17, the Commission established a regulatory timetable for the initial review of the Application which included a May 16, 2017 deadline for intervenor registration with further process to be determined;

G. On May 16, 2017, the following six parties registered as interveners in the proceeding:

- British Columbia Hydro and Power Authority;
- BC Sustainable Energy Association and the Sierra Club of BC (BCSEA-SCBC);
- Mr. Donald Scarlett;
- British Columbia Old Age Pensioners' Organization *et al.* (BCOAPO);
- Industrial Customers Group (ICG); and
- Resolution Electric Ltd.;

H. By Order G-79-17 dated May 19, 2017, the Commission established an amended regulatory timetable which included a procedural conference to be held on June 1, 2017;

I. The Commission also issued a letter on May 19, 2017 inviting participants to make submissions at the procedural conference on various matters, including whether there is a need for the Commission to hear, pursuant to section 44.2 of the UCA, a capital expenditure application, given that FBC is currently operating under the PBR Plan;

J. On May 31, 2017, Mr. Scarlett provided written submissions on the procedural matters identified in the Commission's May 19, 2017 letter;

K. On June 1, 2017, the Procedural Conference was held. FBC, BCOAPO and ICG attended and made submissions, and BCSEA-SCBC made submissions via teleconference; and

L. The Commission has reviewed the Application and the submissions from parties and considers that establishment of an amended regulatory timetable is warranted.

NOW THEREFORE for the reasons for decision attached as Appendix B to this order, the Commission establishes an amended regulatory timetable, as outlined in Appendix A to this order.

DATED at the City of Vancouver, in the Province of British Columbia, this 2nd day of June 2017.

BY ORDER

Original signed by:

Richard Revel
Commissioner

Attachment

FortisBC Inc.
Application for a Community Solar Pilot Project

REGULATORY TIMETABLE

Action	Date (2017)
Commission and Intervener Information Request No. 1	Wednesday, June 21
FortisBC Inc. response to Commission and Intervener Information Request No. 1	Friday, July 7
Notice of Intent to File Intervener Evidence	Wednesday, July 12
Further process	TBD



FortisBC Inc.
Application for a Community Solar Pilot Project

REASONS FOR DECISION

1.0 Background

On April 26, 2017, FortisBC Inc. (FBC) filed, pursuant to sections 44.2 and 59–60 of the *Utilities Commission Act* (UCA), an application with the British Columbia Utilities Commission (Commission) seeking acceptance of a capital expenditure schedule relating to the proposed Community Solar Pilot Project (the Ellison Solar Project) and approval to implement Rate Schedules 85A and 85B (Application).

By Orders G-66-17 dated May 8, 2017 and G-79-17 dated May 19, 2017, the Commission established regulatory timetables providing for intervenor registration and a procedural conference to be held on June 1, 2017. Also on May 19, 2017, the Commission issued a letter inviting participants to make submissions at the procedural conference on various matters, including whether there is a need for the Commission to hear, pursuant to section 44.2 of the UCA, a capital expenditure application, given that FBC is currently operating under a performance-based ratemaking plan (PBR Plan).

At the June 1, 2017 procedural conference, FBC and the following three interveners made submissions:

- British Columbia Old Age Pensioners' Organization *et al.* (BCOAPO);
- BC Sustainable Energy Association and Sierra Club of BC (BCSEA-SCBC); and
- Industrial Customers Group (ICG).

Additionally, Mr. Donald Scarlett filed a written submission on May 31, 2017 addressing the procedural matters raised in the Commission's May 19, 2017 letter.

2.0 Submissions on procedural matters

2.1 FBC, BCOAPO and BCSEA-SCBC submissions

FBC, BCOAPO and BCSEA-SCBC's submissions at the procedural conference were generally related to two matters: (i) the need for the Commission to hear the Application pursuant to section 44.2 of the UCA; and (ii) the proposed regulatory process and timetable.

The need to file under Section 44.2

FBC submits that while it was not necessary to file a section 44.2 capital expenditure application, it was appropriate to do so given the nature of the project, including the fact the project is a pilot dealing with issues of

greenhouse gas emissions and customer interest in solar energy, as well as customer engagement.¹ FBC cites an example of what it considers to be a similar project previously approved by the Commission involving section 44.2 – the FortisBC Energy Inc. (then Terasen Gas Inc.) biomethane pilot project approved by Order G-194-10.²

FBC also submits that based on the wording of section 44.2(3) of the UCA, because FBC has already brought forward the Application under section 44.2, the Commission is obliged to hear the Application.³

BCOAPO agrees with FBC’s “characterization of the situation and of the legislation.” BCOAPO further comments that it is “pleased that FBC saw clearly that although Section 44.2 is permissively worded, that it was an appropriate situation for this filing and for this process to take place, given the nature of what the utility is asking for.”⁴

BCSEA-SCBC concurs with BCOAPO’s comments regarding the value of having the Application being made under section 44.2 as distinct from going through the PBR annual review process. BCSEA-SCBC submits:

Given that this is a new concept, and despite the fact that the dollar values are relatively low compared to other applications, I think it is very useful to have the opportunity for the Commission to be aware of it and to express its view and make its decisions about the project before it actually happens.⁵

Regulatory process and timetable

FBC, BCOAPO and BCSEA-SCBC generally support a written hearing with one round of information requests. FBC views such a process as optimal due to the “relatively modest cost” that is engaged in the pilot project, its scale, and its “nature as being reviewable down the road in terms of how the pilot has fared, whether more expenditures will be made on an ongoing basis, other than on a pilot basis.”⁶

FBC indicates that while its preferred date for the issuance of the Commission’s decision on the Application is June 30th so that it is able to implement the pilot program by the end of 2017, the June 30th deadline is not “necessarily a critical date.”⁷

BCOAPO, while supporting FBC’s proposed regulatory process and timetable, submits that it does not agree that the cost of the project should “in any way be seen to dictate what the appropriate process is.” BCOAPO also submits it is “somewhat skeptical of the ability to complete this process within the one-month timeline that the utility has put forward.”⁸

BCSEA-SCBC submits that FBC’s proposed June 30th deadline is “probably a bit overly ambitious.”⁹

¹ Procedural Conference Transcript Volume 1, p. 10.

² *ibid.*, pp. 10–11.

³ *ibid.*, p. 13.

⁴ *ibid.*, pp. 18–19.

⁵ *ibid.*, p. 25.

⁶ *ibid.*, pp. 15–16.

⁷ *ibid.*, p. 16.

⁸ *ibid.*, p. 20.

⁹ *ibid.*, p. 25.

2.1 ICG and Mr. Scarlett's submissions

ICG submits that the Application raises “significant policy issues”, including whether or not FBC should install and own solar installations, as well as the broader issue of whether utilities in BC should be involved in the installation and ownership of solar installations.¹⁰

With regard to the impact of policy issues on the regulatory process for the Application, ICG submits the following:

...if you [the Commission] decide that that is a policy issue that should be squarely addressed in this proceeding, although it is a pilot project, then the process needs to necessarily be more expansive than the size of the project might suggest would be appropriate.¹¹

With regard to the regulatory process, ICG states that it is going to “reserve the opportunity to file intervenor evidence” and that it may file evidence “depending on the nature of the responses to Information Requests from FortisBC.”¹²

Mr. Scarlett, in his May 31, 2017 letter, submits that the Application contains “significant public interest issues” and “policy implications.” Mr. Scarlett supports FBC’s proposal for a written hearing process but opposes FBC’s deadline of June 30th for a decision due to the deadline not providing enough time for careful consideration by the Commission of parties’ submissions in the proceeding.

With regard to ICG’s submissions on policy, FBC responds that “of course, to some extent there is a policy element in the discussion, given section 44.2, and its engagement with factors that really go to the public interest.” However, FBC points to the fact that the proposed project is a pilot, and that Section 8 of the Application contemplates further process once the experience with the pilot is “crystallized.” FBC further submits there may be a need for a much broader policy discussion at the conclusion of the pilot project when FBC puts forward an application to the Commission to either go forward with a permanent program or not.¹³

Commission determination

The Panel agrees with ICG that the Panel’s determinations on the regulatory process and timetable to a large extent are impacted by the scope of issues under consideration in this proceeding. While the Panel acknowledges that the Application is only for a pilot project and that further review and examination of the project would occur at the time that FBC were to put forth a more permanent proposal, the Panel does not consider it appropriate to limit the scope of the hearing at this early juncture. **Accordingly, the Panel places no restrictions on the scope of the proceeding relative to the policy issues raised by ICG and amends the regulatory timetable, attached as Appendix A, to include one round of Commission and intervenor information requests and a deadline for intervenors to provide notification of their intent to file evidence, with further process to follow.**

The Panel agrees with BCOAPO that the cost and/or size of a project should not necessarily dictate the type of regulatory process. While the Panel is cognisant that a lengthier regulatory process is likely to increase the costs associated with the Application, the broader policy issues surrounding the Application increase its complexity and thus a greater level of review may be required.

¹⁰ *ibid.*, p. 28.

¹¹ *ibid.*, p. 28–29.

¹² *ibid.*, p. 29.

¹³ *ibid.*, p. 33.

With regard to the necessity of the Application being reviewed under section 44.2 of the UCA, the Panel accepts that given the nature of the project in terms of it being a pilot program and the public interest considerations, it is appropriate for the Application to be reviewed under section 44.2 of the UCA.