

July 31, 2020
File No. 5330-20
0400-20
Email: premier@gov.bc.ca

Premier John Horgan
Box 9041 Stn Prov Govt
Victoria, BC V8W 9E1

Dear Premier Horgan,

Reference: **BC Utilities Commission's Approval of BC Hydro's Application to Amend the Net Metering Service under Rate Schedule 1289**

This letter is in response to the British Columbia Utilities Commission's (BCUC) decision on the approval of BC Hydro's application to amend the net metering service rate. The Clean BC Initiative identifies a change towards using cleaner energy to the greatest extent possible with a target year of 2030 although this decision contradicts the plan. A few short years ago BC Hydro worked with the City of Fort St. John to allow for the construction of an innovative clean energy source, this decision now effectively stops any further investment in, or development of, new alternate energy sources.

The energy price currently paid to existing customers in accordance with the previous rate schedule was 9.99 cents per kWh. The BCUC approved BC Hydro to use a revised amount that will be calculated each January starting in 2025 that will be based on the daily average Mid-C prices for the previous calendar year. BC Hydro indicated in their submission to the BCUC that the average Mid-C amount for hydro generation would be 4.16 per kWh based on 2018 consumption numbers which is a decrease of 5.83 cents. It is acknowledged that the BCUC provided a five-year Transition Energy Price that will terminate in 2024 as part of this rate amendment and this transition period is appreciated. Although, this may dissuade other local governments to undertake clean energy initiatives in the future since cash strapped municipalities may not be able to justify the capital and operating cost incurred in comparison to any revenue that may be generated or cost savings realized. As it now stands for the City of Fort St. John, the revenue that our micro-hydro station will generate in the future will barely cover the annual operating costs let alone recover the cost of constructing this clean energy station.

BC Hydro stated in its submissions to the BCUC that the *"vast majority of customers in the Net Metering Program in fiscal 2018 (1,044 or 80%) received no Surplus Energy Payment and of the 256 customers who received a Surplus Energy Payment, 215 or 84% receive a payment of less than \$500."* Additionally, BC Hydro indicated *"Overall, this means that the majority of customers are not materially impacted by an*

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update to the Energy Price as they are likely to receive minimal Surplus Energy Payments or none at all.” In one of the City’s submissions to the BCUC, the City asked what the value of payments were for the 16% of customers who would have received over \$500. This question remains unanswered.

One of City Council’s strategic goals is the implementation of policies/programs that will provide long term financial sustainability for the City moving into the future. The City was successful in obtaining a federal grant for the construction of a micro hydro project at the City’s south lagoons in 2013. Since the micro hydro project was completed, the following revenue amounts were received:

2016	\$66,304.68
2017	\$65,655.49
2018	\$58,085.40
2019	<u>\$57,094.60</u>
TOTAL	\$247,140.17

One of the criteria Council considered as part of this proposed project was based on the premise that this would be a revenue source for the City and the revenue received would partially offset operating costs incurred. It is acknowledged that BC Hydro indicated that this program’s intention was never to purchase energy from a supplier and was initiated as a load offsetting program rather than a means of securing additional power supply. It should be noted that this information was not conveyed to the City by BC Hydro when City staff were considering this project as part of the draft capital budget to present to Council.

The City has no objections to BC Hydro’s clarified stance on the net metering program – if – BC Hydro implements the BCUC panel’s suggestions by 2025:

- Net metered hydroelectric plants be treated differently from other types of net metered installation since:
 - *these plants generate the largest excess generation thus may have some capacity value to BC Hydro, and*
 - these projects require large capital to construct the infrastructure in comparison to other net metering generators.

The City’s micro hydro facility provides consistent energy generation thus should be considered as a reliable energy supplier to BC Hydro.

- Establish a virtual new metering program that will allow the City to offset the additional load generated from its micro hydro facility to all of its meters. The net metering program’s criteria is that the energy generated is offset by the meters associated to the infrastructure. The City’s micro hydro facility has two meters associated with it although overall, the City has a total of 63 different meters. The two meters make up less than 6% (net) of the overall energy used for City’s operations.

BC Hydro’s responses regarding this application has raised additional questions. Within the decision, *“The Panel acknowledges BC Hydro’s evaluation that it presently has a surplus supply of electricity and this is expected to be the case until at least 2030”*. This directly contradicts the Provincial Government’s Clean BC quote: *“Specifically by 2030, the policies in this strategy will require an additional 4,000 gigawatt-hours of electricity over and above the currently projected demand growth to electrify key segments of our economy.”* Which statement is correct?

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City Council would greatly appreciate receiving the Province's reply to the questions indicated above and confirmation as to if the Province is going to mandate BC Hydro to include BCUC's recommendations into their upcoming internal review.

Yours truly,

A handwritten signature in black ink, appearing to read 'Lori Ackerman', with a long horizontal line extending to the right.

Lori Ackerman
Mayor

cc Minister of Energy, Mines and Petroleum Resources
 Minister of Environment and Climate Change Strategy
 BC Hydro Board Chair
 UBCM member municipalities