

**Workshop #4, Dun01 Meeting Room 1**  
**Net Metering Service Rate**  
**May 1, 2024, 1 – 3 pm**

[1:21 PM]

Q. Doesn't the discussion about recovering costs rest on first understanding whether NEM customers cost the same to serve as non-generator customers? But BC Hydro has not conducted a cost-of-service study specific to customer-generators, right?

A. We have completed cost of service studies but not one specific to Net Metering customers.

Supplemental response: BC Hydro indicated that we have not done a cost of study for Net Metering customers during the workshop. We actually have conducted a full cost of service study and assessed the revenue to cost ratio (R/C ratio) for the Net Metering service in the Net Metering Evaluation Report No. 5 that was submitted to the BCUC on October 30, 2020. This analysis generally followed our Fully Allocated Cost of Service (FACOS) study methodology which examines the utility revenue and embedded costs of providing service to a group of customers. Please see [Attachment 1 for a copy of this evaluation report](#). BC Hydro is in the process of updating the Net Metering cost of service study and will include the most up to date analysis in the upcoming Net Metering Service rate application. In addition to a cost-of-service study, BC Hydro will also conduct a Net Metering economic assessment to examine the broader incremental benefits and costs of the Net Metering service to all ratepayers.

[1:25 PM]

Q. What has been the feedback? How many of the 8800 NM customers have participated? How many have asked for changes? How many are concerned about capacity limits? How many are interested in virtual net metering? How many are interested in time of use issues?

A. From our spring 2023 survey:

Out of the 8,800 current customers, we had roughly 1,500 residential and 30 commercial participants respond to the survey.

- 64% (Res) and 39% (Com) prefer traditional Net Metering
- 81% (Res) and 90% (Com) said the BCH should introduce incentives
- 40% (Res) and 55% (Com) supports Virtual Net Metering
- 55% (Res) and 65% (Com) believe in Time-of-Day when buying power
- 48% (Res) and 61% (Com) believe in Time-of-Day when selling power

In our Spring 2023 workshop, we issue a feedback form with 31 responses:

- 30 / 31 requested to increase 100 kW system capacity limit.
- 30 / 31 preferred traditional Net Metering
- 26 / 31 requested Virtual Net Metering

We presented some of the data above previously in the November 2023 workshop.

[2:00 PM]

Q. Capacity barrier of 100kW - a barrier to whom. Not to me a residential customer with a 7.4kW system. Not a barrier for me if I add more solar panels for an electric vehicle. Maybe for new virtual net metering, so why change the tariff for existing and new residential customers who are far below the barrier. What is your best guess for new demand from these new customers?

A. Rate Schedule 1289 Net Metering Service applies to all Net Metering customers, including both residential and commercial customers. BC Hydro agrees that for most residential customers, the 100 kW capacity limit is not a barrier to participate in the Net Metering service. However, the 100 kW capacity limit has been identified as a barrier for some commercial customers who wish to offset more of their own use when their loads are greater than 100 kWh.

[2:12 PM]

Q. In prior cases, BC Hydro has treated lost-revenues (the difference between revenue generation for non-generators and revenue generation for NEM customers) as a cost. Is that still BC Hydro's approach?

A. We do not treat lost revenue explicitly as a cost. This would be revenue we would have received if net metering customers did not have a generation system offsetting some of their load. This is before the meter and is only included implicitly in the lower sales of these customers.

Supplemental response: in our cost-of-service assessment, BC Hydro does not include the consumption and revenue reductions before the meter (i.e., Net Metering customers offsetting their own consumption). Only the consumption Net Metering customers received from BC Hydro and delivered to BC Hydro is included for the cost-of-service assessment. On slide 26 under Cost-of-Service Justification, BC Hydro presented "Excess generation compensation" as a participant cost. We would like to correct that this should be treated as a revenue reduction. This formula should be updated as follows:



Cost of Service Justification  
Target Revenue to Cost Ratio (R/C)

Rate Class Average

**Total Participant Revenue**

- Billed Revenue @ retail rate
- Excess generation @ market price
- Excess generation compensation (reduction)

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**Total Participant Cost**

- Embedded energy, demand and customer related costs
- Administration costs
- Implementation costs

[2:12 PM]

Q. What are the bottom-line costs for the 8800 NM customers for Cost of Service and Economic justifications (slide 26) today? Would like more information beyond a nice formula.

A. The estimated costs for the cost of Service and economic assessments will depend on the proposed rate designs. For example, please see below for the estimated costs under the status quo RS 1289 Net Metering rate for residential solar customers:

Estimated total participant cost for the Cost-of-Service assessment:

Embedded energy, demand and customer related costs	14.7M
Administration costs	0.3M
Implementation costs	-
<b>Total</b>	<b>15.0M</b>

Estimated incremental ratepayer costs for the Economic assessment:

Excess generation compensation	3.6M
Administration costs	0.3M
Implementation costs	-
<b>Total</b>	<b>3.9M</b>

[2:31 PM]

Q. what are the 'other benefits' in the cost-plus option?

A. Please refer to slide 30 for some potential additional benefits. BC Hydro's current analysis includes the items highlighted in blue under "Utility System Impact".

[2:31 PM]

Q. Slide 28. "Cost-Based Payment with Incentive." For clarity, is this 9.17 cents/kWh IN ADDITION to an energy credit at the retail rate, or IN PLACE of an energy credit?

A. Customers can still offset their own bills at the retail rate for any generation they use before the meter. The 9.17 cents/kWh is only on the customer's excess generation sent to BC Hydro. For any excess generation customers send to BC Hydro, the 9.17 cents/kWh rate will replace the current generation credits that customers are currently using to offset their current and future bills at the retail rates.

[2:31 PM]

Q. ...How is BC Hydro proposing to quantify the amount of generation that is exported to the grid: (1) monthly netting? (2) 2-channel or instantaneous? (3) some other time increment?

A. BC Hydro is proposing 2-channel - instantaneous netting.

[2:37 PM]

Q. Slide 28. Please explain "100 kW Net Injection". Does this mean the NM participant gets no compensation for any injection of more than 100 kW to the grid at any given time? Or that the NM program doesn't allow participation by customers with self-generation systems that are capable of greater than 100 kW injection?

A. 100kW Net Injection means that the Net Metering customer is only able to supply 100kW back to the grid at any given time. They can have a larger system in place but will be limited in what they can provide back to BC Hydro as excess generation.

[2:39 PM]

Q. Can you please address if the Generation to Grid values would be escalated over time in accordance with BCH rates or inflation?

A. Inflation is our going assumption as that is what our reference prices and in turn our cost-based rates are based on.

[2:39 PM]

Q. What is the rationale for changing the 100 kW maximum generator size?

A. As per response above, during our spring 2023 workshop, 30 out of 31 respondents requested us to revisit the 100 kW threshold.

[2:45 PM]

Q. sorry if I missed it - is the \$5k fixed or scaled to the size of the system?

A. The incentive will scale by \$1,000 per 1 kW of installed capacity, up to a maximum of 5 kW.

[2:45 PM]

Q. Please confirm the structure of the Installation Incentive ie. \$1000/kw installed, capped at 5kW... Is this capped similarly for commercial systems.

A. This incentive will only be available for residential solar customers. We have different incentives for commercial customers already in place, called the load displacement program.

[2:46 PM]

Q. Please clarify if the Cost-Based Payment with Incentive option (9.17 cents/kWh for Generation to Grid) (to a residential participant) is LESS than the equivalent value of the status quo energy credit. So residential NM participants would be less well off than under the status quo?

A. The status quo energy credit is roughly 13 cents/kWh, which is higher than the 9.17 cents/kWh a customer would receive under the Cost-Based rate. However, we believe that new customers will be better off overall, as they would receive a \$5k incentive. We are gathering feedback on how we should proceed with existing net metering customers (let them keep their current RS 1289 rate or have them go on this new rate).

[2:47 PM]

Q. Time of Delivery winter peak adder: does it add 8.80-11.61 cents /kWh to what ? Sorry if I missed the explanation.

A. The winter peak adder is in addition to the rate option that ends up being proposed. So if Option B1 is the rate, it would be in addition to the 9.17 cents/kWh for generation compensation.

[2:49 PM]

Q Would BC Hydro apply to the BCUC to have both the Cost-Based Payment and the Cost-Plus Based Payment? And if so, would it be the customer's option which rate to go onto?

A. No, BC Hydro will only pick either the Cost-Based Payment or the Cost-Plus Based Payment to include in our application.

[2:49 PM]

Q You mentioned you were seeing an 18-19 year payback for solar currently. do you have an estimate for how that payback changes under these two options?

A. The payback differs by about 1 year between the options.

[2:51 PM]

Q. As the size limit changes, virtual net metering, and winter peak adder are all low-controversy elements (as they do not change cost/benefits if customers do not take advantage of them, and generally provide improved B/C ratios if adopted), can the base 'Status Quo' option under consideration include these elements? aka 'Status Quo plus'?

A. As we are trying to address the challenges raised at the beginning of the presentation, this isn't an option we are considering at this time.

[2:52 PM]

Q. Having the generation to grid at retail rate for the options B1 and B2 is not a possibility due to R/C or B/C calculations?

A. That is correct. If we were to do this, we would not be addressing the R/C or B/C concerns we have currently.

[2:58 PM]

Q. Is Option C: Status Quo/B1 or Status Quo/B2?

A. Option C is Status Quo and the B that is chosen as the proposal (B1 or B2).

[3:00 PM]

Q. thanks for the information. I need to sign off. I would be particularly interested in more information on slide 34 to understand steps between now and a June 28 application.

A. Feedback form for the May 1 workshop will remain open until May 24. Net Metering survey to sampling of net metering customers and non-net metering customers - mid May. Application filing - end of June 2024

[3:37 PM]

Q. Why can Hydro allow a 1 MW virtual net metering but not a 1 MW injection for other large customers.

A. We could allow for both as any projects greater than 100 kW will need to go through a more comprehensive review, where costs are passed onto the customer and the review time could be considerably longer (months versus weeks).