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October 26, 2022

B.C. Sustainable Energy Association  
c/o William J. Andrews, Barrister & Solicitor  
70 Talbot Street  
Guelph, ON  
N1G 2E9

Attention: Mr. William J. Andrews

Dear Mr. Andrews:

**Re: FortisBC Inc. (FBC)**  
**Application for Approval of a Large Commercial Interruptible Rate (Application)**  
**Response to the B.C. Sustainable Energy Association (BCSEA) Information**  
**Request (IR) No. 1**

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On July 6, 2022, FBC filed the Application referenced above. In accordance with the regulatory timetable established in British Columbia Utilities Commission Order G-226-22 for the review of the Application, FBC respectfully submits the attached response to BCSEA IR No. 1.

For convenience and efficiency, if FBC has provided an internet address for referenced reports instead of attaching the documents to its IR responses, FBC intends for the referenced documents to form part of its IR responses and the evidentiary record in this proceeding.

If further information is required, please contact the undersigned.

Sincerely,

**FORTISBC INC.**

***Original signed:***

Diane Roy

Attachments

cc (email only): Commission Secretary  
Registered Parties

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| FortisBC Inc. (FBC or the Company)<br>Application for Approval of a Large Commercial Interruptible Rate (Application) | Submission Date:<br>October 26, 2022 |
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1    **1.0    Topic:            Large commercial interruptible rates in other jurisdictions**

2            **Reference:    Application, Exhibit B-1, section 2. Rationale for New Interruptible**  
3            **Rates, p.3**

4            On page 3, FBC states:

5                    “Interruptible service offerings are relatively common in the utility industry in North  
6                    America. However, the form and basis for such rates vary widely by jurisdiction or  
7                    utility.” [footnote reference removed]

8            1.1    What electric or gas utilities in North America offer interruptible service offerings  
9                    with a purpose comparable to FBC’s LCIR proposal?

10

11    **Response:**

12    While interruptible rate schedules do not often speak to the purpose that a rate schedule was  
13    intended for, in FBC’s view, the drivers behind the offering of its proposed LCIR are somewhat  
14    unique to the particular circumstances that it has been designed to address – namely and  
15    primarily, to deal with capacity constraints and the lack of a retail access program, and where  
16    available supply is not considered to be an issue. In Canada, there are interruptible or non-firm  
17    rates available at a number of utilities including Nova Scotia Power, Hydro Quebec and NB Power.  
18    Natural gas utilities that offer some form of interruptible service include FEI, Enbridge and  
19    Manitoba Hydro.

20

21

22

23            1.2    What does FBC conclude from the presence or absence of such service offerings?

24

25    **Response:**

26    FBC concludes from the variety of interruptible rate offerings that utilities will generally develop  
27    programs that meet the operational needs of both the utility and the Customers in their particular  
28    circumstances.

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1    **2.0    Topic:            Availability of Capacity**

2                    **Reference:    Application, Exhibit B-1, Exhibit B-1, section 2.1 Eligible Customers**  
3                    **Can Connect Where Capacity Would Otherwise Not Be Available, p.3**

4                    One rationale that FBC gives for the LCIR is FBC's difficulties accommodating requests  
5                    for large firm capacity:

6                    "Since October 2017, FBC has received numerous large capacity requests for data  
7                    centres (e.g., cryptocurrency mining), cannabis production, new municipal  
8                    projects, large customer developments, and forestry-related load throughout the  
9                    FBC service territory. These requests have ranged from 1 Megawatt (MW) to 100  
10                    MW. While the FBC system can accommodate many of the smaller of these  
11                    requests, it was not designed for the addition of the larger load interconnections."

12                    "Some areas of FBC's distribution and transmission systems have very limited  
13                    incremental capacity and it has either been challenging or not possible to  
14                    accommodate large capacity requests."

15                    2.1    Please explain further why FBC does not plan to increase its transmission and/or  
16                    distribution capacity to accommodate the requests for service from potential  
17                    customers with large loads.

18  
19                    **Response:**

20                    Please refer to response to BCUC IR1 3.8.

21  
22

23

24                    2.2    What obligation does FBC have to serve these loads?

25

26                    **Response:**

27                    Please refer to the response to BCOAPO IR 1 3.2.

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1   **3.0   Topic:        Load Factor**

2       **Reference:    Application, Exhibit B-1, section 2. Rationale for New Interruptible**  
3       **Rates, p.3; Exhibit B-2, Supplementary Information, p.2**

4       FBC says that one of the four primary drivers for the LCIR is to increase the overall system  
5       load factor, “which provides general rate mitigation through increased revenue.” [page 3]

6       In the Supplementary Information, FBC states:

7                “Actual LCIR Customer and ratepayer impact is also highly dependent on the size  
8                of the LCIR load, and any interruptions that do occur, as well as the level of Mid-C  
9                market prices, the level of any Mid-C Price Cap, and the ability of FBC to  
10              economically resource the load at times when the market price exceeds the price  
11              cap nominated by the Customer. The actual impact of the LCIR is further  
12              dependent on the ability of FBC to infill interruptible load with new load served  
13              under existing rates. There are many moving parts to consider, which lends  
14              support for the initial 50 MW program offering as discussed in the response to  
15              question 8 below.”

16       3.1    What is FBC’s current overall system load factor?

17  
18    **Response:**

19    The annual overall system load factor is calculated as the annual load divided by the peak hourly  
20    demand multiplied by the number of hours in a year (8,760). In 2021, FBC peak system demand  
21    was 777 MW and the utility gross load was 3,763.9 GWh. Therefore, the system load factor in  
22    2021 was 55.3 percent.<sup>1</sup> The system load factor can vary from year to year depending on several  
23    factors, most notably seasonal weather patterns.

24  
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26  
27       3.2    Would FBC’s overall system load factor be affected if an existing RS 30 or RS 31  
28       customer was to switch to the LCIR?

29  
30    **Response:**

31    FBC’s overall system load factor could potentially be affected if an existing RS 30 or RS 31  
32    Customer was to switch to the LCIR. This is under the assumption that the most cost-effective  
33    resource to supply a Customer was the Mid-C market, and market power was either unavailable  
34    or priced above the Mid-C Price Cap such that the Customer was interrupted at the time where a  
35    new system peak would otherwise potentially be set.

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<sup>1</sup> Gross Load 3,763,900 MWh/ (777MW Peak Load \*8760 Hours in a Year).

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3.3 What does FBC consider to be the maximum practically achievable load factor for its system?

**Response:**

There are several factors that influence the system load factor which make it difficult to provide a specific maximum target. An improvement in the system load factor will occur as LCIR Customers are added to the system as they will have a higher load factor than the existing system load factor.

While load factor is a technical aspect of system operation at a given time, the discussion around the potential for rate mitigation was intended to focus primarily on the potential to increase overall revenue without the requirement to expend funds on system improvement. Load factor was used, perhaps in an inexact manner, as a proxy for this outcome. The key point in this regard is that FBC intends the LCIR to lead to a higher utilization of the existing system to the benefit of all Customers.

3.4 Does the uncertainty regarding the impact of the LCIR apply also to the potential for the LCIR to increase the overall system load factor?

**Response:**

Yes, the uncertainty regarding the impact of the LCIR also applies to the overall system load factor.

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1    **4.0    Topic:            Mandatory Reliability Standards**

2                    **Reference:    Application, Exhibit B-1, Exhibit B-1, section 2.1 Eligible Customers**  
3                    **Can Connect Where Capacity Would Otherwise Not Be Available,**  
4                    **p.4.**

5                    On page 4 of the Application, FBC describes the Mandatory Reliability Standards that  
6                    apply to it.

7                    4.1        Please confirm that the Mandatory Reliability Standards that apply to FBC will not  
8                    be loosened with implementation of the LCIR.

9  
10    **Response:**

11    Confirmed.    Mandatory Reliability Standards that apply to FBC will not be loosened with  
12    implementation of the LCIR.

13

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1    **5.0    Topic:            Cost and Savings and Bridge to Firm Rates**

2                    **Reference:    Application, Exhibit B-1, section 2.3 Cost and Savings and Bridge to**  
3                    **Firm Rates, p.4**

4                    FBC states:

5                    “However, interruptible rates may provide an interim step that allows customers to  
6                    connect to the utility system in the short term, with the goal of taking firm service  
7                    in the future once required upgrades have been completed.”

8                    5.1    Does FBC consider it realistic that a new customer would connect to the utility  
9                    system with interruptible service under the LCIR and then take firm service once  
10                    the required upgrades have completed?

11  
12    **Response:**

13    Yes. It is a reasonable path for a Customer that wishes to receive firm service, but that cannot  
14    immediately do so due to capacity constraints, to undertake the required infrastructure upgrades  
15    necessary for firm service in the future.

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1    **6.0    Topic:            Mid-C Price Cap**

2            **Reference:    Application, Exhibit B-1, p.10**

3            In discussing the customer-nominated Mid-C price cap, FBC states on p.10 of the  
4            Application:

5                            “The level of the Mid-C Price Cap nomination made by the customer, even if  
6                            relatively high, will not impose a risk on FBC that cannot be mitigated by the  
7                            existing security deposit provisions that will ensure that FBC holds a deposit  
8                            sufficient to provide payment for an estimate of the total bill for the two highest  
9                            consecutive months consumption of electricity by the applicable premises.”

10            6.1    For greater certainty, please explain what happens if the Mid-C price exceeds the  
11            LCIR customer’s Mid-C Price Cap nomination. Does FBC interrupt the customer’s  
12            service?

13

14    **Response:**

15    Please refer to the responses to BCOAPO IR1 14.1 and 14.2. Also, please refer to the response  
16    to BCUC IR1 25.1 and Attachment 25.1 provided in that response which contain revisions to RS  
17    38 that address the 80 percent load factor requirement and how billing and potential interruption  
18    is impacted by load nominations.

19



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1    **7.0    Topic:            Clean Market Adder**

2            **Reference:    Application, Exhibit B-1, section 3.2.1.2 Energy Charge, pp. 9-10 and**  
3            **section 3.2.1.2.2 Clean Market Adder, p. 11; Application, Exhibit B-1,**  
4            **Table 3-1, Summary of Large Commercial Interruptible Rate**  
5            **Features, pp. 7-8 and section 3.2.3 Reasons for Interruption, pp. 11-**  
6            **12; FBC 2021 Long Term Electricity Resource Plan proceeding,**  
7            **Exhibit B-27, FBC Response to Panel IR2 6.1; FBC Final Argument,**  
8            **para. 88, pp. 41-42**

9            On page 9 of the Application, FBC says:

10                    “... depending on whether the BCUC approves a related request contained in the  
11                    Company’s Long-Term Electric Resource Plan (LTERP), a Clean Market Adder  
12                    may also be billed.” [underline added]

13            On pages 10 and 11 of the Application, FBC says the Clean Market Adder (CMA) is  
14            currently set at \$0.00/kWh and will be updated either to remove it or change its amount in  
15            accordance with the BCUC’s direction in the BCUC’s review of FBC’s 2021 Long Term  
16            Electricity Resource Plan.

17            In its response to Panel IR2 6.1 in the FBC 2021 LTERP proceeding, FBC states:

18                    “FBC confirms that it is only seeking acceptance of the 2021 LTERP as part of this  
19                    Application. As the 2021 LTERP includes the concept of a Clean Market Adder in  
20                    item 8 of FBC’s Action Plan, FBC considers that it is accurate to say that it is  
21                    seeking acceptance of the concept of a Clean Market Adder as part of the 2021  
22                    LTERP.

23                    FBC further confirms that it considers that BCUC acceptance of the 2021 LTERP,  
24                    including the concept of the Clean Market Adder, would only be sufficient to  
25                    encourage FBC to proceed with negotiation of an agreement for clean market  
26                    purchases, which would then be subject to BCUC review and approval. More  
27                    specifically, FBC anticipates that any Clean Market Adders would qualify as an  
28                    energy supply contract, which would be subject to review and acceptance by the  
29                    BCUC under section 71 of the Utilities Commission Act (UCA).

30                    Finally, FBC confirms that it would seek an approval or acceptance specific to  
31                    some form of Clean Market Adder as part of the approval or acceptance of any  
32                    agreement with Powerex that contained a Clean Market Adder, or a similar  
33                    provision. At the current time, FBC cannot determine whether the form of such a  
34                    provision would be a specific amount or a formulaic determination. When FBC files  
35                    the agreement with Powerex, the BCUC would have the opportunity to review the  
36                    amount, cost and other aspects of any Clean Market Adder.”

37            7.1    If the BCUC approves a Clean Market Adder for FBC, how would a Clean Market  
38            Adder be implemented for the LCIR? Would an application to the BCUC be

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1 required? Does FBC intend that a Clean Market Adder would be a mandatory  
2 component of the LCIR, or would a Clean Market Adder be optional at the  
3 discretion of the LCIR customer?  
4

5 **Response:**

6 Please refer to the response to BCUC IR1 11.1.  
7  
8

9  
10 7.2 Is it FBC's intention that the Clean Market Adder used for the LCIR would be the  
11 same as the Clean Market Adder contemplated in the 2021 LTERP?  
12

13 **Response:**

14 Please refer to the response to BCUC IR1 11.1.  
15  
16

17  
18 In Table 3-1 and in section 3.2.3 of the Application, FBC describes reasons for which it  
19 might interrupt service to LCIR customers.

20 In the FBC 2021 LTERP proceeding, FBC states at paragraph 88 of its final argument that  
21 even with a Clean Market Adder its market purchases would not be for clean resources if  
22 necessary to avoid a loss of load event. FBC states:

23 "88. For clarity, FBC does not intend to ensure that all market purchases qualify as  
24 clean on an operational basis, but rather only when it is reasonable to do so. In the  
25 event loads are greater than anticipated or in a contingency event, if FBC is  
26 required to go to the market and clean power under the terms of FBC's contract  
27 with Powerex is not available, FBC plans to accept this small proportion of non-  
28 clean energy into its portfolio as needed to avoid a loss of load event.<sup>112</sup>"

29 "<sup>112</sup> Exhibit B-27, BCUC Panel IR2 6.4."

30 7.3 If the Clean Market Adder becomes part of the LCIR, would FBC interrupt service  
31 under the LCIR if clean power under the terms of FBC's contract with Powerex  
32 was not available?  
33

34 **Response:**

35 At this time, FBC has not entered into a contract with Powerex for the provision of clean power  
36 and therefore cannot state what the terms of such a contract would be. It is not the intent of FBC  
37 that any Customer should lose service due to the unavailability of clean power.

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4           7.4    Please confirm, or otherwise explain, that FBC would interrupt service to LCIR  
5                    customers if necessary to prevent a loss of load event.

6  
7    **Response:**

8    Confirmed.

9  
10  
11  
12           7.5    Could situations arise in which LCIR customers paid a Clean Market Adder through  
13                    the LCIR but received non-clean energy due to FBC's operational approach to  
14                    clean market purchases?

15  
16    **Response:**

17    Please refer to the response to BCUC IR1 12.6.

18

1    **8.0    Topic:            Ratepayer Impacts**

2                    **Reference:    Supplementary Information, Exhibit B-2, scenario analysis of**  
 3                    **ratepayer impact, pp.7-9**

4                    In Table 3-1 and Table 3-2 of Exhibit B-2, FBC presents scenario results comparing FBC's  
 5                    revenues and margins for hypothetical loads served under RS 38 (LCIR) and RS 31, using  
 6                    Mid-C pricing in March 2022 and July 2022. The tables show Load Switched to RS 38 in  
 7                    amounts ranging from 5,000 to 50,000 kVA.

8                    8.1            Please explain whether Table 3-1 and Table 3-1 in Exhibit B-2 apply to RS 30 as  
 9                    well as to RS 31.

10

11                    **Response:**

12                    The means of comparison used in Tables 3-1 and 3-2 apply to both RS 30 and RS 31; however,  
 13                    the results will be different (though directionally the same) since the rates for RS 30 and RS 31  
 14                    are different.

15

16

17

18                    8.2            Please provide the amounts of energy switched corresponding to the kVA amounts  
 19                    shown in Table 3-1 and Table 3-2.

20

21                    **Response:**

22                    The amount of energy per hour for each kVA level for the indicative nature of this analysis is the  
 23                    kVA level multiplied by the loss rate with no adjustment for power factor.

| Load (kVA) | RS 31 Loss Rate | Hourly Energy (kWh) |
|------------|-----------------|---------------------|
| 5,000      | 1.0286          | 5,143               |
| 10,000     | 1.0286          | 10,286              |
| 20,000     | 1.0286          | 20,572              |
| 50,000     | 1.0286          | 51,430              |

24

25                    The amount of annual energy in each scenario will vary with the total hours of interruption.

26

27

28

29                    8.3            Can FBC assign any probability or likelihood to the different amounts of Load  
 30                    Switched shown in Table 3-1 and Table 3-2? Please discuss.

31

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1 **Response:**

2 The analysis provided in Tables 3-1 and 3-2 is hypothetical and developed in response to the  
3 BCUC request for Supplemental Information. FBC has no basis to assign a probability that would  
4 differentiate between 5,000, 10,000, 20,000 and 50,000 kVA. FBC is of the view that there is a  
5 high likelihood that the majority of the 50 MW initial cap will be new load.

6  
7

8

9 8.4 Can FBC assign any probability or likelihood to the amount of new interruptible  
10 load the LCIR might attract?

11

12 **Response:**

13 Please refer to the response to BCSEA IR1 8.3.

14  
15

16

17 8.5 Do FBC's scenarios assume any differences in load profile between load served  
18 under RS 38 versus RS 31?

19

20 **Response:**

21 No. The analysis assumes a flat load that will maximize consumption in all hours for which service  
22 is available.

23  
24

25

26 8.6 What can FBC say about the margin variances between RS 38 and RS 31 that  
27 might occur in other months besides those shown and the annual margin variances  
28 that might occur?

29

30 **Response:**

31 Under the assumptions used to develop Tables 3-1 and 3-2, the margin variance is inverse to the  
32 level of the Mid-C price and the Mid-C Price Cap and correlated to the size of the load. As stated  
33 in the introduction to the Supplemental Information, there are many moving parts to the ultimate  
34 billing under the LCIR and actual results will necessarily differ from those demonstrated under  
35 any number of assumptions.

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1    **9.0    Topic:            Ratepayer Impacts**

2            **Reference:    Application, Exhibit B-2, scenario analysis of ratepayer impact, pp.7-**  
3                            **9**

4            In Exhibit B-2, page 7, FBC states:

5                            “Quantifying ratepayer impact from RS 38 is extremely difficult due to the number  
6                            of variables involved.”

7            9.1        Please discuss the potential ratepayer impacts of RS 38 at a directional level.

8  
9    **Response:**

10    There are a number of outcomes that may occur based on whether or not the RS 38 Customer is  
11    new to FBC or switches from an existing firm rate, whether or not under the scenario where an  
12    existing Customer switches new firm load is added, whether an existing Customer simply adds  
13    new interruptible load, the price at which FBC is able source power to meet the RS 38 load, and  
14    the number of interruptions experienced by Customers.

15    At the most basic level, the impact to other ratepayers will be positive if total revenue from RS 38  
16    and RS 30/31 Customers increases while the cost to meet that load does not increase or  
17    increases by a lower amount.

18    FBC’s intention in proposing the LCIR is that there will be an overall increase in large commercial  
19    load due to the addition of interruptible load that will lead to a net positive contribution to the  
20    recovery of the fixed costs of the system. FBC would not have proposed the LCIR with the  
21    expectation that it would result in an overall increase in rates.

22

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1   **10.0   Topic:           Potential Participation**

2           **Reference:   Application, Exhibit B-1, section 5. Customer Engagement, pp. 19-20**  
3                           **and Appendix C, Consultation Materials; Exhibit B-2, Supplemental**  
4                           **Information, p.2**

5           In Section 5, FBC describes its consultations with potential applicants for the LCIR,  
6           describing them as “those currently served under RS 30 and RS 31.” [p. 19]

7           On page 2 of Exhibit B-2, FBC says it has secured no commitments to the proposed LCIR:

8                           “While interest has been expressed by a number of existing and potential  
9                           Customers in the concept of interruptible service, FBC does not at this time have  
10                          any firm commitment to participation in the rate that would allow for a specific  
11                          description of the type, load, or location of Customers ...”

12           10.1   How many FBC customers currently take service under RS 30 and RS 31, and  
13                          what annual volume of energy do they take?  
14

15   **Response:**

16   Please refer to the response to CEC IR1 11.1. For the 39 Customers included in that response  
17   (35 RS 30 and 4 RS 31 Customers) the total volume of energy consumed, plus the energy  
18   purchased at RS 31 rates by self-generating Customers in 2021, was approximately 440 GWh.

19  
20

21  
22           10.2   If possible, please indicate how many existing RS 30 and RS 31 customers FBC  
23                          considers might realistically switch wholly or partly to the LCIR, and what annual  
24                          volume of energy might be involved.  
25

26   **Response:**

27   FBC has no basis upon which to make such a determination. However, in the current high market  
28   priced environment, FBC anticipates that only those Customers who require service but cannot  
29   take service due to firm service limitations are likely to take RS 38 service.

30  
31

32  
33           10.3   Please outline what communications, if any, FBC has had with potential new  
34                          customers with large commercial loads that might be interested in the LCIR.  
35

|   |                                      |
|---|--------------------------------------|
| FortisBC Inc. (FBC or the Company)<br>Application for Approval of a Large Commercial Interruptible Rate (Application) | Submission Date:<br>October 26, 2022 |
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1 **Response:**

2 As the LCIR is a proposed program, rather than one that has received BCUC approval and is  
3 currently offered, FBC has only communicated with Customers inquiring about large commercial  
4 service, that the LCIR has been applied for and that it may be offered at some point in the future.  
5 FBC has provided information regarding the Application and regulatory process to all existing  
6 large commercial Customers and some other potential participants. FBC has also conducted  
7 customer engagement sessions as described in the Application.

8  
9

10

11 10.4 What kinds of businesses or industries does FBC consider might be attracted to  
12 become FBC customers under the LCIR?

13

14 **Response:**

15 The Customers that are most likely to be interested in the LCIR are those whose processes can  
16 tolerate limited interruptions and are stable, flat loads. Loads of this type can include  
17 cryptocurrency mining operations, cannabis production, and hydrogen production.

18  
19

20

21 10.5 To FBC's knowledge, is there any potential for the LCIR to attract customers that  
22 might otherwise meet their energy needs with natural gas or Renewable Gas?

23

24 **Response:**

25 FBC is not intending that the LCIR would supplant natural gas load and considers this to be a  
26 remote possibility.

27  
28

29

30 10.6 Does FBC consider that most customers under the LCIR would be existing RS 30  
31 or RS 31 customers, or new customers?

32

33 **Response:**

34 FBC believes that the group most likely to participate in the LCIR are those new Customers  
35 seeking a large commercial interconnection; however, there has been interest from current  
36 Customers as well.

37



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|---|--------------------------------------|
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1   **11.0   Topic:           Implementation Considerations**

2           **Reference:   Application, Exhibit B-1, section 4.2 Implementation Considerations,**  
3                           **p.15**

4           On page 15, FBC states:

5                           “FBC proposes to implement RS 38 on a permanent basis as soon as practicable  
6                           after BCUC approval (which FBC has determined to be 30 days), which is  
7                           assumed to occur in the fourth quarter of 2022. FBC also proposes to limit initial  
8                           uptake in the program to a total of 50 MW of connected interruptible load. At the  
9                           point where FBC has gained sufficient experience administering the program, it  
10                          will consider the amount of additional load, if any, that may be added to the  
11                          program in subsequent years.” [underline added]

12           11.1   Does “connected interruptible load” distinguish between newly connected  
13                          interruptible load and existing load that becomes interruptible?

14  
15   **Response:**

16   Connected interruptible load refers to all the load being serviced under RS 38 regardless of any  
17   previous service a Customer may have had.

18  
19

20  
21           11.2   What volume or range of volumes of energy correspond to the proposed limit of 50  
22                          MW?

23  
24   **Response:**

25   The range of energy corresponding to 50 MW would be between zero and 438,000 MWh at 100  
26   percent load factor.

27  
28

29  
30           11.3   What factors does FBC require experience with so that it can determine whether  
31                          to increase the maximum amount of its load under the LCIR? What outcomes  
32                          would indicate the desirability of increasing the maximum load?

33  
34   **Response:**

35   The main issue FBC will consider when determining if the cap can be increased beyond 50 MW  
36   is if the increased import volume to supply LCIR load would potentially increase costs for other

|   |                                      |
|---|--------------------------------------|
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1 Customers beyond the benefits they may receive from a higher cap, resulting in a general  
2 increase in rates.

3  
4

5

6 11.4 Is FBC seeking BCUC approval of the maximum total of 50 MW of connected  
7 interruptible load as part of the LCIR application?

8

9 **Response:**

10 Please refer to the response to BCOAPO IR1 27.1.1.

11

12

13

14 11.5 If in the future FBC wishes to increase the maximum total of connected interruptible  
15 load under the LCIR, would it seek BCUC approval?

16

17 **Response:**

18 Please refer to the response to BCOAPO IR1 27.1.1.

19

|   |                                      |
|---|--------------------------------------|
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1    **12.0    Topic:            Risk**

2            **Reference:    Application, Exhibit B-1, Exhibit B-1, p.15, pdf p.19**

3            On page 15, FBC states:

4                    “Given that the LCIR is focussed primarily on allowing load to connect in instances  
5                    where it would not otherwise be possible, and the LCIR customer is responsible  
6                    for all related costs, other customers are better off.

7                    From the perspective of FBC (and by extension, non-participating customers), the  
8                    primary risk associated with the LCIR stems from the uncertainty of attracting new  
9                    load to the system when an existing Large Commercial customer leaves an  
10                   existing rate for all or some of its load in favour of interruptible service, thereby  
11                   making additional system capacity available. In the case where additional load  
12                   does not result, FBC would be exposed to a drop in revenue that may not be offset  
13                   by no longer having to plan for the firm load for the customer. Any shortfall would  
14                   be borne by other customers.”

15            12.1    What aspects of the design of the proposed LCIR will ensure that in practice the  
16                    LCIR is primarily focused on allowing load to connect in instances where it would  
17                    not otherwise be possible?  
18

19            **Response:**

20                    The design of the LCIR does not preclude existing load from opting for interruptible service. It is  
21                    not so much the individual design of the program elements that provides the focus on attracting  
22                    new Customers, but the existing capacity constraints that as a practical matter mean that  
23                    interruptible service may be the only option available for new Customers. FBC does not view it  
24                    as likely that a Customer already contracted for a firm level of supply will opt for the LCIR.

25  
26

27

28            FBC states further:

29                    “However, the attraction of additional customers is not the only means by which  
30                    additional revenue can result from the LCIR. There may be instances where the  
31                    FBC system limits the amount of firm load that can be offered to a customer. On a  
32                    non-firm basis, that same customer may be able to increase its load to the point  
33                    where LCIR revenues match or exceed the revenues that resulted from the firm  
34                    rate. [p.15]

35            12.2    Please describe the instances where the FBC system limits the amount of firm load  
36                    that can be offered to a customer. How common is this situation?  
37

|   |                                      |
|---|--------------------------------------|
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1 **Response:**

2 The amount of firm load available to Customers is dependent on the nature of the system including  
3 the local substation, conductor sizing, etc. The available capacity considers the existing firm load  
4 in the area. Overall, the FBC system is quite constrained in many areas with only a limited ability  
5 to add relatively small amounts of new load.

6  
7

8  
9

FBC states further:

10 “In addition, there is also a load retention aspect to offering the LCIR at this time.  
11 That is, without some means of remaining competitive with the rates found in other  
12 jurisdictions, FBC is at risk of losing some load that is able to relocate. For  
13 example, when compared to traditional resource based load, some emerging  
14 technology-based loads (e.g., data centres) are more mobile.”

15 12.3 Is FBC referring to a risk of losing more-mobile loads that are firm loads, or that  
16 are on the proposed LCIR?

17

18 **Response:**

19 Both. Enhancing the potential rate competitiveness of FBC relative to other utilities can help to  
20 prevent existing loads from relocating and help to attract new loads that have a choice of location.

21  
22

23

24 FBC states further:

25 “FBC has mitigated against the risk associated with existing firm load becoming  
26 interruptible in two ways. First, by including a price cap, FBC has mitigated against  
27 the risk associated with extremely high market prices, and second, an initial 50  
28 MVA cap on participation will serve to manage the program to a level where FBC  
29 is confident that additional load can be interconnected.” [underline added]

30 12.4 Would 50 MVA of existing firm load becoming interruptible be a problem for FBC  
31 and non-participating customers?

32

33 **Response:**

34 From an operational perspective, the 50 MVA cap has been proposed because it is a level that  
35 will not pose a problem for FBC and its Customers.

36