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October 26, 2022

Industrial Customers Group  
c/o #301 – 2298 McBain Avenue  
Vancouver, BC V6L 3B1

Attention: Mr. Robert Hobbs

Dear Mr. Hobbs:

**Re: FortisBC Inc. (FBC)**  
**Application for Approval of a Large Commercial Interruptible Rate (Application)**  
**Response to the Industrial Customers Group (ICG) 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 BCUC Order G-226-22 for review of the Application, FBC respectfully submits the attached response to ICG 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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1   **1.   Reference:   Exhibit A-4, BCUC IR1, 2.2**

2           1.1   Please comment on whether load associated with RS 38 would be included in load  
3                   forecasts used for planning its resources, including transmission resources?  
4                   Could load associated with RS 38 advance transmission upgrades?

5  
6   **Response:**

7   LCIR customer load is non-firm and therefore it is not included in transmission and distribution  
8   system planning except to ensure it can be curtailed as needed to avoid impacting firm load.  
9   However, RS 38 load will be taken into account for both the next-day and hourly load forecasts  
10   used to plan resources in that time frame.

11

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1    **2.    Reference:    Exhibit A-4, BCUC IR1, 13.1.2.1**

2            2.1    Please comment on whether the cost of power delivered to RS 38 customers would  
3                            be more likely to exceed or be less than the Mid-C index? Please explain why  
4                            such variances should be borne by or benefit all other customers?  
5

6    **Response:**

7    FBC believes the cost of power delivered to RS 38 Customers will be less than the Mid-C index  
8    (before the addition of the Hourly Service Adder) due to FBC's optimization of its portfolio. Please  
9    refer to the response to BCUC IR 1 25.1 and Attachment 25.1 provided in that response which  
10   contains revisions to RS 38 intended to bolster the requirement that LCIR customers consume  
11   the power they nominate and help to ensure that other customers' exposure the price risk is  
12   minimized. Other customers should receive the benefit of the positive contribution of the RS 38  
13   margin since the infrastructure used to deliver the power has been paid for through the rates of  
14   those customers over time.

15

1   **3.   Reference:   Exhibit A-4, BCUC IR1, 14.3**

2           3.1   Please explain whether FBC market power required to serve RS 37 customers  
3                   would be given a higher priority to market power required to serve RS 38  
4                   customers wheeled to the FBC system via 71 line?  
5

6   **Response:**

7   RS 38 is a non-firm rate and therefore all firm load, including RS 37 load, has a higher priority.  
8  
9

10  
11           3.2   What are the constraints, if any, associated with 71 Line with respect to a third  
12                   party importing power from the United States to serve load in FBC's service  
13                   territory?  
14

15   **Response:**

16   FBC has the right to use 71 Line (including to import power) on an interruptible basis pursuant to  
17   an agreement with Teck. Any third party wishing to import power using 71 Line would have to  
18   negotiate the necessary access rights directly with Teck, as the owner of 71 Line.  
19  
20

21  
22           3.3   Please explain whether FBC market power required to serve RS 37 and/or RS 38  
23                   customers would be purchased by Powerex for delivery to FBC or separately by  
24                   FBC from other market participants?  
25

26   **Response:**

27   Under the Capacity and Energy Purchase and Sale Agreement (CEPSA) with Powerex, all FBC  
28   market purchases are made through Powerex.  
29  
30

31  
32           3.4   Please explain British Columbia's requirements for all energy purchased to satisfy  
33                   RS 38 to be clean energy, and how these requirements apply to FBC.  
34

35   **Response:**

36   Section 2 of the *Clean Energy Act* states that one of British Columbia's energy objectives is "(c)  
37   to generate at least 93% of the electricity in British Columbia from clean or renewable resources  
38   and to build the infrastructure necessary to transmit that electricity". There is no British Columbia

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1 requirement that FBC is aware of that requires RS 38 load to be met with clean energy. However,  
2 if the CMA is accepted by the BCUC, then it is FBC's intent to supply RS 38 with clean energy.

3  
4

5  
6 3.5 Is there any circumstance that could occur such that a customer taking RS 37  
7 service could experience higher energy costs attributable to a higher Mid-C price  
8 caused by additional energy demand to serve RS 38 customers?

9

10 **Response:**

11 No, FBC is not aware of such a circumstance.

12

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1   **4.       Reference: Exhibit A-4, BCUC IR1, 17.2.1**

2           4.1     Please confirm, or explain otherwise, if the revenue gain/loss of RS38 relative to  
3                    RS 30 and RS 31 should be applied to the revenue requirement for RS 30 and RS  
4                    31.

5  
6    **Response:**

7    Confirmed that there will be a partial credit or offset to the overall revenue requirement; RS 30  
8    and RS 31 Customers will benefit proportional to their share of the overall revenue requirement  
9    for the specific category of cost saving or increase, so only the appropriate allocated share of the  
10   cost savings. This results from a proportional credit shared by all rate classes, including RS 38.  
11   For example, if the savings reduced capacity costs for allocated power supply demand costs, then  
12   this savings would be a reduction to the overall power supply demand costs and reduce that unit  
13   cost to all rates that pay that cost using the same allocation as other power supply demand is  
14   spread, in this case on the basis of demand purchases weighted by month.

15   In addition, any under-collection or over-collection of rate revenues compared to projected rate  
16   revenues on a forecast to actual basis provides a new basis for the next cost of service for current  
17   revenues to costs. So, the rate class itself, in this case RS 38, gets credit for bringing in more or  
18   less revenue than expected and gets its share of the benefit or costs through the normal cost  
19   allocation process. These types of variances are the primary reason for periodic study of cost-of-  
20   service between rate classes to assure that the inter-class cost allocations are fair and equitable.

21

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1 **5. Reference: Exhibit A-4, BCUC IR1, 18.5**

2 5.1 Please elaborate on the “rates found in other jurisdictions” and whether such rates  
3 considered included TOU rates? Could TOU rates meet the LCIR load shifting  
4 objectives?  
5

6 **Response:**

7 Please refer to the response to BCUC IR1 18.5.

8 TOU rates were not a consideration. Load shifting is not an objective of the LCIR and TOU service  
9 is still considered a firm service which would not allow FBC to connect load where planning  
10 restrictions would otherwise prevent it.

11

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1   **6.     Reference:   Exhibit A-4, BCUC IR1, 23.2**

2           6.1     Please discuss whether conditions unrelated to transmission constraints could  
3                    justify transitions between LCIR and firm service?

4

5   **Response:**

6   Whether a Customer chooses service on the LCIR or RS 30/31 will depend primarily on either the  
7   lack of available capacity to support RS 30/31, making interruptible service the only option, or  
8   Customer choice, where after consideration of potential costs and benefits the Customer believes  
9   that the LCIR is an attractive form of supply.

10



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1    **7.    Reference:    Exhibit A-4, BCUC IR1, 26.2**

2            7.1    Please add the following additions to the list provided in the referenced BCUC IR:

- 3                            •    Assessment of new customers taking service under RS 38 and whether
- 4                            such customers would have taken service under RS30 or RS31, if RS38
- 5                            was not available.
- 6                            •    Assessment of any changes to capacity constraints and the ongoing need
- 7                            for RS38.
- 8

9    **Response:**

10    Although there is no question associated with this information request, FBC will consider these

11    points when finalizing the content of the LCIR Report.

12

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1    **8.        Reference:    Exhibit B-1, Section 2.1, Mandatory Reliability Standards, pp. 3-4**

2            “Mandatory Reliability Standards (MRS) for the Bulk Electric System require that after the  
3            loss of a single element (transmission line, transformer, or generator), the system shall be  
4            within emergency ratings and voltage limits and no loss of load shall occur.”

5            8.1        Please confirm whether Mandatory Reliability Standards apply to FBC’s 66 kV  
6            transmission network.

7  
8    **Response:**

9            As per the current Bulk Electric System definition included in the North American Electric  
10            Reliability Corporation (NERC) Glossary of Terms used in Reliability Standards adopted in BC,  
11            Mandatory Reliability Standards do not apply to FBC’s 66 kV transmission network.

12

1    **9.    Reference:    Exhibit B-1, Section 2.3, Cost Savings and Bridge to Firm Rates, p. 4**

2            “This opportunity for interruptible service reflects the avoidance of the long lead time due  
3            to the necessary capital planning and construction activities required to add significant  
4            capacity to the existing FBC system.”

5            9.1    Does the opportunity for avoidance the long lead time due to the necessary capital  
6            planning and construction activities required to add significant capacity to the  
7            existing FBC system also allow potential interruptible rate customers to “game” the  
8            system and avoid system upgrade costs they would otherwise be assigned if  
9            adding firm load?

10

11    **Response:**

12    No. If a Customer wishes to take service on an interruptible basis pursuant to RS 38 and be  
13    subject to curtailments and price risk in order to connect in a timelier manner and without funding  
14    capital upgrades, that is a valid use of the rate. FBC does not consider this to be “gaming” and  
15    the potential impact on other Customers is no different than under any other circumstance.

16

17

18

19            9.2    When proposing system capacity upgrades, how will FBC determine the portion of  
20            upgrade costs attributable to firm customers and the portion of costs, if any,  
21            attributable to interruptible rate customers seeking to switch to firm service?

22

23    **Response:**

24    Please refer to the response to BCUC IR1 3.1.

25

26

27

28            9.3    By how many years did the addition of a significant new load on 11 Line advance  
29            the requirement to upgrade the capacity of the AS Mawdsley Terminal, and what  
30            portion of the costs of advancement, if any, were assigned to the new load? What  
31            is FBC’s policy with respect to significant new point loads paying for system  
32            upgrade costs or the advancement of system upgrade costs?

33

34    **Response:**

35    The AS Mawdsley Terminal project was planned to begin in 2024 and the primary driver of the  
36    project was age and condition of the ASM T1 transformer. With the addition of the new load on  
37    11L, the project is also now required due to the growth in the Boundary and Kootenay area and  
38    to meet transmission planning criteria. However, the project cannot be accelerated and is still  
39    planned to begin in 2024. The new load was not assigned costs for this upgrade.

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1 New point loads seeking to interconnect to the FBC system will receive an estimate of cost  
2 responsibility as outlined in the Facility Connection Requirements that form part of the Industrial  
3 Electricity Interconnection process and pursuant to the required studies therein. Generally  
4 speaking, new point loads that drive infrastructure upgrades and advancement are responsible to  
5 pay for those costs prior to connection.

6

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1    **10.    Reference:    Exhibit B-1, Section 4.1, Discussion of Risk, p. 14**

2            “Additionally, FBC has confirmed that FBC customers participating in the LCIR can receive  
3            information directly from the Intercontinental Exchange (as defined above, ICE) on an  
4            ongoing basis.”

5            10.1    Please describe the conditions, if any, under which potential RS 38 customers can  
6            get access to ICE data. Does FBC provide this data?

7  
8            **Response:**

9            Please refer to the response to BCOAPO IR1 29.1.

10

1 **11. Reference: Exhibit B-1, Section 5, Customer Engagement, p. 20**

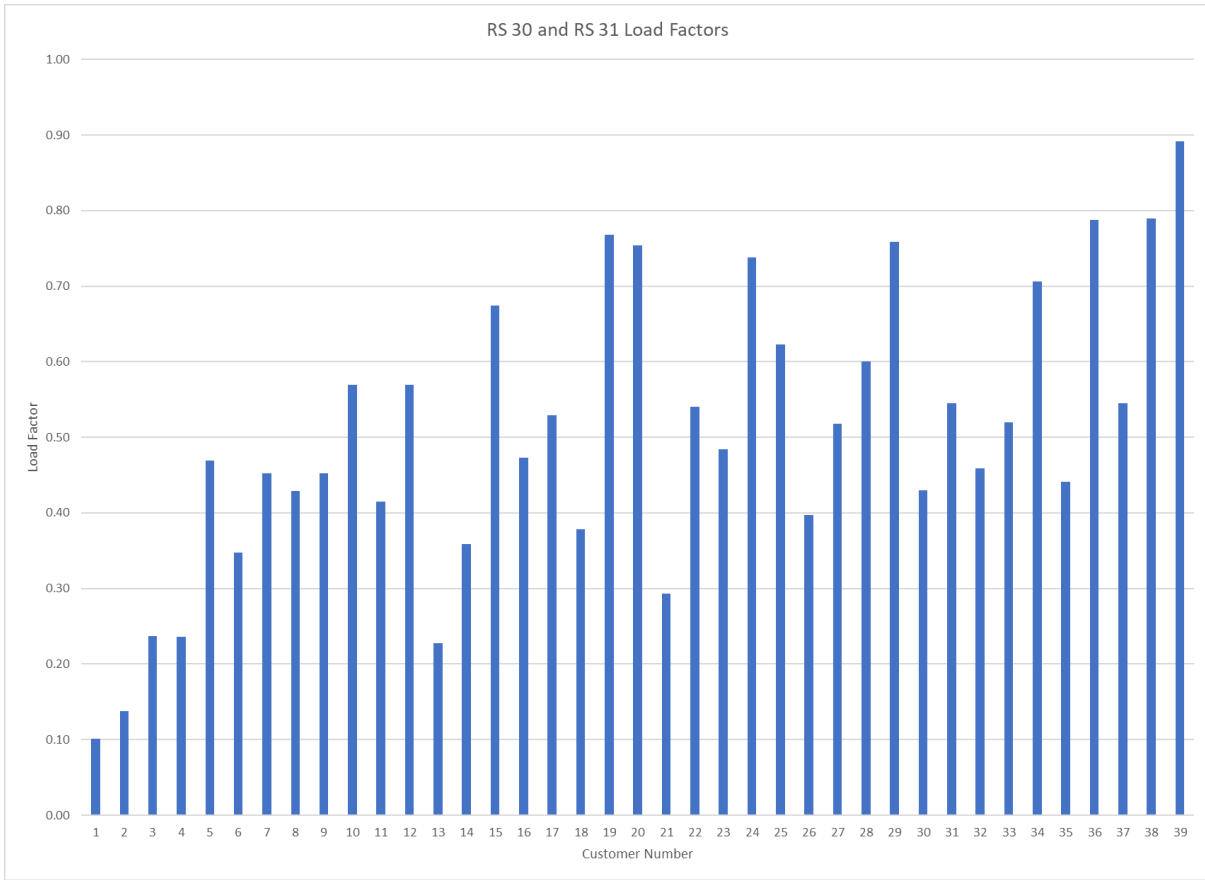
2 “The LCIR requirement for customers to maintain an 80 percent load factor is an  
3 impediment for some facilities in terms of participating in the rate; however, it is an  
4 important element of the LCIR.”

5 11.1 Please provide a summary of the anonymized individual load factors of FBC’s RS  
6 30 and RS 31 customers in graph and table format.

7  
8 **Response:**

9 Please find the requested information below. Note that the data does not include self-generating  
10 Customers that may place a peak load on the system but generate most of the energy required  
11 to meet load.

Customer #	Rate ID	Load Factor	Customer #	Rate ID	Load Factor	
1	ID30	0.10	21	ID30	0.29	
2	ID30	0.14	22	ID30	0.54	
3	ID30	0.24	23	ID30	0.48	
4	ID30	0.24	24	ID30	0.74	
5	ID30	0.47	25	ID30	0.62	
6	ID30	0.35	26	ID30	0.40	Average RS 30
7	ID30	0.45	27	ID30	0.52	0.48
8	ID30	0.43	28	ID30	0.60	Average RS 31
9	ID30	0.45	29	ID30	0.76	0.75
10	ID30	0.57	30	ID30	0.43	
11	ID30	0.41	31	ID30	0.55	
12	ID30	0.57	32	ID30	0.46	
13	ID30	0.23	33	ID30	0.52	
14	ID30	0.36	34	ID30	0.71	
15	ID30	0.67	35	ID30	0.44	
16	ID30	0.47	36	ID31	0.79	
17	ID30	0.53	37	ID31	0.54	
18	ID30	0.38	38	ID31	0.79	
19	ID30	0.77	39	ID31	0.89	
20	ID30	0.75				



1  
2

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1    **12. Reference: Exhibit B-2, Section 8, Hourly Service Adder**

2            “FBC believes that the proposed cost is likely less than what the total costs (that is, the  
3            costs not limited to those associated with FBC) for supply and delivery would be for a retail  
4            access Customer.”

5            12.1 Please describe the other costs FBC refers to that would be incurred by a retail  
6            access Customer.

7  
8    **Response:**

9    At a minimum, a retail access Customer would have to pay the FBC wheeling tariff charges plus  
10    any other transmission providers’ wheeling costs. If the power were to be sourced from Mid-C,  
11    that would include charges from Mid-C to the border plus charges to access the BC Hydro system.  
12    Even if the retail access Customer were to successfully benefit from BC Hydro rate harmonization,  
13    the BC Hydro ancillary service charges would still apply. Please also refer to the response to  
14    BCUC IR1 15.2.

15