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3 May 2004

Mr. Robert J. Pellatt
Commission Secretary
British Columbia Utilities Commission
PO Box 250
600 – 900 Howe Street
Vancouver, BC V6Z 2N3

Dear Mr. Pellatt:

**RE: British Columbia Hydro and Power Authority (“BC Hydro”)
Net Metering Tariff – Rate Schedule 1289 (“RS 1289”)
Electric Tariff Pages and Program Agreement for Approval**

BC Hydro writes to the British Columbia Utilities Commission (the “Commission”) further to Order No. G-26-04 and accompanying Reasons for Decision, issued by the Commission on 12 March 2004, in response to BC Hydro’s 3 November 2003 Application for Net Metering Tariff – Rate Schedule 1289 (the “Application”).

Enclosed for filing and Commission approval are two sets of the following Electric Tariff pages:

TARIFF PAGE	RATE SCHEDULE
Thirty-fourth Revision of Index Page v	Index – Section C
Original Page C-37-12	RS1289
Original Page C-37-13	RS1289
Original Page C-37-14	RS1289
Original Page C-37-15	RS1289
Original Page C-37-16	RS1289
Original Page C-37-17	RS1289
Sixth Revision of Page B-38	Schedule of Standard Charges

BC Hydro has made two revisions to the RS1289 Tariff, relative to what was originally proposed in the Application. These revisions are as outlined below.



1. Generating Facility Definition

In its Order No. G-26-04 Reasons for Decision, the Commission accepted BC Hydro's proposed green criteria for eligible energy sources for the interim period, until such time as the provincial government's "BC Clean Electricity Guideline" is finalized. The Commission directed that BC Hydro should recommend amendments to the "Availability" provisions of the net metering tariff in order that they reflect the final "BC Clean Electricity" definition. The Commission indicated it was of the view that these amendments could be submitted for final approval when BC Hydro files its evaluation report with the Commission regarding the RS1289 Tariff and Net Metering Program, after the first year of its operation.

Rather than waiting until the definition of "BC Clean Electricity" is finalized, BC Hydro has decided to amend its RS1289 Tariff at this time to reflect generation resources likely to be included in the provincial government's "BC Clean Electricity" definition, while allowing for any changes that may be made in the definition. Specifically, the "Generating Facility" definition on Tariff Page C-37-12 has been expanded from that filed in the original Application, to also include biogas, solid municipal waste, cogeneration, or other energy resources or technologies meeting the requirements of the Province of British Columbia's definition of "BC Clean Electricity" to generate electricity. This reference should remove the need for any further revisions to the RS1289 Tariff.

BC Hydro requests that the Commission approve this amendment to the final RS1289 Tariff.

2. Customer Fee

In its Order No. G-26-04 Reasons for Decision, the Commission agreed with BC Hydro that it is appropriate for net metering customers to incur some of BC Hydro's direct costs for service interconnection. The Commission also accepted BC Hydro's 5 kW criterion for on-site acceptance checks as being appropriate.

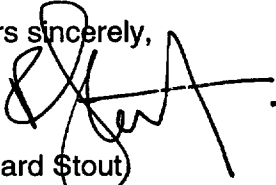
However, the Commission did not agree with the amount of \$600 that BC Hydro put forward as the customer fee for on-site acceptance checks. In the Commission's opinion, BC Hydro had not established an adequate basis for the \$600 amount. The Commission directed BC Hydro to charge a variable fee for on-site acceptance checks, supported by an invoice itemizing the costs incurred by BC Hydro for the site visit and acceptance check, the total of which is not to exceed \$600 per inspection.

BC Hydro has therefore amended the RS1289 Tariff and the Electric Tariff Schedule of Standard Charges (Page B-38) to include the Net Metering Site Inspection Fee to be calculated based on BC Hydro's actual costs, to a maximum of \$600.

Also enclosed are two copies of Electric Tariff Supplement No. 63 – Net Metering Interconnection Agreement, as provided under Special Condition 1 of the RS1289 Tariff (Page C-37-15).

BC Hydro requests that the Commission stamp and date the enclosed Tariff pages and Tariff Supplement No. 63 for approval, and return one set of originals for our files.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Richard Stout', written over the text 'Yours sincerely,'.

Richard Stout
Chief Regulatory Officer

Enclosures (2)

I N D E X

<u>SECTION C - RATE SCHEDULES</u> (Cont'd)	<u>Page</u>
<u>GENERAL SERVICE</u> (Cont'd)	
1277 Industrial Service - (Closed) -150 kV.A Demand or more - Lower Mainland and Vancouver Island South	C-36, 36-1
1278 Power Service (Closed) - 2000 kV.A Demand or more - Lower Mainland.....	C-37, 37-1
1288 Real-Time Pricing Transmission Service - Rate Zone I except Kingsgate-Yahk and Lardeau-Shutty Bench areas	C-37-5 to 37-11
1289 Net Metering Service	C-37-12 to 37-17
<u>IRRIGATION</u>	
1401 Irrigation - Rate Zone.....	C-38 to 39-1
<u>STREET LIGHTING</u>	
1701 Overhead Street Lighting - All Rate Zones	C-40, 41
1702 Ornamental Street Lighting - All Rate Zones	C-43, 44
1703 Street Lighting Service - Restricted Areas	C-45, 46
1704 Traffic Signals, Traffic Signs & Traffic Warning Devices - All Rate Zones.....	C-47, 47-1
1755 Private Outdoor Lighting (Closed) – All Rate Zones.....	C-47 to 49-1
1761 Overhead Street Lighting (Closed)	C-51
1770 Street Lighting Service (Closed) - Kitimat Area.....	C-52, 53
<u>TRANSMISSION SERVICE</u>	
1821 Transmission Service - Rate Zone I except Kingsgate-Yahk and Lardeau-Shutty Bench Areas	C-54
1844 Transmission Service - Turbine Turndown	C-62 to 63-2
1848 Transmission Service - Real-Time Pricing.....	C-72 to 72-6
1849 Special Provisions for the Price Dispatched Curtailment (PDC) Pilot Program.....	C-73, 73-1
1852 Transmission Service - Modified Demand	C-75 to 75-2
1853 Transmission Service – Station Service for Maintenance and Black-Starts	C-76

SCHEDULE 1289

NET METERING SERVICE

Availability: For customers taking service under any of Rate Schedules 1101, 1107, 1200, 1201, 1210, 1211, 1220, 1234, 1255, 1256, 1265 or 1266 and who install a Generating Facility to generate electricity to serve all or part of their electricity requirements, subject to the Special Conditions below.

With the consent of BC Hydro, customers taking service under other Rate Schedules or customers in Rate Zone II taking service under special contract, may be admitted to service under this Rate Schedule, provided that BC Hydro is satisfied that the metering, billing and other requirements of this Rate Schedule can be met.

“Generating Facility” for purposes of this Rate Schedule means a generating facility that:

- (a) Utilizes water, wind, solar, fuel cell, geothermal, biogas, biomass, municipal solid waste, cogeneration or other energy resources or technologies meeting the requirements of the Province of British Columbia’s definition of “BC Clean Electricity” to generate electricity;
- (b) Has a nameplate rating of not more than fifty (50) kilowatts; and
- (c) Is owned by the Customer and is located on the same parcel of land as the Customer’s premises for which service is being provided under any of the Rate Schedules listed above, or on an adjacent parcel of land owned or leased by the Customer, and is connected to the same Point of Delivery as the customer’s premises being served under any of the Rate Schedules listed above;

and includes all wiring, protection-isolation devices, disconnect switches, and other equipment and facilities on the Customer’s side of the Point of Delivery.

Applicable in: All Rate Zones.

SCHEDULE 1289

NET METERING SERVICE (Cont'd)

- Rate: Energy Charge: Charges for Net Energy consumed by the Customer will be in accordance with the Rate Schedule under which the Customer is receiving service from BC Hydro.
- Energy Price: For all electricity represented by the Generation Credit Balance remaining in the Customer's Generation Account at any Anniversary Date, BC Hydro shall pay 5.4¢ per kW.h.
- Metering: 1. Inflows of electricity from the BC Hydro system to the customer, and outflows of electricity from the Customer's Generating Facility to the BC Hydro system, will normally be determined by means of a single meter capable of measuring flows of electricity in both directions.
2. Alternatively, if BC Hydro determines that flows of electricity in both directions cannot be reliably determined by a single meter, or that dual metering will be more cost-effective, BC Hydro may require that separate meters be installed to measure inflows and outflows of electricity.
3. The Customer shall install, at its cost, the meter base and any wiring, protection-isolation devices, disconnect switches, and other equipment and facilities on the Customer's side of the Point of Delivery as required under BC Hydro's "Net Metering Interconnection Requirements, 50 kW and Below". BC Hydro will supply and install the meter or meters and make the final connections.
4. Any meters or meters required for purposes of this Rate Schedule shall be in addition to any demand meters (if applicable) required under the Rate Schedule under which the Customer is receiving service from BC Hydro.

SCHEDULE 1289

NET METERING SERVICE (Cont'd)

Billing:

Determination of the Customer's bill will be as follows:

1. Meter reading and billing frequency will be in accordance with the Rate Schedule under which the Customer is receiving service from BC Hydro.
2. At the end of each billing period BC Hydro will determine the "Net Energy" applicable for that billing period, defined as the difference between the electricity supplied by BC Hydro to the Customer during the billing period and the electricity delivered from the Generating Facility to BC Hydro's system during the billing period.
3. If Net Energy is positive, BC Hydro will bill the Customer for the Net Energy consumed by the Customer during the billing period, subject to the application of any generation credits then in the Customer's Generation Account, as described in item 5 below.
4. If Net Energy is negative, BC Hydro will credit the Net Energy amount to the Customer's Generation Account, as described in item 5 below, and will bill the Customer only for the Basic Charge and Demand Charge (if applicable) under the Rate Schedule under which the Customer is receiving service from BC Hydro.
5. Beginning with the first billing period following the date a Customer commences taking service under this Rate Schedule, BC Hydro will establish a Generation Account for that customer. If Net Energy is negative for that billing period, BC Hydro will credit the Net Energy amount to the Customer's Generation Account. BC Hydro will likewise follow this procedure for successive billing periods, except that if for any billing period Net Energy is positive, any credit balance then in the Customer's Generation Account will be applied to the positive Net Energy amount for that billing period until the Net Energy amount is reduced to zero.

SCHEDULE 1289

NET METERING SERVICE (Cont'd)

Billing:
(Cont'd)

6. BC Hydro will follow this procedure, and will notify the Customer of amounts credited and debited to the Generation Account and of the remaining credit balance (if any) in the Generation Account, on the bill rendered by BC Hydro for each billing period, until the end of the sixth billing period, in the case of customers being billed bi-monthly, or until the end of the twelfth billing period, in the case of customers being billed monthly (the "Anniversary Date"). At the Anniversary Date, BC Hydro will credit any negative Net Energy amount for that billing period to the Generation Account, or apply any credits in the Generation Account to any positive Net Energy amount for that billing period, in the same manner as for prior billing periods.
7. If any credit balance ("Generation Account Balance") remains in the Generation Account following the procedures set forth in item 6, BC Hydro shall be deemed to have purchased that amount of electricity from the Customer, and shall be obliged to pay the customer for that electricity at the Energy Price determined in accordance with the Rate provision of this Rate Schedule, and the Generation Account shall revert to zero.
8. The procedures set forth above shall apply in each succeeding 12-month period and at each succeeding Anniversary Date for so long as the customer continues to take service under this Rate Schedule. If service under this Rate Schedule is terminated prior to any Anniversary Date, the procedures set forth above shall be applied as of the date of termination. In that event, BC Hydro will pay the amount owing in respect of any credit balance in the Generation Account to the Customer within 45 days of the date of termination, subject to any rights of deduction or set-off BC Hydro may have.

SCHEDULE 1289

NET METERING SERVICE (Cont'd)

Billing:
(Cont'd)

9. In no case will any credit balance in the Generation Account have any cash value or be convertible to cash, except as provided above. If the amount determined to be owing to the Customer at any Anniversary Date as set forth in item 7 above is equal to or less than the charges BC Hydro anticipates are likely to be billed to the customer during the six month period following the Anniversary Date, BC Hydro may withhold the amount owing and credit it against charges owing by the Customer for future billing periods. If the amount determined to be owing is greater than the charges BC Hydro anticipates are likely to be billed to the Customer during the six month period following the Anniversary Date, BC Hydro shall pay the amount owing to the Customer within 45 days of the Anniversary Date.

Special
Conditions:

1. To receive service under this Rate Schedule, the Customer must submit the required Application and enter into a "Net Metering Interconnection Agreement" (Tariff Supplement No. 63) with BC Hydro. For Generating Facilities having a rated generating capacity of greater than five (5) kilowatts, the Customer must also pay the Net Metering Site Inspection Fee as set out in the Schedule of Standard Charges. The Customer must not commence parallel operation of its Generating Facility until approval has been given by BC Hydro in accordance with the Net Metering Interconnection Agreement.
2. The Generating Facility and all wiring, equipment and devices forming part of it, shall conform to BC Hydro's "Net Metering Interconnection Requirements, 50 kW and Below", and shall be installed, maintained and operated in accordance with those Requirements.

SCHEDULE 1289

NET METERING SERVICE (Cont'd)

Special
Conditions:
(Cont'd)

3. Service under this Rate Schedule is conditional on the continuance of service to the Customer under one or more of the Rate Schedules listed under the Availability section above, and is further conditional on the Customer being billed monthly or bi-monthly under BC Hydro's regular billing plan. If service under the applicable Rate Schedule is suspended or terminated for any reason, or if the Customer ceases to be billed under BC Hydro's regular billing plan, service under this Rate Schedule will be deemed to have automatically been suspended or terminated concurrent with suspension or termination of service under the applicable Rate Schedule, or change to a different billing plan, as applicable.
4. If service under this Rate Schedule is suspended or terminated for any reason, and BC Hydro considers it necessary in its discretion for the Customer's Generating Facility to be re-inspected and approved prior to resuming parallel operation with BC Hydro's system, as provided in BC Hydro's Net Metering Interconnection Agreement, the Customer shall pay the costs that BC Hydro estimates that it will incur for the re-inspection and approval.
5. If the Customer voluntarily terminates service under this Rate Schedule, the Customer shall not be eligible to again take service under this Rate Schedule for a period of 12 months from the date of termination, unless BC Hydro otherwise consents.
6. If BC Hydro in its discretion deems it necessary to require the Customer to interrupt or disconnect its Generating Facility from BC Hydro's system, or for BC Hydro to itself effect the interruption or disconnection of the Generating Facility from its system, as provided in the Net Metering Interconnection Agreement, or as a result of the suspension or termination of service to the Customer in accordance with Special Condition 3 above, then except to the extent caused by the wilful misconduct or gross negligence of BC Hydro, its servants or agents, BC Hydro and its servants or agents shall not be liable to the Customer for any loss or damage whatsoever resulting from such interruption or disconnection.

SCHEDULE OF STANDARD CHARGES (Cont'd)

MISCELLANEOUS CHARGES

LATE PAYMENT CHARGE	1.5% per month (equivalent 19.6% per annum compounded monthly).	
RETURNED CHEQUE OR PRE-AUTHORIZED PAYMENT CHARGE ^{Note 1}	Equivalent to BC Hydro's lead bank's NSF cheque charge in effect on 1 April of each year.	
ACCOUNT CHARGE ^{Note 2}		\$ 10.00
TRANSFORMER RENTAL CHARGE	17% per annum of replacement value to be billed monthly.	
COLLECTION CHARGE		\$ 32.00
DATAPLUS SERVICE	\$360.00 per year per Consolidated Master Account.	
CALL-BACK CHARGE		\$140.00
REFUND ADMINISTRATION FEE		\$ 75.00
NET METERING SITE INSPECTION FEE (Generators above 5 kW)	BC Hydro's actual costs, to a maximum of \$600.00	

Note 1 As at 1 April 2000, the charge is \$20.00.

Note 2 Exceptions to this charge are set out in this Tariff under the heading "Account Charge".



NET METERING INTERCONNECTION AGREEMENT

BETWEEN: _____ (the "Customer")

AND: BRITISH COLUMBIA HYDRO AND POWER AUTHORITY ("BC Hydro")
a body corporate having its head office at 333 Dunsmuir
Street, Vancouver, British Columbia, V6B 5R3

CUSTOMER AND BC HYDRO AGREE AS FOLLOWS:

1. Applicability

This Agreement is applicable only to customers who qualify for Net Metering Service under BC Hydro's Rate Schedule 1289 ("RS1289"), and whose generating facility ("Generating Facility") meets the eligibility requirements set forth in RS1289. Customer warrants that it and its Generating Facility comply with these requirements.

2. Generating Facility Interconnection Requirements

2.1 Customer shall design, install, operate and maintain the Generating Facility, and all ancillary facilities on the Customer's side of the Point of Delivery in accordance with all governmental laws and regulations from time to time applicable, and BC Hydro's *Net Metering Interconnection Requirements, 50 kW & Below* ("NMIR/50"). Customer shall obtain and maintain any required governmental authorizations and/or permits required for the installation and operation of the Generating Facility.

2.2 The Generating Facility shall meet all applicable safety and performance standards, including the codes and standards identified in BC Hydro's NMIR/50. BC Hydro, acting reasonably, may from time to time prescribe additional requirements which in its judgment are required for the safety of its system.



- 2.3 Customer shall not commence parallel operation of the Generating Facility until written approval has been provided to it by BC Hydro. Written approval will normally be provided by BC Hydro within 14 days following BC Hydro's receipt of a copy of the final inspection report or approval issued by the governmental authority having jurisdiction to inspect and approve the installation. Where Customer has been notified that inspection and acceptance by BC Hydro's Field Services – Protection and Control Department will also be required before the Generating Facility will be accepted for parallel operation, BC Hydro's approval will normally be provided within 14 days following the date of inspection and acceptance.
- 2.4 BC Hydro may require Customer to supply additional information and/or provide access to Customer's Generating Facility to carry out additional inspections, as set forth in BC Hydro's NMIR/50.

3. Operating Requirements

- 3.1 Customer shall at all times operate the Generating Facility in accordance with applicable governmental standards and requirements, and any manufacturer's instructions, and shall further comply with BC Hydro standards and requirements from time to time in effect relating to parallel operation of independent net metering installations with its system. Customer shall promptly notify BC Hydro of any malfunction or breakdown of the Generating Facility that could constitute a safety hazard or reasonably be expected to cause disturbance or damage to BC Hydro's system.
- 3.2 Customer shall not operate the Generation Facility so as to generate electricity at a rate greater than 110% of the Nameplate Rating of the Generating Facility, and will not add to or modify the Generating Facility without the prior written consent of BC Hydro.

4. BC Hydro Obligations

- 4.1 BC Hydro will act with reasonable promptness to perform any inspections and/or give any approvals that it is authorized or required to give under this Agreement, and will not unreasonably withhold or delay the giving of its consent in any case where its consent is required.



4.2 Subject to the provisions of RS1289 and any applicable Rate Schedule(s) under which Customer is from time to time receiving electric service from BC Hydro, the provisions of BC Hydro's Electric Tariff, and the terms and conditions of this Agreement, BC Hydro will supply electricity to, and accept delivery of electricity from, Customer at the Point of Delivery.

5. BC Hydro Rights

- 5.1 BC Hydro shall have the right to require Customer to interrupt (including, if so specified by BC Hydro, by means of physical disconnection or lock-out,) or reduce the output of its Generating Facility whenever:
- (i) BC Hydro deems such action necessary, in its sole judgment, to permit BC Hydro to construct, install, maintain, repair, replace, remove, investigate, or inspect any of its equipment or any part of its electric system; or
 - (ii) BC Hydro determines in its sole judgment, that curtailment, interruption, or reduction of Customer's electrical generation is otherwise necessary due to emergencies, forced outages, force majeure, safety hazards, possible damage to or disturbance of its electric system, or compliance with prudent electrical practices.
- 5.2 Notwithstanding section 5.1 or any other provision of this Agreement, in any of the events or circumstances mentioned in section 5.1 BC Hydro shall have the right:
- (i) to require Customer to immediately disconnect the Generating Facility from BC Hydro's system; and
 - (ii) to itself immediately effect the disconnection of the Generating Facility from its system if Customer is apparently not then available, or is available but refuses to act, and such action is deemed necessary by BC Hydro.



- 5.3 Whenever feasible BC Hydro will give Customer reasonable advance notice that interruption or reduction in deliveries may be required, or that disconnection of the Generating Facility from BC Hydro's system may be required, but the failure of BC Hydro to give such notice shall not invalidate any action taken by BC Hydro under sections 5.1 or 5.2.
- 5.4 If BC Hydro in its discretion deems it necessary to require the customer to interrupt or disconnect its Generating Facility from BC Hydro's system, or for BC Hydro to itself effect the interruption or disconnection of the Generating Facility from its system, as provided in sections 5.1 or 5.2, or such interruption occurs as a result of suspension or termination of service to the customer in accordance the provisions of RS 1289, then except to the extent caused by the wilful misconduct or gross negligence of BC Hydro, its servants or agents, BC Hydro and its servants or agents shall not be liable to the customer for any loss or damage whatsoever resulting from the exercise of such rights by BC Hydro.
- 5.5 BC Hydro shall have the right to enter Customer's premises at all reasonable hours, without notice to Customer, to inspect Customer's protective devices and read, inspect and/or test meters, or to effect disconnection of the Generating Facility as provided in section 5.2. Nothing in this Agreement shall limit or otherwise affect any rights of entry to Customer's premises BC Hydro may have under its Electric Tariff or any other agreement with Customer.

6. Metering and Billing

Metering requirements and billing procedures shall be in accordance with RS1289, and any other rate schedules under which Customer is receiving electric service.

7. Term and Termination

This Agreement shall become effective when signed by Customer and BC Hydro, and shall remain in effect indefinitely thereafter, until terminated as follows:



**BC Hydro
Electric Tariff
Supplement No. 63**

Original Page 5 of 5
Effective:

- 7.1 Customer shall have the right to terminate this Agreement by giving 30 days prior written notice of termination to BC Hydro.
- 7.2 BC Hydro shall have the right to terminate this Agreement by giving 10 days written notice of termination to Customer if Customer is in material default of any of its obligations under this Agreement and such default if not cured within 30 days after written notice of the default has been given to Customer by BC Hydro. The foregoing shall not affect any rights of suspension, interruption or disconnection that BC Hydro may have elsewhere under this Agreement, RS1289, or its Electric Tariff.
- 7.3 This Agreement will terminate automatically concurrent with termination of electric service to Customer under any of the Rate Schedules identified under the "Availability" section of RS 1289.

IN WITNESS WHEREOF the Parties have executed this Agreement.

[CUSTOMER NAME]

By: _____ Date: _____
Title: _____
Print Name: _____

BRITISH COLUMBIA HYDRO AND POWER AUTHORITY

By: _____ Date: _____
Title: _____
Print Name: _____