

MICRO STANDING OFFER PROGRAM (MICRO-SOP)

JUNE 9 VANCOUVER MEETING AND JUNE 10 WEBINAR

BChydro 

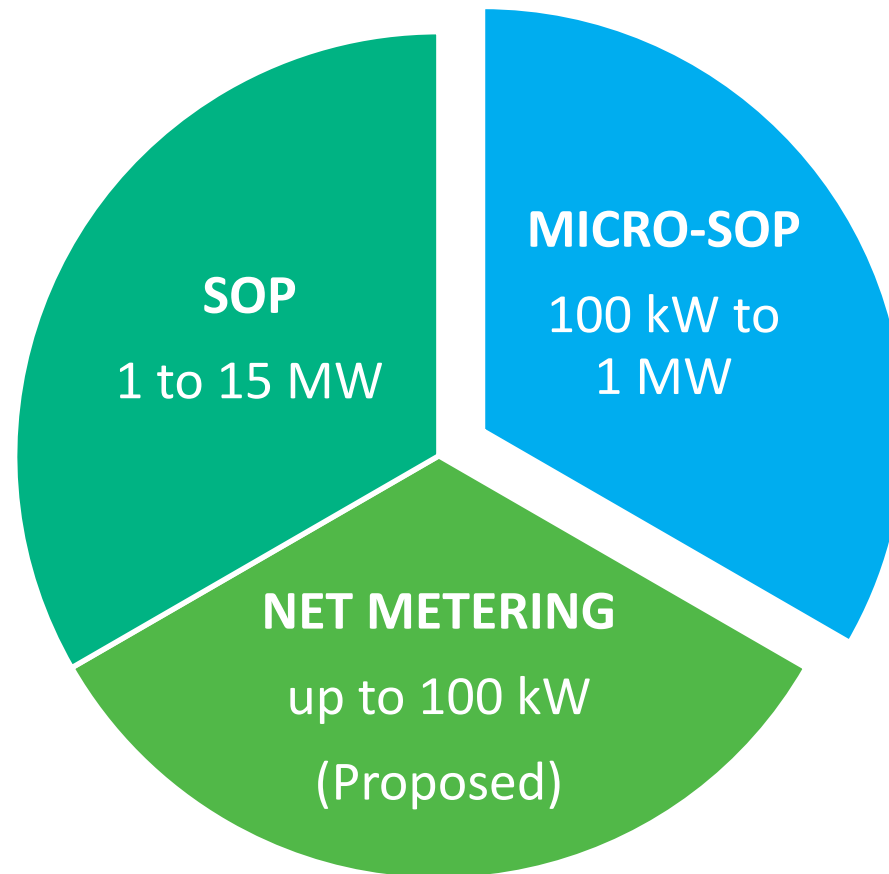
FOR GENERATIONS

June 9 /10, 2014

AGENDA

- BC Hydro Offers for Small, Clean Energy Projects
- What is the Micro-SOP?
- Engagement Overview
- Key Micro-SOP Components
- Proposed Changes from SOP
- Discussion and Feedback
- Next Steps

BC HYDRO OFFERS FOR SMALL CLEAN ENERGY PROJECTS



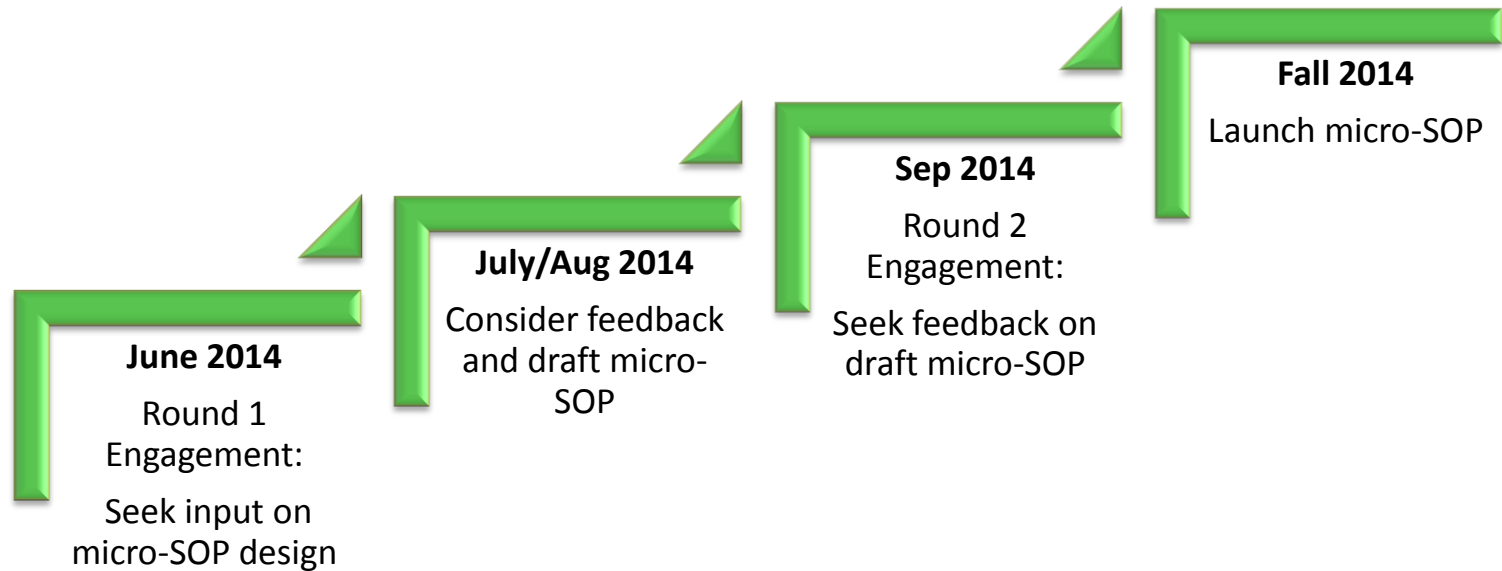
WHAT IS THE MICRO-SOP?

THE MICRO-SOP IS BEING DEVELOPED IN RESPONSE TO FEEDBACK FROM THE NET METERING PROGRAM REVIEW AND THE INTEGRATED RESOURCE PLAN ENGAGEMENT

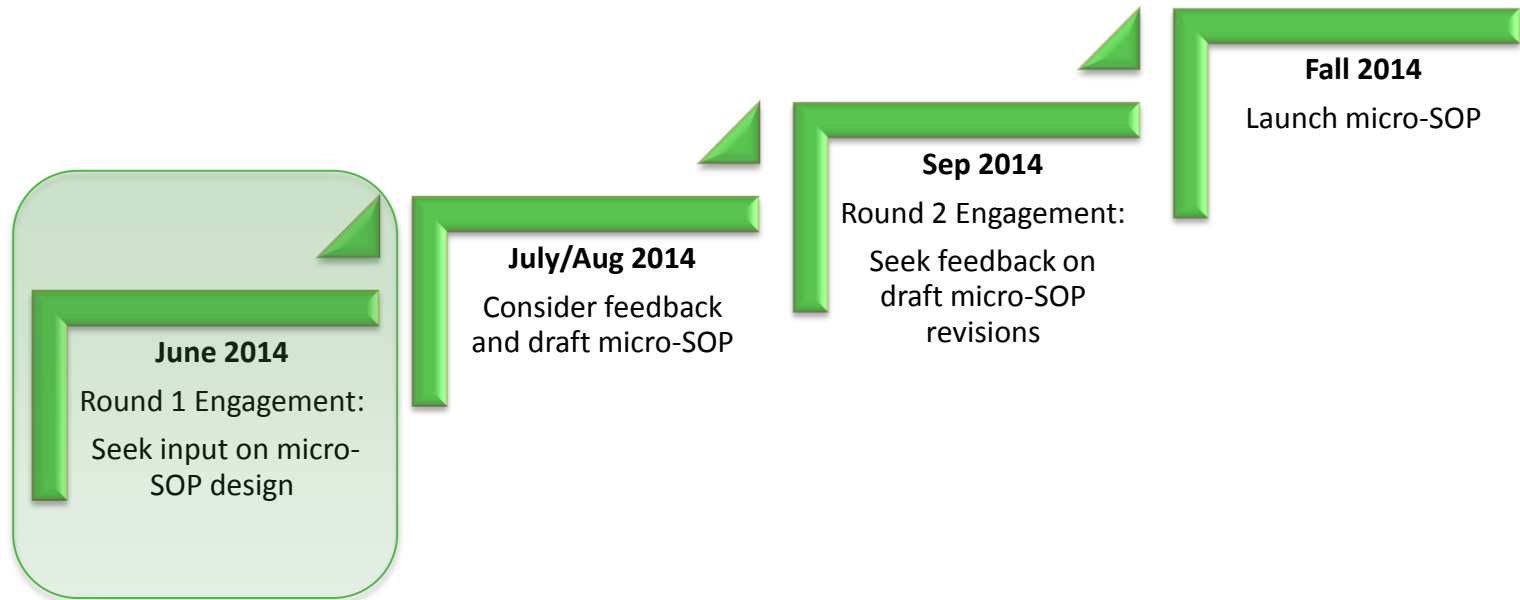
The micro-SOP is intended to:

- Expand opportunities that support the clean energy sector and promote clean energy opportunities for First Nations,
- Reduce costs to the developer and provide greater certainty around interconnection study costs and associated upgrade costs,
- Provide a streamlined opportunity for smaller SOP projects above the maximum proposed Net Metering generator size of 100 kW,
- Enable projects for First Nations, municipalities and commercial/industrial customers who want to produce small amounts of electricity (e.g., pressure reducing valves, anaerobic digesters, solar, micro-hydro, etc...).

ENGAGEMENT OVERVIEW



ENGAGEMENT OVERVIEW



KEY MICRO-SOP COMPONENTS

THE MICRO-SOP RULES WILL BE SIMILAR TO THE SOP WITH A FEW EXCEPTIONS

- Metering,
- Customer Project Requirements,
- Energy Price,
- Interconnection Requirements,

We would like
your input on
these 4
components

THE MICRO-SOP WILL BE SIMPLIFIED AND STREAMLINED

- Application Process and Review,
- Electricity Purchase Agreement.

METERING REQUIREMENTS

Current SOP rules require:

- Developers use an IPP-type meter that is leased from BC Hydro.

Proposed micro-SOP changes:

- Developers to use a Smart Meter (where possible).

Considerations:

- Significantly lower meter installation costs vs. \$25,000 for an IPP-type meter,
- No monthly lease costs for Smart Meters vs. \$250 for an IPP-type meter,
- Simplified invoicing.

CUSTOMER PROJECTS – NET OF LOAD

Current SOP rules state that projects behind a customer load must:

- First be reviewed through Integrated Customer Solutions (ICS) process,
- Have a Generator Baseline (GBL) set for existing self-generation,
- Modify Electricity Supply Agreement (ESA) for energy sold to BC Hydro.

Proposed micro-SOP changes:

- Maintain review through ICS process,
- Application of “net of load” approach for generated energy.

Considerations:

- Use of Smart Meters will reduce metering costs,
- Simplifies billing process,
- Customer avoids rate increases for ESA purchases from BC Hydro.

ENERGY PRICE

Current SOP Price:

- Price adjusted based on project location (relative to the load centre) and the time of delivery
- Current price ranges from \$96 to \$104 per MWh for 8 different regions
- Energy price is escalated at 50% CPI after the EPA is signed

Proposed micro-SOP changes:

- Single “postage stamp” rate,
- No time-of-delivery adjustments (i.e., no 3 X 12 table),
- May allow an alternate price/escalation option:
 - e.g., 100% of energy price escalated at CPI but with a reduced initial energy price (approx. \$8/MWh lower for a 20-year EPA)

DISCUSSION

INTERCONNECTION ELIGIBILITY

Current SOP rules state that all projects:

- Can be interconnected to BC Hydro's transmission or distribution system,
- Allows indirect interconnection to BC Hydro's system (e.g. through the FortisBC system).

Proposed micro-SOP changes:

- All projects must connect to BC Hydro's distribution system only,
- Considering disallowance of projects with indirect interconnection (e.g. via FortisBC) similar to the SOP Review.

Considerations:

- Simplifies the interconnection process,
- Eliminates the need for complex arrangements with other utilities,
- Reduce costs, resources and time.

INTERCONNECTION STUDIES

Current SOP rules:

- Optional Screening Study in advance of more detailed studies.
- Requires a System Impact Study and a Facilities Study prior to EPA offer.

Proposed micro-SOP changes:

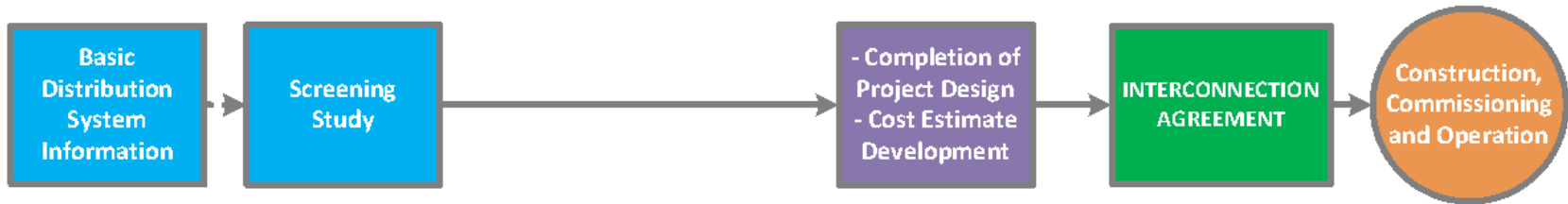
- Mandatory Screening Study for a flat fee of \$5,000, (expected to suffice for 90% of projects)
- If the project fails the Screening Study tests, then a limited-scope System Impact Study is required which can trigger network upgrades (expected for 10% of projects),
- System Impact Study may be required for locations with small loads, capacity constraints or other generators,
- Simplified interconnection application form.

Considerations:

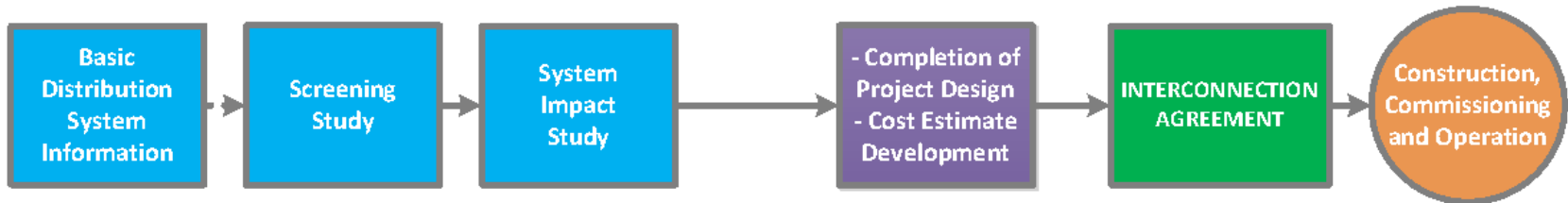
- Streamlines the interconnection process,
- Provides cost and time savings for developers.

INTERCONNECTION PROCESS

Project **Passes** All Screens



Project **Does Not** Pass All Screens



DISCUSSION

APPLICATION & REVIEW PROCESS

Current SOP application process:

- Optional pre-application meeting,
- Documentation comprised of Rules, Application Form, and key agreements (e.g. EPA)
- 45-day compliance and eligibility review.

Proposed micro-SOP changes:

- Mandatory pre-application meeting,
- Examining options to reduce documentation requirements and timelines for review.

Considerations:

- A mandatory pre-application meeting can give project developers an indication, based on project information, whether their application would likely be accepted by BC Hydro.
- Streamlined process helps reduce costs for developers.

ELECTRICITY PURCHASE AGREEMENT

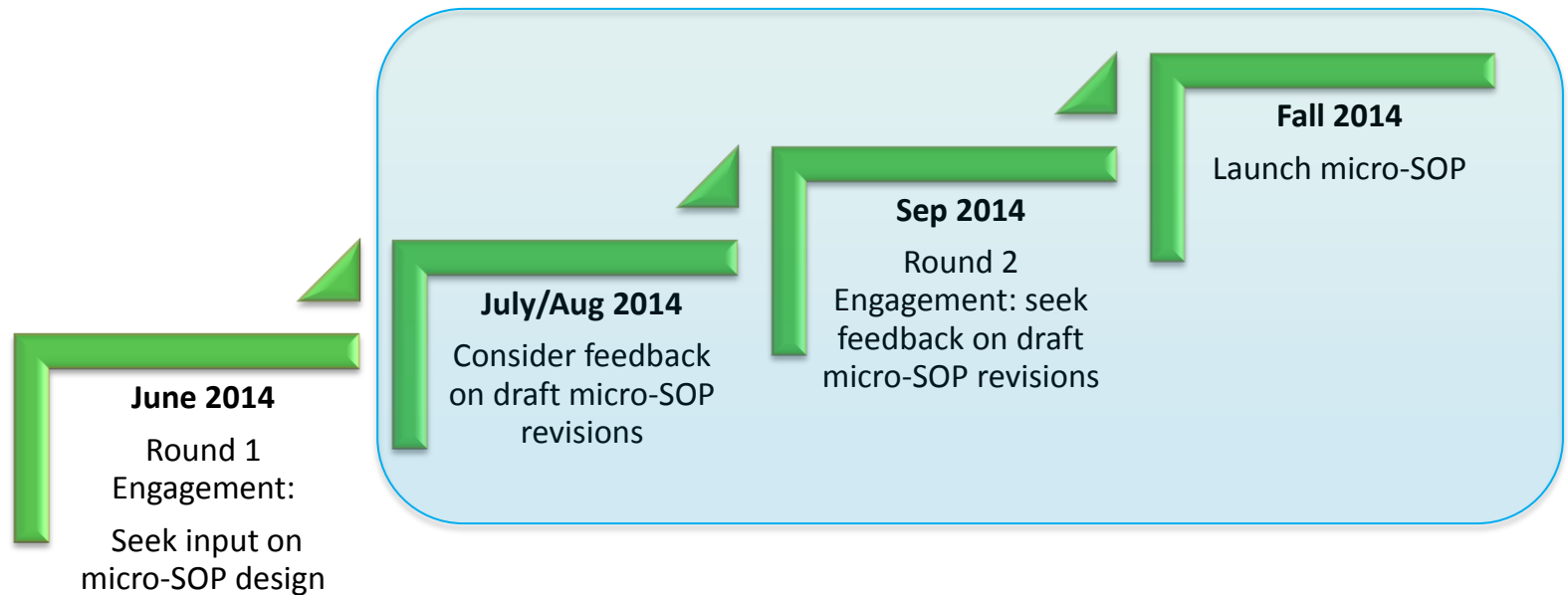
Current SOP EPA:


- 68 pages long (including 44 pages of appendices).

Proposed micro-SOP changes:

- EPA expected to be about 20 pages long (with no or few appendices).
- Signed Cover Page will summarize key project-specific terms,
- EPA terms and conditions are expected to be standard for all projects,
- Flexible contract length (5 to 20 years),
- Contract language will be simplified and streamlined.

NEXT STEPS





PLEASE SUBMIT ANY ADDITIONAL FEEDBACK
BY JULY 18, 2014
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