

1 Q. Would the compensation rate which is proposed for the isolated diesel systems, the  
2 excess energy rate, be higher than the effective rate charged and, if so, how this is  
3 consistent with the expressed primary driver of the Net Metering Policy  
4 Framework?

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7 A. For Domestic customers on the isolated diesel systems, Hydro charges an inclining  
8 block rate structure. The current excess energy charge for Domestic service is  
9 15.106¢ per kWh. The excess energy charge is less than the cost of No. 2 fuel to  
10 provide service to customers (approximately 27¢ per kWh in January 2017).

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12 Payment of 15.106¢ per kWh for net excess generation to a net metering customer  
13 provides savings as the payment price paid by Hydro is lower than the cost of No. 2  
14 diesel fuel. It is Hydro's opinion that this approach supports the primary driver of  
15 the Net Metering Policy, which is to provide customers with the option to offset  
16 their own energy usage through small-scale renewable generation they develop  
17 themselves.