



## **EPA Renewal Program Rules**

October 2022

For more information, please contact:

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- A. Term Sheet
- B. Specimen EPA
- C. Confidentiality and Non-Disclosure Agreement

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# EPA Renewal Program Rules

## 1. Introduction

As outlined in its 2021 Integrated Resource Plan, one of BC Hydro's near-term actions is to offer a market-price-based renewal option to existing clean or renewable IPPs with electricity purchase agreements ("EPAs") expiring in the next five years. Accordingly, BC Hydro has developed an EPA Renewal Program for IPPs who have existing EPAs for clean or renewable electricity projects set to expire before April 1, 2026. While BC Hydro expects to have sufficient energy and capacity until the early 2030s, there is a potential benefit to BC Hydro if clean or renewable electricity generated by these facilities continues to be available to BC Hydro for a situation in which their generation is required to meet domestic need.

This document outlines the eligibility requirements for the program, the energy price offered by BC Hydro under the program and other terms related to the sale of project energy to BC Hydro, as well as other relevant factors associated with the EPA Renewal Program. Additional information about the EPA Renewal Program can be found at [www.bchydro.com/eparenewals](http://www.bchydro.com/eparenewals).

The following Appendices are attached to and included as part of these Program Rules:

- A. Term Sheet
- B. Specimen EPA
- C. Confidentiality and Non-Disclosure Agreement

## 2. Disclaimers

The EPA Renewal Program itself is not an offer and does not create any legally binding obligations, rights or liabilities between BC Hydro and an IPP with an existing EPA for a clean or renewable electricity project that is set to expire before April 1, 2026. The program may be discontinued or suspended at any time at BC Hydro's sole discretion. Furthermore, the terms and conditions, including energy prices, included in these Program Rules may be updated from time to time by BC Hydro without prior notice in its absolute and unfettered discretion. Any costs incurred by an IPP relating to the EPA Renewal Program are at its own risk.

No agreement will exist between BC Hydro and a potential IPP counterparty until all contractual matters have been settled, and both parties have signed and delivered counterparts to a Renewal EPA. Once a Renewal EPA has been fully executed by BC Hydro and the IPP counterparty, there will be no further changes to its contractual terms and conditions, unless an amendment is mutually agreed to by the parties in accordance with the executed agreement.

In the event that these Program Rules and/or the Term Sheet differ from the Specimen EPA, the Specimen EPA shall prevail.

### 3. Eligibility Requirements

To be eligible for the EPA Renewal Program, the IPP and its clean or renewable electricity project must meet the requirements outlined below. If these eligibility requirements are not met, the IPP will not be allowed to renew its expiring EPA pursuant to the EPA Renewal Program.

#### 3.1 Expiring EPAs

There are 19 clean or renewable IPP projects with EPAs that are set to expire prior to April 1, 2026 (see table below). These projects range in size from 0.2 MW to 50 MW in Plant Capacity, and total 248 MW in Plant Capacity and 962 GWh annual generation. The projects are comprised of 16 run-of-river projects, one storage hydro project and two biogas projects. These are the only projects that may be eligible for the EPA Renewal Program.

Project Name	Resource Type	Location	Capacity (MW)	Energy (GWh/yr)
Brandywine Creek Small Hydro	Non-Storage Hydro	Whistler	7.6	34.1
Brown Lake 2	Storage Hydro	Prince Rupert	7.2	57.0
China Creek Small Hydroelectric	Non-Storage Hydro	Port Alberni	6.3	24.7
Coats IPP	Non-Storage Hydro	Gabriola Island	< 1	0.4
Eagle Lake C2 Micro Hydro	Non-Storage Hydro	West Vancouver	< 1	1.2
Furry Creek	Non-Storage Hydro	Lion's Bay	10.4	39.5
Hartland Landfill Gas Utilization	Biogas	Saanich	1.8	14.5
Marion 3 Creek	Non-Storage Hydro	Port Alberni	4.6	17.5
McNair Creek Hydro	Non-Storage Hydro	Sechelt	9.8	38.0
Mears Creek	Non-Storage Hydro	Gold River	3.8	19.5
Miller Creek Power	Non-Storage Hydro	Pemberton	29.5	118.0
Pingston Creek	Non-Storage Hydro	Revelstoke	45.0	193.0
Robson Valley (Ptarmigan Creek)	Non-Storage Hydro	McBride	3.6	19.2
Rutherford Creek Hydro	Non-Storage Hydro	Pemberton	50.0	172.0
Sechelt Creek 2	Non-Storage Hydro	Sechelt	16.6	84.6
South Sutton Creek	Non-Storage Hydro	Port Alberni	4.9	26.0
Upper Mamquam Hydro	Non-Storage Hydro	Squamish	25.0	108.0
Vancouver Landfill Gas Utilization - Ph 1	Biogas	Delta	5.5	40.0
Walden North	Non-Storage Hydro	Lilloet	16.0	54.0

#### 3.2 Renewal EPA Date

The commencement date for a Renewal EPA must be the day immediately following the expiry date of an IPP's existing EPA. Accordingly, a Renewal EPA must be executed by the IPP and BC Hydro prior to the expiry date of the IPP's existing EPA

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in order to be eligible for the EPA Renewal Program. An IPP can choose to pursue a Renewal EPA at any time in advance of the expiry date but the commencement date of the Renewal EPA will coincide with the expiry date of the existing EPA.

### **3.3 Eligible Energy**

Only IPP projects that generate electricity from a Clean or Renewable Resource are eligible for the EPA Renewal Program.

### **3.4 Project Size**

Only IPP projects that have a maximum electrical capacity (“Plant Capacity”) equivalent to, or less than, the capacity specified in its existing EPA are eligible for the EPA Renewal Program. BC Hydro may request any additional information it requires to verify a project’s Plant Capacity or expected generation, including verification by a qualified B.C. registered professional engineer at the IPP’s cost.

### **3.5 Permits, Site Control and Zoning**

To be eligible for the EPA Renewal Program, an IPP must have in place all necessary permits and other requirements to operate its facility. The IPP must identify the permits, demonstrate site control and provide evidence of zoning required for its project to be eligible for a Renewal EPA.

**3.5.1 Permits** – The IPP must have obtained all permits required for the continued operation of its project over the term of the Renewal EPA, and be in compliance with such permits. If a permit is expected to expire during the term of the Renewal EPA, the IPP must outline the expected permit renewal process and date, including any required First Nations and stakeholder consultation.

**3.5.2 Site Control** – The IPP must demonstrate that it has obtained the right to use the site for the project (including, unless otherwise acceptable to BC Hydro in its sole discretion, all areas where the generating facility and related access roads, transmission lines and other project-related facilities are built) for a period generally consistent with the term of the Renewal EPA.

**3.5.3 Zoning** – If local government land use requirements apply to all or any part of the IPP’s project site (including all areas where the generating facility and related access roads, transmission lines and other facilities are built), that part of the project site must be appropriately zoned for the applicable project’s use.

## **4. EPA Renewal Program Requirements**

### **4.1 Environmental Attributes**

All Environmental Attributes for the energy generated by the project and delivered to BC Hydro under a Renewal EPA must be transferred to BC Hydro. The value of the

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Environmental Attributes is included in the energy price under the Renewal EPA and there is no additional payment made to the IPP for the Environmental Attributes.

#### **4.2 Exclusivity**

During the term of a Renewal EPA, an IPP cannot use, commit, sell or deliver any energy generated by the project (other than station service) or Environmental Attributes associated with the output of its project for its own use or to any party other than BC Hydro, unless BC Hydro provides prior written consent. For greater certainty, other than station service, no load is permitted behind the POI unless consented to by BC Hydro.

If the IPP project requires electricity service from BC Hydro for maintenance or back-up supply, the IPP will be required to sign an Electricity Service Agreement for service under Electric Tariff Rate Schedule 1853 or Schedule 1253, as applicable, or such other rate schedules which apply with respect to the particular circumstances of an IPP. An IPP must comply with the requirements of the applicable rate schedule for its project site.

#### **4.3 No Conflicts of Interest**

The IPP must not be in or have the potential to be in an actual, apparent or deemed conflict of interest as a result of entering into a Renewal EPA with BC Hydro. Prior to the execution of a Renewal EPA, the IPP must inform BC Hydro, by completing and submitting a Conflict of Interest Statement form, of any disclosures required under BC Hydro's Contractor Standards for Ethical Conduct and any potential conflicts of interest it may have with BC Hydro or BC Hydro's directors, officers or employees. BC Hydro's conflict of interest policy and Contractor Standards for Ethical Conduct can be found at:

[www.bchydro.com/toolbar/about/who we are/corporate citizenship/code of conduct.html](http://www.bchydro.com/toolbar/about/who_we_are/corporate_citizenship/code_of_conduct.html).

#### **4.4 Interconnection**

All projects connected to BC Hydro's system are required to have an Interconnection Agreement and to meet BC Hydro's technical interconnection requirements which can be found at [www.bchydro.com/distributiongenerators](http://www.bchydro.com/distributiongenerators) or [www.bchydro.com/transmissiongenerators](http://www.bchydro.com/transmissiongenerators).

Projects with existing Interconnection Agreements are not required to enter into a new Interconnection Agreement as part of the EPA Renewal Program. There is no general requirement to undertake an interconnection study or a gap analysis study prior to entering into a Renewal EPA provided no project changes are made or being contemplated. However, if an IPP has outstanding obligations under its existing Interconnection Agreement or has made changes to its project that are not reflected under its existing Interconnection Agreement, they will be required, at their own cost, to fulfill outstanding obligations or undertake additional work, including studies which may be required, to meet BC Hydro's technical interconnection requirements.

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#### 4.5 Metering

IPPs are required to have a Meter for the project which is sealed and approved for revenue purposes by Measurement Canada. The Meter must be leased from BC Hydro and installed and maintained, at the IPP's cost, in accordance with BC Hydro's revenue metering requirements and published metering guidelines.

#### 4.6 First Nations

The IPP is responsible for identifying any potentially impacted First Nations and carrying out any required consultation and accommodation with these First Nations. Prior to entering into a Renewal EPA, an IPP will provide such information as reasonably required by BC Hydro and BC Hydro will assess the adequacy of the IPP's consultation by reviewing the information provided by the IPP to assess the potential incremental impact on Aboriginal rights and title or treaty rights. BC Hydro may request additional information or clarification of the information provided. BC Hydro may inform affected First Nations of the outcome of its assessment prior to finalizing the Renewal EPA.

BC Hydro may inform First Nations whose traditional territory includes the IPP's project of BC Hydro's intention to seek renewal of the EPA, either by letter or through the engagement process that BC Hydro has already established with the First Nation.

IPPs may wish to familiarize themselves with BC Hydro's approach to reconciliation as described in its "Statement of Indigenous Principles" found at: <https://www.bchydro.com/community/indigenous-relations/principles.html> .

### 5. Revenue Metering Requirements

During the term of the Renewal EPA, IPPs must comply with BC Hydro's revenue metering requirements ("Requirements for Complex Metering") which can be found at: <https://app.bchydro.com/accounts-billing/electrical-connections/distribution-standards/LA-RM-Complex-RM.html>. These requirements will be included as part of the technical requirements for the Interconnection Agreement.

**5.1 Interconnections Contact** – All revenue metering and interconnection matters should be directed to BC Hydro's Interconnections group, as follows:

BC Hydro Generator Interconnections  
6911 Southpoint Drive, Edmonds B03  
Burnaby, B.C. V3N 4X8  
Email: [distribution.generators@bchydro.com](mailto:distribution.generators@bchydro.com) or  
[transmission.generators@bchydro.com](mailto:transmission.generators@bchydro.com)

**5.2 Revenue Metering Review** – BC Hydro's Interconnections group will undertake the revenue metering review process which will consist of:

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- a) Confirmation of installed equipment and assessment of compliance with current standards;
  - b) Review of compliance gaps with Requirements for Complex Metering and identification of necessary upgrades for any material gaps; and
  - c) Preparation of a scope and schedule for implementing the necessary upgrades to revenue metering.

**5.3 IPP Responsibility** – Under the Renewal EPA, the IPP will be required to lease the Meter(s) from BC Hydro for a monthly fee and will be required to execute a Metering Equipment Lease.

## 6. Energy Pricing and Term of Agreement

The EPA Renewal Program provides the following two price options with fixed contract terms:

- Option A: Fixed 5-year term with variable price, based on the day-ahead Mid-C index
- Option B: Fixed 20-year term with fixed price, plus 50% CPI escalation

A summary of the pricing formulas for the two commercial options is contained the Term Sheet. The Specimen EPA includes the detailed pricing formulas and sets out when the applicable price will be payable for delivered and deemed energy from the IPP's project. In the event there are differences between the Term Sheet and the Specimen EPA, the Specimen EPA prevails in relation to the EPA Renewal Program.

## 7. EPA Renewal Process and Review

The following summary is intended to provide a general overview of the process and is not exhaustive. It is provided solely for the purpose of advancing BC Hydro's confidential and without prejudice discussions with IPPs regarding the potential renewal of their existing EPAs pursuant to the EPA Renewal Program.

**7.1 Confidentiality** – Prior to starting discussions on an EPA Renewal, the IPP must execute a Confidentiality and Non-Disclosure Agreement in the form set out in Appendix C.

**7.2 Draft Renewal EPA Preparation** – BC Hydro will prepare the draft Renewal EPA based on the Specimen EPA, customized for the specifics of the IPP's project. An IPP will be responsible for providing BC Hydro with certain required information (e.g., notice contacts, information required to specify the Seller's Plant description, etc.) and any additional information requested by BC Hydro in connection with the Renewal EPA.

Once BC Hydro sends a draft Renewal EPA to the IPP, the IPP is expected to provide its response and comments to BC Hydro in a timely manner. BC Hydro will have no obligation to accept or make revisions to the Renewal EPA to accommodate



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or incorporate the IPP's response and comments. Following completion of the steps described above, BC Hydro will prepare a final draft Renewal EPA and present it to the IPP.

- 7.3 Renewal EPA Execution** – After completion of the process described above, including the filing of all required documents, and provided the project meets all the EPA Renewal Program requirements, BC Hydro will send the IPP an executable form of the Renewal EPA. If the IPP wishes to proceed with the Renewal EPA, the IPP must sign the executable version of the Renewal EPA and deliver it to BC Hydro to the address specified in section 10 of these Program Rules within the timeframe specified by BC Hydro. Following the receipt of the signed Renewal EPA within the specified timeframe, if BC Hydro determines to proceed and execute the Renewal EPA, BC Hydro will execute the Renewal EPA and send a fully signed version back to the IPP.

Notwithstanding the foregoing, BC Hydro may, without liability, withdraw the executable version of the Renewal EPA at any time prior to delivery of the fully signed Renewal EPA by the IPP to BC Hydro or determine at any time prior to delivering a fully executed version of the Renewal EPA to the IPP not to proceed with the Renewal EPA.

- 7.4 Due Diligence and Consultation** – BC Hydro may, but is not required to, undertake any investigation or inquiries and/or undertake any consultation with any governmental or regulatory authority or any other person or group as BC Hydro considers necessary in its discretion with respect to an IPP and its project(s).
- 7.5 BC Hydro Discretion to Not Proceed with a Renewal EPA** – BC Hydro may decide to not proceed with a Renewal EPA at its discretion and without liability. The reasons for a decision not to proceed may include but are not limited to: (i) the IPP not meeting the eligibility requirements set out in section 3 of these Program Rules; (ii) failure by the IPP to respond to a request by BC Hydro for additional information (iii) BC Hydro determining that the IPP has an actual, apparent, or deemed conflict of interest; or (iv) in the event that the EPA Renewal Program is discontinued or suspended.
- 7.6 Regulatory** – Executed Renewal EPAs will be filed by BC Hydro with the British Columbia Utilities Commission for acceptance under section 71 of the *Utilities Commission Act*. IPPs are responsible for obtaining their own independent advice concerning any regulatory requirements.

## 8. Electricity Purchase Agreement

- 8.1 Specimen EPA** – The Specimen EPA for the EPA Renewal Program is attached to these Program Rules as Appendix B and available at [www.bchydro.com/eparenewals](http://www.bchydro.com/eparenewals).

The Specimen EPA is based on a “standard” type of project and IPP. For example, the Specimen EPA assumes that the project has a direct interconnection to the Distribution System or the Transmission System along with an existing

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Interconnection Agreement. The Specimen EPA also assumes that the IPP is a single corporation and that there are no other parties interconnected to the IPP's system on the IPP's side of the POI.

- 8.2 Changes to the Specimen EPA** – The Specimen EPA will be customized for each IPP project; however, changes proposed by an IPP to the basic terms and conditions of the Specimen EPA will generally not be accepted. BC Hydro may change the Specimen EPA with respect to any project where BC Hydro determines, in its sole discretion, that changes are required to address project-specific issues, such as the physical characteristics of an IPP project.

## 9. Additional Rules

- 9.1 Costs** – IPPs are responsible for all costs incurred by them in connection with the EPA Renewal Program, including the costs of preparing any information requirements and any other submission required in relation to the EPA Renewal Program and the execution and delivery of a Renewal EPA and such other agreements which may be required for a Renewal EPA.
- 9.2 Nature of Process** – The EPA Renewal Program is not a competitive procurement process. No legal offer, legal contract or legal duties or obligations of any kind whatsoever, whether express or implied, are intended to be created by or under the Program Rules, or by the request for a Renewal EPA by the IPP, or in any other manner whatsoever under or in connection with the EPA Renewal Program except for those arising under an agreement that has been signed and delivered by both the IPP and BC Hydro.
- 9.3 Waiver** – BC Hydro may waive any provision of these Program Rules, including any of the eligibility requirements, where BC Hydro determines in its sole discretion that such waiver would be consistent with the objectives of the EPA Renewal Program or is otherwise in the interest of BC Hydro and its ratepayers.
- 9.4 Program Suspension/Cancellation** – BC Hydro may discontinue or suspend the EPA Renewal Program at any time for any reason, without any liability, to any IPP or to any other person.
- 9.5 Program Amendments** – BC Hydro may amend the Program Rules, the Specimen EPA and any of the Appendices of these Program Rules in any respect in whole or in part at any time, provided that any such amendments shall not affect any executable version of a Renewal EPA that has been delivered to an IPP prior to the amendment. Any amendment will apply to all projects eligible for the program after the date of such amendments, subject to further amendments to the program.
- 9.6 No Liability** – BC Hydro (including its affiliates, and their respective directors, officers, employees, contractors, subcontractors, consultants, agents and representatives) incurs no liability of any nature or kind whatsoever to any person in connection with the EPA Renewal Program or its administration, or information provided with respect to, or in the course of, the EPA Renewal Program, or the

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acceptance, rejection, or any other decision, assessment, determination, statement, act or omission whatsoever.

**9.7 Unsolicited Information Not Considered** – BC Hydro is not required to consider any information provided by an IPP in respect of its project, or any written response to a request from BC Hydro for further information, clarification or verification.

**9.8 Ownership of Documents** – All documents and submissions provided by an IPP under or in relation to the EPA Renewal Program will be retained by, and become the property of, BC Hydro, provided however that BC Hydro does not thereby acquire any ownership interest in intellectual property embedded therein.

## 10. Further Information

IPPs should direct any questions regarding the EPA Renewal Program to BC Hydro as follows:

by email to: [IPP.Contract@bchydro.com](mailto:IPP.Contract@bchydro.com)

by mail to: BC Hydro  
IPP Portfolio Management  
17<sup>th</sup> Floor, 333 Dunsmuir Street  
Vancouver, B.C. V6B 5R3  
Attention: EPA Renewal Program

Additional information and EPA Renewal Program updates may be posted at [www.bchydro.com/eparenewals](http://www.bchydro.com/eparenewals).

To avoid any potential misunderstandings and for administrative ease, IPPs must not contact any BC Hydro director, officer or employee on any matter pertaining to the EPA Renewal Program except as set out above or, in the case of inquiries with respect to the interconnection or revenue metering process, as set out in these Program Rules.

Communication from IPPs should originate from the contact person(s) specified in writing by the IPP. Contact persons can be changed by notice to the contact information provided above. IPPs should communicate in writing (which may include email).

## 11. Glossary

- i. **Clean or Renewable Resource** has the meaning given in the *Clean Energy Act*, SBC 2010, c. 22, and regulations as amended from time to time, which at the date of publication of the Rules is biomass, biogas, geothermal heat, hydro, solar, ocean, wind or any biogenic waste, waste heat and any additional prescribed resources.
- ii. **CPI** means the British Columbia Consumer Price Index, All Items (Not Seasonally Adjusted) as published by Statistics Canada or any successor agency thereto.
- iii. **Distribution System** means the distribution, protection, control and communication facilities in British Columbia that are or may be used in connection with, or that otherwise

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relate to, transmission of electrical energy at 35 kV or less and that are owned by BC Hydro, and includes all additions and modifications thereto and repairs and replacements thereof.

- iv. **Environmental Attributes** has the meaning given to that term in the Specimen EPA.
- v. **Interconnection Agreement** means an agreement with BC Hydro for the interconnection of an IPP project to the Distribution System or Transmission System.
- vi. **IPP** means an independent power producer.
- vii. **Meter** means a revenue class meter that measures energy output and/or consumption for purposes of calculating payments under an EPA and that meets the requirements specified in the EPA.
- viii. **Mid-C** means the Mid-Columbia electricity region.
- ix. **POI** means the point of interconnection where the IPP's project interconnects with the Transmission System or Distribution System.
- x. **Program Rules** means these EPA Renewal Program Rules.
- xi. **Renewal EPA** means an electricity purchase agreement between an IPP and BC Hydro under the EPA Renewal Program.
- xii. **Specimen EPA** means the Specimen Electricity Purchase Agreement for the EPA Renewal Program attached to the Program Rules as Appendix B.
- xiii. **Term Sheet** means the term sheet for the EPA Renewal Program dated October 2022 and attached to the Program Rules as Appendix A.
- xiv. **Transmission System** means the transmission, substation, protection, control and communication facilities (transmitting energy at voltages greater than 35 kV) owned and operated by BC Hydro in British Columbia, and includes all additions and modifications thereto and repairs or replacements thereof.