

CAPACITY FUNDING FOR STUDIES AND TECHNICAL REVIEWS

Introduction

On December 11, 2008, the Ministry of Energy, Mines and Petroleum Resources (MEMPR), issued Terms of Reference for an Inquiry to be conducted by the BC Utilities Commission (Commission) under section 5 (4) of the *Utilities Commission Act* (the Act). The Inquiry relates to the British Columbia's Electricity Transmission Infrastructure needs for the Next 30 Years (the Inquiry).

MEMPR has directed BC Hydro to consult with First Nations concerning the evidence and information that BC Hydro and BC Transmission Corporation will provide to the Commission during the Inquiry. In undertaking this consultation, BC Hydro and BC Transmission Corporation are committed to listening to First Nations in an effort to learn their interests and to ensure that these interests are considered in the evidence and information they will be submitting to Commission. BC Hydro will also ensure that the information First Nations provide to BC Hydro and BC Transmission Corporation on their interests is reflected in BC Hydro's interim and final consultation reports that will be submitted to the Commission and MEMPR.

During the first round of consultations recently held across the province, BC Hydro and BC Transmission Corporation heard a great deal about First Nations' need for capacity funding to enable their effective participation in this important process. A Consultation Plan has been prepared, which includes the following with respect to the issue of capacity funding:

1 CAPACITY FUNDING FOR PARTICIPATION

Capacity funding to First Nations for BC Hydro's consultation on BC Transmission Corporation and BC Hydro's evidence and information in the Long-term Transmission Inquiry will take two forms: 1) funding to participate in consultation workshops; and 2) funding for studies or technical reviews.

1.1 *Funding to Participate in Regional Workshops*

Capacity funding will be available to the First Nations that participate in the consultation on the evidence and information to be submitted by BC Hydro and BC Transmission Corporation to the Commission. BC Hydro will not be providing capacity funding for First Nations to participate directly in the Commissions' Inquiry, which is distinct from the consultation on the submissions and evidence of BC Hydro and BC Transmission Corporation. Those First Nations requiring Participant Assistant/Cost Award funding to participate in the Commissions' Inquiry can apply directly to the Commission for funding. (See Participant Assistance/Cost Award Guidelines, Commission Order #G-72-07.) <http://www.bcuc.com/>

BC Hydro will provide capacity funding for two representatives from each First Nation¹ and one representative from each Tribal Council in the province to attend one consultation workshop during each round of workshops (currently three rounds are planned). Capacity funding is intended to compensate for both the expenses and the time associated with attending workshops in each region.

In advance of each regional consultation workshop, BC Hydro will request First Nations and Tribal Councils to provide BC Hydro with written confirmation of the names of their representatives at the workshop. Following each regional workshop, capacity funding will be paid to First Nation governments whose representatives attend the workshops.

1.2 Funding for Studies and Technical Reviews and Related Criteria

It is currently anticipated that capacity funding will be provided for a limited number of studies to be commissioned by First Nations and also for First Nations to have access to technical experts to review and comment on submissions and evidence to be submitted by BC Hydro and BC Transmission Corporation during the Inquiry.

Funding for studies and technical reviews will be considered on a case-by-case basis in response to written requests from First Nations or their representatives, which define the nature of the proposed study or review that is contemplated, measurable deliverables, the timeline for completing the work and the amount of funding required. Studies and technical reviews will be considered public information.

The criteria that will be considered in determining whether capacity funding should be granted for a particular study or review, and if so in what amount, include but are not limited to the following:

- **Relevance to the Inquiry** – Is the proposed study within the scope of the Commission Inquiry as defined by the Terms of Reference or the Commission’s final decision on scope?
- **Relationship to BC Hydro or BC Transmission Corporation’s Evidence** – Would the proposed study provide additional information or material that would be relevant to the proposed evidence of BC Hydro or BC Transmission Corporation?
- **Grouped Proposals** – Preferences will be given to studies that will provide information to a large number of First Nations and/or a large area of the province.
- **Expertise** – What is the expertise of the author(s) of the proposed study?

¹ Particular arrangements will also be made to address certain First Nations where hereditary governance issues arise.

- **Timeliness** – Would the study be completed and made available in sufficient time for BC Hydro or BC Transmission Corporation to be able to utilize its findings in evidence and information to be submitted to the Commission?
- **Originality**– Would the proposed study provide information not already submitted to the Commission or being developed by others? For example, a study that provides new information relevant to the scope of the Inquiry would likely be viewed more favorably than one that duplicated information already submitted or under development. Is the applicant making a request for funding to any other agency such as Commission, a Ministry, etc.?

BC Hydro and BC Transmission Corporation have provided capacity funding to the First Nations Energy & Mining Council (FNEMC) to participate in the consultation process and to undertake technical and legal reviews of BC Hydro and BC Transmission Corporation's evidence and submissions. The FNEMC have retained technical experts to undertake a review of the evidence and information provided by BC Hydro and BC Transmission Corporation to the Inquiry. The FNEMC will make their reviews available to First Nations and provide technical support for First Nations, upon their request, throughout the province. Proposals for study or technical reviews will be assessed to identify duplication between the work being undertaken by First Nations and the FNEMC to determine where efficiencies can be realized.

For further information on the involvement of the First Nations Energy & Mining Council, First Nations are encouraged to contact the following:

BC First Nations Energy & Mining Council
617-100 Park Royal South
West Vancouver BC
V7T 1A2
Tel: 604 921-4488; Fax: 604 921-4401
Email: BCFNemc@gmail.com

1.3 Applications for Funding

The application for funding must not be longer than three pages in length. The funding template is attached as Appendix A. All applications for funding studies and technical reports will be assessed by applying the criteria set out in section 1.2 above.

All applications must align to technical reviews or studies that are within the scope of the Inquiry as set out by the Commission, which in turn is based on the Ministry's Terms of Reference for the Inquiry.

As limited information on the BC Hydro and BC Transmission Corporation's submissions and evidence is available at this time, it is anticipated many First Nations may want to wait to see the Initial Evidence that will be filed in September before applying for study or technical review funding. In addition, as more information

becomes available in the November and December timeframe, it is expected that there may be some additional need for capacity funding. As a result, BC Hydro and BC Transmission Corporation are proposing two rounds of technical review funding – one in early fall and the second towards the end of the year.

For your assistance in identifying study and/or technical review funding requirements, a summary of several topics that have been ruled within the scope of the Inquiry is attached as Appendix B.

The Inquiry's full Terms of Reference can be found at the following website: <http://www.bcuc.com/>. Or, you may contact BC Hydro directly and we will be pleased to provide you with a copy.

BC Hydro and BC Transmission Corporation recognize that certain First Nations may have other relevant issues for which they would like to undertake studies. BC Hydro is ready to receive proposals for studies that are directly aligned to the Terms of Reference where evidence is provided that these studies will advance the ability of the First Nations to participate in the consultation process or to provide meaningful information to be added to the evidence and information that BC Hydro and/or BC Transmission Corporation submit to the Commission as part of its Inquiry process. All requests for study funding should be mailed to the following:

Suromitra Sanatani
First Nation Consultation Project Manager
Aboriginal Relations & Negotiations
BC Hydro
6911 Southpoint Drive Burnaby, B.C. V3N 4X8
Proposals and studies that are submitted in electronic format are preferred.

1.4 Timelines for Study Funding

As stated above, BC Hydro and BC Transmission Corporation recognize that First Nations likely require additional information prior to being able to provide informed proposals for study and technical capacity funding. Two key dates in this regard are the following:

- (1) BC Hydro and BC Transmission's Initial Information, which will be filed with Commission on September 18, 2009 and then provided to all First Nations and Tribal Councils.
- (2) BC Hydro and BC Transmission Corporation's Submissions, which will be filed with the Commission in late November.

In light of these dates, BC Hydro is proposing the schedule set out in the following section:

Round One Study and Technical Reviews:

October 15, 2009 – Due date for applications for Round 1 study and technical review funding.

October 31, 2009 – Decision on applications for Round 1 funding to be announced.

January 31, 2010 – All studies must be completed and provided to BC Hydro.

Round Two Technical Reviews:

December 1, 2010 - Due date for Round 2 Technical Review funding applications.

December 18, 2010 - Decision on applications for Round 2 funding to be announced.

February 19, 2010 - Deadline for final comments from Round 2 technical reviews.

Studies and comments that are provided by First Nations will be considered by BC Hydro and BC Transmission Corporation for reference and/or inclusion in their evidence and submissions to the Commission.

Should First Nations require assistance with capacity funding for technical studies in advance of these dates, we will consider these applications when they are received.

Should you have any questions please do not hesitate to contact us by email at Transmission.Inquiry@bchydro.com or by phone at 1-877-461-0161

4. How does the study or technical review relate to the scope of the Inquiry?

5. What are the name(s) and relevant expertise of the author(s) of the study or technical review. (Please attach the author(s) curriculum vitae)?

6. What date will the study or technical review be completed and provided to BC Hydro?

7. Have the applicants for study funding received funding for any other studies or technical reviews in connection with Long Term Electricity Transmission Inquiry (including any money received from the BC Utilities Commissions)? If yes, please provide the details.

First Nation: _____	Signature: _____
Name: _____	Date: _____

APPENDIX B

Summary of the Topics in Scope

Provincial Generation Potential (also referred to as resource generation options):

As part of the inquiry, the Commission must assess the generation resources in British Columbia that will be potentially developed over the next 30 years, grouped by geographic location. The Commission Panel has stated that “First Nations’ views on the regional demand scenarios and on the relative priority of new generation sources to be in scope provided views are consistent with the regional approach to demand and generation. However, comments on individual generation resources are not in scope.

Assessment of Domestic Electricity Demand

Both domestic and export demand are in scope. In order to meet the general purpose of the Inquiry, forecasts of demand under varying conditions for the 30 year study period are necessary. Demand forecasts will be estimated for each year in the study period and disaggregated to show the demand at appropriate points in the study model for both capacity (MW) and energy (GWh). Regional domestic demand forecasts will be created by disaggregating the province wide 30 year forecasts. Scenarios will consider and adopt appropriate input from Participants. Such input would include key regional determinants of electricity demand.

Assessment of Interjurisdictional Trade (including imports and exports)

The Terms of Reference (TOR) require the Commission to consider potential future market opportunities to export clean or renewable or low carbon electricity to other jurisdictions that is surplus to the requirements of load serving utilities in BC.

BC Hydro and BCTC have jointly retained an independent expert (E3) to undertake a study of exports and plan to submit the report as part of the September 18, 2009 filing with the Commission.

Analysis of the Transmission System

The Commission Panel indicated that, in their view, the TOR support a high-level, long-term view of the transmission system and that this is consistent with a focus on the bulk transmission system (230 kV transmission and above). However, the Panel supported consideration of lines below 230 kV if they are regionally significant. Analysis of the bulk transmission system will include:

- The general (not specific) path location;
- The transfer capacity of the path in MW;
- Estimated cost;
- Component end-of-life date;

- Line losses;
- Timing of new additions;

Areas Inappropriate for Development

Areas inappropriate for development include those areas where new generation is already precluded or severely constrained by statute, regulation or official plans (such as Parks, Conservancies, Biodiversity Areas, etc). The Commission has said it will consider submissions from First Nations with respect to broad based concerns or issues with respect to generation in their territories, but will not review individual generation sites, and is not persuaded that a detailed review of land use plans is necessary.

Areas inappropriate for transmission development are generally out of scope with the exception of where the scale of a legally defined protected area is sufficiently large that it could have an impact on the cost or viability of a transmission line or the ability to connect a generation cluster to the existing transmission system.

Further Information on the Scope of the Inquiry

For further information on these topics and how they are being considered by the Commission please see the Commission's decision on the scope of the Inquiry which is Exhibit A-18 in the proceedings.

If you wish a copy of the Commission's Order on Scope please visit the Commission's website at: <http://www.bcuc.com/>. Alternatively you can contact the Commission Secretary at 1-800-663-1385 or email commission.secretary@bcuc.com.