

British Columbia Utilities Commission Re-issued Information Request No. 1.21.1 Dated: 01 December 2004 BC Hydro Response issued 17 December 2004	Page 1
British Columbia Hydro and Power Authority Call for Tenders for Capacity on Vancouver Island Review of Electricity Purchase Agreement	

**21.0 Reference: CFT Report, Main Report, p. 24**

1.21.1 Please explain the provisions for transferring GHG liability and compare these to the treatment of BC Hydro's GHG liability under the VIGP benchmark.

**RESPONSE:**

**Section 8.10(c) of the EPA states: "The Seller is solely responsible at the Seller's cost for compliance with all regulatory and other legal requirements with respect to all emissions from the Seller's Plant, including greenhouse gas emissions. The Buyer has no responsibility or liability of any kind whatsoever with respect to any such emissions and the Seller shall indemnify the Buyer for any liability suffered or incurred by the Buyer with respect to such emissions."**

**However, for the sale of the VIGP assets, BC Hydro agrees to remain responsible for the requirement in the Environmental Assessment Certificate to offset 50% of the increase in GHG emissions from VIGP through year 2010 through new energy efficiency and renewable energy efforts. The cost of developing the GHG mitigation plan referred to in section 5(6) of the Environmental Assessment Certificate and any other GHG offsets will be the bidder's responsibility. See section 8.3 of the Final Form VIGP Transfer Agreement.**

**For the VIGP benchmark, BC Hydro would have directly been responsible for the Environmental Assessment Certificate requirement to offset 50% of the increase in GHG emissions from VIGP through year 2010 through new energy efficiency and renewable energy efforts. Furthermore, if BC Hydro had built VIGP as originally contemplated, it would have responsible for all GHG liabilities throughout the life of the project. As such, the VIGP benchmark assumes a GHG emission offset cost of \$10 per tonne CO<sub>2</sub> equivalent, or \$3.60 per MWh.**