



**2008 LTAP  
INTERVENOR ENGAGEMENT**

**SESSION NOTES**

November 14, 2007

9:00 a.m. – 11:00 a.m.

The Sutton Place Hotel, 845 Burrard Street  
Versailles A Meeting Room

Vancouver, B.C.

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## **1.0 Acronyms**

**BCUC** .....British Columbia Utilities Commission  
**BCOAPO** ...British Columbia Old Age Pensioners Organization  
**CECBC** .....Commercial Energy Consumers of British Columbia  
**DSM**.....Demand-Side Management  
**EARG** .....Engineering, Aboriginal Relations and Generation  
**IEP** .....Integrated Electricity Plan  
**ILM**.....Interior to Lower Mainland  
**IPPs** .....Independent Power Producers  
**JIESC** .....Joint Industry Electrical Steering Committee  
**LTAP** .....Long-Term Acquisition Plan  
**ROU**.....Resource Options Update

## **2.0 Background**

BC Hydro is currently undertaking the development of the 2008 LTAP.

The event held on November 14<sup>th</sup> was organized by BC Hydro's Energy Planning group and brought together intervenors and other parties interested in the 2008 LTAP. This event was the initial session for intervenor engagement and focussed on an overview of the proposed LTAP components and process, as well as providing opportunity for input on an approach for intervenor engagement.

This session was held in conjunction with BC Hydro's Power Acquisitions group. The first part of the session focussed on the 2008 LTAP, while the latter part of the session dealt with the upcoming power acquisition activities. Please note that this document is only intended to reflect the issues raised during the 2008 LTAP portion of the session.

## **3.0 Attendance**

In attendance at this session were 35 individuals (names are not disclosed due to privacy policy) that included members of various intervenor groups. This session was sponsored by BC Hydro and representation on BC Hydro's behalf included:

- Anne Wilson, Stakeholder Engagement, Energy Planning (Facilitator)
- Cam Matheson, Director, Energy Planning (Presenter)
- Randy Reimann, Manager, Resource Planning (Presenter)
- Craig Godsoe, Solicitor & Counsel, Legal Services (Presenter)

## **4.0 Meeting Purpose**

- To provide an overview of the 2008 LTAP components and process
- To solicit feedback on how to best engage intervenors

## **5.0 Presentation Overview**

Anne Wilson provided the facilitation for this session. Presentations began with Cam Matheson who provided the background and context for the 2008 LTAP, which included considerations

resulting from the BCUC Decision on the 2006 IEP/LTAP and the *2007 Energy Plan*. Craig Godsoe provided an overview of the expected 2008 LTAP components: expenditure determinations and justification for expenditure determinations (handout supplied). Randy Reimann presented on the LTAP process and workplan. Anne Wilson closed the session with a discussion on how intervenors would like to be engaged, and provided feedback forms for further comments.

The presentation and handout provided at this session are available on the [2008 LTAP Public Information](#) Sessions webpage.

## 6.0 Summary of Issues

The following section provides a summary of the issues raised by intervenors during the session.

### 6.1 'Unconstrained' Portfolio / Testing Cost-effectiveness

Support was voiced for constructing 'unconstrained' or 'unrestricted' portfolios that test the cost-effectiveness of various *2007 Energy Plan* policies.

- Testing the cost-effectiveness of certain *2007 Energy Plan* policy action items was raised. What is the impact to ratepayers of implementing these policies?
- JIESC expressed concern that BC Hydro is in a difficult position to meet the interests of both customers and the *2007 Energy Plan*. JIESC is concerned that BC Hydro is not considering options outside of run-of-river hydro and wind, as these are costly and unreliable options. JIESC voiced that this should be of concern to all customers, but is of particular concern for power intensive businesses whose competitive edge relies on low cost power.
- There is a concern that other more cost-effective options are not being explored such as large hydro. JIESC feels strongly that BC Hydro should look at large hydro projects other than Site C.
- [With respect to BC Hydro looking at other large hydro projects, BC Hydro stated that it would consider JIESC's request to consider other large hydro projects, but noted Site C is currently being looked at this time as it is the most cost-effective large hydro option to advance at this time.](#) BC Hydro also noted that Site C's potential in-service date was now 2019 (i.e., outside of the LTAP time horizon).
- Other examples mentioned were the inclusion of coal without a greenhouse gas (GHG) cost component and sequestration requirement.
- It was requested that BC Hydro consider all potential options that will best serve the interests of its customers and the province.
- While acknowledging that JIESC could lead evidence on these issues, JIESC would prefer BC Hydro to do this analysis given their available resources and because BC Hydro is the applicant.
- With respect to *2007 Energy Plan* actions backed by law, BC Hydro stated that it would not be useful to construct LTAP portfolios that did not meet legal requirements (laws, regulations and special directions), and that accordingly, a portfolio with coal in without a GHG cost adder and the requirement to sequester would not be tested. BC Hydro stated that in light of imminent Provincial Government GHG legislation, looking at a \$0/ton GHG adder was not realistic. With respect to *2007 Energy Plan* actions that are a matter of government policy, [BC Hydro noted that as a Crown Corporation its role is to implement government policy; however, the issue of testing the cost-effectiveness of certain \*2007 Energy Plan\* policy action items is something that will be considered. As well, BC Hydro asked JIESC to consider whether the analysis should focus on policy versus legislated actions.](#)

- BCOAPO raised the issue of the BCUC's mandate. If the 2008 LTAP does not provide a rationale that it is the most cost-effective plan, it advocated that the BCUC did not need to allow all of the costs to go into rates.
- With respect to the impact on ratepayers and assessing the impact of implementing policy, it was noted that intervenors have the opportunity to do so during the 2008 LTAP proceeding.

## 6.2 Load Forecast

Intervenors were interested in the effect that the following variables and inputs would have on BC Hydro's Load Forecast:

- JIESC expressed concern about the uncertainties around the pulp and paper industry with decreasing markets and declining economies. [BC Hydro noted that they do have a consultant looking at this issue, and that additional input from JIESC is welcome.](#)
- Is the industrial economic outlook for the next 20-years being assessed? Yes, AMEC Americas Limited has been hired to review this.
- The effect of rate increases with the corresponding elasticities. This will be addressed in the 2008 LTAP.
- Will a plan for carbon taxes be in place before the next IEP? In particular, will the increase in fuel switching (natural gas to electricity) due to carbon taxes be assessed?

## 6.3 Risk Analysis

The following items were raised for BC Hydro's consideration in the 2008 LTAP:

- Whether different scenarios from economic to legislative are being examined? Exchange rate is a risk that must be assessed. These are external risks that must be considered in addition to internal system risks. [BC Hydro welcomed any input on how to approach the above issues and offered to discuss further with the CECBC representative who raised these items.](#)
- Analysis is needed around the risk of implementing government policy. What happens if government policy changes with the next election? BC Hydro noted that considering a scenario under a change of government would not be addressed in the 2008 LTAP.
- Will the fuel (actual) supply risk due to climate change be assessed? This will not be considered in the 2008 LTAP, but will be addressed in the next IEP.
- Permitting risk is an issue. BC Hydro noted that this would be examined in its 2008 LTAP risk framework.

## 6.4 Risk Mitigation for Self-Sufficiency

Some intervenors advocated that it was important that the 2008 LTAP provide a risk mitigation plan for the possible cost risks associated with self-sufficiency. In particular, intervenors wanted to know:

- Will strategies for assessing the impacts of high water years be addressed in the 2008 LTAP?
- Will transmission issues related to selling any surplus be reviewed?

## 6.5 Resource Smart

What specific projects are included in the Resource Smart bundle? [BC Hydro will follow-up as part of the ROU work.](#)

## 6.6 Mica Unit 5 & Mica Unit 6

Are Mica Unit 5 and Mica Unit 6 dependent on ILM? [BC Hydro response required.](#)

## 6.7 Customer Self-Generation

Is customer self generation included in DSM or is it a competitive acquisition process? Customer self-generation is included in DSM. *Postscript:* residential and commercial scale customer self-generation is currently included in DSM planning. BC Hydro is in the process of considering how to acquire industrial self-generation.

## 6.8 Distributed Generation

Is distributed generation included? [BC Hydro response required.](#)

## 7.0 2008 LTAP Engagement for Intervenors

BC Hydro closed the session with a discussion on how intervenors would like to be engaged (feedback forms were also provided for further comments). The following comments were raised by intervenors as to their preferences for the 2008 LTAP engagement process. In particular, intervenors:

- Would like to review the draft application.
- Would like to be involved prior the draft application being produced – with the inputs and the portfolio development earlier in the process. A suggestion was offered that 2-3 workshops held early in 2008 were likely a reasonable time commitment.
- Were interested in both the ROU and the portfolios. Would like the portfolios made available prior to any workshops to ensure useful feedback and discussion.
- Would like to see the inputs and other information made available online, and be able to provide feedback online as well. This would enable inclusion of First Nations and stakeholders who were involved in the 2006 IEP and provide continuity to relationships built during that process.
- Would like to see a draft schedule of proposed workshops with agenda items identified as a starting point.

[BC Hydro noted that they would draft a schedule of workshops that includes agenda items, and solicit input/interest from the intervenor groups. An online venue for feedback will be considered. Feedback provided via the forms will also be reviewed and considered in the development of the engagement process.](#)

*Postscript: Completed feedback forms did not raise any additional issues to the list presented here, and reinforced the desire to have 2-3 workshops prior to the 2008 LTAP filing.*

## 8.0 Summary of Action Items

#	Item	Action/Further Response
1	<p>Section 6.1: Unconstrained' Portfolio</p> <p>BC Hydro noted that it is their role to implement policy and to not critique it; however, the issue is something that will be noted and considered. As well, BC Hydro asked JIESC to provide any additional considerations on the subject.</p>	BC Hydro welcomes any additional input on this subject from intervenor groups.
2	<p>Section 6.1: Additional Large Hydro</p> <p>With respect to BC Hydro looking at other large hydro projects, BC Hydro stated that it would consider JIESC's request to consider other large hydro projects, but noted Site C is currently being looked at this time as it is the most cost-effective large hydro option to advance at this time.</p>	BC Hydro announced at it's December 4 <sup>th</sup> ROU Results Session that it is undertaking a cursory review of the large hydro projects listed in the 2005 ROR, starting with a look at scheduling requirements.
3	<p>Section 6.2: Load Forecast</p> <p>BC Hydro noted that they do have a consultant looking at the issue of pulp and paper industry changes on the load forecast, and that additional input from JIESC is welcome.</p>	BC Hydro welcomes any additional input on this subject from intervenor groups.
4	<p>Section 6.3: Risk Analysis</p> <p>BC Hydro welcomed any input on how to approach the above issues and offered to discuss further offline with the CECBC representative who raised these items.</p>	BC Hydro welcomes any additional input on this subject from intervenor groups.
5	<p>Section 6.5: Resource Smart</p> <p>BC Hydro will provide a list of resource smart projects through the ROU</p>	See attached table on page 7.
6	<p>Section 6.6: Mica Unit 5/6</p> <p>Are Mica Unit 5 and Mica Unit 6 dependent on ILM? BC Hydro response required.</p>	To be provided at the input workshop.
7	<p>Section 6.8: Distributed Generation</p> <p>Is distributed generation included? BC Hydro response required.</p>	Distributed generation is currently not modelled as a supply-side resource. It is under consideration within DSM.
8	<p>Section 7.0: 2008 LTAP Intervenor Engagement</p> <p>BC Hydro will draft a schedule of workshops that includes agenda items, and solicit input/interest from the intervenor groups. An online venue for feedback will be considered. Feedback provided via the forms will also be reviewed and considered in the development of the engagement process.</p>	Draft proposal to be distributed in January 2008.

## 8.1 Follow-up to Action Item #5

### Resource Smart Projects for inclusion in the 2008 LTAP

<b>Project</b>	<b>Added MW</b>	<b>Added GWh/y</b>
Duncan Dam New Generation	30	103
Kootenay Canal-Grohman Narrows	0	28
Strathcona Additional Unit	30	0
Ashe River Additional Unit	9	30
Puntledge Additional Unit	10	18.2
Lajoie Additional Unit	30	80
<b>Totals:</b>	<b>109</b>	<b>259.2</b>

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