

TERMS OF REFERENCE CAPITAL PROJECTS COMMITTEE

Strategic Context

The work of the Capital Projects Committee (the “Committee”) is directly linked to BC Hydro’s goal of delivering its capital projects on time and on budget, and in a manner that enhances the company’s consent to operate and the quality of its facilities and operations.

Purpose

The purpose of the Committee is to assist the Board of Directors in providing strategic and policy level advice and direction to Management on matters related to capital projects, and fulfilling its associated obligations and oversight responsibilities. Specifically, these areas of responsibility include, but are not limited to dam safety, execution of long-term capital plans and budgets, project oversight, and First Nations.

Composition

The Committee will be composed of at least three Directors. Where practicable, the Chair of the Committee will serve on the Customer Service, Operations & Planning Committee to facilitate the oversight of related but distinct mandates.

The Corporate Secretary will be secretary to the Committee.

Duties and Responsibilities

In delivering on its purpose, the Committee will from time to time engage in the following activities or perform the following duties. The frequency of the Committee’s engagement with these activities and duties will be determined based on project timelines, government expectations, evolving circumstances and emerging issues. In some cases these are predetermined and specified in the Committee Timetable. Other functions related to the Committee’s purpose shall be performed as they are deemed necessary.

- a) Make recommendations to the Board with respect to the Corporation’s goals and targets on matters falling within its purpose;
- b) Provide advice and direction with respect to strategies, plans and objectives;
- c) Review initiatives and expenditures related to the Committee’s mandate and provide the Board of Directors with a recommended course of action where applicable;
- d) Review and monitor programs and performance, as appropriate; and
- e) Ensure that principal risks associated with its mandate are appropriately identified and managed.

With respect to the specific areas noted below, the following guidance is offered to the Committee as indicative of the sort of inquiry to be made:

Dam Safety

- review policy and strategy related to dam safety;
- review quarterly Dam Safety reports for program compliance and effectiveness of key dam risk management activities;
- review priorities and plans for risk mitigation, including dam safety monitoring structures and processes for risk identification industry standards, risk reduction projects and deficiency investigations; and

- discuss technical aspects related to identified deficiencies.

Project Oversight

- review the status of capital projects identified by Management during the identification or definition phases;
- review and recommend for Board approval the preferred alternative following the completion of the Identification Phase for capital projects expected to be greater than \$50M. The approval is restricted to the preferred alternative and is not a financial approval;
- review and recommend for Board financial approval for capital projects expected to be greater than \$50M before commencing the Implementation Phase, or that have otherwise been presented by Management, including consideration of the business case and strategic value to the Corporation and project alternatives;
- review Management's assessment and analysis of project risk, including assumptions and sensitivities;
- Review Management's assessment and analysis of BC Hydro and other entities' engagement with First Nations respecting capital projects;
- review Management's project development plans, including project scope, structure, timetable, procurement approaches and financial models;
- review Management's assessment of the impact of capital projects on ratepayers;
- review project status with Management during construction, including expected completion schedule;
- review updates provided by Management comparing budget forecasts with actual project expenditures and outlining the causes of any material variances;
- review and recommend for Board approval any changes in the total authorized expenditure amount for a capital project;
- authorize releases from any project budget reserves in respect of which authority has been delegated from the Board to the Committee; and
- review capital projects on a post-implementation basis.

Accountability

At every quarterly meeting of the Board, or more often if required, the Committee shall provide a report on its deliberations and recommendations since its last such report. Minutes of the Committee's meetings will also be made available to all Directors.

Committee Timetable

The timetable below outlines the Committee's schedule of activities during the year.

COMMITTEE TIMETABLE					
		Q1 (May)	Q2 (Aug)	Q3 (Nov)	Q4 (Feb)
1	Capital Budgets			Review ¹	
2	Capital Projects Updates (Gen and T&D), including key risk indicators for each capital project	Review	Review	Review	Review
3	Dam Safety Report	Review	Review	Review	Review
4	Portfolio Management Report: Actual to Approved Budget Performance	Review			
5	10 Year Capital Plan			Review	
6	Risk Report	Review	Review	Review	Review
7	Committee Terms of Reference			Recommend	

Note: “Recommend” means to consider the item and make a recommendation to the Board with respect to approval of that item.

¹ Final approval of Capital Budgets for inclusion in the Service Plan rests with the Board in January following Q3 review of the 10 Year Capital Plan.