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March 19, 2019

Mr. Patrick Wruck  
Commission Secretary and Manager  
Regulatory Support  
British Columbia Utilities Commission  
Suite 410, 900 Howe Street  
Vancouver, BC V6Z 2N3

Dear Mr. Wruck:

**RE: British Columbia Utilities Commission (BCUC or Commission)  
British Columbia Hydro and Power Authority (BC Hydro)  
Application to Lift the Temporary Suspension of Generation  
Interconnection Procedure Timelines and Associated Studies for Standing  
Offer Program (SOP) Participants**

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BC Hydro writes pursuant to sections 59 to 61 and 63 of the *Utilities Commission Act (UCA)* to request an order lifting the temporary suspension of interconnection obligations contained in Attachment M-1 of the Standard Generation Interconnection Procedures (**SGIP**) and the distribution generator interconnection process and associated agreements as they relate to SOP projects (**Temporary Suspension**).

The BCUC ordered the Temporary Suspension in Order No. G-161-18 on August 28, 2018. The BCUC also ordered BC Hydro to file an application for further direction regarding the Temporary Suspension within 60 days of the Provincial Government issuing its report on the first phase of its Comprehensive Review of BC Hydro.

The Provincial Government issued its report – Comprehensive Review of BC Hydro: Phase 1 Final Report – on February 14, 2019.<sup>1</sup> As a result of the findings in that report, BC Hydro has indefinitely suspended the SOP except for five First Nations projects that BC Hydro committed to proceed with in March 2018. Four of these projects are identified in recital C of BCUC Order No. G-161-18, and the fifth has subsequently entered into an Electricity Purchase Agreement (**EPA**) with BC Hydro.

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[https://www2.gov.bc.ca/assets/gov/farming-natural-resources-and-industry/electricity-alternative-energy/electricity/bc-hydro-review/final\\_report\\_desktop\\_bc\\_hydro\\_review\\_v04\\_feb12\\_237\\_pm-r2.pdf](https://www2.gov.bc.ca/assets/gov/farming-natural-resources-and-industry/electricity-alternative-energy/electricity/bc-hydro-review/final_report_desktop_bc_hydro_review_v04_feb12_237_pm-r2.pdf).

In this application, BC Hydro respectfully requests an order lifting the Temporary Suspension, effective ten business days after the order is issued. BC Hydro will provide a copy of the BCUC's order regarding this application to SOP project proponents within two business days after it is issued. A draft order is provided in **Attachment 1**.

BC Hydro notified the SOP project proponents about the indefinite suspension of the SOP on February 14, 2019, and, on March 8, 2019, it notified them of BC Hydro's intention to file this application to lift the Temporary Suspension. Accordingly, BC Hydro submits that SOP project proponents have had a reasonable amount of time to decide whether they will proceed with their interconnection requests given that the SOP is indefinitely suspended.

## 1 BACKGROUND

### 1.1 BC Hydro's Interconnection Process

SOP project proponents were required to submit an interconnection request to BC Hydro's Customer Interconnection group and to proceed through its interconnection procedures in order to connect to BC Hydro's electrical system.

In the normal course, BC Hydro accepts interconnection requests by proponents of generation projects and conducts the necessary system and facilities studies on a first-come, first-served basis. SOP project proponents were able to submit interconnection requests even before their project was accepted into the SOP.

If a project will connect to the transmission system, the interconnection process is governed by the SGIP under the Open Access Transmission Tariff (**OATT**).<sup>2</sup> If a project will connect to BC Hydro's distribution system, the interconnection process is governed by BC Hydro's distribution interconnection business practices. In either case, the interconnection process involves a system impact study and a facilities study being conducted at the cost of the proponent. In order to remain in the queue, each proponent must proceed through the interconnection process on a timely basis and, if its project will connect to the transmission system, the proponent must also meet mandated timelines under the SGIP. These requirements serve to keep the process moving and ensure that lower queued projects are not unfairly prevented from advancing their interconnection work.

A table showing the status of the projects in the combined SGIP and distribution generator interconnection queues as of the date of this application is provided in **Attachment 2**.

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<sup>2</sup> OATT, Attachment M-1 can be found at the following link:  
[https://www.bchydro.com/about/planning\\_regulatory/tariff\\_filings/oatt.html](https://www.bchydro.com/about/planning_regulatory/tariff_filings/oatt.html).

## 1.2 Relevant SOP History

The SOP, which was established under the *Clean Energy Act* on terms set out by BC Hydro,<sup>3</sup> was aimed at small independent power projects. It included a Micro SOP program for very small projects. The Standing Offer Program Rules<sup>4</sup> explained the eligibility requirements, the payment price offered for projects reaching commercial operation through calendar year 2019 and the application process. They also referred proponents to the interconnection requirements.

In August 2017, BC Hydro posted an SOP update stating that BC Hydro was suspending the acceptance of applications for the SOP. BC Hydro also reminded SOP project proponents that spending during that time of uncertainty was at their own risk.

On March 14, 2018, BC Hydro announced its plans to pursue negotiations for EPAs with the following five First Nations' clean energy projects through the SOP:<sup>5</sup> (i) Tsilhqot'in Solar – 1 MW (this project has since executed an EPA); (ii) Siwash Creek – 500 kW; (iii) Sarita River – 5 MW; (iv) Sukunka Wind – 15 MW; and (v) Zonnebeke Wind – 15 MW.

## 1.3 Government Review, Temporary Suspension and Indefinite Suspension of the SOP

In June 2018, the Provincial Government issued the Terms of Reference for the first phase of its Comprehensive Review of BC Hydro, which included the consideration of BC Hydro's cost of energy.<sup>6</sup>

Prior to the completion of the first phase of the Comprehensive Review, BC Hydro filed an application with the BCUC on August 14, 2018 requesting the Temporary

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<sup>3</sup> Section 15 states in part: "(3) The authority may establish, in accordance with the prescribed requirements, if any, the criteria, terms and conditions on which offers under the standing offer program under subsection (2) are to be made."

<sup>4</sup> The SOP Program Rules can be found at the following link:  
<https://www.bchydro.com/content/dam/BCHydro/customer-portal/documents/corporate/independent-power-producers-calls-for-power/standing-offer/standing-offer-program-rules.pdf>.

<sup>5</sup> March 14, 2018 press release regarding the announcement:  
[https://www.bchydro.com/news/press\\_centre/news\\_releases/2018/bc-hydro-to-proceed-with-five-first-nations--clean-energy-projec.html](https://www.bchydro.com/news/press_centre/news_releases/2018/bc-hydro-to-proceed-with-five-first-nations--clean-energy-projec.html).

<sup>6</sup> Terms of Reference, 2018 Comprehensive Review of BC Hydro – Phase 1, Page 2, "Areas of Focus"  
[https://www2.gov.bc.ca/assets/gov/farming-natural-resources-and-industry/electricity-alternative-energy/electricity/bc-hydro-review/terms\\_of\\_reference\\_bc\\_hydro\\_review\\_public\\_final\\_may25\\_901am\\_2018\\_mmm\\_mcj\\_additions\\_lm.pdf](https://www2.gov.bc.ca/assets/gov/farming-natural-resources-and-industry/electricity-alternative-energy/electricity/bc-hydro-review/terms_of_reference_bc_hydro_review_public_final_may25_901am_2018_mmm_mcj_additions_lm.pdf).

Suspension.<sup>7</sup> BC Hydro applied for the Temporary Suspension in response to the concerns of SOP project proponents about costs being incurred during the interconnection process while there was uncertainty about the future of the SOP, given the Provincial Government's Comprehensive Review.

On August 28, 2018, the BCUC issued Order No. G-161-18, which granted BC Hydro's request and ordered the Temporary Suspension.<sup>8</sup> The BCUC also ordered that SOP projects would maintain their queue position under the SGIP and the distribution generator interconnection processes until a further order of the BCUC.

The BCUC further ordered in Order No. G-161-18 that BC Hydro must file an application for further direction regarding the Temporary Suspension within 60 days of the Provincial Government issuing its report on the first phase of the Comprehensive Review.

On February 14, 2019, the Provincial Government issued its report – Comprehensive Review of BC Hydro: Phase 1 Final Report.<sup>9</sup> At page 27, the report states, in part:

...As a result of the Review, the Standing Offer Program will be suspended indefinitely, based on the current Standing Offer Program contract commitments. No new Electricity Purchase Agreements, other than the five specific projects noted above, will be issued by BC Hydro. This will significantly reduce BC Hydro's future costs for energy, which benefits ratepayers.

In accordance with the Comprehensive Review report, BC Hydro has indefinitely suspended the SOP, except for five First Nations projects that BC Hydro committed to proceed with on March 14, 2018, one of which has subsequently entered into an EPA with BC Hydro.

On February 14, 2019, BC Hydro notified the SOP project proponents about the indefinite suspension of the SOP and, on March 8, 2019, notified them of BC Hydro's intention to file this application to lift the Temporary Suspension.

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[https://www.bchydro.com/content/dam/BCHydro/customer-portal/documents/corporate/tariff-filings/open-access-transmission-tariff/00\\_2018\\_08\\_14\\_BCH\\_TS\\_SOP\\_APP\\_FF.PDF](https://www.bchydro.com/content/dam/BCHydro/customer-portal/documents/corporate/tariff-filings/open-access-transmission-tariff/00_2018_08_14_BCH_TS_SOP_APP_FF.PDF).

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<https://www.bchydro.com/content/dam/BCHydro/customer-portal/documents/corporate/tariff-filings/open-access-transmission-tariff/G-161-18-BCH-OATT-TempSuspensionSOP-Reasons.pdf>.

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[https://www2.gov.bc.ca/assets/gov/farming-natural-resources-and-industry/electricity-alternative-energy/electricity/bc-hydro-review/final\\_report\\_desktop\\_bc\\_hydro\\_review\\_v04\\_feb12\\_237pm-r2.pdf](https://www2.gov.bc.ca/assets/gov/farming-natural-resources-and-industry/electricity-alternative-energy/electricity/bc-hydro-review/final_report_desktop_bc_hydro_review_v04_feb12_237pm-r2.pdf).

## **2 REQUESTED ORDER**

BC Hydro requests an order (Attachment 1), pursuant to sections 59 to 61 and 63 of the UCA:

1. Lifting the Temporary Suspension effective ten business days after the order is issued; and
2. Requiring BC Hydro to provide a copy of the BCUC's order regarding this application to each SOP project proponent within two business days after it is issued.

BC Hydro respectfully requests that the BCUC consider and determine this application on an expedited basis to allow BC Hydro and project proponents to continue with the interconnection process without further delay or interruption.

## **3 RATIONALE FOR REQUESTED ORDER**

The Temporary Suspension should now be lifted, because the report for the first phase of the Comprehensive Review has been issued and the SOP has been indefinitely suspended. Lifting the Temporary Suspension will allow BC Hydro and project proponents to continue with the interconnection process without further delay or interruption.

Once the Temporary Suspension is lifted, the SGIP and the distribution generator interconnection process will require all project proponents to proceed on a timely basis in order to maintain their position in the interconnection queues, including making payments to BC Hydro on specified timelines for the cost of studies. BC Hydro will proceed with system and facilities studies as required by the interconnection procedures that are applicable to the projects remaining in the queue.

When BC Hydro provides a copy of the BCUC's order regarding this application to each SOP project proponent, it will also ask whether each SOP project proponent will maintain or withdraw its interconnection request. BC Hydro expects that most SOP project proponents will withdraw their interconnection requests as a result of the SOP being indefinitely suspended. However, some SOP project proponents may elect to maintain them if they intend to sell their power to someone other than BC Hydro.

SOP project proponents have been aware of the indefinite suspension of the SOP since February 14, 2019, and they have been aware of BC Hydro's intention to file this application to lift the Temporary Suspension since March 8, 2019. Accordingly, BC Hydro believes that providing SOP project proponents with ten business days from the date the BCUC issues its order regarding this application to the lifting of the Temporary Suspension being effective is a reasonable amount of time for SOP project proponents to decide whether they will proceed with their interconnection requests and to inform BC Hydro of their decision.

#### **4 REQUESTED REGULATORY PROCESS**

BC Hydro requests that this application be considered and determined without further process, given that it only seeks to resume the interconnection obligations contained in the SGIP and the distribution generator interconnection process as they relate to SOP projects by lifting the Temporary Suspension.

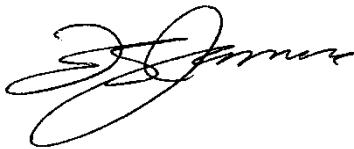
As discussed above, SOP project proponents have been aware of the indefinite suspension of the SOP since February 14, 2019, and they have been aware of BC Hydro's intention to file this application since March 8, 2019, so they have had a reasonable amount of time to determine whether they will proceed with their interconnection requests. BC Hydro will also send a copy of this application to each SOP project proponent once it is filed and post a copy of it on its SOP webpage.

#### **5 CONCLUSION**

BC Hydro submits that lifting the Temporary Suspension is appropriate, because, as a result of findings made in the Comprehensive Review report, BC Hydro has indefinitely suspended the SOP. Lifting the Temporary Suspension will allow BC Hydro and project proponents to continue with the interconnection process without further delay or interruption.

For further information, please contact Anthea Jubb at 604-623-3545 or by email at [bchydroregulatorygroup@bchydro.com](mailto:bchydroregulatorygroup@bchydro.com).

Yours sincerely,



Fred James  
Chief Regulatory Officer

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Enclosures (2)

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**Application to Lift the Temporary Suspension of  
Generation Interconnection Procedure Timelines  
and Associated Studies for SOP Participants**

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**Attachment 1**

**Draft Order**



Suite 410, 900 Howe Street  
 Vancouver, BC Canada V6Z 2N3  
 P: 604.660.4700  
 TF: 1.800.663.1385  
 F: 604.660.1102

**ORDER NUMBER**

**G-xx-xx**

IN THE MATTER OF

the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

British Columbia Hydro and Power Authority (BC Hydro)

Application to Lift the Temporary Suspension of Generation Interconnection Procedure Timelines and Associated Studies for Standing Offer Program (SOP) Participants

**BEFORE:**

Commissioner  
 Commissioner  
 Commissioner

on Date

**ORDER**

**WHEREAS:**

- A. On August 14, 2018, British Columbia Hydro and Power Authority (BC Hydro) filed an application with the British Columbia Utilities Commission (BCUC), pursuant to section 63 of the *Utilities Commission Act* (UCA), seeking temporary relief to BC Hydro and certain Standard Offer Program (SOP) participants from the application of interconnection obligations contained in Attachment M-1 of the Standard Generation Interconnection Procedures (SGIP) under the Open Access Transmission Tariff (OATT) or BC Hydro's distribution interconnection business practices (Suspension Application);
- B. BC Hydro requested in the Suspension Application that interconnection obligations contained in the SGIP and the distribution generator interconnection process and associated agreements be temporarily suspended as they relate to SOP projects due to the Comprehensive Review of BC Hydro that was taking place (Temporary Suspension).
- C. The request for the Temporary Suspension excluded: (i) SOP projects with a fully executed Energy Purchase Agreement (EPA); and (ii) the following four First Nations clean energy projects that BC Hydro committed to on March 14, 2018 that do not yet have fully executed EPAs:
  - (a) Siwash Creek – 500 kW;
  - (b) Sarita River – 5 MW;
  - (c) Sukunka Wind – 15 MW; and
  - (d) Zonnebeke Wind – 15 MW,

(the SOP projects subject to the suspension were collectively defined as the SOP Projects).

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D. On August 28, 2018, the BCUC issued Order G-161-18, which granted BC Hydro's request and ordered the Temporary Suspension. The BCUC also ordered in Order G-161-18 that BC Hydro must file an application for further direction regarding the Temporary Suspension within 60 days of the Provincial Government issuing its report on the Comprehensive Review of BC Hydro.

E. On February 14, 2019, the Provincial Government issued its report on the first phase of the Comprehensive Review of BC Hydro. At page 27, the report stated, in part:

...As a result of the Review, the Standing Offer Program will be suspended indefinitely, based on the current Standing Offer Program contract commitments. No new Electricity Purchase Agreements, other than the five specific projects noted above, will be issued by BC Hydro. This will significantly reduce BC Hydro's future costs for energy, which benefits ratepayers.

F. In accordance with the Comprehensive Review report, BC Hydro has indefinitely suspended the SOP, except for the four First Nations projects that BC Hydro committed to on March 14, 2018 that do not yet have fully executed EPAs.

G. On March 19, 2019, BC Hydro filed an application with the BCUC, pursuant to sections 59 to 61 and 63 of the UCA, requesting an order to lift the Temporary Suspension (Application).

H. The BCUC has reviewed the Application and considers that its approval is warranted.

**NOW THEREFORE** the BCUC orders as follows:

1. The Temporary Suspension is lifted effective [**enter ten business days from the date of this Order**].
2. BC Hydro must provide a copy of this Order to each SOP project proponent within two business days after it is issued.

**DATED** at the City of Vancouver, in the Province of British Columbia, this (XX) day of (Month Year).

BY ORDER

(X. X. last name)  
Commissioner

Attachment Options

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**Application to Lift the Temporary Suspension of  
Generation Interconnection Procedure Timelines  
and Associated Studies for SOP Participants**

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**Attachment 2**

**Status of the Projects in the Combined SGIP and  
Distribution Generator Interconnection Queues  
March 19, 2019**

Queue #	Project Name	Date Project Submitted	Active, Withdrawn or In-Service	Study Status	Region	POI	Size (MW)	Type
175	Fosthall Creek Power	March 19, 2013	Active	FS - Re-Study In Progress	Southern Interior	Pingston IPP	15	T-IPP
211	Babcock Ridge Wind Project	July 23, 2014	Active	SIS - In Progress	Northern Interior	TLR 25F53	15	D-IPP
214.1	Newcastle Creek Hydroelectric	August 27, 2014	Active	FS - In Progress	Vancouver Island	CBL25F50	4	D-IPP
230	Zonnebeke Wind	May 20, 2015	Active	FS - In Progress	Northern Interior	SNK	30	T-IPP
243	Siwash Creek	November 25, 2015	Active	SIS - Completed	Fraser Valley East	SBR 25F51	<1	D-IPP
244.2	McKay Creek	February 10, 2016	Active	SIS - Completed	Southern Interior	ILL 25F65	5	D-IPP
247.1	Wartenbe Wind Farm	May 10, 2016	Active	FEAS - Completed	Peace Region	2L312/SLS	15	T-IPP
251	Tamihi Creek Hydroelectric	August 4, 2016	Active	SIS - In Progress	Metro Vancouver	ALZ 25F51	16.02	D-IPP
252.1	East Hill Solar	September 9, 2016	Active	IR - Interconnection Request	Southern Interior	60L299	15	T-IPP
253	Sarita River Hydro Project	September 16, 2016	Active	FS - In Progress	Vancouver Island	PAL25F72	5.32	D-IPP
256	Gitanyow Biomass Project	January 9, 2017	Active	SIS - In Progress	North Coast	HZN 25F53	6.2	D-IPP
261.2	Tsilhqot'in Solar Farm	March 2, 2017	Active	FS - In Progress	Central Interior	WLM 25F57	1	D-IPP
272.05	Nahwitti Wind Farm	February 8, 2018	Active	SIS - In Progress	Vancouver Island	Port-Hardy (PHY)	15	D-IPP
272.1	BR1 Unit 1-4 replacement	February 27, 2018	Active	SIS - Completed	Bridge River	BRT	218	BCH
280	Wahleach Generator G1 Refurbishment	May 10, 2018	Active	SIS Completed	Fraser Valley East	WAH	0	BCH