

**Fred James**

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June 11, 2020

Ms. Marija Tresoglavic  
Acting Commission Secretary and Manager  
Regulatory Support  
British Columbia Utilities Commission  
Suite 410, 900 Howe Street  
Vancouver, BC V6Z 2N3

Dear Ms. Tresoglavic:

**RE: British Columbia Utilities Commission (BCUC or Commission)  
British Columbia Hydro and Power Authority (BC Hydro)  
Electricity Purchase Agreement (EPA) Renewal – Robson Valley Hydro**

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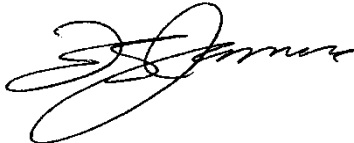
BC Hydro writes in compliance with Commission Order No. G-121-20 to provide its responses to Round 1 information requests as follows:

Exhibit B-2	Responses to Commission IRs (Public Version)
Exhibit B-2-1	Responses to Commission IRs (Confidential Version)
Exhibit B-3	Responses to Commission Confidential IRs (Confidential)

BC Hydro is filing a number of IR responses and/or attachments to responses confidentially with the Commission. BC Hydro confirms that in each instance, an explanation for the request for confidential treatment is provided in the public version of the IR response. BC Hydro seeks this confidential treatment pursuant to section 42 of the *Administrative Tribunals Act* and Part 4 of the Commission's Rules of Practice and Procedure.

For further information, please contact Chris Sandve at 604-974-4641 or by email at [bchydroregulatorygroup@bchydro.com](mailto:bchydroregulatorygroup@bchydro.com).

Yours sincerely,



Fred James  
Chief Regulatory Officer  
cs/rh  
Enclosure

<b>British Columbia Utilities Commission</b> Information Request No. 1.1.1 Dated: <b>May 28, 2020</b> British Columbia Hydro & Power Authority Response issued <b>June 11, 2020</b>	Page 1 of 2
British Columbia Hydro & Power Authority <b>Electricity Purchase Agreement (EPA) Renewal – Robson Valley Hydro</b>	<b>Exhibit: B-2</b>

**1.0 Reference: CONTRACT TERMS  
Application, pp. 2-5  
Original Robson Valley Hydroelectric Facility (Robson Valley)  
Electricity Purchase Agreement (EPA)**

On page 2 of the Application, British Columbia Hydro and Power Authority (BC Hydro) states: “BC Hydro negotiated the Robson Valley EPA at a lower, cost-effective energy price, based on market pricing, and on more favourable terms than the original EPA.”

On page 3 of the Application, BC Hydro states: “BC Hydro terminated the original Robson Valley EPA effective January 31, 2020 immediately prior to the effective date of the Robson Valley EPA renewal (attached as Appendix B).”

On page 4 of the Application, BC Hydro states:

“Key terms changed from the original 1989 Call EPA are: energy price escalation, environmental attributes, Aboriginal consultation, revenue metering, and termination rights. BC Hydro also notes that the Specimen EPA includes an exclusivity provision in favour of BC Hydro. All of these changes are to BC Hydro’s benefit, and therefore to the benefit of BC Hydro ratepayers.”

Table 1 on pages 4 and 5 of the Application provide specific commercial terms of the Robson Valley EPA Renewal, as reflected below:

**Table 1 Commercial Terms of the EPA Renewal**

Description	EPA Section	Robson Valley EPA Renewal
Seller	Page 1	Robson Valley Power Corporation
Effective Date	Page 1	February 1, 2020
Term of EPA	2.1	3 years
Regulatory Condition Expiry Date	3.2	Either party may terminate the EPA if BCUC acceptance is not issued by July 30, 2020.
Energy	5.1	Expected generation of 19.2 GWh/year
Product	N/A	Non-firm energy
Hourly Limit	5.2	[REDACTED]
Energy Price	6.1	[REDACTED]

1.1.1 Please expand Table 1 provided in the Application to include the terms of the original Robson Valley EPA.

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British Columbia Hydro & Power Authority <b>Electricity Purchase Agreement (EPA) Renewal – Robson Valley Hydro</b>	<b>Exhibit: B-2</b>

**RESPONSE:**

The public version of this response has been redacted to maintain in confidence commercially sensitive information. The public disclosure of this information would prejudice BC Hydro's negotiating position and commercial interests with respect to other EPA renewals.

Description	EPA Section (EPA Renewal)	Robson Valley EPA Renewal	Original Robson Valley EPA <sup>1</sup>
Seller	Page 1	Robson Valley Power Corporation	Robson Valley Power Corporation
Effective Date	Page 1	February 1, 2020	October 18, 1991
Term of EPA	2.1	3 years	20 years
Regulatory Condition Expiry Date	3.2	Either party may terminate the EPA if BCUC acceptance is not issued by July 30, 2020.	N/A
Energy	5.1	Expected generation of 19.2 GWh/year	Expected generation of 22 GWh/year <sup>2</sup>
Product	N/A	Non-firm energy	Non-firm energy
Hourly Limit	5.2	██████████	None <sup>3</sup>
Energy Price	6.1	██████████	At the time that the termination notice was issued, ██████████ ██████████ Original energy price was ██████████

<sup>1</sup> Please note EPA section numbers provided only refer to the EPA Renewal, and not to the Original Robson Valley EPA.

<sup>2</sup> This volume of energy that the IPP was obligated to make available to BC Hydro under the terms of the Original Robson Valley EPA.

<sup>3</sup> The Original Robson Valley EPA provided that the IPP's peak capacity was not to exceed ██████████, but if the IPP exceeded this limit, this did not limit BC Hydro's financial commitments; whereas the hourly delivery limit in the EPA Renewal caps BC Hydro's financial commitments for energy purchases.

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British Columbia Hydro & Power Authority <b>Electricity Purchase Agreement (EPA) Renewal – Robson Valley Hydro</b>	<b>Exhibit: B-2</b>

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Table 1 on pages 4 and 5 of the Application provide specific commercial terms of the Robson Valley EPA Renewal, as reflected below:

**Table 1 Commercial Terms of the EPA Renewal**

Description	EPA Section	Robson Valley EPA Renewal
Seller	Page 1	Robson Valley Power Corporation
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Term of EPA	2.1	3 years
Regulatory Condition Expiry Date	3.2	Either party may terminate the EPA if BCUC acceptance is not issued by July 30, 2020.
Energy	5.1	Expected generation of 19.2 GWh/year
Product	N/A	Non-firm energy
Hourly Limit	5.2	[REDACTED]
Energy Price	6.1	[REDACTED]

1.1.2 Please compare and identify those terms between the Application and the Original Robson Valley EPA that BC Hydro considers more favourable.

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British Columbia Hydro & Power Authority <b>Electricity Purchase Agreement (EPA) Renewal – Robson Valley Hydro</b>	<b>Exhibit: B-2</b>

**RESPONSE:**

The public version of this response has been redacted to maintain in confidence commercially sensitive information. The public disclosure of this information would prejudice BC Hydro's negotiating position and commercial interests with respect to other EPA renewals.

Please find below a table that outlines those key terms which in BC Hydro's view are more favourable to BC Hydro in the Robson Valley EPA Renewal, as compared to the Original Robson Valley EPA.

	Robson Valley EPA Renewal	Original Robson Valley EPA
Energy Price escalation	Escalated by █ per cent per year	Escalated by █ per cent per year
Deemed Energy Deliveries	█	Deemed energy delivery payments for █
Environmental Attributes	Transferred to BC Hydro; Seller is responsible for certification	Not mentioned
Exclusivity	BC Hydro has exclusive rights to all energy and environmental attributes, unless BC Hydro consents otherwise	Not mentioned
Aboriginal Consultation	Upon request by BC Hydro, Seller agrees to consult and/or accommodate First Nations as may be required further to a legal order issued to BC Hydro or a threat of legal action against BC Hydro verified in accordance with the terms of the EPA, but may terminate the EPA if such consultation and/or accommodation would impose a commercially unreasonable cost or other obligation upon Seller	Not mentioned

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	Robson Valley EPA Renewal	Original Robson Valley EPA
<b>Revenue Metering</b>	<b>Seller responsible for arranging the installation and cost of a leased meter from BC Hydro; Seller responsible for supply and installation of any other metering equipment required by BC Hydro</b>	<b>BC Hydro responsible for meter installation and maintenance at its cost</b>
<b>Termination Rights</b>	<b>BC Hydro or Seller can terminate EPA for various reasons, including: failure to deliver or receive energy for an extended period; sale of energy to a third party; changes to the generation facility or third party interconnection without consent; [REDACTED]</b>	<b>Termination for extended forced plant outages and Seller's failure to deliver suitable quality electricity</b>

<b>British Columbia Utilities Commission</b> Information Request No. <b>1.1.3</b> Dated: <b>May 28, 2020</b> British Columbia Hydro & Power Authority Response issued <b>June 11, 2020</b>	Page 1 of 2
British Columbia Hydro & Power Authority <b>Electricity Purchase Agreement (EPA) Renewal – Robson Valley Hydro</b>	<b>Exhibit: B-2</b>

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Energy	5.1	Expected generation of 19.2 GWh/year
Product	N/A	Non-firm energy
Hourly Limit	5.2	[REDACTED]
Energy Price	6.1	[REDACTED]

1.1.3 In the absence of an EPA with BC Hydro, please explain whether Robson Valley could sell its excess energy directly to the market.

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British Columbia Hydro & Power Authority <b>Electricity Purchase Agreement (EPA) Renewal – Robson Valley Hydro</b>	<b>Exhibit: B-2</b>

**RESPONSE:**

The Robson Valley IPP is connected to BC Hydro's distribution system. BC Hydro's Rate Schedule 1268 allows generators connected to BC Hydro's distribution system to access BC Hydro's transmission system for the purpose of using BC Hydro's Open Access Transmission Tariff (OATT). Consequently, the Robson Valley IPP could take the additional steps necessary to sell its excess energy directly to the market. However, for smaller IPP facilities, it is more likely that the IPP would sell to an entity that is already enabled to use OATT transmission services and already has access to the market.



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British Columbia Hydro & Power Authority <b>Electricity Purchase Agreement (EPA) Renewal – Robson Valley Hydro</b>	<b>Exhibit: B-2</b>

**1.0 Reference: CONTRACT TERMS  
Application, pp. 2-5  
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Energy	5.1	Expected generation of 19.2 GWh/year
Product	N/A	Non-firm energy
Hourly Limit	5.2	[REDACTED]
Energy Price	6.1	[REDACTED]

1.1.4 Please explain whether BC Hydro requires the energy being acquired under the renewed EPA for the duration of the contract to serve domestic load.

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British Columbia Hydro & Power Authority <b>Electricity Purchase Agreement (EPA) Renewal – Robson Valley Hydro</b>	<b>Exhibit: B-2</b>

**RESPONSE:**

**BC Hydro does not expect to require additional energy resources until at least 2029. The Robson Valley EPA expires in 2023 and acts as a bridging mechanism to preserve additional optionality and flexibility until BC Hydro's next IRP, which will consider BC Hydro's longer term energy needs and supply alternatives to meet future demand.**

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Energy	5.1	Expected generation of 19.2 GWh/year
Product	N/A	Non-firm energy
Hourly Limit	5.2	[REDACTED]
Energy Price	6.1	[REDACTED]

<b>British Columbia Utilities Commission</b> Information Request No. <b>1.1.5</b> Dated: <b>May 28, 2020</b> British Columbia Hydro & Power Authority Response issued <b>June 11, 2020</b>	Page 2 of 2
British Columbia Hydro & Power Authority <b>Electricity Purchase Agreement (EPA) Renewal – Robson Valley Hydro</b>	<b>Exhibit:  B-2</b>

1.1.5 In the absence of the renewed EPA with BC Hydro, please discuss the likelihood that the Robson Valley generation facility will not be available as a potential resource to BC Hydro after the 2021 Integrated Resource Plan (IRP) is complete.

**RESPONSE:**

**Although the Robson Valley IPP has indicated that its facility would not be decommissioned in the event the Robson Valley EPA were not renewed, it is BC Hydro’s view that there is a greater likelihood that the Robson Valley facility will continue to be available as a reliable resource with the renewal of its EPA.**

<b>British Columbia Utilities Commission</b> Information Request No. <b>1.2.1</b> Dated: <b>May 28, 2020</b> British Columbia Hydro & Power Authority Response issued <b>June 11, 2020</b>	Page 1 of 1
British Columbia Hydro & Power Authority <b>Electricity Purchase Agreement (EPA) Renewal – Robson Valley Hydro</b>	<b>Exhibit:  B-2</b>

**2.0 Reference: ROBSON VALLEY HYDROELECTRICITY FACILITY  
Application, p. 9  
Useful Life**

**On page 9 of the Application, BC Hydro states:**

**A consulting firm contracted by the Robson Valley IPP conducted a condition assessment of the Robson Valley facility and concluded that the facility “has been well maintained and is in satisfactory condition for its age” but upgrades are required in order for the plant to continue generating electricity for the next 20 to 40 years.**

1.2.1 Please provide the age of the Robson Valley facility.

**RESPONSE:**

**The Robson Valley facility is 27 years old.**

<b>British Columbia Utilities Commission</b> Information Request No. <b>1.2.2</b> Dated: <b>May 28, 2020</b> British Columbia Hydro & Power Authority Response issued <b>June 11, 2020</b>	Page 1 of 1
British Columbia Hydro & Power Authority <b>Electricity Purchase Agreement (EPA) Renewal – Robson Valley Hydro</b>	<b>Exhibit:  B-2</b>

**2.0 Reference: ROBSON VALLEY HYDROELECTRICITY FACILITY  
Application, p. 9  
Useful Life**

**On page 9 of the Application, BC Hydro states:**

**A consulting firm contracted by the Robson Valley IPP conducted a condition assessment of the Robson Valley facility and concluded that the facility “has been well maintained and is in satisfactory condition for its age” but upgrades are required in order for the plant to continue generating electricity for the next 20 to 40 years.**

1.2.2 Please estimate the expected remaining life of the Robson Valley facility, assuming regular maintenance is performed, but without the required upgrades identified by the condition assessment.

**RESPONSE:**

**No assessment has been undertaken of what the expected life of the facility may be if the required upgrades are not undertaken.**

<b>British Columbia Utilities Commission</b> Information Request No. <b>1.3.1</b> Dated: <b>May 28, 2020</b> British Columbia Hydro & Power Authority Response issued <b>June 11, 2020</b>	Page 1 of 1
British Columbia Hydro & Power Authority <b>Electricity Purchase Agreement (EPA) Renewal – Robson Valley Hydro</b>	<b>Exhibit:  B-2</b>

**3.0 Reference: BRITISH COLUMBIA’S ENERGY OBJECTIVES  
Application, pp. 7-8  
Qualitative Benefits**

On pages 7-8 of the Application, BC Hydro states various BC Energy energy objectives supported by the Robson Valley EPA, including the following:

- To encourage economic development and the creation and retention of jobs [objective 2(k)]:
  - The Robson Valley EPA provides for the continued operation of the generation facility, job retention and economic benefits associated with ongoing operating and capital expenditures:
- To foster the development of First Nation and rural communities through the use and development of clean or renewable resources [objective 2(l)]:
  - The local communities in the Robson Valley region will continue to obtain economic benefits (such as water rentals, property taxes, employment and other contracting opportunities) from the ongoing generation of clean/renewable electricity from the Robson Valley facility;

1.3.1 Please elaborate on the economic benefits (water rentals, property taxes, employment and other contracting opportunities) the Robson Valley EPA provides through the continued operation of the hydroelectric facility.

**RESPONSE:**

**The Robson Valley IPP has advised that the economic benefits the Robson Valley EPA provides, through the continued operation of the hydroelectric facility, include water rentals, property taxes, full-time employment for the site operator, part-time employment for seasonal employees, and employment of various local contractors: maintenance, consultants, accountants, insurance agents, local machine shops, and local material suppliers.**

<b>British Columbia Utilities Commission</b> Information Request No. <b>1.4.1</b> Dated: <b>May 28, 2020</b> British Columbia Hydro & Power Authority Response issued <b>June 11, 2020</b>	Page 1 of 1
British Columbia Hydro & Power Authority <b>Electricity Purchase Agreement (EPA) Renewal – Robson Valley Hydro</b>	<b>Exhibit:  B-2</b>

**4.0 Reference: PRICE OF ENERGY  
Application, pp.6-7  
Alternatives**

**On page 6 of the Application, BC Hydro states:**

For this short-term agreement, BC Hydro’s opportunity cost analysis values IPP energy at the market price during the term of the contract, as we are currently in a surplus position. Accordingly, market price is used as the applicable cost-effectiveness benchmark.

**On page 7 of the Application, BC Hydro states:** “This energy price is viewed as being cost-effective and BC Hydro expects to be financially neutral to the incremental energy acquired at such market-based prices, as adjusted.

- 1.4.1 Please explain the methodology, data source, and assumptions used by BC Hydro to produce the forecast of average Mid-C market prices adjusted for transmission losses and wheeling costs from the border to Mid-C.

**RESPONSE:**

**The information requested is commercially sensitive information and the public disclosure of this information would prejudice BC Hydro's negotiating position and commercial interests with respect to other EPA renewals.**

**Please refer to BC Hydro’s response to Confidential BCUC CONF IR 1.2.1 for the requested information.**



<b>British Columbia Utilities Commission</b> Information Request No. <b>1.4.2</b> Dated: <b>May 28, 2020</b> British Columbia Hydro & Power Authority Response issued <b>June 11, 2020</b>	Page 1 of 1
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**On page 7 of the Application, BC Hydro states:** “This energy price is viewed as being cost-effective and BC Hydro expects to be financially neutral to the incremental energy acquired at such market-based prices, as adjusted.

1.4.2 Please provide a supporting calculation to demonstrate BC Hydro expects to be financially neutral to the incremental energy acquired from the EPA.

**RESPONSE:**

**The information requested is commercially sensitive information and the public disclosure of this information would prejudice BC Hydro's negotiating position and commercial interests with respect to other EPA renewals.**

**Please refer to the functional excel spreadsheet attached to BC Hydro’s response for Confidential BCUC CONF IR 1.2.1, which provides the supporting calculation demonstrating BC Hydro’s expects to be financially neutral to the incremental energy acquired from the EPA.**