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July 23, 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 for Approval of the Section 2.5 Guidelines for the New Power
Purchase Agreement (New PPA) with FortisBC - Rate Schedule 3808, Tariff
Supplement No. 3 Regarding Commission Order No. G-60-14 (Application)**

BC Hydro writes to withdraw its Section 2.5 Guidelines Application which was filed in compliance with Commission Order No. G-60-14, Directive 2. Directive 2 of that Order directed BC Hydro to initiate a consultation process that would result in an application for New PPA Section 2.5 Guidelines by November 1, 2014. The Commission also directed FortisBC to initiate a concurrent consultation process in its service territory and to file with the Commission by December 31, 2014 a resultant self-generation policy for its self-generating customers.

BC Hydro filed its Section 2.5 Guidelines Application on December 15, 2014. The proceeding in respect of that Application has been held in suspension since January 13, 2015.

FortisBC submitted its Self-generation Policy (SGP) Application on January 9, 2015. The BCUC ordered a two staged review process where stage 1 included the review of high-level policy and supporting policies and where stage 2 included the review of a FortisBC filing of a comprehensive SGP and Generator Baseline (GBL) Guidelines. Commission Order No. G-41-19 issued on February 27, 2019 did not approve FortisBC's Self-Generation Policy, which includes both a Self-Generation Policy and Self-Supply Obligation Guidelines.

BC Hydro's reasons for withdrawing its Section 2.5 Guidelines Application include the rationale provided in its response to the Commission Panel question 3 in Exhibit C2-2 that was filed on October 5, 2017 in the FortisBC Self Generation Policy Stage II Application proceeding, as follows:

“3. If your view is that the proceeding should be dismissed, what issues remain that the Commission must address through some other means?”

To BC Hydro’s knowledge, if the FortisBC Application is dismissed there would not be any issues remaining that the Commission must address. Although it is not an issue that must be addressed, the Commission may wish to consider the status of the BC Hydro RS 3808 PPA Section 2.5 Guidelines Application which has been held in abeyance since January 2015 pending the outcome of the subject FortisBC Application. To our knowledge no one has asked for the regulatory review of the BC Hydro application to proceed since it was suspended more than two and a half years ago. The RS 3808 PPA has been operating properly since it came into effect in July 2014, and Section 2.5 Guidelines are not needed for it to continue to operate properly.

Assuming that no one wants a regulatory review of the BC Hydro RS 3808 PPA Section 2.5 Guidelines Application to proceed, if the Commission dismisses the FortisBC Application it could also dismiss the BC Hydro application without prejudice to BC Hydro’s ability to resubmit its application if necessary.”

To our knowledge, since then no one has asked for a regulatory review of the BC Hydro application to proceed.


The purpose of the Section 2.5 Guidelines was to govern FortisBC’s access to PPA power in the specific circumstance where FortisBC self-generating customers are allowed to simultaneously buy electricity at regulated rates and sell electricity at market prices. BC Hydro’s view is that Section 2.5 Guidelines are not required at this time since, with the rejection of the FortisBC’s Self-Generation Policy and Self-Supply Obligation Guidelines proposals, for the foreseeable future this circumstance will not arise and there will be no need for Section 2.5 Guidelines. In addition, the net-of-load methodology continues to apply for the purposes of the New PPA as directed in Commission Order G-60-14.

BC Hydro also believes that it would not be an efficient use of resources to continue with a regulatory review of BC Hydro’s Section 2.5 Guidelines Application given that FortisBC does not have an approved self-generation policy in place nor Commission approved customer baseline guidelines. However, as noted in BC Hydro’s earlier correspondence (Exhibit C2-2), BC Hydro reserves the right to reapply for Section 2.5 Guidelines in the future, for example in the circumstance where FortisBC proposes a SGP which has the risk of adversely impacting BC Hydro’s ratepayers.

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Application for Approval of the Section 2.5 Guidelines for the New Power Purchase
Agreement (New PPA) with FortisBC - Rate Schedule 3808, Tariff Supplement No. 3
Regarding Commission Order No. G-60-14 (Application)

For further information, please contact Anthea Jubb at 604-623-3545 or by email at bchydroregulatorygroup@bchydro.com.

Yours sincerely,



Fred James
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