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September 26, 2019

E-FILED

British Columbia Utilities Commission
Sixth Floor – 900 Howe Street
Vancouver, B.C. V6Z 2N3

Attention: Patrick Wruck, Commission Secretary

Dear Mr. Wruck:

**British Columbia Hydro and Power Authority (BC Hydro)
Filing with the British Columbia Utilities Commission (BCUC) of
Electricity Purchase Agreement Renewals for Sechelt Creek Hydro, Brown Lake Hydro and
Walden North Hydro
Project No. 1598969**

On behalf of BC Hydro, we enclose BC Hydro's supplemental final argument for the above-referenced proceeding.

We note that the enclosed final argument relies on and has footnote references to certain evidence that BC Hydro filed in the proceeding on a confidential basis; however, the final argument itself does not contain any confidential information. For greater certainty, the final argument may be placed on the public record without redaction.

Yours very truly,

LAWSON LUNDELL LLP

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Encl.

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BRITISH COLUMBIA UTILITIES COMMISSION

**BRITISH COLUMBIA HYDRO AND POWER AUTHORITY
ELECTRICITY PURCHASE AGREEMENT RENEWALS FOR SECHELT CREEK,
BROWN LAKE HYDRO, AND WALDEN NORTH HYDRO**

**British Columbia Hydro and Power Authority
Supplemental Final Argument**

September 26, 2019

A. Introduction

1. British Columbia Hydro and Power Authority (**BC Hydro**) filed its final argument in this proceeding on July 5, 2019.
2. Subsequently, on July 9, 2019 the Clean Energy Association of British Columbia (**CEBC**) filed with the British Columbia Utilities Commission (**BCUC**) a letter (**CEBC Letter**) expressing support for the BCUC to approve the three EPA Renewals that are the subject of this proceeding, and also making certain factual assertions.
3. BC Hydro wrote to the BCUC on July 17, 2019 (Exhibit B-16) in regards to the CEBC Letter. BC Hydro indicated that it does not agree with certain of the factual assertions in the CEBC's letter, specifically those related to BC Hydro's electricity imports from the United States. BC Hydro also noted that the factual assertions made by CEBC are not particularly relevant to this proceeding.
4. Pursuant to Order G-174-19 the BCUC admitted the CEBC Letter in the evidentiary record as a letter of comment (Exhibit E-2) and established further process permitting the BCUC and interveners to submit IRs (**IR No. 3**) to BC Hydro based upon the CEBC Letter. The Order also permitted BC Hydro to file a supplemental final argument limited to the CEBC Letter, its responses to the IRs and any new information that may arise as a result of the IRs based upon the CEBC Letter.

B. Supplemental Final Argument

5. BC Hydro continues to rely on its Final Argument as submitted to the BCUC on July 5, 2019.
6. The factual assertions made in the CEBC Letter do not relate specifically to the three EPA Renewals that are the subject of this proceeding. The factual assertions of CEBC that BC Hydro does not agree with relate primarily to BC Hydro's electricity imports from the United States. BC Hydro identified the key erroneous assertions in the CEBC Letter and provided explanations correcting such errors in

its responses to BCUC IR 3.1.1 and BCOAPO IRs 3.1.1 to 3.1.2.1,¹ the key points of which are as follows:

- BC Hydro's electricity imports are not from greenhouse gas (**GHG**) intense resources;
 - under average water conditions, BC Hydro does not rely on imports to serve domestic customers; and
 - BC Hydro makes market electricity purchases or surplus sales on an economic basis to the benefit of ratepayers. Such purchases and sales in a given year are guided by the results of the energy studies, which maximize the consolidated net revenue from operations.
7. For greater certainty, to the extent applicable the above considerations are already reflected in the EPA Renewal cost effectiveness calculations submitted in this proceeding.
 8. Unrelated to the CEBC Letter, two IRs within IR No. 3 (BCUC CONF IRs 3.1.1 and 3.1.1.1)² asked BC Hydro to update certain information that had been submitted earlier in the proceeding and which was referred to in our Final Argument. The Final Argument should be updated in respect of the updated evidence provided.
 9. Specifically, paragraphs 27, 37 and 54 of the Final Argument provided estimates of the rate impacts of the Sechelt Creek EPA, Brown Lake EPA and Walden North EPA, respectively, calculated using the BCUC Staff Model and range of assumptions and alternatives set out in that Model.³ In IR No. 3 (BCUC CONF IRs 3.1.1 and 3.1.1.1) the BCUC asked BC Hydro to provide the rate impacts of each of the EPA Renewals

¹ Ex. B-17.

² Ex. B-18.

³ As provided in Ex. B-13, BC Hydro's response to BCUC CONF IR 2.8.1.1.

using BC Hydro's model and BC Hydro's recently adopted approach of using the market price as a conservative interim assumption for evaluating energy during surplus and deficit periods. The rate impacts provided in the Final Argument and those provided in the response to IR No. 3 are shown in the table below. The rate impacts calculated using the BC Hydro model are considered more accurate noting; however, that the differences could be viewed as not material.

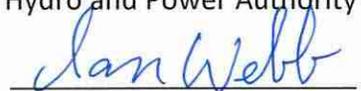
EPA Renewal	Rate Impact using BCUC Staff Model ⁴	Rate Impact using BC Hydro Model and Interim Market Approach ⁵
Sechelt Creek EPA	-0.020% to 0.045%	-0.001% to 0.049%
Brown Lake EPA	-0.010% to 0.029%	0.000% to 0.032%
Walden North EPA	0.001% to 0.038%	-0.015% to 0.022%

10. BC Hydro acknowledges the CEBC's support for the three EPA Renewals, and continues to rely on its Final Argument as submitted on July 5, 2019, including the conclusions that the EPA Renewals:

- provide significant benefits to BC Hydro and its current and future ratepayers, as well as broader public interest benefits to First Nations, local communities and the environment (*e.g.*, salmon migration and spawning), and
- should be accepted as in the public interest.

ALL OF WHICH IS RESPECTFULLY SUBMITTED THIS 26th DAY OF SEPTEMBER 2019.

Counsel for British Columbia Hydro and Power Authority



Ian D. Webb

⁴ Ex. B-13, BC Hydro's response to BCUC CONF IR 2.8.1.1.

⁵ Ex. B-18, BC Hydro's response to BCUC CONF IR 3.1.1.