

Fred James

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April 17, 2020

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: Project No. 1598969
British Columbia Utilities Commission (BCUC or Commission)
British Columbia Hydro and Power Authority (BC Hydro)
Electricity Purchase Agreement (EPA) Renewals – Sechelt Creek Hydro,
Brown Lake Hydro, and Walden North Hydro**

BC Hydro writes further to the BCUC letter dated April 6, 2020 (Exhibit A-22) seeking submissions from BC Hydro and registered interveners on whether the forbearance agreement between BC Hydro and Walden North Hydro (**Forbearance Agreement**) should be submitted for filing to the BCUC pursuant to section 71 of the *Utilities Commission Act*.

BC Hydro notes that it has provided evidence in response to this question throughout the proceeding. For ease of reference, BC Hydro reiterates the relevant portions of its responses to BCUC IRs 2.22.1, 2.22.2 and 2.22.2.1 where it stated the following:

- BCUC IR 2.22.1: “The Forbearance Agreement was not filed pursuant to section 71 of the Utilities Commission Act (UCA) because it is a stand-alone commercial arrangement entered into by the parties and does not constitute an energy supply contract or an amendment to an energy supply contract”;
- BCUC 2.22.2: “BC Hydro does not consider the Forbearance Agreement to be an amendment to the Walden North EPA for the purpose of section 68 of the UCA. A forbearance agreement is a common, stand-alone form of commercial agreement where one party agrees to forbear from exercising a right in exchange for consideration from the other party. The contract in which the original rights are set out continues to exist, unamended, during the term of forbearance”; and
- BCUC IR 2.22.2.1:
“In BC Hydro’s view, the Forbearance Agreement does not need to be filed under section 71 of the UCA as it is not an energy supply contract as defined in section 68 of the UCA. No energy is being purchased or sold

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under the Forbearance Agreement. Please refer to BC Hydro's response to BCUC IR 2.22.2 for further discussion of BC Hydro's views with respect to the status of the Forbearance Agreement.

BC Hydro is not incurring any costs pursuant to the Forbearance Agreement, so there are no costs that could be subject to disallowance in relation to this question. BC Hydro notes that the costs it is incurring pursuant to the Walden North EPA (whether or not the Forbearance Agreement is in effect) are recoverable pursuant to section 4(1)(b) of Direction No. 8 to the BCUC."

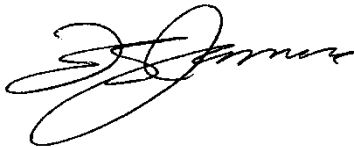
While the terms of the Forbearance Agreement are confidential, BC Hydro confirms that no energy is being sold to BC Hydro pursuant to the Forbearance Agreement. All energy being sold to BC Hydro continues to be sold exclusively under the original Walden North Electricity Purchase Agreement dated August 18, 1990.

Further, as BC Hydro has noted, a forbearance agreement is a common, stand-alone commercial arrangement whereby one party agrees to forbear from exercising a right under a contract for a period of time without amending the underlying contract. Therefore, this is also not an amendment to an energy supply contract.

As a result, BC Hydro confirms its submission that the Forbearance Agreement need not be filed with the BCUC under section 71 the UCA.

For further information, please contact the undersigned.

Yours sincerely,



Fred James
Chief Regulatory Officer

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