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March 11, 2021

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)
Biomass Energy Program Energy Supply Contracts – Howe Sound Green
Energy and Celgar Green Energy**

BC Hydro writes to file with the Commission two energy supply contracts in accordance with section 71(1)(a) of the *Utilities Commission Act (UCA)*, and pursuant to the Government of B.C.'s Direction to the British Columbia Utilities Commission Respecting the Biomass Energy Program (Order in Council No. 158 issued April 1, 2019, BC Reg. 71/2019) (**Direction**). The energy supply contracts are as follows:

- An agreement dated January 28, 2021 between BC Hydro and Howe Sound Pulp and Paper Corporation (**Howe Sound**) for its Howe Sound Green Energy biomass facility; and
- An amending agreement dated January 27, 2021, between BC Hydro and Mercer Celgar Limited Partnership (**Celgar**) for its Celgar Green Energy biomass facility.

These agreements (referred to as the **Biomass Electricity Purchase Agreements**) are "energy supply contracts" as defined in section 68 of the UCA. Under section 71(1)(a) of the UCA and section 1.1.2 of the British Columbia Utilities Commission Rules for Energy Supply Contracts for Electricity (the **Rules**), adopted by Commission Order No. G-61-12, energy supply contracts shall be filed with the Commission within 60 days of entering into the contract.

This filing includes three attachments:

- Attachment A – Government of B.C.'s Direction to the British Columbia Utilities Commission Respecting the Biomass Energy Program (Order in Council No. 158 issued April 1, 2019, BC Reg. 71/2019);
- Attachment B – Agreement dated January 28, 2021 between BC Hydro and Howe Sound for its Howe Sound Green Energy biomass facility; and

- Attachment C –Amending Agreement dated January 27, 2021, between BC Hydro and Mercer Celgar Limited Partnership for its Celgar Green Energy biomass facility.

With respect to each attached Biomass Electricity Purchase Agreement, we provide the following further information.

Howe Sound Green Energy

The Howe Sound Green Energy Biomass Electricity Purchase Agreement (Attachment B) is a “biomass contract” within the meaning of the Direction because:

1. The Howe Sound Green Energy facility is a “biomass facility” as specifically defined under the Direction;
2. The Biomass Electricity Purchase Agreement for the Howe Sound Energy biomass facility was entered into on January 28, 2021, which is “between April 1, 2019 and December 31, 2021” as specified by paragraph (a) of the definition of “biomass contract” in the Direction; and
3. The Biomass Electricity Purchase Agreement does one or both of the following:
 - “(i) establishes the terms and conditions under which electricity generated at the biomass facility is sold to the authority;
 - (ii) establishes the terms and conditions under which electricity generated at the biomass facility is used to supply a portion of a customer’s load or to reduce a portion of a customer’s electricity purchases”.

Accordingly, pursuant to section 3 of the Direction, the BCUC may not exercise its powers under section 71 (1) (b) or (3) of the UCA respecting the Biomass Electricity Purchase Agreement for the Howe Sound Green Energy biomass facility included with this filing.

Celgar Green Energy

On November 3, 2020, BC Hydro filed with the BCUC, pursuant to section 71 of the UCA and the Direction, an electricity purchase agreement dated September 25, 2020, between BC Hydro and Mercer Celgar Limited Partnership for its Celgar Green Energy biomass facility (**Celgar EPA**). As provided in BC Hydro’s November 2020 submission and as confirmed below, the Celgar EPA is a “biomass contract” within the meaning of the Direction.

On November 19, 2020, pursuant to Order No. E-26-20, the Commission accepted the Celgar EPA. In addition, in its Order, the BCUC agreed to hold the un-redacted version of BC Hydro’s application confidential, including the Celgar EPA in its entirety, on the basis that disclosure of commercially sensitive information may result in prejudice to BC Hydro’s position in future electricity purchase agreement negotiations.

Subsequent to executing the Celgar EPA, the parties discovered that there were minor errors in two of the defined terms as articulated in the Celgar EPA. These amendments are reflected in the agreement in Attachment C.

As a result, the parties verbally agreed to implement the Celgar EPA consistent with these corrections and the amending agreement subsequently drafted has the same effective date as the Celgar EPA of September 25, 2020 (**Celgar Amendment Agreement No. 1**). In addition to these two minor corrections, the parties also took the opportunity to update the reference to the British Columbia International Commercial Arbitration Centre which is now doing business as the Vancouver International Arbitration Centre.

The Celgar Amendment Agreement No. 1 (Attachment C) is a “biomass contract” within the meaning of the Direction because, as per subsection (b) of the definition of “biomass contract”, it is an amendment of the Celgar EPA, which is itself a “biomass contract”.

Specifically, the Celgar EPA is a “biomass contract” because:

1. The Celgar Green Energy biomass facility is a “biomass facility” as defined under the Direction,
2. The Celgar EPA was entered into on September 25, 2020, which was “between April 1, 2019 and December 31, 2021” as specified by paragraph (a) of the definition of “biomass contract” in the Direction, and
3. The Celgar EPA does one or both of the following:
 - “(i) establishes the terms and conditions under which electricity generated at the biomass facility is sold to the authority;
 - “(ii) establishes the terms and conditions under which electricity generated at the biomass facility is used to supply a portion of a customer’s load or to reduce a portion of a customer’s electricity purchases”

Accordingly, pursuant to section 3 of the Direction, the BCUC may not exercise its powers under section 71 (1) (b) or (3) of the UCA respecting the Celgar Amendment Agreement No. 1 included with this filing.

Confidentiality

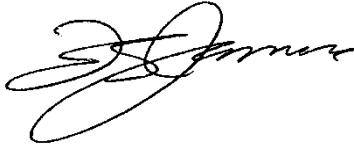
BC Hydro is of the view that key or specific commercial terms and conditions relating to the Biomass Electricity Purchase Agreements are commercially sensitive and the public disclosure of such information will harm BC Hydro’s negotiating position with respect to further electricity purchase agreements. Certain information in the Biomass Electricity Purchase Agreements is also considered commercially sensitive to the respective biomass facility owner. BC Hydro has thus redacted in its entirety the Biomass Electricity Purchase Agreements from the public version of the Filing.

March 11, 2021
Ms. Marija Tresoglavic
Acting Commission Secretary and Manager
Regulatory Support
British Columbia Utilities Commission
Biomass Energy Program Energy Supply Contracts – Howe Sound Green Energy
and Celgar Green Energy

As provided by section 42 of the B.C. *Administrative Tribunals Act* and Part IV of the British Columbia Utilities Commission's Rules of Practice and Procedure, and consistent with the Commission's previous practice, BC Hydro requests that the Commission keep the above noted information confidential as it is commercially sensitive to BC Hydro, and the counter-party, and if publicly disclosed may compromise BC Hydro's negotiating position with respect to other electricity purchase agreements.

For further information, please contact Chris Sandve at 604-974-4641 or by email at bchydroregulatorygroup@bchydro.com.

Yours sincerely,



Fred James
Chief Regulatory Officer

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Enclosure

**BC Hydro Biomass Energy Program
Energy Supply Contracts –
Howe Sound Green Energy and
Celgar Green Energy**

Attachment A

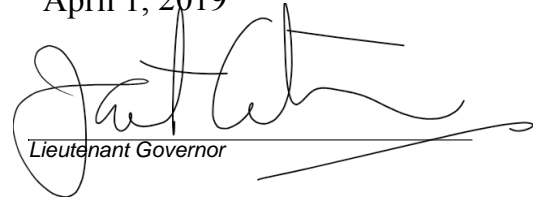
**Government of B.C.'s Direction to the BCUC
Respecting the Biomass Energy Program
(Order in Council No. 158)**

PROVINCE OF BRITISH COLUMBIA
ORDER OF THE LIEUTENANT GOVERNOR IN COUNCIL

Order in Council No. 158

, Approved and Ordered

April 1, 2019


Lieutenant Governor

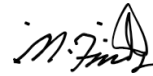
Executive Council Chambers, Victoria

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and consent of the Executive Council, orders that the attached Direction to the British Columbia Utilities Commission Respecting the Biomass Energy Program is made.

DEPOSITED
April 1, 2019
B.C. REG. 71/2019



Minister of Energy, Mines and Petroleum Resources



Presiding Member of the Executive Council

(This part is for administrative purposes only and is not part of the Order.)

Authority under which Order is made:

Act and section: *Utilities Commission Act, R.S.B.C. 1996, c. 473, s. 3*

Other:

R10302227

DIRECTION TO THE BRITISH COLUMBIA UTILITIES COMMISSION RESPECTING THE BIOMASS ENERGY PROGRAM

Definitions

1 In this direction:

“**Act**” means the *Utilities Commission Act*;

“**biomass contract**” means

(a) a contract in respect of a biomass facility that the authority enters into between April 1, 2019 and December 31, 2021, if the contract does one or both of the following:

(i) establishes the terms and conditions under which electricity generated at the biomass facility is sold to the authority;

(ii) establishes the terms and conditions under which electricity generated at the biomass facility is used to supply a portion of a customer’s load or to reduce a portion of a customer’s electricity purchases, and

(b) an amendment to a contract referred to in paragraph (a).

“**biomass facility**” means the following facilities:

(a) Armstrong Wood Waste Co-Generation;

(b) NWE Williams Lake Wood Waste;

(c) Skookumchuck Power;

(d) PGP Bio Energy;

(e) Celgar Green Energy;

(f) Howe Sound Green Energy;

(g) Powell River Generation;

Application

2 This direction is issued to the commission under section 3 of the Act.

Biomass contracts

3 The commission may not exercise its powers under section 71 (1) (b) or (3) of the Act respecting applicable biomass contracts.

Rates

4 In setting rates for the authority, the commission may not disallow for any reason the recovery in rates of the authority’s costs with respect to a biomass contract.

Tariff

5 (1) The commission must set as a rate the rate schedule that is attached to this direction as Appendix 1 within 10 days of receiving an application from the authority for the commission to do so.

(2) The commission may not cancel, suspend or amend the rate set under subsection (1), except on application by the authority.

Appendix 1

Availability	<p>For Customers supplied with Electricity at 60 kV or higher, and who have entered into a contract with BC Hydro under the Biomass Energy Program which is in force.</p> <p>Customers who have entered into a contract with BC Hydro under the Biomass Energy Program may not be provided with service under Rate Schedule 1823 (Stepped Rate), 1825 (TOU Rate), 1827 (Rate for Exempt Customers) or 1852 (Modified Demand) while the contract is in force.</p>
Applicable in	Rate Zone I excluding the Districts of Kingsgate-Yahk and Lardeau-Shutty Bench.
Rate	<p>Demand Charge: The charge per kVA of Billing Demand per Billing Period under this Rate Schedule 1828 is equal to the demand charge specified under Rate Schedule 1823 plus</p> <p>Energy Charge: The charge applied to energy supplied under this Rate Schedule 1828 for all kWh in a Billing Period is equal to:</p> <ul style="list-style-type: none"> (a) the RS 1823 Energy Charge B Tier 1 Rate multiplied by the Customer's Tier 1 Percentage, plus (b) the RS 1823 Energy Charge B Tier 2 Rate multiplied by the Customer's Tier 2 Percentage <p>Monthly Minimum Charge The demand charge specified under Rate Schedule 1823 per kVA of Billing Demand</p>
Definitions	<p>1. Billing Demand</p> <p>The Billing Demand will be:</p> <ul style="list-style-type: none"> (a) The highest kVA Demand during the High Load Hours (HLH) in the Billing Period; or (b) 75% of the highest Billing Demand for the Customer's Plant in the immediately preceding period of November to February, both months included, <p>whichever is the highest value.</p>
	<p>2. RS 1823 Energy Charge B Tier 1 Rate</p> <p>The RS 1823 Energy Charge B Tier 1 rate is the rate per kWh specified under Rate Schedule 1823 Energy Charge B to be applied to all kWh up to and including 90% of a Customer's CBL in each Billing Year.</p> <p>3. RS 1823 Energy Charge B Tier 2 Rate</p> <p>The RS 1823 Energy Charge B Tier 2 rate is the rate per kWh specified under Rate Schedule 1823 Energy Charge B to be applied to all kWh above 90% of a Customer's CBL in each Billing Year.</p> <p>4. Customer's Tier 1 Percentage</p>

	<p>The Customer's Tier 1 Percentage is the total energy supplied to the Customer charged at the RS 1823 Energy Charge B Tier 1 Rate during the five year period commencing April 1, 2013 divided by the total energy supplied to the Customer under Rate Schedule 1823 during that period, expressed as a percentage. If the Customer was supplied with energy charged at the Rate Schedule 1823 Energy Charge A at any time during such five year period, 90% of such energy will be added to the total energy supplied to the Customer charged at the RS 1823 Energy Charge B Tier 1 Rate for the purpose of calculating the Customer's Tier 1 Percentage.</p> <p>5. Customer's Tier 2 Percentage</p> <p>The Customer's Tier 2 Percentage is the total energy supplied to the Customer charged at the RS 1823 Energy Charge B Tier 2 Rate during the five year period commencing April 1, 2013 divided by the total energy supplied to the Customer under Rate Schedule 1823 during that period, expressed as a percentage. If the Customer was supplied with energy charged at the Rate Schedule 1823 Energy Charge A at any time during such five year period, 10% of such energy will be added to the total energy supplied to the Customer charged at the RS 1823 Energy Charge B Tier 2 Rate for the purpose of calculating the Customer's Tier 2 Percentage.</p> <p>6. High Load Hours (HLH)</p> <p>High Load Hours (HLH) is the period of hours from 06:00 to 22:00 Monday to Saturday, except for Statutory Holidays (New Year's Day, Family Day, Good Friday, Victoria Day, Canada Day, B.C. Day, Labour Day, Thanksgiving Day, Remembrance Day and Christmas Day).</p>
	<p>7. Low Load Hours (LLH)</p> <p>Low Load Hours (LLH) are all hours other than HLH.</p> <p>8. Biomass Energy Program</p> <p>The Biomass Energy Program is BC Hydro's program to enter into "biomass contracts" as defined in the Direction to the British Columbia Utilities Commission respecting the Biomass Energy Program.</p>
Special Conditions	<p>1. The Customer shall not sell, or otherwise dispose of for compensation, all or part of the Electricity supplied pursuant to this Rate Schedule.</p>
Taxes	<p>The rates set out in this Rate Schedule are exclusive of goods and services and provincial sales taxes.</p>
Note	<p>The terms and conditions under which Transmission Service is supplied are contained in Electric Tariff Supplement Nos. 5 and 6, or Electric Tariff Supplements Nos. 87 and 88, as applicable.</p>

Rate Rider	The Deferral Account Rate Rider as set out in Rate Schedule 1901 applies to all charges payable under this Rate Schedule, before taxes and levies.
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**BC Hydro Biomass Energy Program
Energy Supply Contracts –
Howe Sound Green Energy and
Celgar Green Energy**

Attachment B

**Energy Supply Contract Agreement -
Howe Sound Green Energy Biomass Facility**

PUBLIC

CONFIDENTIAL ATTACHMENT

FILED WITH BCUC ONLY

**BC Hydro Biomass Energy Program
Energy Supply Contracts –
Howe Sound Green Energy and
Celgar Green Energy**

Attachment C

**Energy Supply Contract Amending Agreement -
Celgar Green Energy Biomass Facility**

PUBLIC

CONFIDENTIAL ATTACHMENT

FILED WITH BCUC ONLY