

**Fred James**

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November 28, 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)  
Biomass Energy Program Energy Supply Contracts – Tolko Armstrong,  
NW Energy (Williams Lake), Skookumchuck**

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BC Hydro writes to file with the Commission three 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 three energy supply contracts are as follows:

- An agreement dated September 30, 2019, between BC Hydro and Tolko Industries Ltd. (**Tolko**) for its Armstrong Wood Waste Co-Generation Facility;
- An agreement dated September 30, 2019, between BC Hydro and Atlantic Power Preferred Equity Ltd. (**Atlantic Power**) for its NWE Williams Lake Wood Waste Facility; and
- An agreement dated September 30, 2019, between BC Hydro and Skookumchuck Pulp Inc. (**Skookumchuck**) for its Skookumchuck Power Facility.

These agreements (collectively referred to as **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 four 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 September 30, 2019, between BC Hydro and Tolko Industries Ltd., for the Armstrong Wood Waste Co-Generation Facility;
- Attachment C -- Agreement dated September 30, 2019, between BC Hydro and Atlantic Power Preferred Equity Ltd. for the NWE Williams Lake Wood Waste Facility; and
- Attachment D -- Agreement dated September 30, 2019, between BC Hydro and Skookumchuck Pulp Inc. for Skookumchuck Power Facility.

Each of the three Biomass Electricity Purchase Agreements is a “biomass contract” within the meaning of the Direction because:

1. The Armstrong Wood Waste Co-Generation Facility, the NWE Williams Lake Wood Waste Facility and the Skookumchuck Power Facility are each a “biomass facility” as defined under the Direction,
2. Each of the Biomass Electricity Purchase Agreements has been entered into on September 30, 2019, 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. Each of the Biomass Electricity Purchase Agreements 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 Agreements included with this filing.

### **Confidentiality**

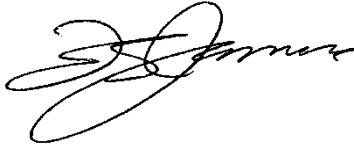
BC Hydro is of the view that key or specific commercial terms and conditions relating to the Biomass Electricity Purchase Agreements are commercially sensitive and the public disclosure of such information will harm BC Hydro’s negotiating position with respect to further electricity purchase agreements. 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 their entirety each of the Biomass Electricity Purchase Agreements from the public version of the Filing.

November 28, 2019  
Mr. Patrick Wruck  
Commission Secretary and Manager  
Regulatory Support  
British Columbia Utilities Commission  
Biomass Energy Program Energy Supply Contracts – Tolko Armstrong, NW Energy  
(Williams Lake), Skookumchuck

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-parties, and if publicly disclosed may compromise BC Hydro's negotiating position with respect to other electricity purchase agreements.

For further information, please contact Geoff Higgins at 604-623-4121 or by email at [bchydroregulatorygroup@bchydro.com](mailto:bchydroregulatorygroup@bchydro.com).

Yours sincerely,



Fred James  
Chief Regulatory Officer

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Enclosure

**BC Hydro Biomass Energy Program Energy Supply  
Contracts –  
Tolko Armstrong, NW Energy (Williams Lake),  
Skookumchuck**

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**Attachment A**

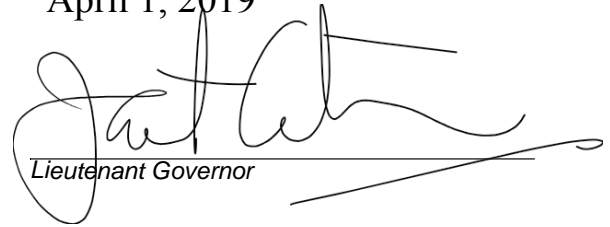
**Government of B.C.'s Direction to the BCUC  
Respecting the Biomass Energy Program  
(Order in Council No. 158)**

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

<b>Availability</b>	<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>
<b>Applicable in</b>	Rate Zone I excluding the Districts of Kingsgate-Yahk and Lardeau-Shutty Bench.
<b>Rate</b>	<p><b>Demand Charge:</b> 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><b>Energy Charge:</b> 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"> <li>(a) the RS 1823 Energy Charge B Tier 1 Rate multiplied by the Customer's Tier 1 Percentage, plus</li> <li>(b) the RS 1823 Energy Charge B Tier 2 Rate multiplied by the Customer's Tier 2 Percentage</li> </ul> <p><b>Monthly Minimum Charge</b> The demand charge specified under Rate Schedule 1823 per kVA of Billing Demand</p>
<b>Definitions</b>	<p>1. Billing Demand</p> <p>The Billing Demand will be:</p> <ul style="list-style-type: none"> <li>(a) The highest kVA Demand during the High Load Hours (<b>HLH</b>) in the Billing Period; or</li> <li>(b) 75% of the highest Billing Demand for the Customer's Plant in the immediately preceding period of November to February, both months included,</li> </ul> <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>
<b>Special Conditions</b>	<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>
<b>Taxes</b>	<p>The rates set out in this Rate Schedule are exclusive of goods and services and provincial sales taxes.</p>
<b>Note</b>	<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>

<b>Rate Rider</b>	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 –  
Tolko Armstrong, NW Energy (Williams Lake),  
Skookumchuck**

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**Attachment B**

**Energy Supply Contract Agreement  
Tolko Armstrong**

**PUBLIC**

**CONFIDENTIAL  
ATTACHMENT**

**FILED WITH BCUC  
ONLY**

**BC Hydro Biomass Energy Program Energy Supply  
Contracts –  
Tolko Armstrong, NW Energy (Williams Lake),  
Skookumchuck**

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**Attachment C**

**Energy Supply Contract Agreement  
NW Energy (Williams Lake)**

**PUBLIC**

# **CONFIDENTIAL ATTACHMENT**

# **FILED WITH BCUC ONLY**

**BC Hydro Biomass Energy Program Energy Supply  
Contracts –  
Tolko Armstrong, NW Energy (Williams Lake),  
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**Attachment D  
Energy Supply Contract Agreement  
Skookumchuck**

**PUBLIC**

# **CONFIDENTIAL ATTACHMENT**

# **FILED WITH BCUC ONLY**