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January 9, 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)
Energy Supply Contract Filing Requirements (Filing)**

BC Hydro writes in response to two requests set out in an email sent on December 19, 2018, from staff of the British Columbia Utilities Commission (**BCUC or Commission**) pertaining to BC Hydro's November 26, 2018 quarterly update to the Commission in respect of its Amendments and Contractual Developments relating to its energy supply contracts (**Electricity Purchase Agreements or EPAs**) for the three-month period commencing July 1, 2018 and ending on September 30, 2018 (**Q2 Period**). As part of this Filing BC Hydro sought Commission acceptance of an amendment agreement to the Surplus Power Rights Agreement between BC Hydro and Teck Metals Ltd. pursuant to section 71 of the *Utilities Commission Act (UCA)*. In addition, BC Hydro requested that certain contractual development descriptions included in Attachment 6 of its submission be held by the Commission on a confidential basis.

Below, BC Hydro provides response to each of the Commission staff requests.

A. GENERAL

**1.0 Reference: ENERGY SUPPLY CONTRACT REQUIREMENTS
Utilities Commission Act (UCA), RSBC 1996, c 473.,
section 71(2.21)
Consideration of criteria under section 71(2.21) UCA**

The UCA states under section 71(2.21) that "in determining under subsection (2) whether an energy supply contract filed by the authority is in the public interest, the commission, in addition to considering the interests of persons in British Columbia who receive or may receive service from the authority, must consider..." the criteria listed under section 71(2.21)(a) through 71(2.21)(g).

- 1.1. Please explain in table form, whether the Application for Energy Supply Contract Filing Requirements (Application) and its amendments to the Surplus Power Rights Agreement align with each of the criteria set out under section 71(2.21) of the UCA.

RESPONSE:

BC Hydro provides below in table form the requested information relevant to section 71(2.21), and where applicable, the table includes additional comments to provide explanation and clarification.

As explained in the Filing, the original SPRA between BC Hydro and Teck, dated March 5, 2010, was accepted by the Commission under section 71 of the Act pursuant to Order E-18-10 and formed part of the Waneta 2010 Transaction. The Waneta 2010 Transaction was approved by the BCUC under Order No. G-12-10. See Attachment 3 of the Filing.

More recently, the Waneta 2017 Transaction was approved by the BCUC pursuant to Order No. G-130-18. See Attachment 4 of the Filing. As part of the closing of the Waneta 2017 Transaction, certain minor amendments were required to be made to the SPRA to align it with the new Waneta-related agreements and current circumstances, such as:

- **Updates to the names of agreements referenced in the SPRA;**
- **Deletion to the “deferral of WAX in-service date” since this reference is no longer applicable;**
- **New condition subsequent to recognize section 71 filing requirements; and**
- **Updates to reflect the transfer of Line 71 from Teck to BC Hydro as outlined in Transmission Agreement included as part of the Waneta 2017 Transaction.**

In addition, some other house-keeping amendments were made to the SPRA. None of these amendments are material changes to the original SPRA and the Amended and Restated SPRA is essentially an updated continuation of the existing agreement. For convenience and for ease of future reference, these amendments to the SPRA were issued as an Amended and Restated SPRA. Please refer to the black-lined version of the SPRA included in Attachment 5 of the Filing.

The amendments to the original SPRA meet the objectives of the Waneta 2017 Transaction, which the Commission also determined was in the public interest as provided in Order No. G-130-18. As the Commission has already determined that the original SPRA was in the public interest, as provided in Order E-18-10, the information provided below in the table is only addressing the amendments to the SPRA.

Section 71 (2.21) Criteria	Comments
(a) British Columbia's energy objectives	Not applicable with respect to the amendments made to the original SPRA. The amendments to the original SPRA do not change any material terms to the original SPRA accepted pursuant to Order E-18-10.
(b) An applicable Integrated Resource Plan (IRP) approved under section 4 of the Clean Energy Act	Not applicable with respect to the amendments made to the original SPRA. The original SPRA is included as part of BC Hydro's 2013 IRP and the amendments do not change forecast energy volumes attributed to the SPRA.
(c) The extent to which the energy supply contract is consistent with the requirements under section 19 of the Clean Energy Act	Not applicable with respect to the amendments made to the original SPRA. The SPRA generation continues to be from a clean or renewable resource and the amendments do not change the source of supply.
(d) The quantity of the energy to be supplied under the contract	Not applicable with respect to the amendments made to the original SPRA. The original SPRA provides that if Teck has surplus power with respect to its interest in Waneta (i.e., Waneta entitlement that is surplus to its smelter load requirements) that it wishes to sell, it must first offer such surplus energy to BC Hydro, in accordance with the terms of the SPRA. In addition, this agreement provides that if Teck has surplus entitlement energy at the end of the month, Teck may choose to sell this surplus to BC Hydro or store it. The amendments made to the original SPRA do not change the quantity of energy to be provided under the SPRA.
(e) The availability of supplies of the energy referred to in paragraph (d)	Not applicable with respect to the amendments made to the original SPRA. The amendments made to the original SPRA do not change the availability of supplies.
(f) The price and availability of any other form of energy that could be used instead of the energy referred to in paragraph (d)	Please refer to BC Hydro's comments with respect to paragraph (d) above.

Section 71 (2.21) Criteria	Comments
<p>(g) In the case only of an energy supply contract that is entered into by a public utility, the price of the energy referred to in paragraph (d)</p>	<p>Not applicable with respect to the amendments made to the original SPRA. The amendments made to the original SPRA do not change the energy price.</p> <p>For Scheduled Surplus Energy that is offered to BC Hydro, see section 3.2 of the Amended and Restated SPRA. For surplus entitlement energy at the end of a month that Teck chooses to sell to BC Hydro, see section 5.1 of the Amended and Restated SPRA.</p>

As discussed in our application to the BCUC for the Waneta 2017 Transaction, dated October 30, 2017, the original SPRA continues in force until December 31, 2035. The amendments made to the original SPRA do not change the term of the original agreement nor do the amendments materially change the terms and conditions of the original SPRA, but are required to be made in order to align the SPRA with the new agreements arising from the Waneta 2017 Transaction.

B. CONFIDENTIALITY

**2.0 Reference: CONTRACTUAL DEVELOPMENT DESCRIPTIONS
 Application, pp. 1–2; Attachment 6, p. 1; British Columbia Utilities Commission (BCUC) Rules of Practice and Procedure, Order G-1-16, section 20.01, p. 13
 Confidential basis of Electricity Purchase Agreements contractual developments**

On pages 1 and 2 of the Application and amendments to the Surplus Power Rights Agreement between BC Hydro and Teck Metals Ltd., BC Hydro states:

BC Hydro is filing certain contractual development descriptions on a confidential basis.

Although in previous quarterly filings we may not have redacted information related to contractual developments, it has recently come to our attention this information if publicly disclosed may be harmful to the Seller Company and/or BC Hydro (e.g., if such information is publicly available it may impact the financial position of the Seller or may potentially negatively impact BC Hydro’s management of its IPP portfolio).

Accordingly, as provided by section 18.01 of the BCUC’s Rules of Procedure and Practice, BC Hydro is requesting that the Commission

hold the un-redacted form of Attachment 6 as confidential; whereas the redacted forms are for public review.

In Attachment 6 of the Application, BC Hydro requests the following descriptions be made confidential:

	Project Name	Seller Company Name	Effective Date of Document	Document Type	Description
1	Bear Mountain Wind Park	Bear Mountain Wind Limited Partnership (BMWLP)	August 27, 2018	Consent	[Redacted]
2	Confex Green Energy	Confex Power Limited Partnership (Confex)	July 18, 2018	Consent	[Redacted]
3	McDonald Ranch	McDonald Ranch & Lumber Ltd.	July 1, 2018	Termination	Termination effective July 1, 2018
4	Upper Clowhom	Clowhom Limited Partnership	August 10, 2018	Confirmation Notice	[Redacted]

2.1. For each of the contractual developments listed under items number 1, 2 and 4 in the table referenced above, please explain in greater detail why the redacted information should be held confidential in accordance with section 20.01 of the BCUC's Rules of Practice and Procedure.

RESPONSE:

Please see below a table outlining the reasons why the descriptions for the following contractual developments have been redacted.

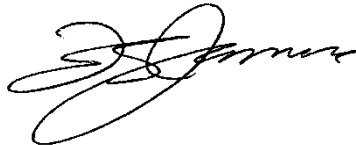
	Redacted Description	Explanation
1	[Redacted]	This information is the Seller's information and generally a Seller's information is treated by BC Hydro as confidential information under the EPA. As this information may be commercially sensitive, the public disclosure of this information may impact the financial position of the Seller.

	Redacted Description	Explanation
2	[REDACTED]	This information is the Seller's information and generally a Seller's information is treated by BC Hydro as confidential information under the EPA. As this information may be commercially sensitive, the public disclosure of this information may impact the financial position of the Seller.
4	[REDACTED]	This information related to the management of a specific provision of the EPA. The public disclosure of this information may potentially negatively impact BC Hydro's management of its portfolio or may impact future negotiations with other Sellers. The public disclosure of this information, to the extent that it is the Seller's information, may also impact the financial position of the Seller. Generally, a Seller's information is treated by BC Hydro as confidential information under the EPA.

As submitted in our Filing, we request that the details of such contractual developments be held confidentially by the BCUC as the disclosure of the above noted redacted information is not in the public interest.

For further information, please contact Geoff Higgins at 604-623-4121 or by email at bchydroregulatorygroup@bchydro.com.

Yours sincerely,



Fred James
Chief Regulatory Officer

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