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August 20, 2020

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)
Long-Term Resource Plan**

BC Hydro writes in accordance with BCUC Order No. G-205-20 to submit to the BCUC:

- (a) The date by which BC Hydro will file its next long-term resource plan; and
- (b) A proposal for an interim filing of BC Hydro's current planning context that would, in the absence of a recently filed long-term resource plan, aid in the review of BC Hydro applications filed prior to the BCUC review of the next BC Hydro long-term resource plan.

A. BC Hydro 2021 IRP Filing Date

BC Hydro refers to its next long-term resource plan as the 2021 Integrated Resource Plan (**2021 IRP**).

During the Oral Hearing for BC Hydro's Fiscal 2020 to Fiscal 2021 Revenue Requirements Application, BC Hydro stated that it expected to file its 2021 IRP in February 2021.¹ Since that time, delays caused by the COVID-19 pandemic have resulted in adjustments to BC Hydro's 2021 IRP development plan.

BC Hydro is now planning to file its 2021 IRP with the BCUC in September 2021 for the reasons that follow.

¹ Fiscal 2020 to Fiscal 2021 Revenue Requirements Application, Transcript Volume 5, Page 425.

COVID-19 Pandemic

The COVID-19 pandemic has had a number of direct and indirect impacts on BC Hydro's 2021 IRP development plan. One of the biggest direct impacts is in regard to BC Hydro's load forecast.

A current load forecast is a critical input into a long-term resource plan. Its central importance is reflected in section 44.1(2)(a) of the *Utilities Commission Act (UCA)* which requires that a public utility's long-term resource plan include "an estimate of the demand for energy the public utility would expect to serve..."

The most recent long-term load forecast of customer demand for electricity was finalized in March 2020 following nine-months of development that largely predated the pandemic. BC Hydro realized the significant uncertainty that was created by the pandemic and the impact it could have on electricity consumption, particularly in the Commercial and Industrial segments.

Two COVID-19 scenarios were subsequently developed looking out three years (until fiscal 2023) to aid BC Hydro in some shorter-term planning. As it takes nine months to develop a comprehensive long-term energy and peak demand forecast, BC Hydro decided to continue with its plan to develop the next comprehensive load forecast by December 2020. To aid in the development of the IRP, and recognizing the uncertainty in which we currently operate, BC Hydro is using scenario analysis to show the potential longer-term view of the uncertain impacts of COVID-19 on customer demand. Once the December 2020 load forecast is approved through BC Hydro's governance process, the IRP draft plans and actions developed using scenarios will be reviewed to determine if they remain reasonable

Consultation

The BCUC has consistently, and for many years emphasized, the importance of consultation when developing long-term resource plans. BC Hydro has initiated three consultation streams for the 2021 IRP with the following three constituencies as described further below:

Indigenous Nation Consultation

As a Crown corporation BC Hydro has a legal obligation to consult with Indigenous Nations prior to making decisions that might affect their interests. Engaging on the 2021 IRP will give Indigenous Nations the earliest opportunity to provide input on BC Hydro's planning decisions. Creating a meaningful and comprehensive engagement process is critical to ensuring we receive robust and fulsome input from Indigenous Nations across the province. Consultations with Indigenous Nations were planned to start in spring 2020 but have been delayed to fall 2020, due to the COVID-19 pandemic in the early spring which necessitated several Indigenous Nations diverting attention towards community crisis response. The new timeline for consultation in fall 2020 will

also avoid the summer months when Indigenous Nations are often engaged in traditional seasonal activities.

Technical Advisory Committee

BC Hydro has established a Technical Advisory Committee (**TAC**) for the 2021 IRP which consists of knowledgeable participants with a significant interest and stake in the plan who provide well-informed advice and feedback throughout the entire development and review process. The first TAC meeting was held in early March 2020, and since that time BC Hydro has held four more virtual meetings with the TAC. These meetings have covered a broad range of issues including the effects of the COVID-19 pandemic on the load forecast, electrification scenarios, demand-side management and rate options, generation resource options and distributed energy resources. BC Hydro has received extensive feedback and questions through these sessions. It is apparent that members of the TAC are already quite informed and engaged in the development of BC Hydro's 2021 IRP.

Customer and Public Consultation

Consultation with our customers and the public is set to begin in September and includes an online survey and virtual regional meetings. For customers and the broader public, we will have an online engagement survey that will take only a few minutes to complete. For those members of the public and stakeholders who want more detail and information on the 2021 IRP topics, we intend to offer web conferences with IRP subject matter experts on hand to provide additional information and to answer questions, and to supplement that engagement with a second, more detailed survey. This detailed survey will also be made available as an option alongside the shorter one on our consultation web site.

Project Plan and Filing Date

The impacts of the COVID-19 pandemic have resulted in a revised 2021 IRP development plan. **Attachment 1** provides a Gantt Chart showing BC Hydro's current 2021 IRP timeline as a result of these developments.

A September 2021 filing allows for adequate consultation with the public, Indigenous Nations and the TAC, and ensures that the 2021 IRP approved by BC Hydro's Board of Directors and submitted to the BCUC for acceptance will be properly informed by the results of that consultation.

More specifically, a September 2021 filing allows for three months of consultation on key IRP issues and inputs during the fall, followed by three months of consultation on the draft IRP during the spring, as shown in Attachment 1. In BC Hydro's view, this six-month approach is important so that parties can be provided with initial information, have time to consider that information, and then provide questions and alternatives to inform further discussion and analysis.

B. Interim Filing on BC Hydro's Current Planning Context

BC Hydro's most recent IRP was approved by the Government of B.C. in 2013. BCUC Order No. G-205-20 states "*the lack of a more recent plan impedes the BCUC's ability to efficiently discharge its regulatory responsibilities in relation to BC Hydro*".

BC Hydro generally agrees with the BCUC on the importance of a timely filing of the 2021 IRP to provide insight into BC Hydro's planning priorities and to inform the review of future regulatory applications. However, the 2021 IRP is likely to be of most significance to any BC Hydro applications to acquire new resources or that otherwise are in regard to BC Hydro's load-resource balance.

For these applications, until the 2021 IRP is filed, BC Hydro believes it is prudent to continue to use the interim market assumption to evaluate the cost effectiveness of projects, programs and acquisitions.²

It is important to note that between now and September 2021, BC Hydro expects to submit only a small number of applications that would be utilizing this assumption: namely, the renewal of a small (less than 1 MW) short-term period Electricity Purchase Agreement in the integrated area and two applications related to capital projects at John Hart (a safety related project) and Bridge River (a reliability related project), neither of which are addressing increased load. With regard to demand-side measures (**DSM**), BC Hydro expects a one-year DSM expenditure schedule request to accompany its Fiscal 2022 Revenue Requirements Application in December 2020 and expects that DSM expenditure schedule requests for subsequent fiscal years would accompany the 2021 IRP filing.

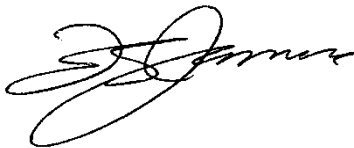
Recognizing the tension between the importance of a timely 2021 IRP and the importance of fulsome consultation during its development, BC Hydro proposes a two-stage filing in response to the BCUC's request.

² The BCUC accepted the use of the interim market assumption at page 14 of the Decision in regard to Order No. G-278-19

1. The first filing, in October 2020, would be a summary of the default inputs that BC Hydro will be using for consultation in the fall. The critical component of this filing would be the initial load-resource balance BC Hydro will be using during its fall consultations. It would also include the initial inputs required for the assessment of future resource options, including for example, a market price forecast and BC Hydro's discount rate. BC Hydro does not expect that there would be a review of these inputs by the BCUC.
2. The second filing, in spring 2021, would be the draft IRP that BC Hydro develops in response to our fall consultations, and which it will be consulting further on as described above. The draft IRP that would be filed and that would be the subject of 2021 consultation would not be BC Hydro's 2021 IRP – the 2021 IRP that BC Hydro will file pursuant to section 44.1 of the UCA will not be ready for filing until it has been approved by BC Hydro's Board of Directors – but it can be expected to provide a reasonable and useful if preliminary picture of BC Hydro's plan to meet its obligations to serve its customers over its 20-year planning horizon.

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

cu/rh

Enclosure

BC Hydro Long-Term Resource Plan

Attachment 1

BC Hydro 2021 IRP Timeline

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