

**Fred James**

Chief Regulatory Officer

Phone: 604-623-4046

Fax: 604-623-4407

[bchydroregulatorygroup@bchydro.com](mailto:bchydroregulatorygroup@bchydro.com)

December 13, 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:

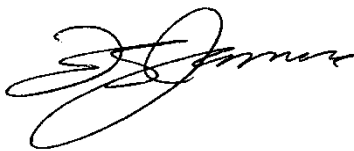
**RE: Project No. 1598990**  
**British Columbia Utilities Commission (BCUC or Commission)**  
**British Columbia Hydro and Power Authority (BC Hydro)**  
**Fiscal 2020 to Fiscal 2021 Revenue Requirements Application**

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BC Hydro writes to enclose as Attachment 1 to this letter a copy of a letter submitted to the BCUC on December 4, 2019 which provides an update on the Peace to Kelly Lake Capacitors Project.

For further information, please contact Chris Sandve at 604-974-4641 or by email at [bchydroregulatorygroup@bchydro.com](mailto:bchydroregulatorygroup@bchydro.com).

Yours sincerely,



Fred James  
Chief Regulatory Officer

cs/af

Enclosure

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Chief Regulatory Officer

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December 4, 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)  
Peace to Kelly Lake Capacitors Project**

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BC Hydro writes to provide the BCUC with an update on the Peace to Kelly Lake Capacitors Project.

## **1 Background**

BC Hydro initiated the Peace Region to Kelly Lake 500kV Transmission Reinforcement Project in fiscal 2017 with a planned in service date in fiscal 2025. The Peace Region to Kelly Lake 500kV Transmission Reinforcement Project was described in Appendix I and Appendix J of the Fiscal 2017 – Fiscal 2019 Revenue Requirements Application (**F2017 – F2019 RRA**). In its decision on the F2017 – F2019 RRA, the BCUC directed BC Hydro to file a Certificate of Public Convenience and Necessity (**CPCN**) application for the Peace Region to Kelly Lake 500kV Transmission Project if it proceeds.

The Peace Region to Kelly Lake 500kV Transmission Reinforcement Project advanced to the Conceptual Design stage (in Identification phase) in fiscal 2018 with a planning allowance of \$607 million, and was renamed the Peace to Kelly Lake Capacitors Project (**PKCP**) in fiscal 2019 when it was confirmed that the required increase in transfer capacity could be achieved without construction of a new transmission line and without thermal upgrades to the existing 500kV transmission lines. BC Hydro selected a leading alternative for the increase in transfer capability at the end of the Conceptual Design stage, which included series compensation via three new capacitor stations and the decommissioning of one of the existing capacitor stations.

In addition to the work required to increase transfer capability as described above, and in the Fiscal 2020 – Fiscal 2021 Revenue Requirements Application, the PKCP also addresses aging assets and reliability risks on existing infrastructure along the Peace

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 Peace to Kelly Lake Capacitors Project



Region to Kelly Lake transmission corridor and at existing capacitor stations (**Sustaining Work**). Although the Sustaining Work would normally be undertaken through programs or independent projects, BC Hydro decided to pursue the Sustaining Work with the work required to increase transfer capability in order to facilitate coordination of work at a number of stations along the corridor.

## 2 Cancellation of PKCP

BC Hydro has now determined that the need for an increase in the transfer capability along the Peace Region to Kelly Lake transmission corridor to deliver power to the load centres can be deferred until after fiscal 2031 due to surplus generation capacity on the system and the capability to reliably serve load with the current transfer capability. As a result, BC Hydro is cancelling the PKCP at this time.

BC Hydro will continue to evaluate the need for an increase in the transfer capability along the Peace Region to Kelly Lake transmission corridor to deliver power to the load centers. When required, BC Hydro will initiate a new project to address that need and will file an application with the BCUC if the project meets the criteria for a major project application.

## 3 Sustaining Work

As discussed above, the PKCP as contemplated included both the work required to increase the transfer capability and the Sustaining Work. With the cancellation of the PKCP, the Sustaining Work still needs to be completed in a timely manner to ensure the continued reliability and operability of the existing Peace to Kelly Lake 500kV transmission system. To leverage activities completed as part of the PKCP, BC Hydro will bundle the Sustaining Work into a new project. The scope of the new project will be finalized at the end of the Identification phase and is expected to comprise the following:

- Replace Aging Protection, Control and associated Equipment for Kennedy Station Series Capacitors;
- Replace Aging Protection, Control and associated Equipment for one McLeese Station Series Capacitor;
- Replace Aging Protection & Control Equipment for Peace to Kelly Lake 500kV transmission line (5L13);
- Replace Aging Shunt Reactors at Peace Canyon and Williston Stations;
- Replace the Williston Station Control Room Building; and
- Revise Remedial Action Scheme (RAS).

If the new project meets the criteria for a major project application, BC Hydro anticipates filing an application with the BCUC for the acceptance of an expenditure schedule under Section 44.2 of the *Utilities Commission Act*.

December 4, 2019  
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Commission Secretary and Manager  
Regulatory Support  
British Columbia Utilities Commission  
Peace to Kelly Lake Capacitors Project

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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