

British Columbia Hydro and Power Authority
Application for Approval of Contracted Generator Baseline Guidelines
and Reconsideration and Variance of Order G-19-14

Contracted Generator Baseline Guidelines



CONTRACTED GENERATOR BASELINE GUIDELINES
November 2015

1.0 Purpose and Principles of Contracted GBLs

These Contracted Generator Baseline (**Contracted GBL**) Guidelines describe the criteria and procedures that BC Hydro uses in setting a Contracted GBL for a transmission service or general service customer that has existing Self-Generation Facilities and is considering entering into a prospective Electricity Purchase Agreement (**EPA**) or Load Displacement Agreement (**LDA**) with BC Hydro.

The Contracted GBL is used, in a LDA or EPA between BC Hydro and a customer with existing Self-Generation Facilities, to identify the Incremental or New Electricity that BC Hydro will incentivize pursuant to the LDA or procure pursuant to the EPA. A Contracted GBL demarks the amount of electricity that the customer generates for self-supply in current normal operating conditions, and electricity in excess of the Contracted GBL is recognized as Incremental or New Electricity. The purpose of the Contracted GBL is to mitigate the risk to other ratepayers when BC Hydro incentivizes or procures customer Incremental or New Electricity pursuant to an LDA or EPA at the same time BC Hydro is selling electricity to the customer at regulated rates pursuant to an electricity supply or service agreement.

These Guidelines do not apply to:

- design of a BC Hydro electricity procurement process, or to the design of EPA or LDA terms and conditions;
- determination of a Non-Contracted GBL which BC Hydro may use for the purposes of applying Tariff Supplement No. 74 to a transmission service customer that has Self-Generation Facilities but does not have an EPA or LDA;
- determination of a contract demand for the purposes of an electricity supply or service agreement and do not define BC Hydro's level of service to the customer;
- determination of a baseline, if any, that might be used in a LDA or EPA by BC Hydro and a new customer installing Self-Generation Facilities, or a current customer that does not have existing Self-Generation Facilities; and
- determination of a baseline, if any, that might be used by BC Hydro and a customer in the context of the customer selling self-generation output to a party other than BC Hydro.

2.0 Definitions

The following terms used in these guidelines have the following meanings respectively:

- (a) **Contracted Generating Unit** means a Self-Generation Facility that might or will be used to make self-generation output in accordance with a prospective EPA or LDA.
- (b) **Electricity Purchase Agreement (EPA)** means an agreement between BC Hydro and a customer establishing the terms and conditions under which BC Hydro purchases self-generation output produced at the customer's Contracted Generating Unit.



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- (c) **Force Majeure** includes but is not limited to strikes, legal lockouts, other labour disturbances (including exercises of non-affiliation rights but excluding illegal lockouts), fire, flood, accidents, tempest or acts of God, sabotage or acts of the Queen's enemies, acts or failure to act by lawful authority or any other cause whatsoever beyond the reasonable control of the customer, provided that in no event shall lack of finances, loss of markets or inability to perform due to the financial condition of the customer constitute Force Majeure.
 - (d) **Load Displacement Agreement (LDA)** means an agreement between BC Hydro and a customer establishing the terms and conditions under which BC Hydro provides the customer with a financial incentive to make self-generation output for self-supply from a Contracted Generating Unit that is deemed to be energy savings attributable to the load displacement project, and that reduces an equivalent portion of the customer's energy purchases.
 - (e) **Incremental or New Electricity** means additional electricity generated at (i) existing idle or underutilized Self-Generation Facilities, (ii) upgrades to existing Self-Generation Facilities, and (iii) a new generator installed at a site with existing Self-Generation Facilities.
 - (f) **Point of Delivery** is as defined in the customer's electricity supply or service agreement with BC Hydro (either the Electricity Supply Agreement or Electric Service Agreement, as the case may be).
 - (g) **Self-Generation Facilities** means electrical power generation facilities that are installed at the same site as the customer's plant, on the customer's side of the Point of Delivery, and are used to supply a portion of the customer's plant load.

3.0 Contracted GBL Setting

- 3.1 If BC Hydro and a customer with existing Self-Generation Facilities are considering entering into a prospective EPA or LDA, during the negotiation process for the agreement a Contracted GBL will be determined to demark the amount of self-generation that the customer normally generates for self-supply under current normal operating conditions and, thereby, to identify the New or Incremental Electricity in excess of the Contracted GBL that is eligible for payment in the context of an EPA or for a financial incentive in the context of an LDA.
- 3.2 The Contracted GBL will represent the customer's self-generation output under current normal operating conditions and over a 365-day period (in MWh or GWh) that the customer normally generates for self-supply.
- 3.3 BC Hydro will consider a number of economic, technical, and operational factors in setting the Contracted GBL. The foundational information is the customer's historical self-generation output, plant load and electricity purchases from BC Hydro. BC Hydro and the customer will typically review the customer's data from the most recent three years in setting a Contracted GBL.
- 3.4 The Contracted GBL will be set on the basis of the customer's self-generation output during the most recent 365 days, or other period that BC Hydro and the customer agree better represents current normal operating conditions for the customer. The data and information typically must be normalized by taking into



account the specific circumstances of the customer including its operational requirements and constraints, the specific industry, economic conditions, and any abnormalities during the time period of the data that may impact the customer's normal operating conditions, as set out in section 3.5 below.

- 3.5 Adjustments will be made to the Contracted GBL to reflect the following:
- 3.5.1 *Force Majeure Event(s)*. If the customer's self-generation output was affected by Force Majeure event(s) during the period used as the basis for the Contracted GBL, the historical data will be adjusted to remove the effect of the event(s) over 365 days of normal operations.
 - 3.5.2 *Non-recurring Downtime*. If the customer had unusual self-generation downtime events during the period used as the basis for the Contracted GBL and which are not expected to recur in the future (e.g., planned or unplanned maintenance) the historical data will be adjusted to remove the effect of these events over 365 days of normal operations.
 - 3.5.3 *Self-Generation Capacity Increase Projects*. If the customer has implemented a project which has resulted in a permanent increase in self-generation output and the project came into service during the period used as the basis for the Contracted GBL, the historical data will be adjusted to reflect the impact of the self-generation capacity increase project over 365 days of normal operations.
 - 3.5.4 *Plant Changes*. If the customer has implemented operational or capital changes at their plant which have resulted in a permanent change in self-generation output and the changes came into service during the period used as the basis for the Contracted GBL, the historical data will be adjusted to reflect the impact of the changes on self-generation output over 365 days of normal operations.
 - 3.5.5 *Non-recurring Generation*. If the customer sold self-generated energy during the period used as the basis for the Contracted GBL and is not expected to self-generate that energy for self-supply or sale in the future (e.g., the sales contract(s) terminated during the period), the historical data will be adjusted to remove that amount of energy over 365 days of normal operations.
 - 3.5.6 The amount of the adjustments described above may be determined using data from the days, weeks or months prior to the event, as well as data from the same period during the prior two years. As part of this process, the customer may be required to provide professional or certified technical data and opinions regarding the amounts of these adjustments.



4.0 Use of Contracted GBLs

- 4.1 The Contracted GBL is to be incorporated into a prospective EPA and/or LDA and will be defined in the applicable agreement. The agreement might include adjustments for planned and unplanned generation maintenance shutdowns, and it might also refine the annual Contracted GBL into time period components (e.g., seasonal or hourly). If the customer and BC Hydro decide not to enter into an EPA or LDA, any Contracted GBL determined will have no ongoing effect or meaning. A Contracted GBL is a defined commercial term of an EPA or LDA and has no ongoing effect or meaning after the contract terminates or expires.
- 4.2 If the customer and BC Hydro consider in the future renewing or entering into a new EPA or LDA, the Contracted GBL in the expired or expiring EPA or LDA would not be used in the renewed or new contract. A new Contracted GBL would be set based on normal operating conditions prevailing at the time of contract renewal or replacement, and in accordance with section 3.0 above.