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August 14, 2018

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)
Application for a Temporary Suspension of Generation Interconnection
Procedure Timelines and Associated Studies for Standing Offer Program
(SOP) Participants**

BC Hydro writes pursuant to Section 63 of the *Utilities Commission Act* (UCA) to request an order providing temporary relief to BC Hydro and certain participants in the SOP¹ from the application of interconnection obligations, pending the outcome of government's review of BC Hydro (described below) expected this fall.

Introduction

A number of SOP project applications have been accepted into the SOP, meaning that the project proponent has met the material requirements of the SOP program. There are also other applications that have not yet been accepted and while they have met the material requirements, they still have some requirements outstanding. As the SOP program is currently on hold, applications that have been accepted are placed in an SOP queue and will be processed in priority sequence (first in, first out) when the SOP resumes and the applications that have not yet been accepted would be open to further advancement when the SOP resumes.

Separate and apart from the SOP application process described above, there are interconnection processes applicable to generator interconnections. Independent Power Producers, (IPPs), including SOP project proponents, are required to submit an interconnection request to BC Hydro and to proceed through its interconnection

¹ In this Application, all references to SOP also include the Micro SOP.

procedures. SOP project proponents can submit interconnection requests even before acceptance of their project into the SOP. In the normal course, BC Hydro accepts interconnection requests by proponents of generation projects and conducts the necessary system and facilities studies on a first-come, first-served basis. If a project would be connecting to the transmission system, the interconnection process is governed by the Standard Generation Interconnection Procedures (SGIP) under the Open Access Transmission Tariff (OATT).² If a project would be connecting to BC Hydro's distribution system, the interconnection process is governed by BC Hydro's distribution interconnection business practices. In either case, the interconnection processes usually involve a system impact study and a facilities study being conducted at the cost of the proponent. Proponents must proceed through the interconnection process on a timely basis in order to remain in the queue.

SOP proponents have expressed concern about making investments in interconnection studies while the outcome of the Comprehensive Review of BC Hydro (described more fully below) as it relates to the SOP remains uncertain. They have asked for (among other things) an extension of the timelines in the interconnection processes to avoid triggering additional study work while remaining in the interconnection queue. As a result of this request, BC Hydro is seeking approval to suspend the distribution and transmission interconnection procedure timelines and associated studies for SOP projects as described in detail below, on a temporary basis pending government's completion of the Comprehensive Review of BC Hydro. The requested relief will maintain the *status quo* on a temporary basis without prejudicing any party.

Requested Order

BC Hydro respectfully requests the following time-limited orders relating to the interconnection processes, pursuant to section 63 of the UCA:

1. Until further order of the Commission, the SGIP and the distribution generator interconnection process and associated agreements are temporarily suspended as they relate to SOP projects other than
 - (a) SOP projects with a fully executed Energy Purchase Agreement (EPA), and
 - (b) The following SOP projects
 - (i) Siwash Creek – 500kW
 - (ii) Sarita River – 5MW
 - (iii) Sukunka Wind - 15MW
 - (iv) Zonnebeke Wind – 15MW

(the SOP projects subject to the suspension and collectively defined as the “Projects”).

² OATT, Attachment M-1 can be found at the following link:
https://www.bchydro.com/about/planning_regulatory/tariff_filings/oatt.html.

2. Until further order of the Commission:
 - (a) The Projects will maintain their current queue position under the SGIP and the distribution generator interconnection processes; and
 - (b) new interconnection requests from IPPs relating to projects accepted into or with pending applications under the SOP will not be accepted into the interconnection queue.
3. BC Hydro must apply for further direction within 60 days of government issuing its report on the Comprehensive Review of BC Hydro.

For clarity, the above order would leave SOP projects with fully executed EPAs unaffected. It would also allow BC Hydro to continue to advance through the interconnections process, according to the established procedures four projects proposed by First Nations that, although lacking signed EPAs, were identified by Minister Mungall as needing to proceed regardless of the outcome of the Comprehensive Review of BC Hydro.

BC Hydro is not seeking to amend the terms and conditions governing interconnections. Section 63 gives the Commission authority to relieve a public utility from compliance with terms and conditions of service, allowing the requested temporary suspension orders without formal amendments to the OATT.

The SOP and Government's Comprehensive Review of BC Hydro

The SOP, which is mandated by the *Clean Energy Act* on terms established by BC Hydro,³ is aimed at small independent power projects. It includes a Micro SOP program, for very small projects. The Standing Offer Program Rules⁴ explain the eligibility requirements, the payment price offered for projects reaching commercial operation through calendar year 2019 and the application process. They also refer proponents to the interconnection requirements.

³ Section 15 states in part: "(3) The authority may establish, in accordance with the prescribed requirements, if any, the criteria, terms and conditions on which offers under the standing offer program under subsection (2) are to be made."

⁴ The SOP Program Rules can be found at the following link:
<https://www.bchydro.com/content/dam/BCHydro/customer-portal/documents/corporate/independent-power-producers-calls-for-power/standing-offer/standing-offer-program-rules.pdf>

In August 2017, BC Hydro posted an SOP update stating that BC Hydro was suspending the acceptance of applications for the SOP. We reminded developers that spending during this time of uncertainty was at their own risk.⁵

On March 14, 2018, BC Hydro announced its plans to pursue negotiations for EPAs with five First Nations' clean energy projects through the SOP. A copy of the press-release is included in **Attachment 1**.

The five projects noted were as follows (the Tsilhqot'in Solar project has an executed EPA):

- (i) Tsilhqot'in Solar – 1MW⁶
- (ii) Siwash Creek – 500kW
- (iii) Sarita River – 5MW
- (iv) Sukunka Wind - 15MW
- (v) Zonnebeke Wind – 15MW

In June 2018, the Province issued the Terms of Reference for phase 1 of the review of BC Hydro (**Comprehensive Review**). In the Terms of Reference, cost of energy is an identified area being considered. The results of the Comprehensive Review, including the cost of energy review, are expected in the fall of 2018.⁷

However, as described next, the SGIP still requires the IPPs with projects in the SOP to progress through the interconnection process on a timely basis in order to maintain their position in the interconnection queue, including making payments to BC Hydro on specified timelines to cover the cost of studies. SOP project proponents have expressed concern to government and BC Hydro about the need to pay for studies given the ongoing uncertainty around the program. They have pressed for suspension of the timelines, among other things. Correspondence on this topic dated August 8, 2018 from the Assistant Deputy Minister of the Ministry of Energy, Mines and Petroleum Resources to SOP proponents is included in **Attachment 2**.

⁵ See, for instance, BC Hydro's webpage on the SOP: <https://www.bchydro.com/work-with-us/selling-clean-energy/standing-offer-program.html>

⁶ This project has since executed an EPA.

⁷ The Terms of Reference for Phase 1 can be found at the following link: https://www2.gov.bc.ca/assets/gov/farming-natural-resources-and-industry/electricity-alternative-energy/electricity/bc-hydro-review/terms_of_reference_bc_hydro_review_public_final_may25_901am_2018_mmm_mcj_additions_lm.pdf

Interconnection Procedures Contemplate Payments for Ongoing Studies

Requests for interconnection, including those associated with the SOP, are handled on a first-come, first-served basis. BC Hydro reviews each interconnection request to assess the technical requirements for the proposed generator to be interconnected and the impact of the proposed generator on BC Hydro systems and facilities. The review involves a series of studies performed by BC Hydro or by applicants. The SOP Rules⁸ explain the purpose of such studies as follows:

5.1 Interconnection Requirements – All generators connected to BC Hydro’s Transmission System or Distribution System are required to meet BC Hydro’s technical interconnection requirements. In order to determine these requirements and assess the impacts to BC Hydro’s system from the proposed interconnection for the purpose of identifying the required network upgrades, technical studies must be performed. These studies provide cost estimates of the required upgrades.

A proponent must pay for the interconnection studies.⁹ In the SGIP, non-payment results in the applicant’s removal from the queue. In this regard, section 3.6 of the SGIP states:

...if Interconnection Customer fails to adhere to all requirements of these SGIP, except as provided in Section 13.5 (Disputes), Transmission Provider shall deem the Interconnection Request to be withdrawn and shall provide written notice to Interconnection Customer of the deemed withdrawal and an explanation of the reasons for such deemed withdrawal.

⁸ The SOP Rules are found at the following link:
<https://www.bchydro.com/content/dam/BCHydro/customer-portal/documents/corporate/independent-power-producers-calls-for-power/standing-offer/standing-offer-program-rules.pdf>

⁹ Open Access Transmission Tariff, Attachment M-1, Standard Generation Interconnection Procedures. See the following link:
<https://www.bchydro.com/content/dam/BCHydro/customer-portal/documents/corporate/tariff-filings/open-access-transmission-tariff/16-attachment-m1-oatt.pdf> See for instance, section 8.2, Authority to Proceed, which references a \$150,000 deposit.

The Facilities Study Agreement used for distribution level requests is found at the following link: <https://app.bchydro.com/content/dam/BCHydro/customer-portal/documents/corporate/independent-power-producers-calls-for-power/distribution-generator-interconnections/application-facilities-study-agreement-template.pdf> Section 3 provides addresses payment of the cost of the Interconnection Facilities Study.

Current Status of the Interconnection Queue

Attachment 3 to this Application shows the current status of the Projects in the combined SGIP and distribution generator interconnection queues.

Although there are non-SOP projects in the queues, they are not competing with the Projects. As such, no other proponents will be adversely affected by maintaining the *status quo* for the Projects.

Current and new requests for interconnection service elsewhere on the system are unlikely to be affected by the Projects currently in the interconnection queue. There is no active acquisition process underway. In the unlikely event that a new non-SOP interconnection request is submitted to BC Hydro while the suspension orders remain in effect, BC Hydro would seek approval from the Commission of how BC Hydro should determine interconnection queue priority.

Requested Process

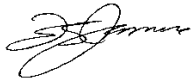
We respectfully request that the Commission consider and determine this Application on an expedited basis, given the tight timelines in the interconnection procedures. BC Hydro believes the Application can be addressed without further process, as this is a request for a temporary order, to be followed up with an application for a further order shortly after completion and public issuance of the report regarding the Comprehensive Review of BC Hydro. BC Hydro will be posting the application on its SOP webpage.

Conclusion

BC Hydro respectfully submits that granting the temporary orders sought will ensure that SOP participants are not required to incur additional study costs in the interconnection process pending the outcome of the Comprehensive Review in the fall of 2018. The requested relief from the requirements of the interconnection procedures will maintain *status quo* of the interconnection queue during this period.

For further information, please contact the undersigned.

Yours sincerely,



Fred James
Chief Regulatory Officer

fj/af
Enclosure

News release

Mar. 14, 2018

BC Hydro to proceed with five First Nations' clean energy projects

VANCOUVER: BC Hydro today announced it plans to pursue negotiations for electricity purchase agreements with five First Nations' clean energy projects through its Standing Offer and Micro Standing Offer programs.

"Moving forward with the development of these energy projects is a step in the right direction in creating opportunities for First Nations in the province, while also contributing to B.C.'s clean energy future," said Honorable Michelle Mungall, Minister of Energy, Mines and Petroleum Resources.

BC Hydro will be pursuing electricity purchase agreement negotiations with the following small or micro projects:

- Tsilhqot'in Solar – a one megawatt solar power project led by Tsilhqot'in National Government near Hanceville.
- Siwash Creek – a 500 kilowatt hydroelectric project in partnership with Kanaka Bar Indian Band near Boston Bar.
- Sarita River – a five megawatt hydroelectric project led by Huu-ay-aht First Nation near Bamfield.
- Sukunka Wind – a 15 megawatt wind power project led by Saulteau First Nations near Chetwynd.
- Zonnebeke Wind – a 15 megawatt wind power project with West Moberly First Nations near Chetwynd.

These five projects were selected because they are part of Impact Benefit Agreements with BC Hydro and/or mature projects that have significant First Nations involvement.

"Through the Standing Offer and Micro Standing Offer programs, we've seen the development of small-scale renewable energy projects, including solar, wind, and biomass throughout the province. These projects contributed over 300 gigawatt hours of clean energy to BC Hydro's system in 2016," said Chris O'Riley, President and Chief Operating Officer, BC Hydro. "The five latest projects demonstrate our commitment to creating opportunities for Indigenous groups in B.C."

The Standing Offer program is a non-competitive, streamlined process with set pricing for small, clean energy generation projects. The Micro Standing Offer program requires the project have significant First Nations ownership and active participation.

BC Hydro supports the government's decision to take a closer look at energy procurement to ensure it provides the best value for its customers through their review of BC Hydro this year. As a result, there are no plans at this time to issue any additional electricity purchase agreements until the review is complete.

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BC Hydro Media Relations
604 928 6468



August 8, 2018

Ref: 104950

Mr. Martin Mullany
Director and CEO
Bridge Power Holdings Ltd.

Via Email: m.mullany@bridgepower.ca

Dear Mr. Mullany:

Your letter of July 16, 2018, as follow-up to the meeting that you had with Minister Mungall on July 12, 2018 with respect to the future of the Standing Offer Program (SOP), has been forwarded to me for response.

In your July 16 letter, you requested that: (i) BC Hydro take two mitigation actions (amend the target in-service dates for each Accepted SOP Project, and to extend the schedules for completion of any interconnection studies and system upgrade work); and (ii) the Province provide a comfort statement to assure developers that EPA negotiations with BC Hydro will continue pending the outcome of the BC Hydro comprehensive review.

As the Minister confirmed, the SOP is still under review and will remain on hold until the Comprehensive Review of BC Hydro is completed later this year. While this may be creating some uncertainty for projects with accepted SOP applications, the Ministry is not prepared to provide any assurances regarding the SOP while this Comprehensive Review is underway.

There are several references in your letter to the need for proponents to continue to spend money as an “intended consequence” of being an accepted project. This is not a premise that the Ministry can accept. We are aware of a number of occasions over the past year where BC Hydro provided information to developers via correspondence, website postings and in discussions, indicating that any project spending is at the risk of the developer. I reiterate BC Hydro’s previous advice and caution that further spending on your projects until the completion of the Comprehensive Review is complete, including on interconnection work with BC Hydro, is at your own risk.

.../2

With respect to the actions requested of BC Hydro, BC Hydro is aware of the concerns being raised and the uncertainty for the SOP by virtue of it being scoped into the Comprehensive Review (e.g. impact on target in-service dates). We have asked BC Hydro to work with your group to address these concerns. Please reach out to BC Hydro directly. You can contact Rohan Soulsby at Rohan.Soulsby@bchydro.com.

Regards,



Les MacLaren
Assistant Deputy Minister

pc: Premier John Horgan
Province of British Columbia

Honorable Bruce Ralston
Acting Minister of Energy, Mines and Petroleum Resources

Tony Mogus
Rocky Mountain Solar Ltd.

Balraj Varma
SRE Hydro Canada Corp.

Jack Thompson
Ditidaht River Green Partner Inc.

Bruce Granstrom
McKay Creek Power Ltd.

Greg Sunell
Synex Energy Resources Ltd.

Ron Percival
Avro Wind Energy Inc.

Rohan Soulsby
BC Hydro

Affected Projects in the Combined Distribution and Transmission Interconnection Queues

Queue #	Project Name	Date Project Submitted	Active, Withdrawn or In-Service	Study Status	Region	POI	Size (MW)	Type
175	Foshall Creek Power	March 19, 2013	Active	FS - Re-Study In Progress	Southern Interior	Pingston IPP	15	T-IPP
211	Babcock Ridge Wind Project	July 23, 2014	Active	SIS - In Progress	Northern Interior	TLR 25F53	15	D-IPP
214.1	Newcastle Creek Hydroelectric	August 27, 2014	Active	FS - In Progress	Vancouver Island	CBL25F50	4	D-IPP
230	Zonnebeke Wind	May 20, 2015	Active	SIS - Re-Study In Progress	Northern Interior	SNK	30	T-IPP
243	Siwash Creek	November 25, 2015	Active	SIS - Completed	Fraser Valley East	SBR 25F51	<1	D-IPP
244.2	McKay Creek	February 10, 2016	Active	SIS - Completed	Southern Interior	ILL 25F65	5	D-IPP
247.1	Wartenbe Wind Farm	May 10, 2016	Active	FEAS - Completed	Peace Region	2L312/SLS	15	T-IPP
251	Tamih Creek Hydroelectric	August 4, 2016	Active	SIS - In Progress	Metro Vancouver	ALZ 25F51	16.02	D-IPP
252.1	East Hill Solar	September 9, 2016	Active	IR - Interconnection Request	Southern Interior	60L299	15	T-IPP
253	Sarita River Hydro Project	September 16, 2016	Active	FS - In Progress	Vancouver Island	PAL25F72	5.32	D-IPP
256	Gitanyow Biomass Project	January 9, 2017	Active	SIS - In Progress	North Coast	HZN 25F53	6.2	D-IPP
261.2	Tsilhqot'in Solar Farm	March 2, 2017	Active	SIS - In Progress	Central Interior	WLM 25F57	1	D-IPP
272.05	Nahwit'i Wind Farm	February 8, 2018	Active	SIS - In Progress	Vancouver Island	Port-Hardy (PHY)	15	D-IPP
272.1	BR1 Unit 1-4 replacement	February 27, 2018	Active	SIS - In Progress	Bridge River	BRT	218	BCH
280	Wahleach Generator G1 Refurbishment	May 10, 2018	Active	IR - Interconnection Request	Fraser Valley East	WAH	0	BCH