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British Columbia Utilities Commission
Suite 410, 900 Howe Street
Vancouver, BC, V6Z 2N3
Attn: Patrick Wruck, Commission Secretary

Dear Sir:

Re: British Columbia Hydro and Power Authority Electricity Purchase Agreement Extension Applications for Armstrong Wood Waste Co-Generation and NWE Williams Lake Wood Waste Facilities ~ Project No.1598954 Supplementary Final Argument

I represent the interveners BC Sustainable Energy Association, Sierra Club BC, Rail Ties Be Wise, Patricia Weber, Jennifer Noble, Rodger Hamilton and Frances McCoubrey (BCSEA, *et al.*)¹ This is the supplementary final argument of BCSEA, *et al.*, pursuant to the regulatory timetable set out in Order G-75-19.² This argument is further to BCSEA, *et al.*'s August 14, 2018 final argument.³ This argument responds to BC Hydro's April 17, 2019 supplementary final argument.⁴

Summary.

Taking into account the new Biomass Energy Program and the new Direction to the BCUC respecting the Biomass Energy Program, BCSEA, *et al.* submit, as they did in August 2018, that the EPA Extensions are in the public interest and should be accepted by the Commission under s.71 of the *Utilities Commission Act*.

In addition, BCSEA, *et al.* urge BC Hydro to ensure that its upcoming longer-term EPA for power from the Williams Lake NWE biomass facility requires that the fuel be exclusively clean or renewable fuel – no burning of retired rail ties. This would be consistent with the contractual terms of the current short-term EPA extension for the NWE facility. And it would be consistent with the Biomass Energy Program and the *Clean Energy Act*, in which “biomass” is one of the defined types of “clean or renewable resource.”

Argument.

In support of this position, BCSEA, *et al.*, highlight the following factors:

¹ Descriptions of BCSEA, *et al.*, and their reasons for participating in this proceeding are provided in Exhibit C2-1.

² Exhibit A-11.

³ https://www.bcuc.com/Documents/Arguments/2018/DOC_52213_2018-08-14_BCSEA-SCBC-Argument.pdf

⁴ https://www.bcuc.com/Documents/Arguments/2019/DOC_53827_2019-04-17-BCH-Supplementary-FinalArgument.pdf.

1. In their August 2018 final argument, BCSEA, *et al.* supported Commission acceptance of the EPA Extensions. They noted, and it remains the case, that under the NWE Extension Agreement, Atlantic Power is committed by contract with BC Hydro not to burn retired rail ties at the NWE Facility during the period the NWE Extension Agreement is in effect.⁵ BCSEA, *et al.*, are opposed to the future possibility of BC Hydro buying power generated from burning retired rail ties at the NWE Facility. They are satisfied that neither the NWE Extension Agreement nor the Tolko Armstrong Extension Agreement involves the burning of retired rail ties at either facility.
2. At the time of the final arguments in August 2018, BC Hydro argued (and BCSEA, *et al.* agreed) that the Extension Agreements were bridging mechanisms until completion of a biomass fibre study underway for BC Hydro, a biomass energy strategy in development by the government and BC Hydro, and phase one of the Government Review of BC Hydro.
3. In October 2018, the Commission reopened the evidentiary record⁶ in order to receive evidence from BC Hydro following receipt of the report of the first phase of the Government Review of BC Hydro that was then underway.
4. On March 15, 2019, BC Hydro filed the phase one report, including the results of the biomass fibre study and the B.C. biomass energy strategy. In addition, BC Hydro brought the Commission's attention to the government's April 1, 2019 Direction to the BCUC respecting the Biomass Energy Program.⁷
5. BCSEA, *et al.* accept BC Hydro's summary as follows:

“The Ministry's Phase 1 Report outlines government's Renewable Fuels Acceleration Strategy to advance the development and implementation of biofuels, including working with the forestry sector on a shift from the current use of waste fibre for electricity production to using such fibre to produce biofuels. Such a shift could take a number of years. As a transitional measure, for those biomass facilities that have existing EPAs expiring before March 31, 2022 [which includes the NWE Williams Lake Facility and the Armstrong Cogen Facility], BC Hydro will continue to acquire electricity under the Biomass Energy Program. BC Hydro will acquire up to 80% of the aggregate energy volume that these biomass generators have historically delivered to BC Hydro.”⁸
6. In addition, the April 2019 Direction regarding the Biomass Energy Program provides that “biomass contracts” that BC Hydro enters into between April 1, 2019 and December 31, 2021 with any of seven prescribed biomass energy facilities, including the NWE

⁵ Application, Exhibit B-1, pdf pp.2, 23; BC Hydro Final Argument, para.17.

⁶ Order G-204-18, Exhibit A-9.

⁷ B.C. Reg. 71/2019, http://www.bclaws.ca/civix/document/id/complete/statreg/71_2019.

⁸ BC Hydro Supplementary Final Argument, para.8, footnotes omitted.

Williams Lake Facility and the Armstrong Cogen Facility, are exempt from BCUC review and consideration pursuant to section 71 of the UCA.⁹

7. Notably, BC Hydro confirms in its Supplementary Final Argument that it expects to enter into longer-term contracts with the NWE and Armstrong Cogen facilities by June 30, 2019 or shortly thereafter.¹⁰ Accordingly, the short-term the EPA Extensions that are the subject of the current proceeding will be replaced within a few months with longer-term EPAs that do not require BCUC acceptance.
8. As noted above, BCSEA, *et al.* urge BC Hydro to ensure that the upcoming longer-term EPA for power from the Williams Lake NWE biomass facility requires that the fuel be exclusively clean or renewable fuel – no burning of retired rail ties. This would be consistent with the contractual terms of the current short-term EPA extension for the NWE facility. And it would be consistent with the Biomass Energy Program and the *Clean Energy Act*, in which “biomass” is one of the defined types of “clean or renewable resource.”
9. It is noted that the adequacy of BC Hydro’s consultation with First Nations is not a factor in the present proceeding.¹¹

Conclusion.

For the reasons set out above, BCSEA, *et al.*, support Commission acceptance of the Extension Agreements as being in the public interest under s.71 of the Act.

All the above is respectfully submitted.

Yours truly,

William J. Andrews



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⁹ And, in setting rates for BC Hydro, the BCUC may not disallow for any reason the recovery in rates of BC Hydro's costs with respect to such a biomass contract.

¹⁰ Para.11.

¹¹ BC Hydro Final Argument, paras.35-36.