

Janet Fraser

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February 28, 2012

Ms. Alanna Gillis
Acting Commission Secretary
British Columbia Utilities Commission
Sixth Floor – 900 Howe Street
Vancouver, BC V6Z 2N3

Dear Ms. Gillis:

RE: Project No. 3698592
British Columbia Utilities Commission (BCUC)
British Columbia Hydro and Power Authority (BC Hydro)
Amended F2012 to F2014 Revenue Requirements Application
(Amended F12-F14 RRA or Amended Application)

Since BC Hydro submitted its Amended F12-F14 RRA to the BCUC on November 24, 2011, Government has issued two regulations that impact the BCUC's consideration of the expenditures on demand-side measures (**DSM**) that BC Hydro anticipates making during F2012 and F2013 (**F12/F13 DSM Expenditures**) provided in Appendix II of the Amended F12-F14 RRA. Specifically, Special Direction No. 10 to the BCUC (**SD 10**) and the DSM Regulation have been amended to change the tests the BCUC must apply in considering the F12/F13 DSM Expenditures, as outlined below. In its response to BCUC IR 1.476.1, BC Hydro committed to updating Appendix II to reflect the impacts of the amendments to the DSM Regulation.

In addition, Government has amended the Electricity Self-Sufficiency Regulation and BC Hydro has updated the Load Forecast for its Integrated Electricity System (**2011 Load Forecast**). Although the changes to the Electricity Self-Sufficiency Regulation and updates to the load forecast do not impact the BCUC's consideration of the F12/F13 DSM Expenditures, BC Hydro committed in its response to BCUC IR 1.50.1 to update the forecast Load Resource Balance (**LRB**) deficit/surplus to reflect the repeal of critical water conditions and substitution of average water conditions, and the expected repeal by the Legislature of the insurance requirement for electricity self-sufficiency.

To explain these changes and their impact on the BCUC's consideration of the F12/F13 DSM Expenditures, BC Hydro has updated Appendix C and Appendix II. The following provides an overview of these changes.

Amendments to SD 10

On February 2, 2012, the Government issued Order in Council (**OIC**) No. 35. OIC No. 35, amended SD 10 in relation to prescribed water conditions for the self-sufficiency requirement. OIC No. 35 repeals “critical water conditions” and substitutes “average water conditions”, and repeals the 3,000 GWh/yr insurance requirement under SD 10.

OIC No. 35 has also changed the legal framework for the BCUC’s consideration of the Ruskin Dam and Powerhouse Upgrade Project, the John Hart Generating Station Replacement Project, the energy supply contract in respect of the Conifex Mackenzie Power Project and BC Hydro’s F12/F13 DSM expenditures.

Pursuant to subsection 6(4) of SD 10, as amended by OIC No. 35, the BCUC must accept an expenditure respecting DSM included in the F12/F13 DSM Expenditures if:

- a) the demand-side measure is cost-effective in accordance with the Demand Side Measures Regulation, and
- b) the expenditure has not been shown to the satisfaction of the BCUC to be unreasonable for achieving the reductions in demand attributable to the demand-side measure.

If an expenditure respecting DSM included in the F12/F13 DSM Expenditures meets the above two criteria, the BCUC must accept the expenditure despite subsections 44.2(3)(a) and 44.2(5.1) of the Utilities Commission Act (**UCA**).

Subsections 44.2(3)(a) and 44.2(5.1) of the UCA are therefore no longer applicable to the BCUC’s consideration of the F12/F13 DSM Expenditures. A copy of the amended SD 10 and OIC 35 is provided as New Appendix C-10.

Amendments to DSM Regulation

On December 8, 2011, the Government issued Ministerial Order No. M335 amending the DSM Regulation, B.C. Reg. 228/2011. In addition to amending certain defined terms in the DSM Regulation, B.C. Reg. 228/2011 made substantial changes to the total resource cost test prescribed in section 4 of the regulation, which increase the benefits of demand-side measures for total resource cost test purposes. A copy of B.C. Reg. 228/2011 and the amended DSM Regulation is provided as New Appendix C-11. A description of how the DSM supported by the F12/F13 DSM Expenditures are cost-effective in accordance with the amended DSM Regulation is provided in Amended New Appendix II, Section 3.9.

The amendments to the DSM Regulation increase the benefits of DSM for total resource cost test purposes, and the cost effectiveness of the F12/F13 DSM Expenditures is significantly increased as a result. However, BC Hydro has not changed the F12/F13 DSM Expenditures. BC Hydro continues to believe that it would be premature to change course on its DSM efforts prior to completion and approval of the Integrated Resource Plan. BC Hydro views on this issue, as set out in section 2.8 of Appendix II, have not changed.

Amendments to Electricity Self-Sufficiency Regulation

On February 2, 2012, the Government issued OIC No. 36. The issuance of OIC No. 36 amends the Electricity Self Sufficiency Regulation (B.C. Reg. 315/2010) by repealing the words “critical water conditions” and substituting “average water conditions”. A copy of OIC 36 and the amended Electricity Self-Sufficiency Regulation are provided as New Appendix C-9.

The Government also announced on February 3 that it will propose to the legislature amendments to the Clean Energy Act (**CEA**) that will repeal the insurance requirement for BC Hydro to hold, by 2020, the rights to 3,000 GWh of energy per year in addition to the amount of electricity referred to in section 6(2)(a) of the CEA. Removing this insurance requirement from the CEA requires an act of the legislature.

BC Hydro’s 2011 Load Forecast and Updated Load Resource Balances

BC Hydro recently prepared its 2011 Load Forecast for BC Hydro’s Integrated System (**2011 Load Forecast**), which provides the most recent forecast of BC Hydro’s electricity supply obligations. The 2011 Load Forecast employs substantially the same methodology as the 2010 Load Forecast. As compared to the 2010 Load Forecast, the 2011 Load Forecast is: (1) lower in the short term, due mainly to the continuance of slower economic conditions; (2) higher in the mid-term due to publicly announced life extensions of two mines; and (3) similar in the long-term. In addition, the B.C. Government has indicated a high potential for the electrification of LNG export facilities from clean resources in BC. Two potential LNG projects, KM LNG and Douglas Channel LNG, have obtained material government agency permits and approvals such as National Energy Board export permits. Of these two LNG projects, KM LNG is by far the larger. As a result, the LRBs for energy and capacity are presented for the reference 2011 Load Forecast with and without KM LNG.¹

With respect to supply resources shown in the LRBs, the legislative changes described above now require BC Hydro’s Heritage energy capability to be calculated based upon the maximum amount of annual energy that the Heritage assets that are hydroelectric facilities can produce under average water conditions. With the move from critical to average water, Heritage non-firm energy/market allowance becomes 4,200 GWh/year in F2015 and 4,500 GWh/year in F2016 and beyond. In addition, BC Hydro has also updated its assessment of firm energy contributions from run of river (ROR) electricity generation facilities to the system from aggregating the intermittent and seasonal energy from ROR facilities with BC Hydro resources (including resource smart additions such as Revelstoke Unit 5 and Mica Units 5 and 6). The analysis indicates that by aggregating these resources BC Hydro can rely on approximately 85 per cent of the average energy from these existing and committed IPP facilities under critical water conditions which equates to a firm energy increase of approximately 500 GWh/year.

¹ The KM LNG facility is expected to consume approximately 5,300 GWh/year and 680 MW including losses.

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Descriptions of BC Hydro's 2011 Load Forecast and its updated Energy and Capacity LRBs are provided in Amended New Appendix II, Amended Chapter 2. BC Hydro's updated LRBs are provided in Amended New Appendix II, Amended Attachment 2.

Updated sections of Amended Application

BC Hydro encloses an Amended Appendix C as **Exhibit B-1-3A**. Exhibit B-1-3A includes all of the original materials contained in Appendix C plus three new sub-appendices (New Appendices C-9, C-10, and C-11).

To explain the changes described above and their impact on the BCUC's consideration of the F12/F13 DSM Expenditures as well as to correct for a small number of errors, BC Hydro encloses an Amended New Appendix II as **Exhibit B-1-3B**. Consistent with the format of revisions provided in the Amended Application, BC Hydro has included all of the materials contained in New Appendix II. All revised information is shown in grey-shaded text. Generally, sections in which there is no new (shaded) text continue to be applicable. For greater clarification, BC Hydro has specifically amended portions of Chapters 1 to 3 as well as Attachments 2 and 5 of New Appendix II.

Communications regarding this submission are to be addressed to:

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For further information, please contact the undersigned.

Yours sincerely,



Janet Fraser
Chief Regulatory Officer

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Enclosure

Copy to: BCUC Project No. 3698592 (Amended F12/F14 RRA) Registered Intervener
Distribution List.

F2012 to F2014 Revenue Requirements Application



Appendix

C

Government Regulations

F2012 to F2014 Revenue Requirements Application



Appendix

C-1

Order in Council No. 021

Heritage Special Directive No. HC1

PROVINCE OF BRITISH COLUMBIA
ORDER OF THE LIEUTENANT GOVERNOR IN COUNCIL

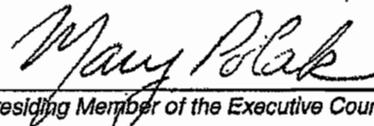
Order in Council No. 021 , Approved and Ordered FEB - 2 2011


Lieutenant Governor

Executive Council Chambers, Victoria

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and consent of the Executive Council, orders that, effective April 1, 2011, the Heritage Special Directive No. HC1 to the Hydro and Power Authority, Order in Council 1125/2003, is amended as set out in the attached schedule.


Minister of Energy


Presiding Member of the Executive Council

(This part is for administrative purposes only and is not part of the Order.)

Authority under which Order is made:

Act and section: *Hydro and Power Authority Act, R.S.B.C. 1996, c. 212, s.35*

Other: OIC 1125/2003

January 12, 2011

page 1 of 2

O/15/2011/27

SCHEDULE

1 Section 1 of the Heritage Special Directive No. HCl to the British Columbia Hydro and Power Authority, Order in Council 1125/2003, is amended

(a) by repealing the definition of "debt" and substituting the following:

- "debt" means, in relation to a fiscal year of the authority, the amount obtained by
- (a) adding the amounts of the following at the end of the fiscal year, as included in the authority's audited consolidated financial statements for that year:
 - (i) revolving borrowings;
 - (ii) bonds;
 - (iii) notes;
 - (iv) debentures, and
 - (b) deducting from the amount determined under paragraph (a) the sum of the following amounts at the end of the fiscal year, as included in the authority's audited consolidated financial statements:
 - (i) sinking funds;
 - (ii) cash and cash equivalents;
 - (iii) repurchased debt; ,

(b) by repealing the definition of "distributable surplus" and substituting the following:

"distributable surplus" means, for a fiscal year, the consolidated net income earned by the authority and its subsidiaries from all sources, as included in the authority's audited consolidated financial statements for that year; , and

(c) by repealing the definition of "equity" and substituting the following:

- "equity" means, in relation to a fiscal year of the authority, the amount obtained by adding the amounts of the following at the end of the fiscal year, as included in the authority's audited consolidated financial statements for that year:
- (a) retained earnings;
 - (b) accumulated other comprehensive income (loss);
 - (c) contributed surplus.

Hydro and Power Authority Act

**HERITAGE SPECIAL DIRECTIVE NO. HC1 TO THE
BRITISH COLUMBIA HYDRO AND POWER AUTHORITY**

Definitions

1. In this Special Directive:

"Act" means the *Hydro and Power Authority Act*,

"debt" means, in relation to a fiscal year of the authority, the amount obtained by

(a) adding the ~~outstanding~~ amounts of the following at the end of the fiscal year, as included in the authority's audited consolidated financial statements for that year:

- (i) revolving borrowings;
- (ii) bonds;
- (iii) notes;
- (iv) debentures, and

(b) deducting from the amount determined under paragraph (a) the sum of the following amounts at the end of the fiscal year, as included in the authority's audited consolidated financial statements:

- (i) sinking funds;
- ~~(ii) temporary investments;~~
- (ii) cash and cash equivalents;
- (iii) repurchased debt;

"distributable surplus" means, for a fiscal year, ~~(a) the consolidated net income, earned by the authority and its subsidiaries from all sources, as reflected~~ included in the authority's audited consolidated financial statements for that fiscal year, less;

~~(b) the finance charges capitalized during the fiscal year, net of depreciation charged on capitalized finance charges;~~

"equity" means, in relation to a fiscal year of the authority, ~~equity calculated in accordance with generally accepted accounting principles.~~ the amount obtained by adding the amounts of the following at the end of the fiscal year, as included in the authority's audited consolidated financial statements for that year:

- (a) retained earnings;
- (b) accumulated other comprehensive income (loss);
- (c) contributed surplus.

Application

2. This Special Directive is issued to the authority under section 35 of the Act.

Annual payment

3. On or before June 30 of each year after 2004, the directors of the authority must cause the authority to pay to the government, for deposit into the consolidated revenue fund, an amount equal to

(a) 85% of the authority's distributable surplus for the previous fiscal year of the authority, or

(b) if the payment required under this section would result in the debt/equity ratio of the authority exceeding 80:20, the greatest amount that can be paid by the authority without causing the authority's debt/equity ratio, after the payment is made, to exceed 80:20.

F2012 to F2014 Revenue Requirements Application



Appendix

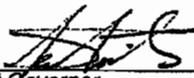
C-2

Order in Council No. 020

Heritage Special Direction No. HC2

PROVINCE OF BRITISH COLUMBIA
ORDER OF THE LIEUTENANT GOVERNOR IN COUNCIL

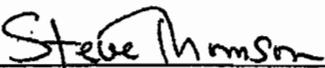
Order In Council No. 020 , Approved and Ordered . FEB - 2 2011



Lieutenant Governor

Executive Council Chambers, Victoria

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and consent of the Executive Council, orders that, effective April 1, 2011, the Heritage Special Direction No. HC2 to the British Columbia Utilities Commission, B.C. Reg. 158/2005, is amended as set out in the attached schedule.



Minister of Energy



Presiding Member of the Executive Council

(This part is for administrative purposes only and is not part of the Order.)

Authority under which Order is made:

Act and section: BC Hydro Public Power Legacy and Heritage Contract Act, S.B.C. 2003, c. 86, s. 4

Other: OIC 1123/2003

January 14, 2011

page 1 of 3

R/22/2011/27

SCHEDULE

1 *Section 1 of the Heritage Special Direction No. HC2 to the British Columbia Utilities Commission, B.C. Reg. 158/2005, is amended*

(a) *by repealing the definitions of "deemed equity" and "equity" and substituting the following:*

"deemed equity" means, for any fiscal year, the product obtained by multiplying the rate base relating to that year by 30%;, and

(b) *by adding the following definition:*

"rate base" means, in relation to a fiscal year of the authority, the amount determined in accordance with the following equation and notes:

$$RB = WCA + (A+B+C)/2 - (D+E+F)/2$$

where:

RB = rate base;

WCA = working capital amount of \$250 million;

A, B, D, E and F = the sum of an amount the authority forecasts will be listed as follows in the authority's audited financial statements at the end of the previous fiscal year and the amount the authority forecasts will be similarly listed at the end of the applicable fiscal year:

A is the amount listed as property, plant and equipment in service, less accumulated amortization;

B is the amount listed as intangible assets in service, less accumulated amortization;

D is the amount listed as contributions in aid of construction;

E is the amount listed as contributions arising from the Columbia River Treaty;

F is the amount listed as leased assets included in A, less accumulated amortization;

C = the sum of the balance the authority forecasts for the deferral account established under commission order G-55-95 at the beginning of the fiscal year and the balance the authority forecasts for the same account at the end of the fiscal year;

notes:

1. In determining rate base for a fiscal year, the amounts A, B and F must have subtracted from them any amount included in them that is
 - (a) an expenditure for export, as defined in the *Clean Energy Act*, or
 - (b) an expenditure incurred by the authority on or after April 1, 2011, that the commission determines under the *Utilities Commission Act* must not be recovered by the authority in rates.

2. In determining rate base for a fiscal year, the amount D must have subtracted from it any amount included in it that is related to the expenditures referred to in paragraphs (a) and (b) of note 1., *and*

(c) *by repealing the definition of "trade income" and substituting the following:*

"trade income" means the net income of Powerex Corp., as included in the authority's audited consolidated financial statements, adjusted by,

- (a) if the net income is less than zero, adding the amount necessary to make it zero, and
- (b) if the net income is greater than \$200 million, subtracting any amounts in excess of \$200 million.

2 *Section 4 (b) is amended by striking out "despite the inclusion of debt in deemed equity,".*

BC Hydro Public Power Legacy and Heritage Contract Act

**HERITAGE SPECIAL DIRECTION NO. HC2 TO THE
BRITISH COLUMBIA UTILITIES COMMISSION**

Definitions

1. In this Special Direction:

"Act" means the *BC Hydro Public Power Legacy and Heritage Contract Act*;

"debt" means, in relation to a fiscal year of the authority, the amount obtained by

(a) adding the outstanding amounts of the following at the end of the fiscal year:

- (i) borrowings;
- (ii) bonds;
- (iii) notes;
- (iv) debentures, and

(b) deducting from the amount determined under paragraph (a) the sum of the of the following amounts at the end of the fiscal year:

- (i) sinking funds;
- (ii) temporary investments;
- (iii) repurchased debt;

~~"equity" means, in relation to a fiscal year of the authority, equity calculated in accordance with generally accepted accounting principles;~~

"deemed equity" means, for any period fiscal year, the product obtained by multiplying the ~~sum of the average debt and the average equity rate~~ base relating to that period year by 30%;

"government policy directive" means a directive in writing to the authority from the minister charged with the administration of the *Hydro and Power Authority Act*;

"heritage contract" means the document attached as Appendix A to this Special Direction;

"heritage deferral account" means an account established under section 7 (a) of this Special Direction;

"heritage energy" has the same meaning as in the heritage contract;

"heritage payment obligation" has the same meaning as in the heritage contract;

"heritage resources" has the same meaning as in the heritage contract;

"rate base" means, in relation to a fiscal year of the authority, the amount determined in accordance with the following equation and notes:

$$\text{RB} = \text{WCA} + (\text{A} + \text{B} + \text{C}) / 2 - (\text{D} + \text{E} + \text{F}) / 2$$

where:

- RB = rate base;
WCA = working capital amount of \$250 million;
A, B, D, E and F = the sum of an amount the authority forecasts will be listed as follows in the authority's audited financial statements at the end of the previous fiscal year and the amount the authority forecasts will be similarly listed at the end of the applicable fiscal year:
- A is the amount listed as property, plant and equipment in service, less accumulated amortization;
B is the amount listed as intangible assets in service, less accumulated amortization;
D is the amount listed as contributions in aid of construction;
E is the amount listed as contributions arising from the Columbia River Treaty;
F is the amount listed as leased assets included in A, less accumulated amortization;
C = the sum of the balance the authority forecasts for the deferral account established under commission order G-55-95 at the beginning of the fiscal year and the balance the authority forecasts for the same account at the end of the fiscal year;

Notes:

1. In determining rate base for a fiscal year, the amounts A, B and F must have subtracted from them any amount included in them that is
 - (a) an expenditure for export, as defined in the *Clean Energy Act*, or
 - (b) an expenditure incurred by the authority on or after April 1, 2011, that the commission determines under the *Utilities Commission Act* must not be recovered by the authority in rates.
2. In determining rate base for a fiscal year, the amount D must have subtracted from it any amount included in it that is related to the expenditures referred to in paragraphs (a) and (b) of note 1.

"trade income" means the audited net income of Powerex Corp., according to generally accepted accounting principles as included in the authority's audited consolidated financial statements, adjusted by,

- (a) if the audited net income is less than zero, adding the amount necessary to make it zero, and

(b) ~~where audited~~ if the net income is greater than \$200 million, subtracting any amounts in excess of \$200 million;

"transmission rate customers" means industrial or commercial customers of the authority who are eligible for service under rates designed by the commission under section 3.

Application

2. This Special Direction is issued to the commission under sections 3 and 4 of the Act.

Consideration in designing rates for transmission rate customers

3. (1) In designing rates for the authority's transmission rate customers, the commission must ensure that those rates are consistent with recommendations #8 to #15 inclusive in the commission's report and recommendations to the Lieutenant Governor in Council dated October 17, 2003.

(2) Without limiting subsection (1), the commission must ensure the following:

(a) the rates for the authority's transmission rate customers are subject to

(i) the terms and conditions found in Supplements 5 and 6 to the authority's tariff, and

(ii) any other terms and conditions the commission considers appropriate for those rates;

(b) customers who own multiple plants under common ownership may engage in load aggregation for energy, if each plant

(i) is in operation, and

(ii) meets the requirements to be a transmission rate customer that are set out in the authority's tariff, or is otherwise authorized by the commission to be treated as a transmission rate customer;

(c) the authority publishes the Tier 2 rate in the manner and with the frequency required by the commission.

Basis for establishing authority revenue requirements

4. Subject to section 7, in regulating and setting rates for the authority, the commission must ensure that those rates allow the authority to collect sufficient revenue in each fiscal year to enable the authority to

(a) provide reliable electricity service,

(b) meet all of its debt service, tax and other financial obligations, ~~despite the inclusion of debt in deemed equity,~~

(c) comply with government policy directives, including, without limitation, government policy directives requiring the authority to construct, operate or extend a plant or system, and

(d) achieve an annual rate of return on deemed equity equal to the pre-income tax annual rate of return allowed by the commission to the most comparable investor-owned energy utility regulated under the *Utilities Commission Act*.

Determining the cost of energy

5. In setting the authority's rates, the commission

(a) must treat the heritage contract as if it were a legally binding agreement between 2 arms-length parties,

(b) must determine the energy required by the authority to meet its domestic service obligations and must determine the cost to the authority of the portion of that required energy that is in excess of the energy supplied under the heritage contract,

(c) may employ any mechanism, formula or method referred to in section 60 (1) (b.1) of the *Utilities Commission Act*, and

(d) unless a different mechanism, formula or method is employed under paragraph (c), must ensure that electricity used by the authority to meet its domestic service obligations is provided to customers on a cost-of-service basis.

Return on equity

6. In setting the authority's rates, the commission must allow the authority an annual rate of return on deemed equity calculated using forecast consolidated operating income, which forecast consolidated operating income is calculated on the basis of forecast trade income.

Deferral accounts

7. When regulating and setting rates for the authority, the commission:

(a) must allow the authority to establish one or more accounts to reflect and record variances between

(i) the heritage payment obligation and the authority's forecast of the heritage payment obligation, and

(ii) the trade income and the authority's forecast of trade income,

(b) may allow the authority to establish one or more other deferral accounts for other purposes, and

(c) must set or regulate the authority's rates in such a way as to allow the deferral accounts to be cleared from time to time and within a reasonable period of time.

Annual distributable surpluses allowed

8. When regulating and setting rates for the authority, the commission must ensure that those rates allow the authority to allocate annual distributable surpluses in the manner specified by the Lieutenant Governor in Council under section 4 of the Act or section 35 of the *Hydro and Power Authority Act*.

Appendix A to Heritage Special Direction No. HC2

Heritage Contract

WHEREAS on November 25, 2002, the Province of British Columbia released Energy for Our Future, A Plan for B.C. (the "Energy Plan");

AND WHEREAS the Energy Plan outlines certain policy actions designed to ensure British Columbians have continued access to sufficient supplies of dependable low-cost electricity;

AND WHEREAS the Energy Plan provides in Policy Action #1 that a legislated heritage contract will be created between BC Hydro's generation line-of-business and BC Hydro's distribution line-of-business for an initial term of 10 years.

THEREFORE, BCH Distribution and BCH Generation (the "parties") agree as follows.

Definitions

1. In this Agreement:

"Act" means the *BC Hydro Public Power Legacy and Heritage Contract Act*;

"Agreement" means this Heritage Contract including Schedule A;

"Ancillary Service Requirements" means services necessary to deliver energy;

"BC Hydro" means the British Columbia Hydro and Power Authority;

"BCH Distribution" means BC Hydro's distribution line-of-business;

"BCH Generation" means BC Hydro's generation line-of-business;

"Commission" means the British Columbia Utilities Commission;

"heritage electricity" means the capacity, energy and ancillary services that BCH Generation is required to supply to BCH Distribution under this Agreement;

"heritage energy" means

(a) subject to paragraph (b), 49 000 GW.h per year less the energy generated for delivery under the Skagit Valley Treaty, or

(b) the quantity of energy determined by the Commission under section 8 of this Agreement to be heritage energy;

"heritage payment obligation" means

(a) subject to paragraph (b), the annual payment determined in accordance with the procedure set out in Schedule A to this Agreement, or

(b) the annual payment determined by the Commission under section 8 of this Agreement to be the heritage payment obligation;

"heritage resources" means the Electric Facilities and Thermal Facilities described in Schedule A to the Terms of Reference, together with

(a) the related civil works and plant, and

(b) potential future investments that increase the capacity, energy or ancillary service capability of such facilities, including potential future units 5 and 6 at Mica and potential future units 5 and 6 at Revelstoke;

"Order" means an order of the Commission;

"Terms of Reference" means Schedule A, Terms of Reference, to Order-in-Council No. 0253/2003;

"Transfer Pricing Agreement" means the Transfer Pricing Agreement for Electricity and Gas dated April 1, 2003 between BC Hydro and Powerex Corp. as amended from time to time;

"Year" means fiscal year.

Electricity Supply

2. BCH Generation must provide the full capacity of the heritage resources to BCH Distribution on a priority call basis.

Obligation to supply

3. BCH Generation must supply to BCH Distribution, in each Year, the heritage energy or such lesser amount of energy as may be required by BCH Distribution.

Obligation to deliver

4. BCH Generation will deliver the heritage energy to BCH Distribution at the various points of interconnection of the generating stations included in the heritage resources with the BC Hydro transmission grid or at points of interconnection with other utilities, as appropriate.

Responsibility for obtaining transmission services

5. BCH Distribution will be responsible for obtaining transmission services for energy provided to BCH Distribution.

Ancillary services

6. The parties may use the capacity available to them under section 2 to deliver energy to meet customer demand and to satisfy the parties' Ancillary Service Requirements, regardless of whether provision for self-supply is made under any tariff.

Payment

7. BCH Distribution must, on or before the end of each Year, pay to BCH Generation an amount equal to the heritage payment obligation.

Adjustment

8. The parties acknowledge that
 - (a) the Commission may, by Order, modify one or both of the definitions of "heritage energy" and "heritage payment obligation" if the commission is satisfied that a change in circumstances has permanently affected
 - (i) the capability of the heritage resources to provide one or both of capacity and energy, or
 - (ii) the authority's cost of generating the heritage energy, and
 - (b) any such modification will automatically modify the heritage energy or the heritage payment obligation, as the case may be, without further action by the parties.

Information exchange and cooperation

9. Each party will continue to freely provide the other with any requested information to facilitate the coordinated and optimal operation of the BC Hydro system.

Dispute resolution

10. (1) The parties will make reasonable efforts to resolve disputes arising in relation to this Agreement at the staff level.
 - (2) As needed, issues may be dealt with by management levels within each party to achieve timely resolution.
 - (3) Issues that cannot be resolved in a timely manner at senior management levels, may be referred by either party to the commission for resolution.

Term and termination

11. (1) This Agreement shall commence on April 1, 2004.

(2) This Agreement may be terminated by government, with 5 years notice, any time after April 1, 2009 and if such notice is given, the Agreement shall terminate at the end of the 5-year notice period without any further action by the parties or the government.

Dated as of this day of, 2004.

.....
BCH Distribution

.....
BCH Generation

SCHEDULE A

Heritage Payment Obligation

The heritage payment obligation for any Year is the amount determined by

(a) adding those of the following costs incurred by BCH Generation in the Year that the Commission orders may be included in the heritage payment obligation:

- (i) cost of energy such as the cost of water rentals and energy purchases, including purchases of gas and electricity, required to supply heritage electricity;
- (ii) operating costs such as the costs of operating and maintaining the heritage resources, including an allocation of corporate costs;
- (iii) all costs of owning the heritage resources, including, without limitation, depreciation, interest, finance charges and other asset related expenses;
- (iv) all costs or payments related to generation-related transmission access required by the heritage resources;
- (v) the applicable return on equity on investments in heritage resources based on Heritage Special Direction No. HC2 to the Commission under the authority of the Act, and

(b) by subtracting from the sum obtained under paragraph (a), any revenues BCH Generation receives from other services provided from the heritage resources, including, without limitation,

- (i) revenues related to Skagit Valley Treaty obligations,
- (ii) revenues from provision of ancillary services to the transmission operator in respect of third party use of the transmission system, and
- (iii) revenues from the sale of surplus hydro electricity under section 5 of the Transfer Pricing Agreement.

F2012 to F2014 Revenue Requirements Application



Appendix

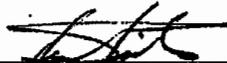
C-3

Order in Council No. 015

Special Direction No. 9

PROVINCE OF BRITISH COLUMBIA
ORDER OF THE LIEUTENANT GOVERNOR IN COUNCIL

Order in Council No. 015, Approved and Ordered FEB - 2 2011


Lieutenant Governor

Executive Council Chambers, Victoria

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and consent of the Executive Council, orders that Special Direction No. 9 to the British Columbia Utilities Commission, B.C. Reg. 157/2005, is amended as follows.

1 Section 1 is repealed and the following substituted:

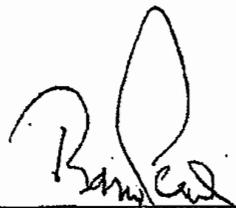
Definition

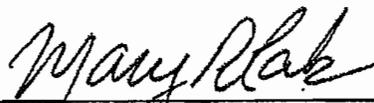
1 In this Special Direction, "Act" means the *Utilities Commission Act*.

2 Sections 3 to 6 are repealed and the following substituted:

Government objective

- 2.1 (1) In deciding whether to issue to a public utility other than the authority a certificate in respect of an electricity transmission project under section 46 (3) of the Act, the commission must consider, in addition to the matters referred to in section 46 (3.1) of the Act, the government's objective of encouraging public utilities to develop adequate electricity transmission infrastructure in the time required to serve persons who receive or may receive service from the public utility.
- (2) In deciding whether to issue to the authority a certificate in respect of an electricity transmission project under section 46 (3) of the Act, the commission must consider and be guided by, in addition to the matters referred to in section 46 (3.3) of the Act, the government's objective referred to in subsection (1) of this section.


Attorney General


Presiding Member of the Executive Council

(This part is for administrative purposes only and is not part of the Order.)

Authority under which Order is made:

Act and section: *Utilities Commission Act, S.B.C. 1996, c. 473, s. 3*

Other: *OIC 1107/2009*

January 14, 2011

R/10/2011/27

**SPECIAL DIRECTION NO. 9 TO THE
BRITISH COLUMBIA UTILITIES COMMISSION**

Definitions

1. In this Special Directive: Special Direction, "Act" means the *Utilities Commission Act*.

"debt" means the amount obtained by adding revolving borrowings, bonds, notes and debentures, and deducting from that sum the total of related sinking funds, temporary investments and repurchased debt;

"deemed equity" means, for any period, the product obtained by multiplying the deemed equity component by the sum of the forecast debt and the forecast equity relating to that period;

"deemed equity component" means, for the transmission corporation's financial year commencing April 1, 2005, and for all subsequent financial years, 40.7%;

"designated agreements" means the agreements designed by the Lieutenant Governor in Council under section 3 (1) of the *Transmission Corporation Act*;

"equity" means the sum of share capital, contributed surplus and retained earnings;

"forecast debt", in relation to the transmission corporation, means, for a period made up of one or more years, the average of the amounts that are forecast to represent the average of the transmission corporation's debt in each of the months of that period;

"forecast equity", in relation to the transmission corporation, means for a period made up of one or more years, the average of the amounts that are forecast to represent the average of the transmission corporation's equity in each of the months of that period;

"Master Agreement" means the Master Agreement between the authority and the transmission corporation dated as of November 12, 2003;

"transmission corporation" means British Columbia Transmission Corporation;

"transmission service" means service provided in relation to the transmission system as that term is defined in the *Transmission Corporations Act*.

Applications

2. This Special Direction is issued to the commission under section 3 of the Act.

Basis for establishing transmission corporation revenue requirements

3. In regulating and fixing rates for the transmission corporation, the commission must ensure that those rates allow the transmission corporation to collect sufficient revenue in each financial year to

(a) enable the transmission corporation to provide reliable transmission service;

- (b) ~~enable the transmission corporation to meet all of the transmission corporation's debt service, tax and other financial obligations, and~~
- (e) ~~generate for the transmission corporation an annual rate of return on deemed equity that is equal to the annual rate of return that is allowed by the commission on the authority's equity as that term is defined in Special Direction HC2.~~

New transmission system capital investment

4. ~~In the exercise of its jurisdiction under section 45 (1) and 6.2) of the Act as that jurisdiction relates to applications brought, or capital plans filed, by the transmission corporation, including any applications or capital plans for which the transmission corporation is responsible for obtaining commission approval under paragraph 4.12 (a) of the Master Agreement, the commission may~~

- (a) ~~Consider and take into account~~
 - (i) ~~The anticipated demand for electricity and electricity service, including transmission service, over a period considered by the commission to be reasonable, including the increase in that demand that may be created by, or attributable to, the construction and operation of proposed transmission equipment or a proposed transmission facility, and~~
 - (ii) ~~The benefits, including the benefits related to enhanced access to, and expansion of, electricity markets, that the commission considers are reasonably likely to result from any proposed expenditures for any one or more of~~
 - A. ~~studies in respect of,~~
 - B. ~~design of,~~
 - C. ~~planning the acquisition or construction of,~~
 - D. ~~construction of, and~~
 - E. ~~operation of~~

~~the proposed transmission equipment or facilities, and~~

- (b) ~~determine that expenditures referred to in paragraph (a) (ii) that are justified on the basis of the future benefits to be derived from the proposed equipment or facilities may be recovered in current rates.~~

Intervention by the transmission corporation or the authority in applications

5. ~~Without limiting the Act, when regulating the transmission corporation and the authority, the commission must allow the transmission corporation and the authority to participate in proceedings of the commission in the manner and to the extent provided in the~~

designated agreements including, without limitation, to participate in hearings respecting any or all of the following:

- (a) ~~An application for a certificate of public convenience and necessity filed under section 45 (1) of the Act;~~
- (b) ~~A plan filed under section 45 (6.1) of the Act;~~
- (c) ~~A rate schedule, or amended rate schedule, filed under section 61 of the Act.~~

Deferral accounts

- 6. ~~When regulating the transmission corporation, the commission~~
 - (a) ~~Must allow the transmission corporation to establish the deferral account or accounts contemplated by paragraph 4.13 (f) of the Master Agreement;~~
 - (b) ~~May allow the transmission corporation to establish one or more other deferral accounts for other purposes, and~~
 - (c) ~~Must fix or regulate the transmission corporation's rates in such a way as to allow the deferral account or accounts to be cleared from time to time and within a reasonable period of time.~~

Government objective

- 2.1 (1) In deciding whether to issue to a public utility other than the authority a certificate in respect of an electricity transmission project under section 46 (3) of the Act, the commission must consider, in addition to the matters referred to in section 46 (3.1) of the Act, the government's objective of encouraging public utilities to develop adequate electricity transmission infrastructure in the time required to serve persons who receive or may receive service from the public utility.
- (2) In deciding whether to issue to the authority a certificate in respect of an electricity transmission project under section 46 (3) of the Act, the commission must consider and be guided by, in addition to the matters referred to in section 46 (3.3) of the Act, the government's objective referred to in subsection (1) of this section.

Storage services must not be required

- 7. The commission must not, by tariff or otherwise, compel the authority to provide storage services.

F2012 to F2014 Revenue Requirements Application



Appendix

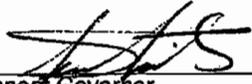
C-4

Order in Council No. 024

Water Regulation

PROVINCE OF BRITISH COLUMBIA
ORDER OF THE LIEUTENANT GOVERNOR IN COUNCIL

Order in Council No. 024 , Approved and Ordered FEB - 2 2011


Lieutenant Governor

Executive Council Chambers, Victoria

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and consent of the Executive Council, orders that the Water Regulation, B.C. Reg. 204/88, is amended as set out in the attached Appendix.


Minister of Natural Resource Operations


Presiding Member of the Executive Council

(This part is for administrative purposes only and is not part of the Order.)

Authority under which Order is made:

Act and section: Water Act, R.S.B.C. 1996, c. 483, s. 100

Other: OIC 889/88

December 20, 2010

page 1 of 3

R/1087/2010/22

APPENDIX

1 Sections 10 and 21 of the Water Regulation, B.C. Reg. 204/88, are repealed and the following substituted:

Annual adjustment for commercial and general power purpose rental rates after 2010

- 21 (1) If a fee, rental rate or charge in Item 11.1 of Part 3 of Schedule A is indicated as being adjusted, the rental due for the 2011 calendar year and for each subsequent year must be computed using the calculation set out in Schedule B, with the result rounded off to the nearest one tenth of a cent.
- (2) The comptroller must publish annually
 - (a) the annual percentage change, as defined in section 1 (1) of Schedule B, for the previous calendar year, and
 - (b) the resulting rental rates for the current year.

2 Item 11.1 of Part 3 of Schedule A is repealed and the following substituted:

Item	Column 1 Purpose	Column 2 Annual Rental Rates Year 2010 \$	Column 3 Annual Rental Rates Year 2011 and each subsequent year
11.1	POWER PURPOSE		
(a)	Commercial power use:		
	construction capacity, for each kilowatt	0.327	adjusted
	authorized capacity, other than construction capacity, for each kilowatt	2.047	adjusted
	output, for each megawatt-hour	1.229	adjusted
	minimum for each licence	100.00	adjusted
(b)	General power use:		
	construction capacity, for each kilowatt	0.409	adjusted
	authorized capacity, other than construction capacity, for each kilowatt	4.095	adjusted
	output, for each megawatt-hour a year, up to a total of 160 000 megawatt-hours from all power developments operated by the same licensee	1.229	adjusted

Item	Column 1 Purpose	Column 2 Annual Rental Rates Year 2010 \$	Column 3 Annual Rental Rates Year 2011 and each subsequent year
	output, for each additional megawatt-hour a year exceeding 160 000 megawatt-hours, up to a total of 3 000 000 megawatt-hours	5.734	adjusted
	output, for each additional megawatt-hour a year exceeding 3 000 000 megawatt-hours	6.896	adjusted
	minimum for each licence	200.00	adjusted

3 *Schedule B is repealed and the following substituted:*

SCHEDULE B

(section 21)

ANNUAL ADJUSTMENT FOR RENTAL RATES UNDER "POWER PURPOSE" IN SCHEDULE A

Calculation of commercial and general power purpose rental rates

1 (1) In this section:

"annual percentage change" means the annual percentage change in the British Columbia consumer price index as published by Statistics Canada under the authority of the *Statistics Act* (Canada);

"British Columbia consumer price index" means the annual average All-items Consumer Price Index for British Columbia as published by Statistics Canada under the authority of the *Statistics Act* (Canada).

(2) Calculation of a rental rate indicated as being adjusted under the heading "Power Purpose" in Item 11.1 of Part 3 of Schedule A must be done by multiplying the rental rate for the previous calendar year by (1 + the annual percentage change for the previous calendar year).

F2012 to F2014 Revenue Requirements Application



Appendix

C-5

Ministerial Order M361

Smart Meters and Smart Grid Regulation

PROVINCE OF BRITISH COLUMBIA
REGULATION OF THE MINISTER OF ENERGY

Clean Energy Act

Ministerial Order No. M 361

I, Steve Thomson, Minister of Energy, order that the attached Smart Meters and Smart Grid Regulation is made.

Dec. 7 2010
Date

Steve Thomson
Minister of Energy

(This part is for administrative purposes only and is not part of the Order.)

Authority under which Order is made:

Act and section: Clean Energy Act, S.B.C. 2010, c. 22, s. 37 (g)

Other: _____

December 2, 2010

R 1089/2010/27

SMART METERS AND SMART GRID REGULATION

Contents

- 1 Definitions
- 2 Prescribed requirements for smart meters
- 3 Installation of smart meters and related equipment
- 4 Smart grid

Definitions

1 In this regulation:

“Act” means the *Clean Energy Act*;

“automation-enabled device” means a device that, when installed on the authority’s electric system, is capable of being used by the authority, at a location remote from the device, to control the flow of electricity;

“connectivity model” means a computer model of the electric distribution system identifying all of the following:

- (a) the locations at which eligible premises are connected to the electric distribution system;
- (b) the locations known to the authority at which unmetered buildings, structures or equipment are connected to the electric distribution system;
- (c) the locations of
 - (i) distribution transformers,
 - (ii) distribution circuit conductors,
 - (iii) substations,
 - (iv) system devices, and
 - (v) switches,

that are within the electric distribution system;

(d) the locations of generators connected to the electric distribution system;

(e) the phase and direction of the electricity flowing through the conductors referred to in paragraph (c);

(f) whether or which of the distribution circuit conductors connected to switches referred to in paragraph (c) are energized;

“electric distribution system” means the equipment of the authority that is energized at less than 60 kilovolts and is used by the authority to provide electricity at less than 60 kilovolts;

“electricity balance analysis” means an analysis of the electricity in a portion of the electric distribution system, including an analysis of the amount of electricity that

- (a) is measured by the smart meters at all eligible premises supplied from that portion,
- (b) is measured by the system devices installed on that portion,
- (c) is supplied from that portion to unmetered loads known to the authority, and

(d) is lost in that portion because of resistance or another cause known to the authority;

"eligible premises" means a building, structure or equipment of a customer of the authority if the building, structure or equipment is connected to the electric distribution system and has an electricity meter;

"in-home feedback device" means a device that is capable of

(a) displaying

(i) a smart meter's measurements of electricity supplied to an eligible premises, and

(ii) the cost of the electricity measured by the smart meter, and

(b) transmitting information in digital form to and receiving information in digital form from a smart meter with which the authority has established a secure telecommunications link;

"system device" means a device, including a distribution system meter and a sensor, that, when installed on the electric distribution system, is capable of

(a) measuring and recording measurements of electricity as frequently as smart meters,

(b) transmitting and receiving information in digital form,

(c) measuring bi-directional flow of electricity, and

(d) being configured by the authority at a location either remote from or close to the device.

Prescribed requirements for smart meters

2. For the purposes of the definition of "smart meter" in section 17 (1) of the Act, the prescribed requirements for a meter are that it is capable of doing all of the following:

(a) measuring electricity supplied to an eligible premises;

(b) transmitting and receiving information in digital form;

(c) allowing the authority remotely to disconnect and reconnect the supply of electricity to an eligible premises, unless

(i) the point of metering for the eligible premises

(A) is greater than 240 volts,

(B) is greater than 200 amperes, or

(C) is three phase, or

(ii) the eligible premises

(A) has a bottom-connected meter,

(B) has an output or input pulse meter, or

(C) has a meter that measures maximum electricity demand in watts;

(d) recording measurements of electricity, and recording the date and time of the recording, at least as frequently as in 60-minute intervals;

(e) being configured by the authority at a location either remote from or close to the meter;

- (f) measuring and recording measurements of electricity generated at the premises and supplied to the electric distribution system;
- (g) transmitting information to and receiving information from an in-home feedback device, unless the point of metering for the eligible premises meets any of the criteria set out in paragraph (c) (i) or the eligible premises meets any of the criteria set out in paragraph (c) (ii).

Installation of smart meters and related equipment

- 3 (1) Subject to subsection (3), by the end of the 2012 calendar year, the authority must install and put into operation
- (a) a smart meter for each eligible premises, and
 - (b) all of the following related equipment:
 - (i) communications infrastructure for transmitting information among smart meters and the computer hardware and software systems described in subparagraph (ii);
 - (ii) secure computer hardware and software systems that enable the authority to do all of the following:
 - (A) monitor, control and configure smart meters and the communications infrastructure referred to in subparagraph (i);
 - (B) store, validate, analyze and use the information measured by and received from smart meters;
 - (C) provide, through the internet, to a person who receives electricity from the authority secure access to information about the person's electricity consumption and generation, if any, measured by a smart meter;
 - (D) establish a secure telecommunications link between in-home feedback devices and smart meters that are compatible with each other;
 - (E) bill customers in accordance with rates that encourage the shift of the use of electricity from periods of higher demand to periods of lower demand;
 - (F) integrate the systems with the authority's other business systems.
- (2) The communications infrastructure referred to in subsection (1) (b) (i) must include a telecommunications network that is capable of delivering two-way, digital, and secure communication.
- (3) If it is impracticable because of distance, electromagnetic interference, physical obstruction or other similar cause for the authority to establish a telecommunications link between the smart meter at an eligible premises and the computer hardware and software system referred to in subsection (1) (b) (ii), the authority is not required to install or put into operation the communications infrastructure referred to in subsection (1) (b) (i) for the purpose of establishing that telecommunications link.

- (4) The authority must integrate the operation of smart meters and related equipment with the authority's other operations.

Smart grid

- 4 (1) The program required under section 17 (4) of the Act must be established by the end of the 2015 calendar year and include the following components:
 - (a) the establishment and operation of a connectivity model and the installation and operation of
 - (i) at least 9 000 but no more than 35 000 system devices, and
 - (ii) computer hardware and software systemsto enable the authority to
 - (iii) perform electricity balance analyses for the electric distribution system, and
 - (iv) estimate the amount of electricity supplied from a portion of the electric distribution system to unmetered loads that are not known to the authority and to estimate the location of those loads;
 - (b) the acquisition of investigation devices and computer software to enable the authority to identify the location of the unmetered loads referred to in paragraph (a) (iv);
 - (c) the establishment and operation of telecommunications networks that
 - (i) have sufficient speed and bandwidth, and
 - (ii) enable two-way, digital, and secure communication among system devices, automation-enabled devices and the systems and equipment used by the authority for monitoring and controlling its electric systemto facilitate
 - (iii) the operation of the authority's electric system,
 - (iv) the integration, on a large scale, of distributed generation into the electric distribution system, and
 - (v) the provision of electricity service that allows for the large-scale use of electric vehicles by its customers.
- (2) The authority must integrate the operation of the smart grid with the authority's other operations.

F2012 to F2014 Revenue Requirements Application



Appendix

C-6

BC Regulation 319/2010

**Authorization for Burrard Thermal
Electricity Regulation**

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This is not the official version.

Important Information (disclaimer and copyright information)

Volume 53, No. 22 B.C. Reg. 319/2010	The British Columbia Gazette, Part II November 16, 2010
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B.C. Reg. 319/2010, deposited November 5, 2010, pursuant to the CLEAN ENERGY ACT [Section 37.(c)]. Ministerial Order M314/2010, dated November 5, 2010.

I, Bill Bennett, Minister of Energy, order that the attached Authorization for Burrard Thermal Electricity Regulation is made.

— B. BENNETT, *Minister of Energy*.

AUTHORIZATION FOR BURRARD THERMAL ELECTRICITY REGULATION

Definition

1 In this regulation, "Act" means the *Clean Energy Act*.

Authorization

2 (1) The authority is authorized,

- (a) for the purpose of section 3 (5) of the Act, to plan to rely on Burrard Thermal for no more than 900 MW of capacity,
- (b) for the purpose of section 6 (2) (d) of the Act, to rely on Burrard Thermal for no more than 900 MW of capacity, and
- (c) for the purpose of section 13 (c) of the Act, to operate Burrard Thermal only when the authority is reasonably satisfied that all of its other sources of electricity in British Columbia, including electricity provided to the authority from a third party by agreement, are or will be, in aggregate, unable to provide the authority with sufficient megawatts of capacity to meet the electricity needs of the authority's customers,

until all of the following projects are completed and the resulting facilities are providing service as set out in subsection (2):

- (d) Mica Units 5 and 6, a project to install two additional turbines and related works and equipment at Mica;
 - (e) the Interior to Lower Mainland Transmission Project, a project to construct a transmission line between Nicola substation and Meridian substation as described in the commission's Order C-4-08, dated August 5, 2008, issued under sections 45 and 46 of the *Utilities Commission Act*;
 - (f) the project at Meridian substation to build a third 500-230 kV transformer and related works and equipment.
- (2) A facility resulting from a project described in subsection (1) (d) to (f) is providing service if
- (a) the authority has obtained all permits, certificates, licences and approvals required to complete the project, and
 - (b) the facility is in regular operation.

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Important Information (disclaimer and copyright information)

Volume 53, No. 22 B.C. Reg. 315/2010	The British Columbia Gazette, Part II November 16, 2010
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B.C. Reg. 315/2010, deposited November 4, 2010, pursuant to the CLEAN ENERGY ACT [Section 35]. Order in Council 694/2010, approved and ordered November 4, 2010.

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and consent of the Executive Council, orders that the following regulation is made.

ELECTRICITY SELF-SUFFICIENCY REGULATION

Definitions

1 In this regulation:

"Act" means the *Clean Energy Act*;

"critical water conditions" means the most adverse sequence of stream flows occurring within the historical record.

Prescribed forecasts

2 The forecasts of the authority's energy requirements and peak load prescribed for the purposes of the definition of "electricity supply obligations" in section 6 (1) of the Act are the authority's mid-level forecasts.

Critical water conditions

3 The water conditions prescribed for the purposes of the definition of "heritage energy capability" in section 6 (1) of the Act are critical water conditions.

— B. BENNETT, *Minister of Energy*; B. PENNER, *Presiding Member of the Executive Council*.

Amended
F2012 to F2014 Revenue Requirements Application



New Appendix

C-7

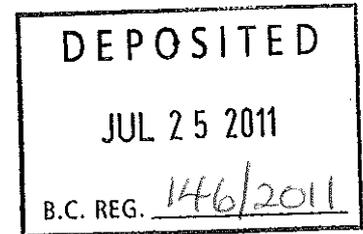
BC Regulation 257/2010

**Government Organization
Accounting Standards Regulation**

PROVINCE OF BRITISH COLUMBIA
TREASURY BOARD REGULATION

*Budget Transparency and Accountability and
Financial Administration Acts*

Treasury Board orders that the Government Organization Accounting Standards Regulation, B.C. Reg. 257/2010, is amended as set out in the attached Schedule.



July 2, 2011
Date


Approved: CHAIR, TREASURY BOARD

(This part is for administrative purposes only and is not part of the Order.)

Authority under which Order is made:

Act and section: *Budget Transparency and Accountability Act, S.B.C. 2000, c. 23, ss. 23 and 23.1*

Other: *Financial Administration Act, R.S.B.C. 1996, c. 138, s. 4*

SCHEDULE

- 1** *The Government Organization Accounting Standards Regulation, B.C. Reg. 257/2010, is amended by adding the following before section 1:*

PART 1 – DEFINITIONS

- 2** *The following is added before section 2:*

**PART 2 – GOVERNMENT ORGANIZATIONS IN THE
TAXPAYER-SUPPORTED GOVERNMENT REPORTING ENTITY**

- 3** *The following Part is added:*

PART 3 – BRITISH COLUMBIA HYDRO AND POWER AUTHORITY

Definition

- 4** In this Part, “**BC Hydro**” means the British Columbia Hydro and Power Authority and its subsidiaries, as defined in the *Business Corporations Act*.

Standards and guidelines

- 5** (1) Subject to subsections (2) and (3), the standards and guidelines referred to in section 23.1 (1) (a) of the Act apply to BC Hydro.
- (2) Except for the part referred to in subsection (3), the United States Financial Accounting Standards Board Accounting Standards Codification 980, as amended, supplemented or replaced from time to time, is adopted for BC Hydro.
- (3) The part of the United States Financial Accounting Standards Board Accounting Standards Codification 980 that requires rates to be established by or subject to approval by an independent, third-party regulator is not adopted.

Application

- 6** (1) Section 5 applies in relation to the fiscal years of BC Hydro beginning in 2012 and subsequent fiscal years.
- (2) The alternate standards and guidelines adopted for BC Hydro under section 5 (2) apply in relation to the accounting policies and practices of BC Hydro and the accounting policies and practices of the government reporting entity in consolidating the financial operations of BC Hydro.

Amended
F2012 to F2014 Revenue Requirements Application



New Appendix

C-8

**Amendment to Clean Energy Act regarding IRP
Submission Date**

Home > Documents and Proceedings > 3rd Session, 39th Parliament > Bills > Bill 13 – 2011: Miscellaneous Statutes Amendment Act (No. 2), 2011

2011 Legislative Session: 3rd Session, 39th Parliament

THIRD READING

The following electronic version is for informational purposes only.
The printed version remains the official version.

Certified correct as passed Third Reading on the 2nd day of June, 2011
Ian D. Izard, Q.C., Law Clerk

**HONOURABLE BARRY PENNER
ATTORNEY GENERAL**

BILL 13 – 2011

MISCELLANEOUS STATUTES AMENDMENT ACT (No. 2), 2011

HER MAJESTY, by and with the advice and consent of the Legislative Assembly of the Province of British Columbia, enacts as follows:

PART 1 — AGRICULTURE AMENDMENTS

Milk Industry Act

1 Section 1 of the Milk Industry Act, R.S.B.C. 1996, c. 289, is amended

(a) by repealing the definitions of "cattle" and "raw milk",

(b) by adding the following definitions:

"bulk tank milk grader" means a person who holds a bulk tank milk grader licence issued under section 12;

"dairy animal" means

- (a) a cow,
- (b) a goat,
- (c) a sheep,
- (d) a water buffalo, or
- (e) any prescribed animal; ,

(c) in the definition of "dairy farm" by striking out "cattle" and substituting "dairy animals",

necessary under that section

(a) if custody of the child was transferred to a person other than a parent of the child under section 54.01 (5) of the *Child, Family and Community Service Act*, or

(b) if

(i) the parent's guardianship powers, rights and duties with respect to the child were terminated by a continuing custody order under the *Child, Family and Community Service Act*, and

(ii) another person has custody of the child under section 54.1 of the *Child, Family and Community Service Act*.

30 Section 35 (5) is amended by striking out "section 54.2 (3)" and substituting "section 54.2 (2.1) or (3)".

PART 4 – ENERGY AND MINES AMENDMENTS

Clean Energy Act

31 Section 3 (6) (a) of the *Clean Energy Act*, S.B.C. 2010, c. 22, is amended by striking out "18 months" and substituting "30 months".

Special Accounts Appropriation and Control Act

32 Section 9.3 (3) of the *Special Accounts Appropriation and Control Act*, R.S.B.C. 1996, c. 436, is amended

(a) by striking out "for purposes related to" and substituting "for purposes related to any of the following:", and

(b) by repealing paragraphs (a) and (b) and substituting the following:

(a) innovation in the provision of affordable, social or supportive housing;

(b) innovation in housing development or management;

(c) acquisition, development or operation of affordable, social or supportive housing.

PART 5 – ENVIRONMENT AMENDMENTS

Protected Areas of British Columbia Act

Amended
F2012 to F2014 Revenue Requirements Application



New Appendix

C-9

Clean and black-lined versions of SD 10

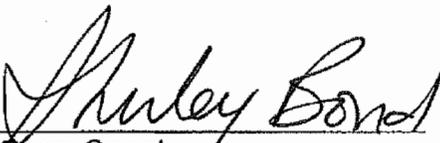
PROVINCE OF BRITISH COLUMBIA
ORDER OF THE LIEUTENANT GOVERNOR IN COUNCIL

Order in Council No. 035 , Approved and Ordered FEB - 2 2012


Lieutenant Governor

Executive Council Chambers, Victoria

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and consent of the Executive Council, orders that Special Direction No. 10 to the British Columbia Utilities Commission, B.C. Reg. 245/2007, is amended as set out in the attached schedule.


Attorney General


Presiding Member of the Executive Council

(This part is for administrative purposes only and is not part of the Order.)

Authority under which Order is made:

Act and section: *Utilities Commission Act, R.S.B.C. 1996, c. 473, s. 3*

Other: OIC 508/2007

November 23, 2011

page 1 of 3

R/834/2011/27

SCHEDULE

1 *Section 1 of Special Direction No. 10 to the British Columbia Utilities Commission, B.C. Reg. 245/2007, is amended*

(a) in subsection (1) by repealing the definition of "critical water conditions" and substituting the following:

"average water conditions" means the average stream flows occurring within the authority's historical record; ,

(b) in subsection (1) in the definition of "firm energy capability" by striking out "critical water conditions" and substituting "average water conditions", and

(c) in subsection (2) by striking out "2006" and substituting "2011" and by striking out "42 600" and substituting "48 200".

2 *Section 3 is amended*

(a) by striking out "fixing rates" and substituting "setting rates",

(b) in paragraph (a) by striking out "section 45" and substituting "section 46", and

(c) by repealing paragraphs (b) and (e).

3 *The following section is added:*

interim planning criteria

- 6** (1) In deciding whether to issue a certificate to the authority under section 46 of the Act for the Ruskin Dam and Powerhouse Upgrade Project, the commission must assume that the authority requires, in order to meet its electricity supply obligations, the 334 gigawatt hours per year of firm energy and 114 megawatts of dependable capacity that the project is capable of delivering by 2018 and continuing to deliver over the expected life of the project.
- (2) In deciding whether to issue a certificate to the authority under section 46 of the Act for the John Hart Generating Station Replacement Project, the commission must assume that the authority requires, in order to meet its electricity supply obligations, the 806 gigawatt hours per year of firm energy and 128 megawatts of dependable capacity that the project is capable of delivering by 2018 and continuing to deliver over the expected life of the project.
- (3) In determining under section 71 of the Act whether the authority's energy supply contract in respect of the Conifex Mackenzie Power Project is in the public interest, the commission must assume that the authority requires, by 2013, in order to meet its electricity supply obligations, the 200 gigawatt hours per year of firm energy that would be provided under the contract.

- (4) In considering under section 44.2 (3) of the Act whether to accept or reject all or part of the authority's expenditure schedule relating to proposed expenditures on demand-side measures for the authority's 2012 and 2013 fiscal years, the commission, despite sections 44.2 (3) (a) and (5.1) of the Act, must accept an expenditure respecting a demand-side measure if
 - (a) the demand-side measure is cost-effective in accordance with the Demand-Side Measures Regulation, and
 - (b) the expenditure has not been shown to the satisfaction of the commission to be unreasonable for achieving the reductions in demand attributable to the demand-side measure.
- (5) In setting rates for the authority, the commission must ensure that those rates allow the authority to collect sufficient revenue in each fiscal year to enable the authority to recover costs incurred in carrying out demand-side measures accepted under subsection (4).

Utilities Commission Act

**SPECIAL DIRECTION NO. 10 TO THE
BRITISH COLUMBIA UTILITIES COMMISSION**

[unofficial consolidation including amendments up to February 2, 2012]

Definitions and interpretation

1 (1) In this Special Direction:

"Act" means the *Utilities Commission Act*;

"assets" means the generation and storage assets set out in the Schedule to the *BC Hydro Public Power Legacy and Heritage Contract Act*;

"average water conditions" means the average stream flows occurring within the authority's historical record;

"biomass contract" means an energy supply contract entered into by the authority and a proponent of a project selected by the authority as a result of the call for power;

"call for power" means the process to acquire electricity solely from wood biomass being conducted by the authority on the date this Special Direction comes into force;

"electricity supply obligations" means

(a) electricity supply obligations for which rates are filed with the commission under section 61 of the Act, and

(b) any other electricity supply obligations that exist at the time this Special Direction comes into force

determined by using the authority's mid-level forecasts of its energy requirements and peak load, taking into account demand-side management initiatives, that are accepted by the commission from time to time;

"firm energy capability" means the maximum amount of annual energy that a hydroelectric system can produce under average water conditions;

"integrated area" means the geographic areas in the Province, other than the non-integrated areas, in which the authority serves customers under its schedules of rates filed with the commission from time to time;

"non-integrated area" means Anahim Lake, Atlin, Bella Bella, Bella Coola, Dease Lake, Eddontenajon, Haida Gwaii and Telegraph Creek District;

"wood biomass" means

- (a) wood residue within the meaning of the *Forest Act*,
- (b) wood debris from logging, construction or demolition operations,
- (c) organic residues from pulp and paper production processes, and
- (d) timber, within the meaning of the *Forest Act*, infested by the mountain pine beetle.

(2) The definition of "firm energy capability" in subsection (1) must be interpreted for the purposes of this Special Direction so as to be consistent with the fact that, in 2011, the authority's firm energy capability was 48 200 gigawatt hours.

Application

2 This Special Direction is issued to the commission under section 3 of the Act.

Self-sufficiency

3 Subject to section 5 (2) (a), in regulating, and setting rates for, the authority, including, without limitation,

(a) considering an application made by the authority for a certificate of public convenience and necessity under section 46 of the Act,

(b) [Repealed]

(c) considering an energy supply contract under section 71 of the Act,

the commission must use the criterion that the authority is to achieve energy and capacity self-sufficiency by becoming capable of

(d) meeting, by 2016 and each year thereafter, the electricity supply obligations,

(e) [Repealed]

solely from electricity generating facilities within the Province, assuming no more in each year than the firm energy capability from the assets that are hydroelectric facilities.

Biomass contracts

4 In considering a biomass contract under section 71 (2) of the Act, the commission may not find that a biomass contract is not in the public interest solely by reason of the factor described in section 71 (2) (d) of the Act and must be primarily guided by the following factors, which are of material value to the authority's ratepayers:

(a) the acquisition of energy by the authority under a biomass contract will reduce the risk to the authority of future costs associated with the production of gasses that contribute to global climate change;

(b) energy acquired by the authority under a biomass contract will contribute to diversification of the authority's electricity supply portfolio;

(c) a biomass contract will assist the authority to meet its requirements for electrical capacity.

Rates

5 (1) In setting rates for the authority, the commission must ensure that the authority's rates and classes of service available to customers in the non-integrated area, including rates available to customers whose electricity demand is or is likely to be in excess of 45 kV.A, are available to customers who receive electricity service under section 2 of the Remote Communities Regulation.

(2) In setting rates for the authority, the commission must ensure that those rates allow the authority to collect sufficient revenue in each fiscal year to enable the authority to

(a) achieve energy and capacity self-sufficiency as described in section 3 of this Special Direction,

(b) recover costs incurred as a result of the call for power, including costs incurred in purchasing electricity under a biomass contract, and

(c) recover costs related to the provision of electricity service under section 2 of the Remote Communities Regulation.

Interim Planning Criteria

6 (1) In deciding whether to issue a certificate to the authority under section 46 of the Act for the Ruskin Dam and Powerhouse Upgrade Project, the commission must assume that the authority requires, in order to meet its electricity supply obligations, the 334 gigawatt hours per year of firm energy and 114 megawatts of dependable capacity that the project is capable of delivering by 2018 and continuing to deliver over the expected life of the project.

(2) In deciding whether to issue a certificate to the authority under section 46 of the Act for the John Hart Generating Station Replacement Project, the commission must assume that the authority requires, in order to meet its electricity supply obligations, the 806 gigawatt hours per year of firm energy and 128 megawatts of dependable capacity

that the project is capable of delivering by 2018 and continuing to deliver over the expected life of the project.

(3) In determining under section 71 of the Act whether the authority's energy supply contract in respect of the Conifex Mackenzie Power Project is in the public interest, the commission must assume that the authority requires, by 2013, in order to meet its electricity supply obligations, the 200 gigawatt hours per year of firm energy that would be provided under the contract.

(4) In considering under section 44.2(3) of the Act whether to accept or reject all or part of the authority's expenditure schedule relating to proposed expenditures on demand-side measures for the authority's 2012 and 2013 fiscal years, the commission, despite sections 44.2(3)(a) and (5.1) of the Act, must accept an expenditure respecting a demand-side measure if

(a) the demand-side measure is cost-effective in accordance with the Demand-Side Measures Regulation, and

(b) the expenditure has not been shown to the satisfaction of the commission to be unreasonable for achieving the reductions in demand attributable to the demand-side measure.

(5) In setting rates for the authority, the commission must ensure that those rates allow the authority to collect sufficient revenue in each fiscal year to enable the authority to recover costs incurred in carrying out demand-side measures accepted under subsection (4).

Utilities Commission Act

**SPECIAL DIRECTION NO. 10 TO THE
BRITISH COLUMBIA UTILITIES COMMISSION**

[unofficial consolidation including amendments up to February 2, 2012]

Definitions and interpretation

1 (1) In this Special Direction:

"**Act**" means the *Utilities Commission Act*;

"**assets**" means the generation and storage assets set out in the Schedule to the *BC Hydro Public Power Legacy and Heritage Contract Act*;

"**average water conditions**" means the average stream flows occurring within the authority's historical record;

"**biomass contract**" means an energy supply contract entered into by the authority and a proponent of a project selected by the authority as a result of the call for power;

"**call for power**" means the process to acquire electricity solely from wood biomass being conducted by the authority on the date this Special Direction comes into force;

~~"**critical water conditions**" means the most adverse sequence of stream flows occurring within the historical record;~~

"**electricity supply obligations**" means

(a) electricity supply obligations for which rates are filed with the commission under section 61 of the Act, and

(b) any other electricity supply obligations that exist at the time this Special Direction comes into force

determined by using the authority's mid-level forecasts of its energy requirements and peak load, taking into account demand-side management initiatives, that are accepted by the commission from time to time;

"firm energy capability" means the maximum amount of annual energy that a hydroelectric system can produce under ~~critical~~average water conditions;

"integrated area" means the geographic areas in the Province, other than the non-integrated areas, in which the authority serves customers under its schedules of rates filed with the commission from time to time;

"non-integrated area" means Anahim Lake, Atlin, Bella Bella, Bella Coola, Dease Lake, Eddontenajon, Haida Gwaii and Telegraph Creek District;

"wood biomass" means

- (a) wood residue within the meaning of the *Forest Act*,
- (b) wood debris from logging, construction or demolition operations,
- (c) organic residues from pulp and paper production processes, and
- (d) timber, within the meaning of the *Forest Act*, infested by the mountain pine beetle.

(2) The definition of "firm energy capability" in subsection (1) must be interpreted for the purposes of this Special Direction so as to be consistent with the fact that, in ~~2006,2011~~, the authority's firm energy capability was ~~42-60048~~ 200 gigawatt hours.

Application

2 This Special Direction is issued to the commission under section 3 of the Act.

Self-sufficiency

3 Subject to section 5 (2) (a), in regulating, and ~~fixing~~setting rates for, the authority, including, without limitation,

- (a) considering an application made by the authority for a certificate of public convenience and necessity under section ~~45~~46 of the Act,
- (b) ~~doing anything referred to in section 45 (6.2) (a), (b) or (c) of the Act with respect to a plan filed by the authority under section 45 (6.1) of the Act, and~~ [Repealed]
- (c) considering an energy supply contract under section 71 of the Act,

the commission must use the criterion that the authority is to achieve energy and capacity self-sufficiency by becoming capable of

(d) meeting, by 2016 and each year thereafter, the electricity supply obligations, and

(e) ~~exceeding, as soon as practicable but no later than 2026, the electricity supply obligations by at least 3 000 gigawatt hours per year and by the capacity required to integrate that energy in the most cost-effective manner~~ [Repealed]

solely from electricity generating facilities within the Province, assuming no more in each year than the firm energy capability from the assets that are hydroelectric facilities.

Biomass contracts

4 In considering a biomass contract under section 71 (2) of the Act, the commission may not find that a biomass contract is not in the public interest solely by reason of the factor described in section 71 (2) (d) of the Act and must be primarily guided by the following factors, which are of material value to the authority's ratepayers:

(a) the acquisition of energy by the authority under a biomass contract will reduce the risk to the authority of future costs associated with the production of gasses that contribute to global climate change;

(b) energy acquired by the authority under a biomass contract will contribute to diversification of the authority's electricity supply portfolio;

(c) a biomass contract will assist the authority to meet its requirements for electrical capacity.

Rates

5 (1) In setting rates for the authority, the commission must ensure that the authority's rates and classes of service available to customers in the non-integrated area, including rates available to customers whose electricity demand is or is likely to be in excess of 45 kV.A, are available to customers who receive electricity service under section 2 of the Remote Communities Regulation.

(2) In setting rates for the authority, the commission must ensure that those rates allow the authority to collect sufficient revenue in each fiscal year to enable the authority to

(a) achieve energy and capacity self-sufficiency as described in section 3 of this Special Direction,

(b) recover costs incurred as a result of the call for power, including costs incurred in purchasing electricity under a biomass contract, and

(c) recover costs related to the provision of electricity service under section 2 of the Remote Communities Regulation.

Interim Planning Criteria

6 (1) In deciding whether to issue a certificate to the authority under section 46 of the Act for the Ruskin Dam and Powerhouse Upgrade Project, the commission must assume that the authority requires, in order to meet its electricity supply obligations, the 334 gigawatt hours per year of firm energy and 114 megawatts of dependable capacity that the project is capable of delivering by 2018 and continuing to deliver over the expected life of the project.

(2) In deciding whether to issue a certificate to the authority under section 46 of the Act for the John Hart Generating Station Replacement Project, the commission must assume that the authority requires, in order to meet its electricity supply obligations, the 806 gigawatt hours per year of firm energy and 128 megawatts of dependable capacity that the project is capable of delivering by 2018 and continuing to deliver over the expected life of the project.

(3) In determining under section 71 of the Act whether the authority's energy supply contract in respect of the Conifex Mackenzie Power Project is in the public interest, the commission must assume that the authority requires, by 2013, in order to meet its electricity supply obligations, the 200 gigawatt hours per year of firm energy that would be provided under the contract.

(4) In considering under section 44.2(3) of the Act whether to accept or reject all or part of the authority's expenditure schedule relating to proposed expenditures on demand-side measures for the authority's 2012 and 2013 fiscal years, the

commission, despite sections 44.2(3)(a) and (5.1) of the Act, must accept an expenditure respecting a demand-side measure if

(a) the demand-side measure is cost-effective in accordance with the Demand-Side Measures Regulation, and

(b) the expenditure has not been shown to the satisfaction of the commission to be unreasonable for achieving the reductions in demand attributable to the demand-side measure.

(5) In setting rates for the authority, the commission must ensure that those rates allow the authority to collect sufficient revenue in each fiscal year to enable the authority to recover costs incurred in carrying out demand-side measures accepted under subsection (4).

Amended
F2012 to F2014 Revenue Requirements Application



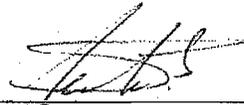
New Appendix

C-10

**Clean and black-lined versions of the
Electricity Self-Sufficiency Regulation**

PROVINCE OF BRITISH COLUMBIA
ORDER OF THE LIEUTENANT GOVERNOR IN COUNCIL

Order in Council No. 036, Approved and Ordered FEB - 2 2012



Lieutenant Governor

Executive Council Chambers, Victoria

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and consent of the Executive Council, orders that the Electricity Self-Sufficiency Regulation, B.C. Reg. 315/2010, is amended

- (a) in section 1 by repealing the definition of "critical water conditions" and substituting the following:
"average water conditions" means the average stream flows occurring within the authority's historical record,;
- (b) in section 3 by striking out "critical water conditions" and substituting "average water conditions".



Minister of Energy and Mines and
Minister Responsible for Housing

Presiding Member of the Executive Council

(This part is for administrative purposes only and is not part of the Order.)

Authority under which Order is made:

Act and section: Clean Energy Act, S.B.C. 2010, c. 22, s. 35

Other: OIC 694/2010

November 23, 2011

R/835/2011/27

page 1 of 1

Clean Energy Act

Electricity Self-Sufficiency Regulation

[unofficial consolidation including amendments up to February 12, 2012]

Definitions

1 In this regulation:

"Act" means the *Clean Energy Act*;

"average water conditions" means the average stream flows occurring within the historical record.

Prescribed forecasts

2 The forecasts of the authority's energy requirements and peak load prescribed for the purposes of the definition of "electricity supply obligations" in section 6 (1) of the Act are the authority's mid-level forecasts.

Critical water conditions

3 The water conditions prescribed for the purposes of the definition of "heritage energy capability" in section 6 (1) of the Act are average water conditions.

Clean Energy Act

Electricity Self-Sufficiency Regulation

[unofficial consolidation including amendments up to February 12, 2012]

Definitions

1 In this regulation:

"**Act**" means the *Clean Energy Act*;

"**critical average water conditions**" means the ~~most adverse sequence~~
~~of~~ average stream flows occurring within the historical record.

Prescribed forecasts

2 The forecasts of the authority's energy requirements and peak load prescribed for the purposes of the definition of "electricity supply obligations" in section 6 (1) of the Act are the authority's mid-level forecasts.

Critical water conditions

3 The water conditions prescribed for the purposes of the definition of "heritage energy capability" in section 6 (1) of the Act are ~~critical~~ average water conditions.

Amended
F2012 to F2014 Revenue Requirements Application



New Appendix

C-11

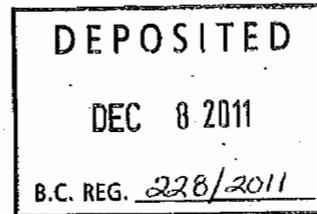
**Clean and black-lined versions of the
DSM Regulation**

PROVINCE OF BRITISH COLUMBIA
REGULATION OF THE MINISTER OF
ENERGY AND MINES AND MINISTER
RESPONSIBLE FOR HOUSING

Utilities Commission Act

Ministerial Order No. M 335

I, Rich Coleman, Minister of Energy and Mines and Minister Responsible for Housing, order that the Demand-Side Measures Regulation, B.C. Reg. 326/2008, is amended as set out in the attached schedule.



DEC - 8 2011

Date

A handwritten signature in black ink, appearing to be "Rich Coleman", written over a horizontal line.

Minister of Energy and Mines and
Minister Responsible for Housing

(This part is for administrative purposes only and is not part of the Order.)

Authority under which Order is made:

Act and section: *Utilities Commission Act*, R.S.B.C. 1996, c. 473, s. 125.1 (4) (c)

Other: M271/2008

November 10, 2011

R/656/2011/27

SCHEDULE

1 Section 1 of the Demand-Side Measures Regulation, B.C. Reg. 326/2008, is amended

(a) by adding the following definition:

"clean or renewable resource" has the same meaning as in the *Clean Energy Act*;

(b) by repealing the definition of "energy device",

(c) by repealing the definition of "energy efficiency training" and substituting the following:

"energy efficiency training" means training for persons who

- (a) manufacture, sell or install energy-efficient products or products that conserve energy,
- (b) design, construct or act as a real estate broker with respect to energy-efficient buildings,
- (c) manage energy systems,
- (d) conduct energy efficiency and conservation audits,
- (e) on behalf of an organization, manage or advise with respect to the conservation or efficient use of energy in the organization's facilities, or
- (f) in an organization, educate other persons about the benefits of energy efficiency and conservation;

(d) by repealing paragraphs (a) and (d) in the definition of "regulated item" and substituting the following:

- (a) a product or system that uses energy or controls or affects the use of energy,
- (c) a building site design or building site selection plan, or
- (f) a community design;

(e) in the definition of "specified demand-side measure" by adding the following paragraph:

(e) financial or other resources provided

- (i) to a standards-making body to support the development of standards respecting energy conservation or the efficient use of energy, or
- (ii) to a government or regulatory body to support the development of or compliance with a specified standard or a measure respecting energy conservation or the efficient use of energy in the Province;

(f) by adding the following definition:

"specified proposal" means

- (a) a proposal respecting an amendment to the regulation referred to in paragraph (a) of the definition of "specified standard", if the proposal is published by the minister responsible for the *Energy Efficiency Act* and specifically refers to this regulation;

- (b) a proposal respecting an amendment to the regulations referred to in paragraph (b) of the definition of "specified standard", if the proposed amendment is published in the Canada Gazette;
- (c) a proposal respecting an amendment to a standard referred to in paragraph (c) of the definition of "specified standard", if the proposal is published by the government and specifically refers to this regulation;
- (d) a proposal respecting
 - (i) a new bylaw, or
 - (ii) an amendment to a bylawreferred to in paragraph (d) of the definition of "specified standard", if the proposal has been given first reading by the council of the local authority;
- (e) a proposal respecting
 - (i) a new law, or
 - (ii) an amendment to a lawreferred to in paragraph (e) of the definition of "specified standard", if the proposal has been published by the governing body referred to in that paragraph;
- (g) *in the definition of "specified standard" by adding the following paragraphs:*
 - (d) a bylaw of a local authority, if the standard promotes energy conservation or the efficient use of energy in the Province;
 - (e) a law passed by a governing body of a first nation, if the standard promotes energy conservation or the efficient use of energy in the Province; *and*
- (h) *in paragraph (a) of the definition of "technology innovation program" by adding "use or support the increased use of" after "to develop".*

2 *Section 4 is amended*

- (a) *in subsection (1) by striking out "Subject to subsections (4) and (5)" and substituting "Subject to subsections (1.5), (4) and (5)";*
- (b) *by adding the following subsections:*
 - (1.1) The commission must make determinations of cost effectiveness by applying the total resource cost test as follows and in the order set out:
 - (a) subject to subsections (1.2) and (1.3), the avoided natural gas cost, if any, respecting a demand-side measure, in addition to the avoided capacity cost, is the amount that the commission is satisfied represents the authority's long-run marginal cost of acquiring electricity generated from clean or renewable resources in British Columbia, multiplied by 0.5;
 - (b) subject to subsection (1.3), the avoided electricity cost, if any, respecting a demand-side measure, in addition to the avoided capacity cost, is
 - (i) in the case of a demand-side measure of FortisBC Inc., an amount that the commission is satisfied represents FortisBC Inc.'s long-run marginal cost of acquiring electricity generated from clean or renewable resources in British Columbia, and

- (ii) in the case of a demand-side measure not referred to in subparagraph (i), an amount that the commission is satisfied represents the authority's long-run marginal cost of acquiring electricity generated from clean or renewable resources in British Columbia;
- (c) with respect to a demand-side measure not referred to in section 3 (a), do the following:
 - (i) increase the benefits of the demand-side measure by an amount that does not exceed an amount proposed by the public utility for this purpose, if the commission is satisfied that the amount represents the participant or utility non-energy benefits of the demand-side measure;
 - (ii) if the benefits of a demand-side measure have not been increased under subparagraph (i) or if the benefits of the expenditure portfolio of which the demand-side measure is a part has not been increased by 15% or more as a result of an increase under subparagraph (i), increase the benefit of the demand-side measure by an amount that
 - (A) increases by 15% the benefits of the expenditure portfolio of which the demand-side measure is a part, and
 - (B) is equal to the increase made under this subparagraph for all the other demand-side measures that are part of the expenditure portfolio.
- (1.2) Subsection (1.1) (a) does not apply to a demand-side measure that reduces the use of natural gas but does not reduce greenhouse gas emissions associated with that use of natural gas.
- (1.3) Subsection (1.1) (a) and (b) does not apply to a demand-side measure that encourages a switch from the use of oil or propane to the use of natural gas or electricity such that the switch would decrease greenhouse gas emissions in British Columbia.
- (1.4) In considering a demand-side measure that, in the commission's opinion, will increase the use of a regulated item with respect to which there is either
 - (a) a specified standard that has not yet commenced, or
 - (b) a specified proposal,the commission, after applying subsection (1.1), may increase the benefit of the demand-side measure by an amount that represents a portion of the avoided capacity and energy costs that, in the commission's opinion, will result from the commencement and application of the specified standard, amendment or new bylaw proposed by the specified proposal, assuming that the standard, amendment or new bylaw comes into force.
- (1.5) Despite subsection (1.1) and subject to subsections (4) and (5), the commission must determine that a demand-side measure that is part of an expenditure portfolio and that is cost effective when applying subsection (1.1) is not cost effective if

- (a) the demand-side measure is not cost-effective without applying subsection (1.1), and
 - (b) the total expenditures respecting
 - (i) the demand-side measure, and
 - (ii) all other demand-side measures that are part of the expenditure portfolio, that are not cost effective without applying subsection (1.1) and that are cost effective when applying subsection (1.1),are more than
 - (iii) 33% of the total expenditures for the expenditure portfolio, in the case of a utility that recovers the expenditures in gas rates, or
 - (iv) 10% of the total expenditures for the expenditure portfolio, in the case of a utility that recovers the expenditures in electricity rates.
- (1.6) For greater certainty, if the commission determines under subsection (1.5) that a demand-side measure that is part of an expenditure portfolio is not cost effective, the commission must exclude that demand-side measure from consideration when determining under that subsection whether another demand-side measure that is part of the expenditure portfolio is cost effective.
- (1.7) For the purposes of subsections (1.1) (c) and (1.5), the commission, when considering the benefits or expenditures respecting a public utility's expenditure portfolio, may consider a demand-side measure of the public utility that is not included in the expenditure portfolio to be a part of the expenditure portfolio.
- (1.8) Despite subsection (1.1), the commission may determine that a demand-side measure, other than
 - (a) a specified demand-side measure,
 - (b) a public awareness program,
 - (c) a demand-side measure referred to in section 3 (a), or
 - (d) a demand-side measure that is cost effective without applying subsection (1.1) but after applying subsection (1.4)is not cost effective if the demand-side measure would not be considered cost-effective under the utility cost test.
- (c) *In subsection (2) (b) by adding "but after applying subsection (1.1)" after "without reference to this subsection", and*
- (d) *by repealing subsections (3) and (7).*

Utilities Commission Act

Demand-Side Measures Regulation

[unofficial consolidation including amendments up to December 8, 2011]

Definitions

1 In this regulation:

"Act" means the *Utilities Commission Act*;

"bulk electricity purchaser" means a public utility that purchases electricity from the authority for resale to the public utility's customers;

"clean or renewable resource" has the same meaning as in the *Clean Energy Act*;

"community engagement program" means a program delivered by

(a) a public utility to a public entity either

(i) to increase the public entity's awareness about ways to increase energy conservation and energy efficiency or to encourage the public entity to conserve energy or use energy efficiently, or

(ii) to assist the public entity to increase the public's awareness about ways to increase energy conservation and energy efficiency or to encourage the public to conserve energy or use energy efficiently, or

(b) a public utility in cooperation with a public entity to increase the public's awareness about ways to increase energy conservation and energy efficiency or to encourage the public to conserve energy or use energy efficiently;

"education program" means an education program about energy conservation and efficiency, and includes the funding of the development of such a program;

"energy efficiency training" means training for persons who

- (a) manufacture, sell or install energy-efficient products or products that conserve energy,
- (b) design, construct or act as a real estate broker with respect to energy-efficient buildings,
- (c) manage energy systems,
- (d) conduct energy efficiency and conservation audits,
- (e) on behalf of an organization, manage or advise with respect to the conservation or efficient use of energy in the organization's facilities, or
- (f) in an organization, educate other persons about the benefits of energy efficiency and conservation;

"energy-using product" has the same meaning as in the *Energy Efficiency Act* (Canada);

"expenditure portfolio" means the class of demand-side measures that is composed of all of the demand-side measures proposed by a public utility in an expenditure schedule submitted under section 44.2 of the Act;

"low-income household" means a household whose residents receive service from the public utility and who have, in a taxation year, a before-tax annual household income equal to or less than the low-income cut off established by Statistics Canada for that year for households of that type;

"plan portfolio" means the class of demand-side measures that is composed of all of the demand-side measures proposed by a public utility in a plan submitted under section 44.1 of the Act;

"public awareness program" means a program delivered by a public utility

- (a) to increase the awareness of the public, including the public utility's customers, about ways to increase energy conservation and energy efficiency or to encourage the public, including the public utility's customers, to conserve energy or use energy efficiently, or
- (b) to increase participation by the public utility's customers in other demand-side measures proposed by the public utility in an expenditure portfolio or a plan portfolio

but does not include a program to increase the amount of energy sold or delivered by the public utility;

"public entity" means a local government, first nation, non-profit society incorporated under the *Society Act* or trade union;

"regulated item" means

- (a) a product or system that uses energy or controls or affects the use of energy
- (b) an energy-using product,
- (c) a building design, or
- (d) Repealed. [B.C. Reg. 228/2011, s. 1 (d).]
- (e) a building site design or building site selection plan, or
- (f) a community design;

"school" means a school regulated under the *School Act* or the *Independent School Act*;

"specified demand-side measure" means

- (a) a demand-side measure referred to in section 3 (c) or (d),
- (b) the funding of energy efficiency training,
- (c) a community engagement program,
- (d) a technology innovation program, or
- (e) financial or other resources provided
 - (i) to a standards-making body to support the development of standards respecting energy conservation or the efficient use of energy, or
 - (ii) to a government or regulatory body to support the development of or compliance with a specified standard or a measure respecting energy conservation or the efficient use of energy in the Province;

"specified proposal" means

(a) a proposal respecting an amendment to the regulation referred to in paragraph (a) of the definition of "specified standard", if the proposal is published by the minister responsible for the *Energy Efficiency Act* and specifically refers to this regulation;

(b) a proposal respecting an amendment to the regulations referred to in paragraph (b) of the definition of "specified standard", if the proposed amendment is published in the Canada Gazette;

(c) a proposal respecting an amendment to a standard referred to in paragraph (c) of the definition of "specified standard", if the proposal is published by the government and specifically refers to this regulation;

(d) a proposal respecting

(i) a new bylaw, or

(ii) an amendment to a bylaw

referred to in paragraph (d) of the definition of "specified standard", if the proposal has been given first reading by the council of the local authority;

(e) a proposal respecting

(i) a new law, or

(ii) an amendment to a law

referred to in paragraph (e) of the definition of "specified standard", if the proposal has been published by the governing body referred to in that paragraph;

"specified standard" means a standard in any of the following:

(a) the Energy Efficiency Standards Regulation, B.C. Reg. 389/93;

(b) the Energy Efficiency Regulations S.O.R./94-651;

(c) the British Columbia Building Code, if the standard promotes energy conservation or the efficient use of energy;

(d) a bylaw of a local authority, if the standard promotes energy conservation or the efficient use of energy in the Province;

(e) a law passed by a governing body of a first nation, if the standard promotes energy conservation or the efficient use of energy in the Province;

"technology innovation program" means a program

(a) to develop, use or support the increased use of a technology, a system of technologies, a building design or an industrial facility design that is

(i) not commonly used in British Columbia, and

(ii) the use of which could directly or indirectly result in significant reductions of energy use or significantly more efficient use of energy,

(b) to do what is described in paragraph (a) and to give demonstrations to the public of any results of doing what is described in paragraph (a), or

(c) to gather information about a technology, a system of technologies, a building design or an industrial design referred to in paragraph (a).

[am. B.C. Reg. 228/2011, s. 1.]

Application

2 (1) This regulation applies only with respect to demand-side measures proposed by the authority.

(2) Effective June 1, 2009,

(a) subsection (1) is repealed, and

(b) section 3 does not apply to a public utility that is owned or operated by a local government or has fewer than 10,000 customers.

Adequacy

3 A public utility's plan portfolio is adequate for the purposes of section 44.1 (8) (c) of the Act only if the plan portfolio includes all of the following:

(a) a demand-side measure intended specifically to assist residents of low-income households to reduce their energy consumption;

(b) if the plan portfolio is submitted on or after June 1, 2009, a demand-side measure intended specifically to improve the energy efficiency of rental accommodations;

(c) an education program for students enrolled in schools in the public utility's service area;

(d) if the plan portfolio is submitted on or after June 1, 2009, an education program for students enrolled in post-secondary institutions in the public utility's service area.

Cost effectiveness

4 (1) Subject to subsections (1.5), (4) and (5), the commission, in determining for the purposes of section 44.1 (8) (c) or 44.2 (5) (d) of the Act the cost-effectiveness of a demand-side measure proposed in an expenditure portfolio or a plan portfolio, may compare the costs and benefits of

(a) the demand-side measure individually,

(b) the demand-side measure and other demand-side measures in the portfolio, or

(c) the portfolio as a whole.

(1.1) The commission must make determinations of cost effectiveness by applying the total resource cost test as follows and in the order set out:

(a) subject to subsections (1.2) and (1.3), the avoided natural gas cost, if any, respecting a demand-side measure, in addition to the avoided capacity cost, is the amount that the commission is satisfied represents the authority's long-run marginal cost of acquiring electricity generated from clean or renewable resources in British Columbia, multiplied by 0.5;

(b) subject to subsection (1.3), the avoided electricity cost, if any, respecting a demand-side measure, in addition to the avoided capacity cost, is

(i) in the case of a demand-side measure of FortisBC Inc., an amount that the commission is satisfied represents FortisBC Inc.'s long-run marginal cost of acquiring electricity generated from clean or renewable resources in British Columbia, and

(ii) in the case of a demand-side measure not referred to in subparagraph (i), an amount that the commission is satisfied represents the authority's long-run marginal cost of acquiring electricity generated from clean or renewable resources in British Columbia;

(c) with respect to a demand-side measure not referred to in section 3

(a), do the following:

(i) increase the benefits of the demand-side measure by an amount that does not exceed an amount proposed by the public utility for this purpose, if the commission is satisfied that the amount represents the participant or utility non-energy benefits of the demand-side measure;

(ii) if the benefits of a demand-side measure have not been increased under subparagraph (i) or if the benefits of the expenditure portfolio of which the demand-side measure is a part has not been increased by 15% or more as a result of an increase under subparagraph (i), increase the benefit of the demand-side measure by an amount that

(A) increases by 15% the benefits of the expenditure portfolio of which the demand-side measure is a part, and

(B) is equal to the increase made under this subparagraph for all the other demand-side measures that are part of the expenditure portfolio.

(1.2) Subsection (1.1) (a) does not apply to a demand-side measure that reduces the use of natural gas but does not reduce greenhouse gas emissions associated with that use of natural gas.

(1.3) Subsection (1.1) (a) and (b) does not apply to a demand-side measure that encourages a switch from the use of oil or propane to the use of natural gas or electricity such that the switch would decrease greenhouse gas emissions in British Columbia.

(1.4) In considering a demand-side measure that, in the commission's opinion, will increase the use of a regulated item with respect to which there is either

- (a) a specified standard that has not yet commenced, or
- (b) a specified proposal,

the commission, after applying subsection (1.1), may increase the benefit of the demand-side measure by an amount that represents a portion of the avoided capacity and energy costs that, in the commission's opinion, will result from the commencement and application of the specified standard, amendment or new bylaw proposed by the specified proposal, assuming that the standard, amendment or new bylaw comes into force.

(1.5) Despite subsection (1.1) and subject to subsections (4) and (5), the commission must determine that a demand-side measure that is part of an expenditure portfolio and that is cost effective when applying subsection (1.1) is not cost effective if

- (a) the demand-side measure is not cost-effective without applying subsection (1.1), and

- (b) the total expenditures respecting

- (i) the demand-side measure, and

- (ii) all other demand-side measures that are part of the expenditure portfolio, that are not cost effective without applying subsection (1.1) and that are cost effective when applying subsection (1.1),

are more than

- (iii) 33% of the total expenditures for the expenditure portfolio, in the case of a utility that recovers the expenditures in gas rates, or

- (iv) 10% of the total expenditures for the expenditure portfolio, in the case of a utility that recovers the expenditures in electricity rates.

(1.6) For greater certainty, if the commission determines under subsection (1.5) that a demand-side measure that is part of an expenditure portfolio is not cost effective, the commission must exclude that demand-side measure from consideration when determining under that subsection whether another demand-side measure that is part of the expenditure portfolio is cost effective.

(1.7) For the purposes of subsections (1.1) (c) and (1.5), the commission, when considering the benefits or expenditures respecting a public utility's expenditure portfolio, may consider a demand-side measure of the public utility that is not included in the expenditure portfolio to be a part of the expenditure portfolio.

(1.8) Despite subsection (1.1), the commission may determine that a demand-side measure, other than

- (a) a specified demand-side measure,
- (b) a public awareness program,
- (c) a demand-side measure referred to in section 3 (a), or
- (d) a demand-side measure that is cost effective without applying subsection (1.1) but after applying subsection (1.4)

is not cost effective if the demand-side measure would not be considered cost-effective under the utility cost test.

(2) In determining whether a demand-side measure referred to in section 3 (a) is cost effective, the commission must,

- (a) in addition to conducting any other analysis the commission considers appropriate, use the total resource cost test, and
- (b) in using the total resource cost test, consider the benefit of the demand-side measure to be 130% of its value when determined without reference to this subsection.

(3) Repealed. [B.C. Reg. 228/2011, s. 2 (d).]

(4) The commission must determine the cost-effectiveness of a specified demand-side measure proposed in a plan portfolio or an expenditure portfolio by determining whether the portfolio is cost effective as a whole.

(5) If the commission is satisfied that a public awareness program proposed in a plan portfolio or an expenditure portfolio is likely to accomplish the goals set out in paragraph (a) or (b) of the definition of "public awareness program", the commission must determine the cost-effectiveness of the program by determining whether the portfolio is cost-effective as a whole.

(6) The commission may not determine that a proposed demand-side measure is not cost effective on the basis of the result obtained by using a ratepayer impact measure test to assess the demand-side measure.

(7) Repealed. [B.C. Reg. 228/2011, s. 2 (d).]

[am. B.C. Reg. 228/2011, s. 2.]

Utilities Commission Act

Demand-Side Measures Regulation

[unofficial consolidation including amendments up to December 8, 2011]

Definitions

1 In this regulation:

"Act" means the *Utilities Commission Act*;

"bulk electricity purchaser" means a public utility that purchases electricity from the authority for resale to the public utility's customers;

"clean or renewable resource" has the same meaning as in the *Clean Energy Act*.

"community engagement program" means a program delivered by

(a) a public utility to a public entity either

(i) to increase the public entity's awareness about ways to increase energy conservation and energy efficiency or to encourage the public entity to conserve energy or use energy efficiently, or

(ii) to assist the public entity to increase the public's awareness about ways to increase energy conservation and energy efficiency or to encourage the public to conserve energy or use energy efficiently, or

(b) a public utility in cooperation with a public entity to increase the public's awareness about ways to increase energy conservation and energy efficiency or to encourage the public to conserve energy or use energy efficiently;

"education program" means an education program about energy conservation and efficiency, and includes the funding of the development of such a program;

~~**"energy device"** has the same meaning as in the *Energy Efficiency Act*;~~

"energy efficiency training" means training for persons who

- (a) manufacture, sell or install energy-efficient products or products that conserve energy,
- (b) design, construct or act as a real estate broker with respect to energy-efficient buildings,
- (c) manage energy systems ~~in buildings,~~
- (d) conduct energy efficiency and conservation audits,
- (e) on behalf of an organization, manage or advise with respect to the conservation or efficient use of energy in the organization's facilities, or
- ~~(d) conduct~~ in an organization, educate other persons about the benefits of energy efficiency audits and conservation;

"energy-using product" has the same meaning as in the *Energy Efficiency Act* (Canada);

"expenditure portfolio" means the class of demand-side measures that is composed of all of the demand-side measures proposed by a public utility in an expenditure schedule submitted under section 44.2 of the Act;

"low-income household" means a household whose residents receive service from the public utility and who have, in a taxation year, a before-tax annual household income equal to or less than the low-income cut off established by Statistics Canada for that year for households of that type;

"plan portfolio" means the class of demand-side measures that is composed of all of the demand-side measures proposed by a public utility in a plan submitted under section 44.1 of the Act;

"public awareness program" means a program delivered by a public utility

- (a) to increase the awareness of the public, including the public utility's customers, about ways to increase energy conservation and energy efficiency or to encourage the public, including the

public utility's customers, to conserve energy or use energy efficiently, or

(b) to increase participation by the public utility's customers in other demand-side measures proposed by the public utility in an expenditure portfolio or a plan portfolio

but does not include a program to increase the amount of energy sold or delivered by the public utility;

"public entity" means a local government, first nation, non-profit society incorporated under the *Society Act* or trade union;

"regulated item" means

(a) ~~an energy device,~~ a product or system that uses energy or controls or affects the use of energy

(b) an energy-using product,

(c) a building design, or

(d) ~~thermal insulation;~~ Repealed. [B.C. Reg. 228/2011, s. 1 (d).]

(e) a building site design or building site selection plan, or

(f) a community design;

"school" means a school regulated under the *School Act* or the *Independent School Act*;

"specified demand-side measure" means

(a) a demand-side measure referred to in section 3 (c) or (d),

(b) the funding of energy efficiency training,

(c) a community engagement program, ~~or~~

(d) a technology innovation program; or

(e) financial or other resources provided

(i) to a standards-making body to support the development of standards respecting energy conservation or the efficient use of energy, or

(ii) to a government or regulatory body to support the development of or compliance with a specified standard or a measure respecting energy conservation or the efficient use of energy in the Province;

"specified proposal" means

(a) a proposal respecting an amendment to the regulation referred to in paragraph (a) of the definition of "specified standard", if the proposal is published by the minister responsible for the *Energy Efficiency Act* and specifically refers to this regulation;

(b) a proposal respecting an amendment to the regulations referred to in paragraph (b) of the definition of "specified standard", if the proposed amendment is published in the *Canada Gazette*;

(c) a proposal respecting an amendment to a standard referred to in paragraph (c) of the definition of "specified standard", if the proposal is published by the government and specifically refers to this regulation;

(d) a proposal respecting

(i) a new bylaw, or

(ii) an amendment to a bylaw

referred to in paragraph (d) of the definition of "specified standard", if the proposal has been given first reading by the council of the local authority;

(e) a proposal respecting

(i) a new law, or

(ii) an amendment to a law

referred to in paragraph (e) of the definition of "specified standard", if the proposal has been published by the governing body referred to in that paragraph;

"specified standard" means a standard in any of the following:

Amended F12/F14 RRA - New Appendix C-11

- (a) the Energy Efficiency Standards Regulation, B.C. Reg. 389/93;
- (b) the Energy Efficiency Regulations S.O.R./94-651;
- (c) the British Columbia Building Code, if the standard promotes energy conservation or the efficient use of energy;
- (d) a bylaw of a local authority, if the standard promotes energy conservation or the efficient use of energy in the Province;
- (e) a law passed by a governing body of a first nation, if the standard promotes energy conservation or the efficient use of energy in the Province;

"technology innovation program" means a program

- (a) to develop use or support the increased use of a technology, a system of technologies, a building design or an industrial facility design that is
 - (i) not commonly used in British Columbia, and
 - (ii) the use of which could directly or indirectly result in significant reductions of energy use or significantly more efficient use of energy,
- (b) to do what is described in paragraph (a) and to give demonstrations to the public of any results of doing what is described in paragraph (a), or
- (c) to gather information about a technology, a system of technologies, a building design or an industrial design referred to in paragraph (a).

[am. B.C. Reg. 228/2011, s. 1.]

Application

2 (1) This regulation applies only with respect to demand-side measures proposed by the authority.

(2) Effective June 1, 2009,

- (a) subsection (1) is repealed, and

(b) section 3 does not apply to a public utility that is owned or operated by a local government or has fewer than 10,000 customers.

Adequacy

3 A public utility's plan portfolio is adequate for the purposes of section 44.1 (8) (c) of the Act only if the plan portfolio includes all of the following:

- (a) a demand-side measure intended specifically to assist residents of low-income households to reduce their energy consumption;
- (b) if the plan portfolio is submitted on or after June 1, 2009, a demand-side measure intended specifically to improve the energy efficiency of rental accommodations;
- (c) an education program for students enrolled in schools in the public utility's service area;
- (d) if the plan portfolio is submitted on or after June 1, 2009, an education program for students enrolled in post-secondary institutions in the public utility's service area.

Cost effectiveness

4 (1) Subject to subsections (1.5), (4) and (5), the commission, in determining for the purposes of section 44.1 (8) (c) or 44.2 (5) (d) of the Act the cost-effectiveness of a demand-side measure proposed in an expenditure portfolio or a plan portfolio, may compare the costs and benefits of

- (a) the demand-side measure individually,
- (b) the demand-side measure and other demand-side measures in the portfolio, or
- (c) the portfolio as a whole.

(1.1) The commission must make determinations of cost effectiveness by applying the total resource cost test as follows and in the order set out:

- (a) subject to subsections (1.2) and (1.3), the avoided natural gas cost, if any, respecting a demand-side measure, in addition to the avoided capacity cost, is the amount that the commission

is satisfied represents the authority's long-run marginal cost of acquiring electricity generated from clean or renewable resources in British Columbia, multiplied by 0.5:

(b) subject to subsection (1.3), the avoided electricity cost, if any, respecting a demand-side measure, in addition to the avoided capacity cost, is

(i) in the case of a demand-side measure of FortisBC Inc., an amount that the commission is satisfied represents FortisBC Inc.'s long-run marginal cost of acquiring electricity generated from clean or renewable resources in British Columbia, and

(ii) in the case of a demand-side measure not referred to in subparagraph (i), an amount that the commission is satisfied represents the authority's long-run marginal cost of acquiring electricity generated from clean or renewable resources in British Columbia;

(c) with respect to a demand-side measure not referred to in section 3 (a), do the following:

(i) increase the benefits of the demand-side measure by an amount that does not exceed an amount proposed by the public utility for this purpose, if the commission is satisfied that the amount represents the participant or utility non-energy benefits of the demand-side measure;

(ii) if the benefits of a demand-side measure have not been increased under subparagraph (i) or if the benefits of the expenditure portfolio of which the demand-side measure is a part has not been increased by 15% or more as a result of an increase under subparagraph (i), increase the benefit of the demand-side measure by an amount that

(A) increases by 15% the benefits of the expenditure portfolio of which the demand-side measure is a part, and

(B) is equal to the increase made under this subparagraph for all the other demand-side measures that are part of the expenditure portfolio.

(1.2) Subsection (1.1) (a) does not apply to a demand-side measure that reduces the use of natural gas but does not reduce greenhouse gas emissions associated with that use of natural gas.

(1.3) Subsection (1.1) (a) and (b) does not apply to a demand-side measure that encourages a switch from the use of oil or propane to the use of natural gas or electricity such that the switch would decrease greenhouse gas emissions in British Columbia.

(1.4) In considering a demand-side measure that, in the commission's opinion, will increase the use of a regulated item with respect to which there is either

(a) a specified standard that has not yet commenced, or

(b) a specified proposal,

the commission, after applying subsection (1.1), may increase the benefit of the demand-side measure by an amount that represents a portion of the avoided capacity and energy costs that, in the commission's opinion, will result from the commencement and application of the specified standard, amendment or new bylaw proposed by the specified proposal, assuming that the standard, amendment or new bylaw comes into force.

(1.5) Despite subsection (1.1) and subject to subsections (4) and (5), the commission must determine that a demand-side measure that is part of an expenditure portfolio and that is cost effective when applying subsection (1.1) is not cost effective if

(a) the demand-side measure is not cost-effective without applying subsection (1.1), and

(b) the total expenditures respecting

(i) the demand-side measure, and

(ii) all other demand-side measures that are part of the expenditure portfolio, that are not cost effective without

applying subsection (1.1) and that are cost effective when applying subsection (1.1).

are more than

(iii) 33% of the total expenditures for the expenditure portfolio, in the case of a utility that recovers the expenditures in gas rates, or

(iv) 10% of the total expenditures for the expenditure portfolio, in the case of a utility that recovers the expenditures in electricity rates.

(1.6) For greater certainty, if the commission determines under subsection (1.5) that a demand-side measure that is part of an expenditure portfolio is not cost effective, the commission must exclude that demand-side measure from consideration when determining under that subsection whether another demand-side measure that is part of the expenditure portfolio is cost effective.

(1.7) For the purposes of subsections (1.1) (c) and (1.5), the commission, when considering the benefits or expenditures respecting a public utility's expenditure portfolio, may consider a demand-side measure of the public utility that is not included in the expenditure portfolio to be a part of the expenditure portfolio.

(1.8) Despite subsection (1.1), the commission may determine that a demand-side measure, other than

(a) a specified demand-side measure,

(b) a public awareness program,

(c) a demand-side measure referred to in section 3 (a), or

(d) a demand-side measure that is cost effective without applying subsection (1.1) but after applying subsection (1.4)

is not cost effective if the demand-side measure would not be considered cost-effective under the utility cost test.

(2) In determining whether a demand-side measure referred to in section 3 (a) is cost effective, the commission must,

(a) in addition to conducting any other analysis the commission considers appropriate, use the total resource cost test, and

(b) in using the total resource cost test, consider the benefit of the demand-side measure to be 130% of its value when determined without reference to this subsection.

~~(3) In determining whether a demand-side measure of a bulk electricity purchaser is cost-effective, the commission must consider the benefit of the avoided supply cost to be the authority's long-term marginal cost of acquiring new electricity to replace the electricity sold to the bulk electricity purchaser and not the bulk electricity purchaser's cost of purchasing electricity from the authority.~~ (3) Repealed. [B.C. Reg. 228/2011, s. 2 (d).]

(4) The commission must determine the cost-effectiveness of a specified demand-side measure proposed in a plan portfolio or an expenditure portfolio by determining whether the portfolio is cost effective as a whole.

(5) If the commission is satisfied that a public awareness program proposed in a plan portfolio or an expenditure portfolio is likely to accomplish the goals set out in paragraph (a) or (b) of the definition of "public awareness program", the commission must determine the cost-effectiveness of the program by determining whether the portfolio is cost-effective as a whole.

(6) The commission may not determine that a proposed demand-side measure is not cost effective on the basis of the result obtained by using a ratepayer impact measure test to assess the demand-side measure.

~~(7) In considering the benefit of a demand-side measure that, in the commission's opinion, will increase the market share of a regulated item with respect to which there is a specified standard that has not yet commenced, the commission may include in the benefit a proportion of the benefit that, in the commission's opinion, will result from the commencement and application of the specified standard with respect to the regulated item.~~ (7) Repealed. [B.C. Reg. 228/2011, s. 2 (d).]

[am. B.C. Reg. 228/2011, s. 2.]