



Fred James

Chief Regulatory Officer

Phone: 604-623-4046

Fax: 604-623-4407

bchydroregulatorygroup@bchydro.com

August 24, 2018

Mr. Patrick Wruck
Commission Secretary and Manager
Regulatory Support
British Columbia Utilities Commission
Suite 410, 900 Howe Street
Vancouver, BC V6Z 2N3

Dear Mr. Wruck:

**RE: British Columbia Utilities Commission (BCUC or Commission)
British Columbia Hydro and Power Authority (BC Hydro)
Electricity Purchase Agreement (EPA) Renewals – Sechelt Creek Hydro,
Brown Lake Hydro, and Walden North Hydro (Filing)
Response on Confidentiality**

BC Hydro writes, as required by Commission Order No. G-153-18, to provide further elaboration on why the confidentially filed information in the Filing should be held confidential.

Public disclosure of the redacted information in the Filing could harm the commercial interests of BC Hydro and/or the Independent Power Producer (IPP) counterparty to the respective EPA Renewal. The harm to BC Hydro would be prejudice to its competitive and/or negotiating position with respect to future EPA renewals, which could result in increased costs to ratepayers. The harm to the IPP would be prejudice to its competitive and/or negotiating position with suppliers, contractors, etc., and potentially impact to share value.

The information redacted in the Filing is consistent with the redactions in BC Hydro's previous EPA filings that have been accepted by the Commission. Moreover, BC Hydro strives for a high level of transparency in all of its activities, including regulatory proceedings, and is of the view that it has redacted no more than necessary in the Filing.

There is always the need to balance the public interest in transparency of regulatory proceedings and the public interest in protecting the privacy of individuals and businesses, particularly when the harm is potential for increased costs to customers. If interveners representing the interests of BC Hydro customers want access to the redacted confidential information for the purposes of this proceeding, they can request access by submitting a completed Confidentiality Declaration and Undertaking Form in accordance with the Commission's Rules of Practice and Procedure. Intervener

August 24, 2018
Mr. Patrick Wruck
Commission Secretary and Manager
Regulatory Support
British Columbia Utilities Commission
Response on Confidentiality

representatives have done so in the past and received access to the confidential information on their undertaking.

In consideration of the above, enclosed please find Attachment 1 - EPA Renewals Sechelt Creek Hydro, Brown Lake Hydro, and Walden North Hydro Explanation of Redactions.

For further information, please contact Geoff Higgins at 604-623-4121 or by email at bchydroregulatorygroup@bchydro.com.

Yours sincerely,



(for) Fred James
Chief Regulatory Officer

st/tl

Enclosure

Electricity Purchase Agreement (EPA) Renewals

Sechelt Creek Hydro,

Brown Lake Hydro, and Walden North Hydro

Explanation of Redactions

EPA Renewals Redaction Reference	Description of Redacted Information	Reason for Redaction
Page 5; lines 20, 22 and 23	Levelized energy price over the term of each EPA Renewal and BC Hydro's corresponding opportunity cost.	<p>This information is commercially sensitive to BC Hydro and the IPPs.</p> <p>The levelized energy price provides an indication of the energy price BC Hydro has been willing to pay for this type of product and, based on certain assumptions, it can be used to back-calculate the energy price. The EPA, including the energy price, is confidential information as defined under the EPA.</p> <p>BC Hydro's opportunity cost reflects the cost of BC Hydro's next best alternative and opportunity cost provides an indication of the energy price BC Hydro may be willing to pay for this type of product.</p> <p>The public disclosure of this information would prejudice BC Hydro's negotiating position and commercial interests with respect to other EPA renewals. Should this information be in the public domain it is reasonably expected to result in increased costs and/or harm to BC Hydro and therefore, its ratepayers.</p> <p>The public disclosure of this information may negatively impact the IPPs. This information could be used by competitors and/or suppliers to the detriment of the IPPs. In addition, these IPPs are publically traded companies and disclosure of the energy price could be used to assess revenues, which could influence share value.</p>

EPA Renewals Redaction Reference	Description of Redacted Information	Reason for Redaction
Page 8; line 12 and footnote 8	The basis for determining BC Hydro's opportunity cost.	<p>This information is commercially sensitive to BC Hydro.</p> <p>BC Hydro's opportunity cost reflects the cost of BC Hydro's next best alternative and opportunity cost provides an indication of the energy price BC Hydro may be willing to pay for this type of product. The public disclosure of the basis for determining BC Hydro's opportunity cost would allow parties to calculate BC Hydro's opportunity cost.</p> <p>The public disclosure of this information would prejudice BC Hydro's negotiating position and commercial interests with respect to other EPA renewals. Should this information be in the public domain it is reasonably expected to result in increased costs and/or harm to BC Hydro and therefore, its ratepayers.</p>
Page 10; lines 1 and 2 Page 17; lines 19 and 20 Page 26; line 7	The energy price under the original EPAs and corresponding escalation rate.	<p>This information is commercially sensitive to BC Hydro and the IPPs.</p> <p>BC Hydro considers the energy price and corresponding escalation information to be confidential commercial information. The public disclosure of this information would prejudice BC Hydro's negotiating position and commercial interests with respect to other EPA renewals. Should this information be in the public domain it is reasonably expected to result in increased costs and/or harm to BC Hydro and therefore, its ratepayers.</p> <p>The public disclosure of this information may negatively impact the IPPs. This information could be used by competitors and/or suppliers to the detriment of the IPPs. In addition, these IPPs are publically traded companies and disclosure of the energy price could be used to assess revenues, which could influence share value.</p>

EPA Renewals Redaction Reference	Description of Redacted Information	Reason for Redaction
<p>Page 11; Table 2</p> <p>Page 12; lines 2 and 3</p> <p>Page 18-19; Table 4 and footnote 15</p> <p>Page 29; Table 6 and footnotes 22 and 23</p>	<p>The EPA Renewal hourly limits, energy prices and escalation rates. Please see page 6 of this table regarding the reasons for redaction for the EPA contract terms.</p> <p>The Brown Lake local reliability terms (Table 4 row 8).</p> <p>The Walden North post refurbishment estimated hourly limit (footnote 22).</p>	<p>The information is commercially sensitive to BC Hydro and the IPPs.</p> <p>The EPA Renewal hourly limits, energy prices, escalation rates, and local reliability requirements are unique to each EPA. The EPA, including each EPA's unique terms, is confidential information as defined under the EPA.</p> <p>The public disclosure of this information would prejudice BC Hydro's negotiating position and commercial interests with respect to other EPA renewals, as it provides an indication of the energy price BC Hydro has been willing to pay for a particular EPA renewal and what amendments to the specimen EPA BC Hydro has accepted under certain circumstances. Should this information be in the public domain it is reasonably expected to result in increased costs and/or harm to BC Hydro and therefore, its ratepayers.</p> <p>The public disclosure of this information may negatively impact the IPPs, as it provides an indication of a facility's capability, operation, and revenues. This information could be used by competitors and/or suppliers to the detriment of the IPPs. In addition, these IPPs are publically traded companies and disclosure of the energy price could be used to assess revenues, which could influence share value.</p>
<p>Page 11; line 16</p> <p>Page 19; line 5</p> <p>Page 30; line 25</p>	<p>The basis for determining the hourly delivery limit for energy purchases.</p>	<p>This information is commercially sensitive to BC Hydro.</p> <p>The public disclosure of this information would prejudice BC Hydro's negotiating position and commercial interests with respect to other EPA renewals, as it provides an indication of the specific terms to the specimen EPA BC Hydro has accepted under certain circumstances. Should this information be in the public domain it is reasonably expected to result in increased costs and/or harm to BC Hydro and therefore, its ratepayers.</p>

EPA Renewals Redaction Reference	Description of Redacted Information	Reason for Redaction
Page 12; Table 3 Page 12; lines 9 and 10 Page 20; Table 5 Page 20; lines 3 and 4 and footnote 19 Page 31; Table 7 and footnote 27 Page 32; lines 1 and 2 and footnote 28 Page 39; line 19	The levelized energy price of the original EPAs and Renewed EPAs, the IPPs' opportunity cost, BC Hydro's opportunity cost.	<p>The information is commercially sensitive to BC Hydro and the IPPs.</p> <p>The levelized energy price provides an indication of the energy price BC Hydro has been willing to pay for this type of product and, based on certain assumptions, it can be used to back-calculate the energy price.</p> <p>BC Hydro's opportunity cost reflects the cost of BC Hydro's next best alternative and opportunity cost provides an indication of the energy price BC Hydro may be willing to pay for this type of product.</p> <p>The public disclosure of this information would prejudice BC Hydro's negotiating position and commercial interests with respect to other EPA renewals. Should this information be in the public domain it is reasonably expected to result in increased costs and/or harm to BC Hydro and therefore, its ratepayers.</p> <p>The IPP's opportunity cost is considered confidential as it could be used to glean information on product characteristics which is confidential information covered under the EPA confidentiality requirements.</p> <p>The public disclosure of this information may negatively impact the IPPs. This information could be used by competitors and/or suppliers to the detriment of the IPPs. In addition, these IPPs are publically traded companies and disclosure of the energy price could be used to assess revenues, which could influence share value.</p>

EPA Renewals Redaction Reference	Description of Redacted Information	Reason for Redaction
Page 13; lines 2-3 Page 20; lines 9 and 10 Page 32; lines 7, 8 and 12 Page 38; lines 2 and 3	Energy price comparison between the EPA Renewals and the original EPAs. Energy price comparison between the Walden North EPA Renewal and the Forbearance energy price (line 12).	<p>The information is commercially sensitive to BC Hydro and the IPPs.</p> <p>The EPA, including the energy price and corresponding information is confidential commercial information. The public disclosure of this information would prejudice BC Hydro's negotiating position and commercial interests with respect to other EPA renewals. Should this information be in the public domain it is reasonably expected to result in increased costs and/or harm to BC Hydro and therefore, its ratepayers.</p> <p>The public disclosure of this information may negatively impact the IPPs. This information could be used by competitors and/or suppliers to the detriment of the IPPs. In addition, these IPPs are publically traded companies and disclosure of the energy price could be used to assess revenues, which could influence share value.</p>

EPA Renewals Redaction Reference	Description of Redacted Information	Reason for Redaction
Page 11; Table 2 Page 14; line 9 Page 18-19; Table 4 Page 21; line 18 Page 28; line 5 Page 29; Table 6 Page 33; lines 8 and 24	The EPA Renewal contract term.	<p>The EPA Renewal term is unique to each EPA. The EPA, including each EPA's unique terms, is confidential information as defined under the EPA. For these particular EPAs, the IPPs sought and received BC Hydro's consent to publicly announce the contract terms of their respective EPAs. The contract terms for each respective EPA is as follows:</p> <ul style="list-style-type: none"> • Sechelt Creek EPA Term is 40 years; • Brown Lake EPA Term is 40 years; and • Walden North EPA Term is 40 years. <p>The public disclosure of this information would prejudice BC Hydro's negotiating position and commercial interests with respect to other EPA renewals, as it provides an indication of the term that BC Hydro has been willing to accept for a particular EPA renewal. Should this information be in the public domain it is reasonably expected to result in increased costs and/or harm to BC Hydro and therefore, its ratepayers.</p> <p>The public disclosure of this information may negatively impact the IPPs, as it provides an indication of a facility's capability, operation, and revenues. This information could be used by competitors and/or suppliers to the detriment of the IPPs. In addition, these IPPs are publically traded companies and disclosure of the contract term could be used to assess revenues, which could influence share value.</p>

EPA Renewals Redaction Reference	Description of Redacted Information	Reason for Redaction
<p>Page 15; line 17 and footnote 14</p> <p>Page 22; line 14 and footnote 20</p> <p>Page 34; line 23</p>	<p>BC Hydro's contribution toward the facility interconnection network upgrade costs, including the resulting increase in levelized energy price.</p>	<p>The information is commercially sensitive to BC Hydro and the IPPs.</p> <p>This information is a component of the adjusted levelized energy price. The levelized energy price provides an indication of the energy price BC Hydro has been willing to pay for this type of product and, based on certain assumptions, can be used to back-calculate the energy price. The EPA, including the energy price, is confidential information as defined under the EPA.</p> <p>The public disclosure of this information would prejudice BC Hydro's negotiating position and commercial interest with respect to other EPA renewals, as it provides an indication of certain terms that BC Hydro has been willing to accept for a particular EPA renewal. Should this information be in the public domain it is reasonably expected to result in increased costs and/or harm to BC Hydro and therefore, its ratepayers.</p> <p>The public disclosure of this information may negatively impact the IPPs, as it provides an indication of a facility's revenues. This information could be used by competitors and/or suppliers to the detriment of the IPPs. In addition, these IPPs are publically traded companies and disclosure of the energy price could be used to assess revenues, which could influence share value.</p>

EPA Renewals Redaction Reference	Description of Redacted Information	Reason for Redaction
Page 19; lines 6-11 Page 31; line 1 and 5	Description of the two step energy pricing scheme for the Brown Lake and Walden EPA Renewals, respectively.	<p>This information is commercially sensitive to BC Hydro and the IPPs.</p> <p>The two step pricing, if applicable, is unique to each EPA and is considered confidential information under the EPA. The EPA, including the energy price, is confidential information as defined under the EPA.</p> <p>The public disclosure of this information would prejudice BC Hydro's negotiating position and commercial interests with respect to other EPA renewals, as it provides an indication of certain terms that BC Hydro has been willing to accept for a particular EPA renewal. Should this information be in the public domain it is reasonably expected to result in increased costs and/or harm to BC Hydro and therefore, its ratepayers.</p> <p>The public disclosure of this information may negatively impact the IPPs, as it provides an indication of a facility's revenues. This information could be used by competitors and/or suppliers to the detriment of the IPPs. In addition, these IPPs are publically traded companies and disclosure of the energy price could be used to assess revenues, which could influence share value.</p>
Page 15; line 4 Page 21; line 25 and Page 22; line 1 Page 34; line 12	The estimated remaining life span of the facilities.	<p>The information is commercially sensitive to the IPPs.</p> <p>An IPP facility's life span is considered confidential information under the EPA's confidentiality requirements.</p> <p>The public disclosure of this information may negatively impact the IPPs. This information could be used by competitors and/or suppliers to the detriment of the IPPs. In addition, these IPPs are publically traded companies and disclosure of the facility's life span could be used to assess revenues, which could influence share value.</p>

EPA Renewals Redaction Reference	Description of Redacted Information	Reason for Redaction
Page 25; line 5 Appendix J	The Walden North Diversion Agreements, including the approximate energy generated from water diverted through the Cayoosh Diversion Tunnel.	<p>This information is commercially sensitive to BC Hydro and the IPP.</p> <p>The Walden North Diversion Agreements are commercially sensitive information related to the coordinated operation of BC Hydro and the IPP. In addition, energy generated at a BC Hydro facility from a specific source of water is commercially sensitive operational information.</p> <p>The public disclosure of this information may negatively impact BC Hydro, as it provides detailed operational information related to BC Hydro's Seton facility. The public disclosure of this information would also prejudice BC Hydro's negotiating position and commercial interests with respect to other diversion situations, as it provides an indication of certain terms that BC Hydro has been willing to accept for a particular commercial negotiation. Should this information be in the public domain it is reasonably expected to result in increased costs and/or harm to BC Hydro and therefore, its ratepayers.</p> <p>The public disclosure of this information may negatively impact the IPP, as it provides an indication of its facility operations and capability. This information could be used by competitors and/or suppliers to the detriment of the IPPs. In addition, these IPPs are publically traded companies and disclosure of the energy price could be used to assess revenues, which could influence share value.</p>

EPA Renewals Redaction Reference	Description of Redacted Information	Reason for Redaction
Page 26; line 24 Page 27; line 1 - 9 Page 27; line 25 Appendix I	The terms of the Walden North forbearance agreement.	<p>This information is commercially sensitive to BC Hydro and the IPP.</p> <p>The public disclosure of the information would prejudice BC Hydro's competitive and/or negotiating position with respect to other EPAs as it provides an indication of certain terms that BC Hydro has been willing to accept for a particular commercial negotiation. Should this information be in the public domain it is reasonably expected to result in increased costs and/or harm to BC Hydro and therefore, its ratepayers.</p> <p>The public disclosure of this information may negatively impact the IPP, as it provides an indication of a facility's revenues. This information could be used by competitors and/or suppliers to the detriment of the IPPs. In addition, these IPPs are publically traded companies and disclosure of the energy price could be used to assess revenues, which could influence share value.</p>
Page 30; lines 8-10	Regarding the Walden North EPA renewal risk mitigation.	<p>The information is commercially sensitive to BC Hydro.</p> <p>The public disclosure of the information would prejudice BC Hydro's competitive and/or negotiating position with respect to further negotiations with this IPP and potentially other EPA renewals. Should this information be in the public domain it is reasonably expected to result in increased costs and/or harm to BC Hydro and therefore, its ratepayers.</p>

EPA Renewals Redaction Reference	Description of Redacted Information	Reason for Redaction
Page 30; line 20 Page 32; footnote 28	BC Hydro's contribution toward the Cayoosh Diversion Tunnel upgrade costs.	<p>The information is commercially sensitive to BC Hydro and the IPP.</p> <p>This information is a component of the adjusted levelized energy price. The levelized energy price provides an indication of the energy price BC Hydro has been willing to pay for this type of product and, based on certain assumptions, can be used to back-calculate the energy price. The EPA, including the energy price, is confidential information as defined under the EPA.</p> <p>The public disclosure of this information would prejudice BC Hydro's negotiating position and commercial interest with respect to other EPA renewals, as it provides an indication of certain terms that BC Hydro has been willing to accept for a particular EPA renewal. Should this information be in the public domain it is reasonably expected to result in increased costs and/or harm to BC Hydro and therefore, its ratepayers.</p> <p>The public disclosure of this information may negatively impact the IPP, as it provides an indication of a facility's costs. This information could be used by competitors and/or suppliers to the detriment of the IPPs. In addition, these IPPs are publically traded companies and disclosure of the energy price could be used to assess revenues, which could influence share value.</p>

EPA Renewals Redaction Reference	Description of Redacted Information	Reason for Redaction
Appendix E	EPA Renewals.	<p>The information is commercially sensitive to BC Hydro and the IPPs.</p> <p>The EPA Renewal terms and conditions are unique to each EPA. The EPA, including each EPA's unique terms, is confidential information as defined under the EPA.</p> <p>The public disclosure of this information would prejudice BC Hydro's negotiating position and commercial interests with respect to other EPA renewals, as it provides an indication of the energy price BC Hydro has been willing to pay for a particular EPA renewal and what amendments to the specimen EPA BC Hydro has been accepted under certain circumstances. Should this information be in the public domain it is reasonably expected to result in increased costs and/or harm to BC Hydro and therefore, its ratepayers.</p> <p>The public disclosure of this information may negatively impact the IPPs, as it provides an indication of a facility's capability, operation, and revenues. This information could be used by competitors and/or suppliers to the detriment of the IPPs. In addition, these IPPs are publically traded companies and disclosure of the energy price could be used to assess revenues, which could influence share value.</p>

EPA Renewals Redaction Reference	Description of Redacted Information	Reason for Redaction
Appendix F; second column first row	Original EPA energy price escalation.	<p>The information is commercially sensitive to BC Hydro and the IPPs.</p> <p>BC Hydro considers the energy price and corresponding escalation information to be confidential commercial information. The public disclosure of this information would prejudice BC Hydro's negotiating position and commercial interests with respect to other EPA renewals. Should this information be in the public domain it is reasonably expected to result in increased costs and/or harm to BC Hydro and therefore, its ratepayers.</p> <p>The public disclosure of this information may negatively impact the IPPs. This information could be used by competitors and/or suppliers to the detriment of the IPPs. In addition, these IPPs are publically traded companies and disclosure of the energy price could be used to assess revenues, which could influence share value.</p>
Appendix H	Walden North 1990 EPA.	<p>The information is commercially sensitive to BC Hydro and the IPPs.</p> <p>BC Hydro considers the EPA, including the energy price and corresponding information to be confidential commercial information. The public disclosure of this information would prejudice BC Hydro's negotiating position and commercial interests with respect to other EPA renewals. Should this information be in the public domain it is reasonably expected to result in increased costs and/or harm to BC Hydro and therefore, its ratepayers.</p> <p>The public disclosure of this information may negatively impact the IPPs. This information could be used by competitors and/or suppliers to the detriment of the IPPs. In addition, these IPPs are publically traded companies and disclosure of the energy price could be used to assess revenues, which could influence share value.</p>