



ORDER NUMBER

E-12-19

IN THE MATTER OF

the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

British Columbia Hydro and Power Authority
Electricity Purchase Agreement Extension Applications for
Armstrong Wood Waste Co-Generation and NWE Williams Lake Wood Waste Facilities

BEFORE:

D. M. Morton, Panel Chair
B. A. Magnan, Commissioner
R. I. Mason, Commissioner

on May 15, 2019

ORDER

WHEREAS:

- A. On February 27, 2018, British Columbia Hydro and Power Authority (BC Hydro or the authority) filed an application with the British Columbia Utilities Commission (BCUC), pursuant to section 71 of the *Utilities Commission Act* (UCA), to accept two separate agreements (Extension Agreements) as follows (collectively, the Application):
- I. An agreement dated November 17, 2017 that amends and extends a 2009 electricity purchase agreement (EPA), with an original expiration date of November 20, 2017, between BC Hydro and Tolko Industries Ltd. (Armstrong EPA Extension) for the Armstrong Wood Waste Co-Generation Plant. The Armstrong EPA Extension is set to expire June 30, 2019, and BC Hydro may exercise an option to extend the expiry date to September 30, 2019; and
 - II. An agreement dated December 29, 2017 that amends and extends a 1990 EPA, with an original expiration date of April 1, 2018, between BC Hydro and Atlantic Power Preferred Equity Ltd. for the NWE Williams Lake Wood Waste project (NWE Williams Lake EPA Extension). The NWE Williams Lake EPA Extension is set to expire June 30, 2019, and BC Hydro may exercise an option to extend the expiry date to September 30, 2019;
- B. By Order G-61-12 dated May 17, 2012, the BCUC approved the Rules for Energy Supply Contracts for Electricity (Rules). Appendix A of Order G-61-12 contains the Rules which are intended to facilitate the BCUC's review of energy supply contracts for electricity, pursuant to section 71 of the UCA;
- C. On December 19, 2016, the BCUC received a letter from Ms. Erin Gray, who represents four Williams Lake residents, requesting to be notified when the NWE Williams Lake EPA Extension was filed with the BCUC and that if and when the EPA extension was filed that the BCUC require a hearing;

- D. By Order G-69-18 dated April 3, 2018, the BCUC established a written hearing process and a regulatory timetable for the review of the Application. The regulatory timetable was subsequently amended by Order G-87-18;
- E. By April 27, 2018, BC Pulp and Paper Coalition; BC Sustainable Energy Association, Sierra Club BC and Rail Ties Be Wise (BCSEA *et al.*); and the Commercial Energy Consumers Association of British Columbia (CEC) registered as interveners in the proceeding;
- F. By June 20, 2018, the BCUC received submissions from BC Hydro, BCSEA *et al.* and CEC recommending to proceed to final arguments;
- G. By Order G-123-18 dated July 11, 2018, the BCUC established the remainder of the regulatory timetable;
- H. BC Hydro and interveners filed final arguments on August 7, 2018 and August 14, 2018, respectively. BC Hydro filed its reply argument on August 21, 2018;
- I. By Order G-204-18 dated October 22, 2018, the BCUC reopened the evidentiary record and established a regulatory timetable to include one round of Panel information requests (IRs) with further process to be determined. The responses to Panel IR No. 2 were due four weeks following the release of a report with respect to the Government Review of BC Hydro;
- J. On February 14, 2019, the Ministry of Energy, Mines and Petroleum Resources released the Comprehensive Review of BC Hydro: Phase 1 Final Report;
- K. On March 15, 2019, BC Hydro provided responses to Panel IR No. 2 in accordance with the regulatory timetable established by Order G-204-18;
- L. On April 1, 2019, the Province of British Columbia issued Order in Council No. 158 (OIC), which contains a Direction to the BCUC Respecting the Biomass Energy Program. The OIC is applicable to biomass contracts in respect of a biomass facility that the authority enters into between April 1, 2019 and December 31, 2021, and that biomass facility includes, among others, the Armstrong Wood Waste Co-Generation and the NWE Williams Lake Wood Waste facilities;
- M. The OIC states that the BCUC may not exercise its powers under section 71(1)(b) or (3) of the UCA respecting applicable biomass contracts, and may not disallow for any reason the recovery in rates of the authority's costs with respect to a biomass contract;
- N. By Order G-75-19 dated April 3, 2019, the BCUC established the remainder of the regulatory timetable;
- O. BC Hydro and interveners filed supplemental final arguments on April 17 and by May 1, respectively. All interveners were in favour of the EPA Extension Agreements. BC Hydro filed its reply supplemental final argument on May 3, 2019; and
- P. Given the provisions of the OIC, the BCUC finds that the acceptance of the Extension Agreements is warranted.

NOW THEREFORE, pursuant to section 71 of the UCA and the BCUC's Rules for Energy Supply Contracts for Electricity, the BCUC orders as follows:

1. The Armstrong EPA Extension is accepted for filing.
2. The NWE Williams Lake EPA Extension is accepted for filing.
3. The BCUC will hold confidential the un-redacted version of the Application, confidential information requests, and confidential responses to information requests on the basis that disclosure of commercially sensitive information may result in prejudice to BC Hydro's position in future electricity purchase agreement negotiations.

DATED at the City of Vancouver, in the Province of British Columbia, this 15th day of May 2019.

BY ORDER

Original Signed By:

D. M. Morton
Commissioner