



July 12, 2019

Sent via eFile

BC HYDRO SECHLT BROWN WALDEN EPA RENEWALS APPLICATION EXHIBIT A-16

To: British Columbia Hydro and Power Authority
Registered Parties

**Re: British Columbia Hydro and Power Authority – Application for Electricity Purchase Agreement
Renewals for Sechelt Creek Hydro, Brown Lake Hydro and Walden North Hydro – Project No. 1598969
– Request for Comments**

On July 9, 2019, the Clean Energy Association of British Columbia submitted a letter of comment (attached) to the BCUC. According to section 8.08 of the BCUC *Rules of Practice and Procedure*:

Letters of comment must be received by the BCUC by the last date included in the proceeding's regulatory timetable before final arguments, unless the BCUC directs otherwise. Letters of comment that are received late will not be considered by the BCUC in the proceeding.

As the letter of comment was received by the BCUC after BC Hydro had filed its final argument, the BCUC is seeking submissions from BC Hydro and registered interveners about whether they object or support the BCUC allowing this additional letter of comment to be included in evidence to this proceeding, and the reasons why.

Please also provide supporting reasons for your submissions and indicate if you require the opportunity to file any supplemental argument to address any new issues raised in the letter of comment.

Please provide your submissions to the BCUC by **Friday, July 19, 2019**.

Sincerely,

Original signed by:

Patrick Wruck
Commission Secretary

/jo
Enclosure

From: BCUC <commission.secretary@bcuc.com>
Sent: July 9, 2019 2:38 PM
To: Commission Secretary BCUC:EX
Subject: Letter of Comment
Attachments: CEBC Letter to BCUC re EPA Renewals Project No 1598969_9July2019.pdf

Date Submitted: July 09, 2019

Proceeding name: BC Hydro EPA's – Sechelt, Brown Lake and Walden North

Are you currently registered as an intervener or interested party: No

Name (first and last): Isabelle Deguise

City: Vancouver

Province: British Columbia

Email: info@cleanenergybc.org

Phone number: 604-568-4778

Comment:

The Clean Energy Association of British Columbia ("CEBC") has been the voice of B.C.'s clean energy sector for the past 29 years and represents different types of renewable energy operators and development companies, as well as suppliers, contractors, and service providers to the clean electricity sector within British Columbia. CEBC represents more than 130 companies that play a role in the delivery of approximately 16% of the Province's electricity supply. Independent power producers have invested \$4 billion in capital expenditures for First Nations, creating 2,850 construction jobs and \$800 million in total income to First Nations over the life of the Electricity Purchase Agreements ("EPA"). CEBC felt it was important to submit in writing to the BCUC the value in renewing these EPAs. These contracts provide long-term, stable revenues to participating Indigenous communities, local economic benefits, grid resiliency in key regions of the province, and predictable electricity pricing. Please see attached letter for details.



July 9, 2019

British Columbia Utilities Commission
Suite 410, 900 Howe Street
Vancouver, BC
V6Z 2N3

VIA ELECTRONIC SUBMISSION

Attention: Mr. David Morton, Commissioner and Panel Chair

RE: Project No. 1598969 - British Columbia Hydro and Power Authority Electricity Purchase Agreement Renewals for Sechelt Creek Hydro, Brown Lake Hydro and Walden North Hydro

Dear Mr. Morton,

The Clean Energy Association of British Columbia ("CEBC") has been the voice of B.C.'s clean energy sector for the past 29 years and represents different types of renewable energy operators and development companies, as well as suppliers, contractors, and service providers to the clean electricity sector within British Columbia. CEBC represents more than 130 companies that play a role in the delivery of approximately 16% of the Province's electricity supply. The technology mix includes proven technologies such as hydro, wind, solar, natural gas, and biomass. British Columbia's clean power sector responsibly, reliably, and affordably produces renewable energy for more than 1.5 million homes across British Columbia.

Clean power production attracts investment, creates jobs, and leaves a lasting positive legacy for First Nations and local communities. Within the past few years, the industry has attracted well over \$2 billion in investment to the province while diversifying the economy, providing opportunities for First Nations, and keeping our air clean and skies clear. Clean power producers have invested \$4 billion in capital expenditures for First Nations, creating 2,850 construction jobs and \$800 million in total income to First Nations over the life of the Electricity Purchase Agreements ("EPA").

CEBC felt it was important to submit in writing to the BCUC the value in renewing these EPAs. These contracts provide long-term, stable revenues to participating Indigenous communities, local economic benefits, grid resiliency in key regions of the province, and predictable electricity pricing. This last benefit has recently been questioned in the media and government reports in which long-term EPA contract pricing is compared to Mid-C spot pricing.

Mid-C is the surplus power on the Northwest Electric Market that is traded at wholesale or spot market prices. There is a misconception that Mid-C is a mix of excess renewables, but the grid is operated in a way that results in Mid-C supply being primarily gas generation. Hydro and nuclear power provide baseload due to the operational characteristics, and while gas and coal can also provide a reliable baseload, they are mainly used for peaking capacity as they can be ramped up and down quickly. Outside of B.C., nearly all excess power sold on the grid comes from gas generation. Data from the U.S. Environmental Protection Agency indicates that the Northwest Power Pool has a higher grid carbon

intensity for non-baseload resources (1,538.8 lbs/MWh or 0.7 tonnes/MWh in 2016)¹. When we import Mid-C electricity, it is mainly from GHG-emitting sources.

It has been repeated often that BC Hydro has a surplus that is expected to last for several years, but the reality is not as simple. Using Fiscal 2019 as an example (12 months ending March 31, 2019), based on BC Hydro's own published electricity flow data, BC Hydro was a net importer from the U.S. of 1.4 TWh (4.7 TWh imported vs. 3.3 TWh exported), in 8 months out of 12, and in 56% of hours². In reality, even in years when BC Hydro has a surplus, it will be an importer for a significant amount of the time. EPAs with Independent Power Producers across the province help reduce the reliance on importing GHG-emitting, spot market electricity.

Both the Federal and Provincial governments have made strong commitments to reducing GHG emissions, and for that we applaud them. However, if we choose to import electricity through Mid-C instead of renewing EPAs, we are choosing to support emitting sources and displace existing renewable energy projects that are already providing clean electricity to the B.C. grid. It is hypocritical to suggest to ratepayers and taxpayers that they should be reducing their GHG emissions and paying the most aggressive carbon tax in the country, while we import high GHG emitting electricity without applying a carbon tax. Because B.C. imposes a carbon tax on gas burnt to produce electricity, it should also be applied to gas electricity we import - a border carbon adjustment. This is the approach that is applied in California where the Air Resources Board's Regulation for the Mandatory Reporting of Greenhouse Gas Emissions, (Section 95111(b)(1)) establishes the default emission factor for unspecified electricity imports at 0.428 tonnes/MWh³. Any imports into California are subject to this default emission rate of 0.428 tonnes/MWh, unless the producer qualifies for a lower rate more specific to its resources. Applying the California default emissions rate to U.S. imports into B.C. would add \$21.40/MWh to the price (\$50/tonne at 0.428 tonnes/MWh).

In addition to being primarily from GHG emitting sources, Mid-C is a spot market that fluctuates significantly. Historical prices show huge variability from low single digit costs to over US\$400 per MWh⁴. Forecasting market prices is complex, but BC Hydro has recently submitted price estimates from ABB in their submission to the BCUC on June 21, 2019⁵. The prices in this figure are in US dollars and rise from a current \$35 to \$55 Canadian, but the uncertainty band shows future prices may range between \$40 and \$100 Canadian. In contrast, EPA contracts with Independent Power Producers provide long term price certainty and shield ratepayers from considerable risk.

With CleanBC, the province is actively implementing plans that shift the use and creation of power from fossil fuels to electricity. CleanBC predicts that we will need an additional 4,000 GWh of electricity above currently projected demand growth by 2030 and substantial new volumes of clean B.C. electricity beyond that to further electrify transportation, industry, and buildings. This transition is happening faster than expected such that the need for electricity will only rise faster than current government models predict.

¹ https://www.epa.gov/sites/production/files/2018-02/documents/egrid2016_summarytables.pdf

² <https://www.bchydro.com/energy-in-bc/operations/transmission/transmission-system/actual-flow-data/historical-data.html>

³ <https://ww3.arb.ca.gov/cc/reporting/ghg-rep/regulation/mrr-2018-unofficial-2019-4-3.pdf>

⁴ <https://www.eia.gov/electricity/wholesale/#history>

⁵ BCUC Project 1598969 Exhibit B-14 2.2.1 dated June 21, 2019



Clean energy projects are an important part of the future of British Columbia. The Province has existing renewable electricity facilities that are providing non-emitting, fixed-price clean electricity to the grid. These facilities are fundamental to the future prosperity of our First Nation partners, as well as our efforts to meet our climate targets through electrification.

We thank you for considering this submission and would be pleased to provide additional support if required.

Kind regards,

A handwritten signature in blue ink that reads "Isabelle Deguise".

Isabelle Deguise
Chair, Clean Energy BC