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Utilities Commission

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August 12, 2019

Sent via email/eFile

BCUC INDIGENOUS UTILITIES REGULATION INQUIRY
EXHIBIT A-18-1

Mr. Fred James
Chief Regulatory Officer
Regulatory & Rates Group
British Columbia Hydro and Power Authority
16th Floor - 333 Dunsmuir Street
Vancouver, BC V6B 5R3
bhydroregulatorygroup@bhydro.com

Re: British Columbia Utilities Commission – Indigenous Utilities Regulation Inquiry – Project No. 1598998 - BCUC Information Request No. 1 Additional Questions

Dear Mr. James:

Please find enclosed additional questions to the British Columbia Utilities Commission's Information Request No. 1 to British Columbia Hydro and Power Authority. In accordance with the Regulatory Timetable, please file your responses no later than Tuesday, September 10, 2019.

Sincerely,

Original signed by:

Patrick Wruck
Commission Secretary

/ad



British Columbia Utilities Commission
Indigenous Utilities Regulation Inquiry

INFORMATION REQUEST NO. 1 TO BRITISH COLUMBIA HYDRO AND POWER AUTHORITY

- 8.0 Reference: Exhibit C2-2, Section 5.2, pp. 8–9; Exhibit C6-3, p. 11, Appendix 3; Exhibit C20-2, p. 15; BC Hydro Application for Electricity Purchase Agreement (EPA) Renewals for Sechelt Creek Hydro, Brown Lake Hydro, and Walden North Hydro, pp. 1-2, 22 Access to BC Hydro’s transmission system**

Several participants in the Inquiry have noted issues related to grid access, for example as summarized in Appendix 3 of Exhibit C6-3. On page 11 of Exhibit C6-3, Kitselas Geothermal Inc. states:

[T]he only way for IUs [Indigenous Utilities] to be economically viable is to access markets outside of their traditional lands. Electricity production depends on scale, and in almost every instance, no Indigenous bands have the critical mass to self-supply at economically competitive rates. As such, successful reconciliation becomes linked with market success. Given that many First Nations can create IUs with scale generating assets, the only barrier to success becomes retail market access - which is currently restricted. Therefore, retail market access equivalent to that enjoyed by BC Hydro is a requirement for IUs. If a geothermal electricity facility became a reality and was owned by BC Hydro, its output would undoubtedly enjoy retail market access. IU owned geothermal facilities should enjoy the same retail market access rights.

IUs, from our perspective, are de facto Crown corporations, indistinguishable from other Crown Corporations, and therefore should enjoy access to the market on a par with BC Hydro, a crown corporation.

On page 15 of Exhibit C20-2, Coastal First Nations-Great Bear Initiative (CFN) states:

BC may (and in CFN's opinion, should) choose to take actions ensuring that Indigenous utilities and their customers can benefit from BC's Heritage Assets, including through access to an allocation of Heritage energy and capacity, and through a practical means of wheeling power on BC Hydro's transmission system.

On pages 8 and 9 of Exhibit C2-2, British Columbia Hydro and Power Authority (BC Hydro) states:

In the case of BC Hydro, our Open Access Transmission Tariff (OATT) provides power sellers and wholesale customers, such as electric utilities and power marketers, with access to BC Hydro’s transmission system to move power within British Columbia or to other transmission systems to access customers and markets for their business needs. Access to BC Hydro’s transmission system through the OATT is provided on a non-discriminatory basis with OATT rates being determined on a cost of service basis and approved by the Commission.

The concept of retail access allows for a customer to utilize the electrical system of the electrical utility to which it is connected, to service its own load directly through the

purchase of market energy or energy purchased from another seller(s). Retail access is not available to BC Hydro's load customers. Government has commented that "interest in retail access fluctuates with electricity market prices, with customers interested when open market prices are lower than local supply and not interested when market prices are higher than local supply. In a surplus situation, allowing retail access increases the amount of surplus energy that BC Hydro must export, possibly at a loss, increasing costs borne by ratepayers who do not or cannot opt for retail access

...

The Government has also commented that retail access may expose BC Hydro ratepayers to the cost of stranded assets, the cost of which would be borne by a smaller rate base and has directed the Commission to not set rates that would result in direct or indirect provision of unbundled transmission service to retail customers in British Columbia unless BC Hydro brings forward an application to do so. BC Hydro has no plans to advance retail access at this time.

On October 5, 2018, BC Hydro filed a revised application for Electricity Purchase Agreement (EPA) Renewals for Sechelt Creek Hydro, Brown Lake Hydro, and Walden North Hydro. On pages 1 to 2 of the application, BC Hydro states:

The EPA renewals that are the subject of this Filing provide for continued use of existing, reliable facilities generating electricity from clean or renewable hydro resources at cost-effective pricing.

BC Hydro also notes on page 22 of the Application:

In the absence of an EPA renewal with BC Hydro, the Brown Lake IPP [Independent Power Producer]'s intention and preferred course of action is to sell energy to another party.

- 8.1 Please confirm, or explain otherwise, that the prohibition on retail access does not affect the ability of a power producer owned wholly or partly by an Indigenous Nation to access BC Hydro's transmission system for the purposes of selling power to an entity (based in BC or otherwise) that is not currently a retail customer of BC Hydro or another public utility in BC.
 - 8.1.1 Please briefly explain the requirements for a prospective greenfield power producer, owned wholly or partly by an Indigenous Nation, that may wish to connect and access BC Hydro's transmission system for the purposes of moving power within BC or to other transmission systems.
 - 8.1.1.1 Please also outline any factors that BC Hydro must assess before granting a greenfield IPP access to the transmission system.
- 8.2 Please confirm, or explain otherwise, that when BC Hydro is in a surplus situation, EPAs will increase the amount of surplus energy that BC Hydro must export, which may be sold at a loss with costs borne by ratepayers.
 - 8.2.1 Please discuss whether EPA renewals may expose BC Hydro to any stranded asset risks, and/ or underutilization of BC Hydro assets.
 - 8.2.2 Please clarify why BC Hydro is seeking to renew EPAs at the same time as there is a prohibition on retail access for entities including Indigenous utilities.