

**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-123-08

SIXTH FLOOR, 900 HOWE STREET, BOX 250
VANCOUVER, B.C. V6Z 2N3 CANADA
web site: <http://www.bccuc.com>

TELEPHONE: (604) 660-4700
BC TOLL FREE: 1-800-663-1385
FACSIMILE: (604) 660-1102



IN THE MATTER OF
the Utilities Commission Act, R.S.B.C. 1996, Chapter 473

and

An Application by British Columbia Transmission Corporation ("BCTC")
for Approval to Incur Capital Expenditures to Interconnect the Independent Power Producers'
Combined Clowhom River and Bear Creek Projects to the
British Columbia Transmission Corporation Transmission System

BEFORE: L.F. Kelsey, Commissioner
P.E. Vivian, Commissioner August 28, 2008

O R D E R

WHEREAS:

- A. On July 15, 2008, pursuant to Section 44.2(3) of the *Utilities Commission Amendment Act, 2008* ("Amendment Act") and Order G-69-07 for public interest approval for capital expenditures associated with the interconnection facilities for the Bear Creek Power Project, BCTC filed an Application for approval to incur capital expenditures to interconnect Bear Creek Power Project to the BCTC transmission system.
- B. The Bear Creek Power Project (the "Project") is a 20 MW multi-generator facility to be located near Sechelt on the Sunshine Coast of British Columbia; the Project proponents have entered into an Electricity Purchase Agreement with British Columbia Hydro and Power Authority ("BC Hydro") in its 2002/2003 Green Power Generation Call for Tenders; and
- C. In its first Transmission System Capital Plan filed in May 2004, BCTC included the expenditures to connect the Project to its transmission grid that were approved by Commission Order G-103-04; and
- D. BCTC filed its F2006 Transmission System Capital Plan on March 23, 2005 that requested, among other things, public interest approval for 23 projects relating to the interconnection of Independent Power Producers ("IPPs") to the transmission system that were originally approved through Order G-103-04 and, at that time, the estimated cost of the Bear Creek facilities was \$2.414 million excluding GST and including the cost of Direct Assignment Facilities that are funded by the Project proponent and the Network Upgrades; and

**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-123-08**

- E. On April 12, 2005 the Project proponents entered into an Interconnection Impact Study and Facilities Study Agreement for the Bear Creek Hydro Energy Project and as a result of this study agreement, the Project proponent is grandfathered from compliance with Section 5.1.2 of Attachment M to the Open Access Transmission Tariff ("OATT") in accordance with Order G-58-05 dated June 19, 2005; and
- F. In its Decision dated June 19, 2005, the Commission approved BCTC's proposal, as revised, for relief for BC Hydro from OATT's interconnection procedures for its 2005 Competitive Electricity Acquisition Process, thus grandfathering the Clowhom River Project from compliance with Section 5.1.2 of Attachment M to the OATT in accordance with Order G-58-05 dated June 19, 2005; and
- G. In its Decision dated September 23, 2005 and Order G-91-05, the Commission accepted BCTC's IPP interconnection assumptions in developing the F2006 Capital Plan, determined that the F2006 Capital Plan met the requirements of Sections 45(6) and 45(6.1) of the Act, and ordered BCTC to comply with the findings and directives set out in the Decision and there were no specific directives relating to IPPs; and
- H. On January 27, 2006, BCTC filed an F2006 Capital Plan Update requesting the removal of 14 IPP projects – one was cancelled, and the remaining 13 projects were being deferred until such time as the IPPs entered into facilities and interconnection agreements with BCTC and the Bear Creek Power Project was one of the deferred projects; and
- I. In its Decision dated June 4, 2006 and Order G-67-06, the Commission approved the removal of seven IPP projects from Order G-91-05, and directed that if any of the removed IPP projects are resurrected, BCTC must seek Commission approval for capital expenditures at that time. The Commission also directed BCTC to provide a recommended approach to the treatment of uncertain IPP projects in its next Capital Plan application; and
- J. On December 21, 2006, BCTC filed a F2008 to F2017 Transmission System Capital Plan in which BCTC addressed the directive for treatment of IPP projects and proposed that, for projects identified in the F2006 Capital Plan Update Decision as requiring further approval, BCTC will sign Facilities Agreements with IPP customers, will proceed with study work and the interconnection process and will seek Commission approval or file a letter with the Commission; and
- K. In its Decision dated June 15, 2007 and Order G-69-07, the Commission accepted BCTC's proposed approach for treatment of IPP projects in its F2008 Capital Plan; and

**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-123-08

3

- L. On June 4, 2008 BCTC entered into a tri-party Interconnection Agreement and a Facilities Agreement with the Project proponent and the Clowhom River Project ("Combined Project") which is located in the vicinity of the Project, and each Project proponent will execute an Interconnection Agreement prior to commercial operation; and
- M. The tri-party proposed facilities consist of four plants having a combined capacity of 42 MW. The Lower Clowhom River plant and Upper Clowhom River plant will each have one unit rated for 11 MW at 13.8 kV. The Lower Bear Creek plant will have two units rated for 4 MW at 13.8 kV each and the Upper Bear Creek plant will have one unit rated for 12 MW at 13.8 kV; and
- N. In tri-party Interconnection Agreement, the five 138 kV designated lines are:
 - (a) L1, that will be 14.4 km in length from Lower Clowhom to Bear Creek switching station;
 - (b) L2, that will be 7.4 km in length from Upper Clowhom to Lower Clowhom;
 - (c) L3, that will be 6.1 km in length from Bear Creek Switching Station to existing Clowhom River G1 generating station;
 - (d) L4, that will be 0.5 km in length from Lower Bear Creek to Bear Creek switching station;
 - (e) L5, that will be 7.5 km in length from Upper Bear Creek to Bear Creek switching station; and
- O. The planned commercial operation date is October 2008 for Clowhom River Project and October 2009 for Bear Creek Project; and
- P. The estimated cost of the facilities required to accommodate the interconnection of the Combined Project to the Transmission System is \$3,093,400 excluding GST and includes the cost of Direct Assignment Facilities at the amount of \$1,146,000 that are funded by the Combined Project proponents and the Network Upgrades to accommodate the Combined Project Network Upgrades at the amount of \$1,947,300 (plus GST); and
- Q. The Commission has reviewed the Application and concludes that the expenditure to connect the Combined Project is in the public interest and that the Combined Project meets the grandfathering requirements in Section 5.1.2 of Attachment M to the OATT.

**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-123-08

4

NOW THEREFORE pursuant to Section 44.2(3) of the Amendment Act, Order G-67-06 and Section 5.1.2 of Attachment M to the Open Access Transmission Tariff in accordance with Order G-58-05, the Commission orders as follows:

1. As the costs are inseparable, the Commission grants approval for BCTC to incur Capital Expenditures to construct the interconnection facilities for the Combined Project, as set out in the Application.
2. BCTC will file with the Commission a final Project report on the construction of the interconnection facilities for the Combined Project and provide explanations for any material variances from the schedule or cost estimate as set out in this Order.

DATED at the City of Vancouver, in the Province of British Columbia, this 28th day of August 2008.

BY ORDER

Original signed by

L.F. Kelsey
Commissioner