



**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-178-08

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

and

An Application by British Columbia Hydro and Power Authority ("BC Hydro")
for the Approval of the 2008 Long-Term Acquisition Plan ("2008 LTAP")

BEFORE: A.J. Pullman, Chair
R.J. Milbourne, Commissioner November 28, 2008
M.R. Harle, Commissioner

O R D E R

WHEREAS:

- A. On June 12, 2008 BC Hydro filed, pursuant to subsections 44.1(2), 44.1(4) and 44.2(1) of the *Utilities Commission Act* ("UCA", the "Act"), the 2008 LTAP with the British Columbia Utilities Commission ("BCUC", the "Commission") for review; and
- B. The 2008 LTAP is a ten-year plan for acquiring demand-side and supply-side resources to meet demand in British Columbia. The 2008 LTAP both updates and expands the 2006 Integrated Electricity Plan/LTAP, which was the subject of Order G-20-07 ("2006 IEP/LTAP Decision"); and
- C. The 2008 LTAP reflects BC Hydro's commitment to examine the effects of the British Columbia Government's updated energy policy, "The BC Energy Plan: A Vision for Clean Energy Leadership", and the relevant issues in the 2006 IEP/LTAP Decision; and
- D. BC Hydro seeks an Order which, pursuant to Section 44.1(6)(a) of the Act, states that the 2008 LTAP is in the public interest and, pursuant to Section 44.2(3)(a) of the Act, determines that expenditures related to the programs and projects listed in Section 1.1.2 of the Application, and subsequent amendments thereof, are in the public interest; and
- E. By Commission Order G-96-08 (Exhibit A-1), the Commission established the first steps in the regulatory review process, which included a technical workshop, two rounds of Information Requests ("IRs"), and a Procedural Conference to be held on September 9, 2008 to address procedural matters; and
- F. At the Procedural Conference on September 9, 2008, the Commission Panel heard submissions on the scope of the regulatory review and the review format for the principal issues, the proposed schedules, BC Hydro's proposal to close the evidentiary phase for the Mica Units 5 and 6 following the second round of IRs, BC Hydro's request to extend the due date for BC Hydro's response to IR No. 2 from the Commission and

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Intervenors, the intention of Intervenors to call evidence and the BC Sustainable Energy Association's request to fix a deadline for budget estimates for PACA funding; and

- G. Commission Order G-126-08 dated September 11, 2008(Exhibit A-4) established a Regulatory Timetable which included filing dates for BC Hydro's response to IR No. 2, Intervenor Evidence, one round of IRs on Intervenor Evidence, Intervenor Responses to IRs, and BC Hydro Direct Testimony and Rebuttal Evidence, if any, all leading to the commencement of an Oral Public Hearing on January 8, 2008; and
- H. On November 14, 2008, the deadline date for the filing of Intervenor Evidence, the Independent Power Producers Association of British Columbia ("IPPBC") wrote the Commission expressing the concern that its witnesses might not be able to appear because of a possible new oral hearing schedule suggested in an email from BC Hydro. IPPBC requested that the deadline for the filing of its Intervenor Evidence be postponed and provided several alternative future dates (Exhibit C17-4). IPPBC attached to its letter the BC Hydro email to Intervenors respecting a possible change in the oral hearing schedule due to an Evidentiary Update that BC Hydro committed to file on December 22, 2008. In addition to the 2008 LTAP schedule, the BC Hydro email also mentioned that BC Hydro intended to seek early orders with respect to the Mica Units 5/6 Definition phase expenditure request and with respect to the Fort Nelson Generating Station Upgrade Project ("FNGU") Definition and Implementation phase expenditure request; and
- I. By letter to the Commission dated November 14, 2008, BC Hydro acknowledged that it had canvassed Intervenors on how they wished to proceed following BC Hydro's stated commitment to file an Evidentiary Update comprising the 2008 Load Forecast, new F2006 Call attrition numbers, and new load/resource gap on December 22, 2008. BC Hydro also expressed the view that IPPBC's request concerning the deadline for the filing of its evidence was reasonable (Exhibit B-5); and
- J. By letter dated November 17, 2008, the Commission notified all Parties that it had set a Second Procedural Conference on November 27, 2008 to consider (i) the proposed amended Hearing schedule, and (ii) the possibility of moving the Fort Nelson Generating Station Upgrade ("FNGU") to a separate hearing, a separate argument phase for the FNGU and Mica Units 5/6, and separate orders and decisions for those two matters, (iii) any other matters Participants may wish to address (Exhibit A-6); and
- K. On November 19, 2008, BC Hydro wrote to the Commission setting out its position with respect to those matters listed in the Commission letter. In its letter, BC Hydro provided a proposed amended Regulatory Timetable and strongly opposed moving the FNGU to a separate hearing. BC Hydro stated that it would set out its reasons for its position at the Second Procedural Conference (Exhibit B-6); and

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- L. At the Second Procedural Conference, the Commission Panel heard submissions on the amendment to the 2008 LTAP regulatory timetable proposed in BC Hydro's letter dated November 19, 2008; the possibility for separate proceeding for the FNGU expenditure determination request and separate argument phase for the Mica 5/6 expenditure determination request, and on BC Hydro's proposed filing of its capital plan review process with the Evidentiary Update; and
- M. The Commission has considered the relevant letters from IPPBC and BC Hydro and the submissions of the Participants at the Second Procedural Conference.

NOW THEREFORE the Commission orders as follows:

1. IPPBC is granted relief from the Intervenor Evidence filing deadline as set out in Order G-126-08. The new dates for IPPBC's Evidence, IR No. 1 to IPPBC and the response to IR No. 1 from IPPBC are set out in Commission Letter L-56-08.
2. The Amended Regulatory Timetable for the Oral Public Hearing is attached as Appendix A to this Order.
3. The Mica Units 5/6 Definition phase expenditure request will be dealt with as part of the main 2008 LTAP argument phase and the FNGU Definition and Implementation phase expenditure request will remain part of the 2008 LTAP evidentiary and argument phases. The Reasons for Decision are attached as Appendix B to this Order.

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

BY ORDER

Original signed by:

Anthony J. Pullman
Chair

Attachments

British Columbia Hydro and Power Authority ("BC Hydro")
2008 Long Term Acquisition Plan ("2008 LTAP")

REGULATORY TIMETABLE

ACTION	DATE (2008 & 2009)
Evidentiary Update	Monday, December 22, 2008
BCUC Staff and Intervenors IR No. 3 on Evidentiary Update	Monday, January 12
Commission Panel IR No. 1, if any	Monday, January 12
BC Hydro Responses to BCUC Staff and Intervenors IR	Tuesday, February 10
BC Hydro Direct Testimony and Rebuttal Evidence, if any	Friday, February 13
Oral Public Hearing commences	Thursday, February 19

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REASONS FOR DECISION

1.0 BACKGROUND

Pursuant to subsections 44.1(2), 44.1(4) and 44.2(1) of the *Utilities Commission Act* (the "Act"), on June 12, 2008, BC Hydro filed its 2008 LTAP with the British Columbia Utilities Commission ("BCUC, the "Commission") for review.

At the First Procedural Conference on September 9, 2008, BC Hydro requested that the evidentiary phase for matters related to the request for expenditures determination for the Definition phase for Mica Units 5/6 be closed on the same date as the filing date of BC Hydro Response to IR No. 2. Commission Order G-126-08 dated September 11, 2008 granted BC Hydro's request.

At the Second Procedural Conference which took place on November 27, 2008 and was held to hear submissions on an amendment to the hearing schedule and the possibility of moving the Fort Nelson Generating Station Upgrade Project ("FNGU") to a separate hearing, of a separate argument phase for FNGU and Mica Units 5/6 and of separate orders and decisions for those matters, BC Hydro submitted that while it was seeking early orders for the FNGU Definition/Implementation phase expenditure determination request and Mica Units 5/6 Definition phase expenditure determination request, it was strongly opposed to moving the FNGU Definition phase/Implementation phase expenditure determination request out of the 2008 LTAP and into a separate proceeding. It is also opposed to moving the Mica Units 5 and 6 Definition phase expenditure determination request into a separate argument phase.

2.0 SUBMISSIONS

BC Hydro submitted that there were "so many linkages...that separation simply makes no sense" (T2:117) and that "separating FNGU out from the LTAP won't save much time at all" (T2:117). BC Hydro submitted that it was loath to put its witness panel on FNGU up on January 8, 2009 in that the significant linkages between FNGU and the LTAP would not be properly reflected if the panel was only addressing FNGU.

With two exceptions, all Intervenor (British Columbia Transmission Corporation, Joint Industry Electricity Steering Committee, British Columbia Old Age Pensioners Organization et al., Commercial Energy Consumers of British Columbia, Independent Power Purchasers Association of British Columbia ("IPPBC"), British Columbia Sustainable Energy et al., COPE 378, Horizontal Technologies Inc./Energy Solutions for Vancouver Island Society and the Texada Action Now Community Association (which filed a written submission) supported BC Hydro's position, although IPPBC submitted that BC Hydro should assume any risk resulting from not receiving the Orders it sought in the time-frame it requested (T2:125). The City of New Westminster submitted that "we find it difficult to understand why [FNGU] could not be separated and, in fact, why it would not be separated" (T2:126). Mr Tennant, on behalf of Vanport Sterilizers Inc. ("Vanport") submitted that the hearing should be separate on the grounds that "there hasn't been a thorough airing of the available resources in Fort Nelson and I'd also like to see a more detailed discussion as to how these resources relate to what's going to happen with Site C" (T2:129).

3.0 COMMISSION PANEL'S FINDINGS

The Commission Panel accepts the submissions from the majority of the Participants that not separating the proceedings with respect to the Fort Nelson Generating Station Upgrade Project Definition and Implementation phase expenditure request results in the most efficient use of the Commission's hearing processes. The Commission Panel accepts IPPBC's submission that to the extent that keeping the proceedings together could lead to a possible delay of the early orders that BC Hydro is seeking, that is a risk for BC Hydro to assume. The Commission Panel also accepts that the submission that the analyses of variables related to Fort Nelson such as the greenhouse gas price forecast, natural gas price forecast, electricity price forecast are linked to the LTAP.

The Commission Panel also believes that there is no prejudice to Vanport in not separating the proceedings. Vanport will be able to cross examine BC Hydro on the available resources in the Fort Nelson area, and make submissions concerning Site C and Fort Nelson.