



**ORDER NUMBER**  
**G-325-22**

IN THE MATTER OF  
the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

British Columbia Hydro and Power Authority  
Electricity Purchase Agreement Renewal for the Island Generation Facility

**BEFORE:**

B. A. Magnan, Panel Chair  
W. M. Everett, KC, Commissioner

on November 10, 2022

**ORDER**

**WHEREAS:**

- A. On July 8, 2022, British Columbia Hydro and Power Authority (BC Hydro) filed with the British Columbia Utilities Commission (BCUC), pursuant to section 71 of the *Utilities Commission Act* (UCA), a short-term Electricity Purchase Agreement (EPA) renewal for a four-and-a-half year term with V.I. Power Limited Partnership, a wholly-owned subsidiary of Capital Power Corporation (Capital Power), for the 275 MW natural gas-fired (combined cycle) Island Generation facility (Island Generation) in Campbell River, BC on Vancouver Island (Filing);
- B. BC Hydro requests that the unredacted version of the Filing, including the Island Generation EPA renewal, be held confidential as it contains commercially sensitive information;
- C. By Order G-61-12 dated May 17, 2012, the BCUC approved the Rules for Energy Supply Contracts for Electricity (Rules). The Rules, set out in Appendix A to Order G-61-12, are intended to facilitate the BCUC's review of energy supply contracts for electricity, filed pursuant to section 71 of the UCA;
- D. On July 12, 2022, the BCUC issued Letter L-30-22, granting BC Hydro's extension request to provide further information for the Filing. On July 29, 2022, BC Hydro filed further information for the Filing;
- E. In September 1998, Island Generation was awarded a 20-year EPA. The plant reached commercial operation on April 1, 2002, and since 2010, Island Generation has been used by BC Hydro as a peaking facility, primarily to meet winter peak loads. The 20-year EPA expired on April 12, 2022;
- F. In July 2021, BC Hydro became aware of damage to the 500 kV transmission circuits between the Lower Mainland and Vancouver Island, introducing a reliability risk to Vancouver Island;

- G. The Island Generation EPA renewal, effective May 1, 2022, is intended to mitigate the reliability risk and provide insurance against the risk of customers on Vancouver Island being without electricity service for an extended period of time, particularly should a forced outage occur on one of the 500 kV transmission circuits while the other 500 kV transmission circuit is out of service for planned inspections and repairs;
- H. By Order G-231-22 dated August 17, 2022, the BCUC established a written public hearing process and regulatory timetable, which included, among other things, public notice, one round of BCUC information requests (IR) and a letter of comment submission period;
- I. On October 13, 2022, BC Hydro filed public and confidential responses to BCUC IR No. 1;
- J. BC Hydro submitted its preferred manner of recovering the estimated costs associated with acceptance of the Filing is to file a compliance filing in the BCUC review of its Fiscal 2023 to Fiscal 2025 Revenue Requirements Application. The BCUC did not review the recoverability of the estimated costs associated with acceptance of the Filing in this proceeding;
- K. On October 26, 2022, the BC Sustainable Energy Association (BCSEA) filed a letter of comment supporting BCUC acceptance of the Filing;
- L. On November 3, 2022, BC Hydro filed a response letter to BCSEA agreeing with its summary and support for acceptance of the Filing, and submitted that no further process was required; and
- M. The BCUC has reviewed the Filing and determines that it is in the public interest and that its acceptance is warranted.

**NOW THEREFORE** pursuant to section 71 of the UCA and the Rules, the BCUC orders the following:

- 1. The BCUC accepts for filing the EPA renewal for a four-and-a-half year term between BC Hydro and V.I. Power Limited Partnership, a wholly-owned subsidiary of Capital Power, for Island Generation in Campbell River, BC on Vancouver Island.
- 2. The BCUC will keep the unredacted version of the Filing, including the Island Generation EPA renewal, confidential as it contains commercially sensitive information.

**DATED** at the City of Vancouver, in the Province of British Columbia, this                      10<sup>th</sup>                      day of November 2022.

BY ORDER

*Original signed by:*

B. A. Magnan  
Commissioner