

Suite 410, 900 Howe Street Vancouver, BC Canada V6Z 2N3 bcuc.com **P:** 604.660.4700 **TF:** 1.800.663.1385 **F:** 604.660.1102

ORDER NUMBER G-75-23

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

and

British Columbia Hydro and Power Authority 2021 Integrated Resource Plan

BEFORE:

D. M. Morton, Panel Chair C. M. Brewer, Commissioner T. A. Loski, Commissioner R. I. Mason, Commissioner

on April 4, 2023

ORDER

WHEREAS:

- A. On December 21, 2021, British Columbia Hydro and Power Authority (BC Hydro) filed its 2021 Integrated Resource Plan (IRP) Application with the British Columbia Utilities Commission (BCUC), pursuant to section 44.1 of the *Utilities Commission Act* (UCA) and in accordance with Order G-28-21 dated January 27, 2021;
- B. By Order G-333-22 dated November 23, 2022, the BCUC established a regulatory timetable, which included parties' submissions regarding the scope of an oral hearing, and placeholder oral hearing dates of April 24 to May 5, 2023;
- C. On March 16, 2023, BC Hydro and interveners filed submissions regarding the scope of the Oral Hearing;
- D. In its letter dated March 16, 2023, BC Hydro submits that it has been working on the first iteration of its signposts process (Signposts Update), and that it will make best efforts to file the Signposts Update by June 9, 2023. BC Hydro submits that the BCUC and interveners should have the opportunity to file written information requests on BC Hydro's Signposts Update and that the placeholder dates for the Oral Hearing should be re-scheduled so that an oral hearing, if required, can consider all of the evidence together;
- E. By letter dated March 17, 2023, the BCUC requested that BC Hydro supplement its March 16, 2023 submission with further information;
- F. On March 23, 2023, BC Hydro filed its supplementary submission regarding the Signposts Update;
- G. On March 30, 2023, BC Hydro and interveners filed their reply submissions; and
- H. The BCUC determines establishing an updated regulatory timetable is warranted.

NOW THEREFORE for the reasons outlined in Appendix B of this order, the BCUC establishes an updated regulatory timetable as outlined in Appendix A of this order.

DATED at the City of Vancouver, in the Province of British Columbia, this 4th day of April 2023.

BY ORDER

Original signed by:

D. M. Morton Commissioner

Attachment

British Columbia Hydro and Power Authority 2021 Integrated Resource Plan

REGULATORY TIMETABLE

Action	Date (2023)
Responses to Information Requests on Rebuttal Evidence	Thursday, April 20
BC Hydro files Signposts Update	Friday, June 9
Information Requests on Signposts Update	Friday, July 7
Responses to Information Requests on Signposts Update	Friday August 4
Submissions on Oral Hearing need and scope	Tuesday, August 15
Reply Submissions on Oral Hearing need and scope	Tuesday, August 22
Placeholder Oral Hearing	To be determined

British Columbia Hydro and Power Authority 2021 Integrated Resource Plan

REASONS FOR DECISION

1.0 Introduction

On December 21, 2021, British Columbia Hydro and Power Authority (BC Hydro) filed its 2021 Integrated Resource Plan (IRP) Application with the British Columbia Utilities Commission (BCUC), pursuant to section 44.1 of the Utilities Commission Act (UCA) and in accordance with Order G-28-21 dated January 27, 2021.

By Order G-333-22 dated November 23, 2022, the BCUC established a regulatory timetable, which included parties' submissions regarding the scope of an oral hearing, and placeholder oral hearing dates of April 24 to May 5, 2023 (Oral Hearing).

On March 16, 2023, BC Hydro and interveners filed submissions regarding the scope of the Oral Hearing.

In its letter dated March 16, 2023, BC Hydro provided its submission on the scope of the Oral Hearing. In its submission, BC Hydro notes that it has been working on the first iteration of its signposts process (Signposts Update), and that work is currently underway to incorporate the impacts of a recent announcement by the Government of B.C. respecting the issuance of an Environmental Assessment certificate for Cedar LNG and the establishment of a new energy action framework. BC Hydro submits it will make best efforts to file the Signposts Update, reflecting this new information, by June 9, 2023. BC Hydro submits that the BCUC and interveners should have the opportunity to file written information requests on BC Hydro's Signposts Update and that the placeholder dates for the Oral Hearing should be re-scheduled so that an oral hearing, if required, can consider all of the evidence together.1

By letter dated March 17, 2023, the BCUC requested that BC Hydro supplement its submission with the following information:

- A description of the nature of the Signposts Update, including a detailed outline of the aspects of the 2021 Integrated Resource Plan (IRP) that are expected to be affected;
- Discussion regarding the materiality of any changes with respect to the existing evidentiary record;
- Explanation of the implications of proceeding with the Oral Hearing as currently scheduled;
- An outline of the evidence in the 2021 IRP that is expected to be unaffected by the Signposts Update, and a discussion of whether such topics could be addressed at the scheduled Oral Hearing; and
- Potential risks that the Signposts Update could be filed later than June 9, 2023, and any steps that could be taken to mitigate further delays to the regulatory timetable of the proceeding if any of these risks were to be realized.

On March 23, 2023, BC Hydro filed its supplementary submission regarding the Signposts Update.

On March 30, 2023, BC Hydro and interveners filed their reply submissions.

¹ Exhibit B-30, pp. 1-2.

In these reasons for decision, the Panel summarizes parties' submissions and provides its determination on the next steps for the proceeding.

2.0 BC Hydro Signposts Update, and Next Steps for Oral Hearing

BC Hydro expects the Signposts Update will materially change the 2021 IRP including the Load Forecasts, the Load Resource Balances, the Base Resource Plan, the Contingency Resource Plans and the Near-term Actions. Work on the Signposts Update is currently underway and there are indications of increased load and decreased supply from existing and committed resources, resulting in an earlier need for future resources. When combined with the Government of B.C.'s significant announcement respecting the issuance of an Environmental Assessment certificate for Cedar LNG and the establishment of a new energy action framework, BC Hydro expects the Signposts Update to indicate that the 2021 IRP Near-term Actions are insufficient to meet the future needs of its customers and that additional Near-term Actions are required.²

As part of the Signposts Update, BC Hydro expects to update the Base Resource Plan and Contingency Resource Plan elements and identify additional Near-term Actions to meet future electricity needs. In particular, BC Hydro expects the Signposts Update to result in changes to the Base Resource Plan element on energy efficiency and new Base Resource Plan and Contingency Resource Plan elements and additional Near-term Actions with regard to the renewal of Electricity Purchase Agreements after fiscal 2026, the potential acquisition of new greenfield energy resources and the advancement of capacity resources such as transmission projects and utility-scale batteries.³

In response to BCUC Information Request (IR) 2.127.1, BC Hydro indicated that a determination that the 2021 IRP Near-term Actions were insufficient to meet future customer needs would result in BC Hydro initiating the development of a new long-term resource plan. However, since the proceeding to review the 2021 IRP remains ongoing and considering the dynamic nature of the current planning environment, BC Hydro considers that a better approach, at this time, is to update the 2021 IRP.⁴

In response to the Panel's question to BC Hydro concerning potential risks that the Signposts Update could be filed later than June 9, 2023, BC Hydro responded:⁵

- First, if the Oral Hearing proceeds on April 24, 2023, BC Hydro staff that would otherwise have been involved in preparing the Signposts Update will need to focus on preparing for the Oral Hearing. Accordingly, proceeding with the Oral Hearing as currently scheduled would significantly delay the Signposts Update. In BC Hydro's view, further delays to the regulatory timetable of the proceeding are unavoidable under this scenario.
- Second, as BC Hydro expects the Signposts Update to result in material changes to the 2021 IRP, these changes will need to be submitted to BC Hydro's Board of Directors for approval. BC Hydro also expects to share the Signposts Update with the Government of B.C.'s BC Hydro task force on accelerating the electrification of B.C.'s economy. Feedback and revisions, if any, from the review by BC Hydro's Board of Directors, could result in a delay to the Signposts Update; however, BC Hydro does not expect that this

² Exhibit B-31, pp. 1-2.

³ Ibid., p. 2.

⁴ Ibid.

⁵ Ibid., p. 6.

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would result in further delays to the regulatory timetable of the proceeding, relative to what BC Hydro proposed in our March 16, 2023 submission. This is because, under BC Hydro's proposal, responses to information requests on the Signposts Update would be due July 18, 2023 and the Oral Hearing would take place starting no earlier than the week of September 11, 2023.

Intervener Positions

Association of Major Power Customers (AMPC) submits BC Hydro's request to adjourn the Oral Hearing to better reflect recent and anticipated events is contrary to the purpose of long-term planning, but proceeding with a limited oral hearing scoped to grapple with such planning elements would let the BCUC efficiently deal with both a fundamental weakness of the application and the new, finer-grained near term evidence BC Hydro wishes to submit.⁶ AMPC advises that it intends to seek full indemnity recovery for costs "thrown away" by government directives or material changes made by BC Hydro to its application. Doing otherwise will materially inhibit the ability of customers to marshal resources and effectively participate in the BCUC processes surrounding BC Hydro that directly affect them. AMPC submits the BCUC should consider making an order to that effect in advance.⁷

British Columbia Old Age Pensioners' Organization et al. (BCOAPO) agrees that it may be neither effective nor efficient to hold an oral hearing at the currently scheduled time, given that the Signposts Update will materially impact the 2021 IRP.⁸

BC Sustainable Energy Association (BCSEA)/Vancouver Electric Vehicles Association (VEVA) are disappointed that BC Hydro was unable to say that the 2021 IRP is sufficiently robust to handle the implications of the BC Government's March 2023 announcements without amending the 2021 IRP. However, BCSEA and VEVA support BC Hydro's proposal that the regulatory timetable should be extended. They accept that a June 2023 Signpost Update would materially change the 2021 IRP and going ahead with the Oral Hearing in April would be inefficient. For example, BCSEA/VEVA note the possible confusion around whether topics in an early oral hearing would be open for examination later in the proceeding, and preparation for the hearing would interfere with preparing for a Signpost Update.⁹

Capital Power submits that the Oral Hearing should be suspended until BC Hydro has had the opportunity to consult on and file its contemplated Signposts Update and until interveners have had the opportunity to ask information requests and, if necessary, file evidence in response to BC Hydro's changes. Capital Power submits that there would be no benefit from a limited oral process focused on BC Hydro's planning criteria taking place ahead of the Signposts Update. Capital Power also questions whether any topic identified by interveners for an April oral hearing would be so "unaffected" by the Signposts Update as to justify examination in a more limited-scope hearing prior to that filing. The interrelated nature of the topics at issue in this proceeding justifies hearing all of the evidence together.¹⁰

⁶ Exhibit C8-22, p. 1.

⁷ Exhibit C8-22, pp. 4-5.

⁸ Exhibit C9-11, p. 7.

⁹ Exhibit C1-12, pp. 1-2.

¹⁰ Exhibit C10-13, pp. 1-2.

Clean Energy BC (CEBC) accepts that continuing with the Oral Hearing on the current schedule is not practical, in view of BC Hydro's position that the Signposts Update submission be material and substantively amend virtually the entire IRP. Until the Signposts Update is filed (and the IRP revised), CEBC notes it is unclear what evidence, including IR responses, remains valid and what has been superseded. CEBC submits an oral hearing where parties may have different understandings about which parts of the record are still operative would be extraordinarily inefficient.¹¹

Commercial Energy Consumers Association of BC (the CEC) does accept that there have been considerable developments in the last month, but states if anything these developments have increased the need for regulatory consideration, particularly a number of significant issues related to the servicing of LNG. 12 The CEC recommends that in the delay period upcoming, interveners should have an opportunity to ask for written answers on a third round of information requests if the BCUC determines that the Oral Hearing should be narrowed in scope. 13

FortisBC submits it appears the Signposts Update will result in what is a significantly changed or updated IRP, and therefore an adjournment of the Oral Hearing is a practical necessity. FortisBC also agrees it is not possible or appropriate to address discrete IRP topics during the current placeholder dates in April 2023, and that proceeding with the hearing would unavoidably delay the Signposts Update.¹⁴

The Nuu-Chah-Nulth Tribal Council (NTC) submits it is impossible for the BCUC to determine the scope of any oral hearing until the Signposts update. No useful purpose would be served by holding an oral hearing in advance of the June Update. The NTC agrees with the frustration expressed by AMPC with respect to the costs that may be incurred by its members as the result of the June Update. This result could have been avoided if BC Hydro had filed an IRP that was in conformity with the CleanBC plan from 2018, the CleanBC Roadmap to 2030 as released in Fall 2021 or both.¹⁵

MoveUP submits the Oral Hearing should be postponed to permit the record to catch up to current developments and avoid a result where the IRP is already stale-dated. Additionally, MoveUP considers the Resource Planning Guidelines should be revisited to permit more fluid approaches to resource planning that maintain the currency of plans in the context of accelerating change. ¹⁶

Residential Consumer Intervener Association (RCIA) strongly opposes any Signpost Updates, which it says would be unreasonable, highly prejudicial and contrary to regulatory efficiency. First, if the updates are material, it is likely they would significantly impact the nature and scope of evidence already filed on the record. It is conceivable this could effectively push the process back to the start. RCIA submits updates would be contrary to prospective ratemaking. Additionally, cherry-picking one or more aspects of the 2021 forecasts to update is prejudicial and unreasonable. RCIA submits that should the BCUC consider the Signpost Updates appropriate, the current 2021 IRP should be discontinued without prejudice to the rights of parties to obtain recovery on costs incurred to-date.

¹¹ Exhibit C5-18 p. 2.

¹² Exhibit C11-20, p. 1.

¹³ Ibid., p. 4.

¹⁴ Exhibit C2-8, p. 2.

¹⁵ Exhibit C4-9, pp. 1, 4.

¹⁶ Exhibit C-18-7, p. 4.

¹⁷ Exhibit C7-26, pp. 1-2.

Zone II Ratepayers Group (Zone II RPG) supports BC Hydro's proposed regulatory schedule given the potential impact of the Signposts Update.¹⁸

Panel Determination

The Panel accepts BC Hydro's proposal to file its Signposts Update by June 9, 2023. Additionally, the Panel determines that the Oral Hearing is postponed pending further regulatory process.

BC Hydro's filing regarding its Signposts Update, suggests this update will result in significant changes to many aspects of the 2021 IRP. BC Hydro submits that these changes are extensive and as a result, continuing with the current regulatory timetable is impractical.

Although BC Hydro has provided a high-level description of the potential updates to the 2021 IRP, until the update is actually filed, there remains a degree of uncertainty as to the materiality of the changes, or the extent to which the existing evidentiary record remains unaffected by the Signposts Update. The interrelated nature of the IRP adds to the uncertainty associated with identifying distinct topics that could continue to be fully examined while parties await the filing of the Signposts Update.

While the Panel does not wish to unduly delay the review of the 2021 IRP, a process which has already spanned 15 months, in addition to the pre-application development and consultation process conducted by BC Hydro, we reluctantly conclude that proceeding with an Oral Hearing at this time will be less efficient than postponing until a later date. Topics which are materially affected by the Signposts Update will inevitably need to be re-examined when the update is filed. For topics that may not be materially affected, there is still the potential for the unfortunate circumstance at an oral hearing where BC Hydro is only able to address some questions and not others. This presents a risk of wasting preparation efforts, and a risk of losing of any potential efficiencies associated with proceeding with a more limited oral hearing scope now. Further, proceeding with a limited oral hearing may result in further delays to the Signposts Update.

Notwithstanding the above determination, the Panel notes the submissions of some interveners that raise concerns regarding the broader purpose of a long-term resource plan to address a range of potential future scenarios. BC Hydro expects the Signposts Update to indicate that the 2021 IRP Near-term Actions are insufficient to meet the future needs of its customers. Until the Signposts Update is filed and further regulatory review has been undertaken, we are unable to speculate whether the purported need to file the Signposts Update and pause the regulatory timetable is a result of fundamental weaknesses in the 2021 IRP, or matters that could not have been reasonably anticipated at the time of preparing the 2021 IRP, or something else. Understanding the reasons why the 2021 IRP Near-term Actions are no longer sufficient will be an important issue when this proceeding resumes.

In making this determination we have relied on the assertion made by BC Hydro that the risks of a delay of the filing of the evidentiary update are limited to: holding the Oral Hearing as planned in April/May and that the Board will delay approval of the update. This decision eliminates the first risk and BC Hydro provides assurance that the second risk will not materialize.

If the filing day were to be delayed beyond June 9, the Panel may have made a different determination. An IRP is not intended to be a deterministic view of the future. It is the best efforts of a utility to provide a roadmap of its future, given what can be gleaned about the future at the time it is produced. Continually delaying the

¹⁸ Exhibit C6-16, p. 1.

finalization of a plan to accommodate changing assumptions about the future will mean no plan can ever be finalized.

An IRP must have inherent flexibility built in to accommodate the twists and turns that will inevitably arise as time marches on. While this has always been true, it is especially so in this era of rapid technology and policy change as we move toward a fully decarbonized energy system. The IRP planning process – and the plan itself must be flexible enough to accommodate necessary changes.

We acknowledge parties' submissions on the topics to be considered for the scope of an oral hearing. Given the uncertainty around the Signposts Update, the Panel considers it is premature to determine the scope of a future oral hearing at this time. In accordance with the updated regulatory timetable, the Panel will seek further submissions on the need and scope for a postponed oral hearing. The Panel will provide a further update on timing for a postponed oral hearing in the coming weeks.

Finally, the Panel addresses certain intervener requests made in their submissions:

- The Panel declines AMPC's request for the BCUC to issue an order regarding Participant Assistance/ Cost Award (AMPC). We will make a determination on PACA Applications when these are filed. To the extent any party wishes to support their application they are welcome to provide relevant information in their PACA Application.
- The Panel declines CEC's request for an interim IR 3 process. The regulatory timetable establishes a further round of IRs on the Signposts Update. For the same reasons as the postponement of the Oral Hearing, the Panel does not consider it efficient to schedule further regulatory process before the Signposts Update is filed.
- The Panel declines RCIA's proposal to discontinue the 2021 IRP and direct BC Hydro to file a 2023 IRP. This proposal would be far less efficient than continuing with the proceeding as outlined above.