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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-91-09**

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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
for the Approval of the 2008 Long-Term Acquisition Plan**

BEFORE: A.J. Pullman, Panel Chair/Commissioner
R.J. Milbourne, Commissioner
M.R. Harle, Commissioner

July 27, 2009

O R D E R

WHEREAS:

- A. On June 12, 2008 British Columbia Hydro and Power Authority ("BC Hydro") filed, pursuant to subsections 44.1(2), 44.1(4) and 44.2(1) of the *Utilities Commission Act* (the "Act"), the 2008 Long-Term Acquisition Plan ("2008 LTAP," "Application") with the British Columbia Utilities Commission (the "Commission") for review; and
- B. The 2008 LTAP (Exhibit B-1) is a long-term resource plan for acquiring demand-side and supply-side resources to meet demand in British Columbia. The 2008 LTAP both updates and expands the 2006 IEP/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. The relief sought by BC Hydro is set out in Exhibit B-1-11, as amended in its Argument on pages 5 to 9; and
- E. By Commission Order G-96-08 dated June 17, 2008 (Exhibit A-1), the Commission established a Procedural Conference for September 9, 2008 to hear submissions on the principal issues arising from or related to the Application, and the procedure for the review of the Application; and

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- F. Following the Procedural Conference the Commission issued Order G-126-08 dated September 11, 2008 (Exhibit A-4) and ordered, among other things, that the evidentiary phase for the Mica Units 5 and 6 Definition phase expenditures request would close on October 15, 2008 and final argument on those expenditures would form part of the Arguments following the close of the evidentiary phase of the Oral Hearing, which was at that time scheduled to commence on January 8, 2009; and
- G. A Second Procedural Conference was established as a result of an amendment to the Hearing schedule proposed in BC Hydro's letter to the Commission dated November 14, 2008 (Exhibit B-5). In a follow-up letter from BC Hydro dated November 19, 2008 (Exhibit B-6), it requested that the Commission issue early orders with respect to the Mica Units 5 and 6 Definition phase expenditure request and with respect to the Fort Nelson Generating Station Upgrade Project ("FNGU") Definition and Implementation phase expenditures request; and
- H. At the Second Procedural Conference on November 28, 2008, all Parties spoke to, among other things, the possibility of moving the FNGU to a separate hearing, a separate Argument phase for Mica Units 5 and 6 and separate orders and decisions for those two matters; and
- I. Commission Order G-178-08 dated November 28, 2008 (Exhibit A-12) amended the regulatory timetable and established that the Oral Hearing would commence on February 19, 2009. The Order also established that the Mica Units 5 and 6 Definition phase expenditure request would be dealt with as part of the main 2008 LTAP argument phase and the FNGU Definition and Implementation phase expenditures request would remain part of the 2008 LTAP evidentiary and argument phases; and
- J. The Oral Hearing commenced on February 19, 2009 and ended on March 12, 2009. BC Hydro filed its Argument on April 9, 2009; Intervenors filed their Arguments on April 27, 2009; and BC Hydro filed its Reply on May 13, 2009; and
- K. By letter dated May 25, 2009 (Exhibit A-20), the Commission notified all Parties that the Oral Phase of Argument was required. All Parties were asked to advise the Commission if they would be prepared to make submissions on a list of matters outlined in that letter. The Oral Phase of Argument took place on June 1, 2009; and
- L. By Commission Order G-69-09 dated June 8, 2009, the Commission determined that the \$30 million expenditure in F2009 to F2011 to undertake and complete the Definition phase work for Mica Units 5 and 6 was in the public interest. By Commission Order G-75-09 dated June 15, 2009 the Commission determined that the \$140.1 million expenditure requested to complete the Definition phase and Implementation phase of the Fort Nelson Generating Station Upgrade Project Case 3.2 ("FNGU3") was in the public interest; and

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M. The Commission Panel has considered the balance of the Application, the evidence, and the submissions of the Parties all as set forth in the Decision issued concurrently with this Order.

NOW THEREFORE the Commission, for the reasons stated in the Decision, orders as follows:

1. Pursuant to subsection 44.1(6) of the Act, the 2008 LTAP is not in the public interest and is rejected.
2. Pursuant to subsection 44.2(3) of the Act, the following expenditures are in the public interest and are accepted:
 - \$418.0 million in F2009, F2010 and F2011 for the Implementation of Demand-Side Management (“DSM”) Plans generally as described in BC Hydro’s Adjusted Option A;
 - \$600,000 in F2009 and F2010 to undertake and complete the Definition phase work for capacity-related DSM;
 - \$1.6 million in F2010 for sustaining capital to ensure the reliability of Burrard;
 - \$41.0 million in F2009 and F2010 to undertake and complete the Site C Stage 2 Definition and Consultation phase work.
3. Pursuant to subsection 44.2(3) of the Act, the following expenditure is not in the public interest and is rejected:
 - \$2.0 million in F2009 and F2010 to complete the Definition phase work, and to implement the Clean Power Call.
4. The Contingency Resource Plans are approved for inclusion in BC Hydro’s Network Integrated Transmission Services update to British Columbia Transmission Corporation pursuant to Commission Directive 3 in Order G-58-05.
5. The following endorsements are made:
 - The Clean Power Call (“CPC”) eligibility requirement;
 - The DSM amortization period to remain at 10 years;
 - The filing of DSM performance reports on an annual basis going forward, subject to a transition measure;
 - The elimination of F05/F06 RRA Decision Directives 62 and 64 which relate to Load Displacement projects being considered as supply side alternatives;

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- The amendment of F05/F06 RRA Decision Directive 60 to read as follows: “seek approval for all new Power Smart programs with a Total Resource Cost benefit/cost ratio of less than 1.0”; and
- BC Hydro’s plan to rely on Burrard for planning purposes for 900 MW of capacity.

6. The following endorsements are declined:

- The CPC pre-attrition and post-attrition targets of 3,000 GWh/year and 2,100 GWh/year respectively;
- BC Hydro’s plan to reduce its reliance for planning purposes on Burrard to 3,000 GWh/year of firm energy; and
- The continuation of BC Hydro’s capital plan review process as proposed in its F2009/F2010 Revenue Requirement Application.

7. BC Hydro will comply with all other directives in the Decision accompanying this Order.

DATED at the City of Vancouver, in the Province of British Columbia, this 27th day of July 2009.

BY ORDER

Original signed by:

Anthony J. Pullman
Panel Chair/Commissioner