

ADVICE TO MINISTER

CONFIDENTIAL ISSUES NOTE

Ministry: Energy and Mines

Date: Feb.12, 2015

Minister Responsible: Hon. Bill Bennett

FOI - GDF Suez and Cape Scott 2 Expansion

ADVICE AND RECOMMENDED RESPONSE:

- Independent power projects have been a key part of our electricity system since the 1980s and will continue to play an important role in powering our province.
- In addition to Site C, BC Hydro is maintaining and growing its IPP portfolio with contract renewals and new clean energy supply contracts.
- However, to keep rates affordable, it's important any new power generation is built as cost effectively as possible.
- BC Hydro is carefully managing its IPP portfolio to meet needs and maintain low rates, and continues to exercise its contractual rights and seek opportunities to reduce or defer energy purchases.
- Since 2013 BC Hydro has terminated 11 electricity purchase agreements, deferred 11 agreements and downsized and deferred two agreements.
- BC Hydro also determined that it would not be in the best interests of ratepayers to award an electricity purchase agreement to the Cape Scott 2 Expansion.

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KEY FACTS REGARDING THE ISSUE:

FOI – EGM 2015-50001: From a Political Party - Relating to the Lobbyist Registry showing lobbying of the Minister and staff by the Wazuku Advisory Group on behalf of GDF Suez Canada: Any documents relating to this lobbying, including material sent prior to the meeting, material presented to or arising from the

meeting, such as minutes or Ministerial briefings and material which might have followed the meeting including emails and any other correspondence. (Date Range for Record Search: From 05/01/2014 To 12/28/2014)

The documents captured by the FOI represent correspondence between a lobbying company – Wazuku Advisory Group – and ministry staff and executive to set up a meeting or conference call in September 2014 for executives from GDF Suez Canada Inc. – a large renewable energy company that develops hydro, wind, solar, biomass, coal and natural gas energy projects. There is also a power point captured in the documents with background on the company and details of negotiations with BC Hydro related to the proposed expansion of the Cape Scott wind farm near Port Hardy.

GDF Suez currently owns the existing Cape Scott wind energy project. Together with partner Rupert Peace Power, the company was proposing to expand the project to a second phase (Cape Scott 2 Expansion). In mid-2014, after lengthy negotiations, BC Hydro informed the company that an electricity purchase agreement (EPA) would not be forthcoming due to a lack of need, current surplus power.

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Additional Background:

GDF Suez is a large power generation and retail electricity supplier operating wind, hydro, solar and biomass/biogas and natural gas facilities in close to 70 countries, including wind and solar projects operating in BC, Ontario, Quebec and Nova Scotia. The company is actively pursuing other project opportunities including natural gas, wind and hydro in Kitimat, Prince Rupert and Terrace regions.

GDF is currently the owner of the Cape Scott wind farm near Port Hardy on Vancouver Island, which was awarded an electricity purchase agreement (EPA) with BC Hydro (BCH) as part of the 2008+9 Clean Power Call. The project has a capacity of 99 MW and delivers 316 GWh/yr of electricity to the BC Hydro ~~Power grid.~~

In 2012, s.13,s.17, GDF Suez and partner, Rupert Peace Power began exploring the expansion of the Cape Scott facility (Cape Scott 2 Expansion). s.17

s.17 an agreement was reached for a feasible connection line for the expansion, and a power purchase agreement amendment with BCH was finalized.

In 2013, as part of its Integrated Resource Plan and due to a surplus of power, BC Hydro embarked on a process to review IPPs not yet in commercial operation for potential termination, downsizing or deferral.

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s.13,s.17 In mid-2014, the ministry told GDS Suez and Rupert Peace Power there would not be an EPA forthcoming due to current surplus conditions.

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ADVICE TO MINISTER

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