

MINISTRY OF ENERGY AND MINES
BRIEFING NOTE FOR INFORMATION

- I PREPARED FOR:** Honourable Bill Bennett, Minister of Energy and Mines
- II ISSUE:** Meeting with BluEarth Renewables (Marlo Raynolds, Vice President, Market Development and People; and Grant Arnold, Chief Operating Officer)
- III BACKGROUND:**

BluEarth is a renewable independent power producer (IPP) developer and operator with three power projects in British Columbia:

- The 9.3 megawatt (MW) Tyson Creek hydro facility located north of Sechelt (acquired February 2015);
- The 15 MW Culliton Creek run-of-river project near Squamish (acquired December 2013); and
- The 31 MW Narrows Inlet hydro project located north of Sechelt (acquired May 2015).

BluEarth also owns a number of hydro and solar projects in Ontario, and is developing wind projects in Alberta, Ontario, and Nova Scotia. BluEarth was formed primarily by several senior managers of the former Canadian Hydro Developers, which had developed several run-of-river projects in British Columbia and was bought out by TransAlta in 2009.

Site preparation began on BluEarth's Culliton Creek project in June 2014, and work on the penstock and intake was underway in October 2014. Clearing work for the transmission line started in February 2015. This project received an Electricity Purchase Agreement (EPA) through BC Hydro's 2008 Clean Power Call and is expected to be operational in 2015.

Construction is expected to start on the Narrows Inlet project in the summer of 2015. The project also acquired an EPA through the Clean Power Call and has a planned operational date of winter 2017.

IV DISCUSSION

BluEarth will likely be seeking some clarity on the potential for future BC Hydro electricity acquisitions. BC Hydro does not recommend any new calls for power in its Integrated Resource Plan (IRP) that was approved by Government in November 2013. With Government's approval of Site C in December 2014, BC Hydro will likely not need to acquire electricity from IPPs until the latter part of the 2020s unless the load/resource balance changes due to higher than forecast load growth or lower than forecast performance or demand side management.

The IRP estimates that BC Hydro has adequate energy supply to meet the initial electricity requirements of liquefied natural gas facilities – about 3,000 gigawatt-hours a year (GWh/yr) through 2021. BC Hydro has indicated that contingency plans are in place to meet demand should current forecasts underestimate future needs. This includes being prepared to undertake a procurement process for new supply.

The Standing Offer Program (SOP) continues to accept applications for smaller projects (less than 15 MW) targeting the acquisition of 150 GWh/yr from developers, as established in the Clean Energy Strategy included in BC Hydro's IRP. It is anticipated that the SOP will meet this target for 2016 and 2017. The SOP is expected to finalize in June 2015 its revised Program Rules that will include new requirements related to First Nations participation. These revisions are a result of consultation with First Nations, the clean energy sector and other stakeholders to follow through on the commitment in the IRP related to increasing First Nations participation in clean energy projects.

V CONCLUSION

- The Province is committed to working with IPPs to ensure there is a continued role for private sector energy development in British Columbia.
- Government approved the Clean Energy Strategy as part of BC Hydro's IRP, which includes measures that have increased opportunities under the SOP for projects under 15 MW and commits to encouraging First Nations involvement in clean energy opportunities.
- The SOP continues to accept applications, including wind projects, and anticipates that it will meet its 150 GWh/yr target for 2016 and 2017. Any new project applications will be considered for 2018 or later.
- For larger scale projects, BC Hydro does not expect to acquire IPP power until the late 2020s due to the forecasted energy surplus. Acquiring power ahead of need is not in ratepayers' interest.

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