

**MINISTRY OF ENERGY, MINES AND LOW CARBON INNOVATION**

**BRIEFING NOTE FOR INFORMATION**

**PREPARED FOR:** Fazil Mihlar, Deputy Minister, Ministry of Energy, Mines and Low Carbon Innovation

**ISSUE:** s.13; s.17 BC Hydro and the Ministry of Forests, Lands, Natural Resource Operations and Rural Development on Statutory Right of Way fees

**BACKGROUND:**

The Interior to Lower Mainland (ILM) Project is a 255 kilometre, 500 kilovolt transmission line, between the Nicola Substation near Merritt, the Meridian Substation in Coquitlam, and a new series capacitor station at Ruby Creek near Agassiz. ILM was completed in 2015 at a cost of \$818 million.

To construct and complete the ILM, BC Hydro required access to a large area of Crown land through a License of Occupation (LoO) as the route had not yet been fully determined, and some land area would be required for materials storage and other staging activities. Under Crown Land Pricing Policy, a LoO that is converted to a Statutory Right of Way (SRW) is prepaid based on the 100% of the deemed land value of the LoO such that when the LoO is converted into a SRW, the fee is \$1.00. Alternatively, the LoO can be paid on an annual basis.

For the ILM, during the preconstruction and construction phase, since the exact routing had not yet been identified, BC Hydro determined it would be more prudent to secure a much larger area from the Crown and then survey the final (much smaller area) for the SRW following completion of construction when the route was finalized.

However, prepayment of the SRW fee when BC Hydro knew the final SRW area would be much smaller would have placed just over \$1 million in additional financial costs to the ILM (and correspondingly on rate payers) through carrying charges for that early prepayment during the construction years of the ILM.

BC Hydro wanted certainty with respect to the land costs over the life of the ILM (from beginning to end of construction) and initiated a dialogue with the Lands Officer responsible at that time.s.13

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## DISCUSSION:

With the completion of the ILM and the survey of the final SRW, BC Hydro received notice from FLRNO's Surrey office that the cost of the SRW would be

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The Crown Land Pricing Policy states that it is 100% of the annual rent paid on the SRW area (not the entire LoO area) that is credited towards the cost of the SRW.

The following table outlines the positions of BC Hydro and FLNRO with respect to the final cost of the SRW.

	<u>Area (Ha)</u>	<u>\$ Paid/Owing (\$000)</u>	<u>Formula</u>
Total annual LoO land area	2630 ha		
Total rental payments paid by BC Hydro		s.17	(A)
Final surveyed SRW area	694 ha (26% of LoO area)		
FLNRO estimated SRW fee		s.17	(B)
BC Hydro estimated SRW fee balance		s.17	(B) – (A)
FLRNO estimated SRW fee balance		s.17	(B) - 26% of (A)

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FLNRO has not reported any expected revenue from the ILM SRW fees to the Ministry of Finance;

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BC Hydro has been working on this issue with FLNRO staff since 2019, and both parties would like to see

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Both EMLI and FLNRO staff consulted with Ministry of Finance ADM of Strategic Initiatives.

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**NEXT STEPS:**

Based on the advice, and with the support of the Ministry of Finance, BC Hydro will contact FLNRO s.13; s.17

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