

From: [McCann, Meghan MEM:EX](#)
To: [Nash, Amber PREM:EX](#)
Cc: [McNeil, Kevin MEM:EX](#)
Subject: 2:30 meeting tomorrow
Date: Wednesday, September 20, 2017 2:26:00 PM

Hi Amber,

Could you please invite our ADM Les MacLaren to the 2:30 meeting tomorrow with Premier? This was requested by Dave, thanks.

Meghan McCann

Senior Executive Assistant to Deputy Minister Dave Nikolejsin

Deputy Minister's Office | Ministry of Energy, Mines, and Petroleum Resources

Direct: (250) 952-0504

From: [Sopinka, Amy MEM:EX](#)
To: [Cutler, Scott MEM:EX](#); [Davison, Jennifer MEM:EX](#); [Dias, Oswald MEM:EX](#); [Wieringa, Paul MEM:EX](#); [Muncaster, Katherine MEM:EX](#)
Cc: [Rowe, Katherine MEM:EX](#); [Gosman, Nat MEM:EX](#)
Subject: BCUC Site C public and First Nations Input Meetings
Date: September 12, 2017 3:21:15 PM
Attachments: [image002.jpg](#)

Good afternoon,

I think I've had a meeting with each of you to discuss your possible attendance at the BCUC Site C Public and/or First Nations meetings. These are being held across the province between September 23 and October 11. We would like to have a Ministry representative at each of the meetings to take notes and listen to the comments made by the public and First Nations on the project. This information will be used to inform the Cabinet Submission on the Site C decision.

I have provided a list of Places, Dates and times of the meetings. I'm hoping to confirm with the BCUC on the timing of the First Nations events. I am able to go to the Fort St. John sessions and Scott can potentially manage the Kamloops-Kelowna-Nelson schedule as well however, if anyone else is keen to attend any of those sessions please let me know.

If there are sessions that you could attend, could you please update the table located [here](#). Updating the linked table will ensure that there is only one editor at a time. Please close and save the file after you make your additions. The first meeting is coming up quickly, so if you could fill in your availability by the end of this week, I'd greatly appreciate it.

Thanks!

Amy

Place	Date and Time	Time
Vancouver	September 23	1 p.m. – 5 p.m.
Kamloops	September 24	6 p.m. -10 p.m.
Kelowna	September 25	6 p.m. -10 p.m.
Nelson	September 26	6 p.m. -10 p.m.
Prince George	September 29	6 p.m. -10 p.m. - tentative
Hudson's Hope	September 30	6 p.m. -10 p.m.
Fort St John	October 1	6 p.m. -10 p.m.
Fort St. John	October 2	6 p.m. -10 p.m.
Fort St. John – FN Meeting	October 3	
Vancouver	October 5	6 p.m. -10 p.m.
Vancouver – FN Meeting	October 6	
Nanaimo	October 10	6 p.m. -10 p.m.
Victoria	October 11	6 p.m. -10 p.m.



Amy Sopinka, PhD
Director, Transmission and Interjurisdictional Branch
Ministry of Energy, Mines and Petroleum Resources
Phone: 250-952-6390

Page 04 of 54 to/à Page 07 of 54

Withheld pursuant to/removed as

s.12; s.13; s.14; s.16

Page 08 of 54

Withheld pursuant to/removed as

s.13; s.12; s.14; s.16

From: [MacLaren, Les MEM:EX](#)
To: [Nikolejsin, Dave MNGD:EX](#); [Haslam, David GCPE:EX](#)
Cc: [Wieringa, Paul MEM:EX](#); [Rowe, Katherine MEM:EX](#)
Subject: FW: Site C - Letter to BCUC regarding requests for confidential information
Date: September 12, 2017 4:36:48 PM
Attachments: [91628724_v\(1\)_Draft 2 -- Letter to BCUC regarding requests for confidential information - MJS MTG DS FJsept12.docx](#)

Dave and David:

s.13

Les

From: James, Fred [<mailto:Fred.James@bchydro.com>]
Sent: Tuesday, September 12, 2017 3:45 PM
To: MacLaren, Les MEM:EX
Subject: Site C - Letter to BCUC regarding requests for confidential information

Hi Les – please see the attached draft letter that we would like to file with the BCUC tomorrow if possible. Comments are welcome.

Cheers

Fred James CPA CA, MBA
Chief Regulatory Officer

BC Hydro
333 Dunsmuir Street, 16th Floor
Vancouver, B.C. V6B 5R3

Office: 604.623.4317
Mobile: 604.375-1349
Fax: 604.623.4407
Email: Fred.James@bchydro.com

bchydro.com

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Fred James

Chief Regulatory Officer

Phone: 604-623-4046

Fax: 604-623-4407

bchydroregulatorygroup@bchydro.com

September XX, 2017

Mr. Patrick Wruck
Commission Secretary and Manager
Regulatory Support
British Columbia Utilities Commission
Suite 410, 900 Howe Street
Vancouver, BC V6Z 2N3

Dear Mr. Wruck:

**RE: British Columbia Utilities Commission (BCUC or Commission)
British Columbia Hydro and Power Authority (BC Hydro)
Inquiry Respecting Site C
- Confidential Information Redacted in the BC Hydro Filing and Deloitte
Reports**

The Commission's letter of September 7, 2017 contemplates a process whereby interested parties are able to make a request of BC Hydro for access to confidential information that had been redacted in BC Hydro's August 30 Filing ("Filing") or the Deloitte Report "Site C Construction Review" dated September 8, 2017 ("Deloitte Report"). The process contemplates individuals being granted access upon signing an undertaking of confidentiality. We have significant concerns about the adequacy of this approach in the current circumstances, given the nature of the information and the harm that would result to customers in the event of the information being released. We are writing to propose a higher level of protection for some of the redacted information.

Overview

BC Hydro has used the undertaking process in prior proceedings, and it can work well in certain circumstances. The Commission has also recognized, however, that there are circumstances when protecting those who would be harmed by the release of information merits limiting disclosure to the Commission only. We submit, for the reasons outlined below, that the Commission's standard undertaking is insufficient protection against harm to BC Hydro's customers. We respectfully request that the Commission order the following approach to redacted information in BC Hydro's Filing and the Deloitte Report:

Category	Nature of Information	Reference	Proposal
A	Granular detail on	Some	Commission's standard undertaking, modified

	physical remediation cost categories	redactions in Appendices P and O and Deloitte Report	only to make clear that any party in receipt of the information may, in BC Hydro's discretion, be excluded from bidding on remediation work.
B	<p>Granular detail on other suspension and termination cost categories (except as related to benefit agreements with First Nations addressed in Category C)</p> <p>Information in the Deloitte Report on the Project budgets, contingency, and critical path</p>	Some redactions in Appendix O, and Deloitte Report	<p>Limit access to the Commission itself.</p> <p>In the alternative, limit access to the Commission itself unless a requestor is a lawyer who meets the following three requirements:</p> <p>(a) declares he or she is not, and will not be, personally representing a contractor with respect to work on Site C, and</p> <p>(b) provides a binding solicitor's undertaking to BC Hydro that the information will not be disclosed to anyone other than an expert who</p> <p style="padding-left: 40px;">(i) will be filing analysis in Phase 2 of this process,</p> <p style="padding-left: 40px;">(ii) has signed the Commission's undertaking and provided it to BC Hydro, and</p> <p style="padding-left: 40px;">(iii) declares he or she is not, and will not be, personally representing a contractor with respect to work on Site C; and</p> <p>(iv) undertakes to provide any expert report to BC Hydro prior to publication to ensure confidential information has been redacted.</p>
C	<p>Load and business information of individual industrial customers</p> <p>Details of benefit agreements with individual First Nations</p> <p>One contractor's financial information</p>	Redactions in Appendix J and some in Appendix O and Deloitte Report	Limit access to the Commission itself.

We submit that this nuanced approach is fair, balanced and appropriate in the circumstances.

Our submission in support of this request is organized around the following points:

1. The vast majority of BC Hydro's Filing and the Deloitte reports are public, and the redactions cover the minimum amount of information necessary to avoid harm.
2. BC Hydro is providing further information on a public website.
3. The release of any of the redacted information in the Filing or the Deloitte Report will harm BC Hydro and our customers, and the harm they would suffer is significant. There are two groups of ratepayers that would be harmed:
 - individual industrial customers that have provided to BC Hydro in confidence sensitive information about their operations in order to assist BC Hydro's load forecasting (Category C); and
 - BC Hydro customers generally, who ultimately pay when disclosure compromises BC Hydro's ability to negotiate favourable resolutions to issues or disputes with contractors, to procure future contracts or negotiate future benefit agreements with First Nations. (Category A, B and C).
4. We are generally unable to identify those who would be able to use the information to the detriment of BC Hydro and our customers, or the sufficiency of the steps those requestors will take to protect information.
5. Access to the redacted information would add limited value to most requestors in terms of their ability to participate in this process. While customer-specific business information (Category C) is redacted, the aggregate industrial loads are public. Vetting the information redacted in Categories A and B relating to work upon termination or suspension, would require technical expertise in engineering, construction and environmental reclamation.

1. The Vast Majority of the Filing and Deloitte Reports Are Public

We recognize that there is value in public disclosure of information. The vast majority of the filed information is public.

- There are only three appendices in BC Hydro's Filing that include redacted information, and only limited portions of those Appendices have been redacted. BC Hydro has redacted the minimum amount of information from these Appendices that is necessary to avoid harm.
- The Deloitte report on load forecasting has no redactions, and there are very limited redactions in the other Deloitte Report.

2. Deloitte's Source Documents Are Published on Website

BC Hydro is providing a significant amount of additional information on a public website. It houses documents relied upon by Deloitte LLP, other than those containing commercially sensitive information. The web page can be accessed at www.sitecproject.com/submissions.

3. The Harm to Our Customers Would Be Significant

The information that has been redacted is highly sensitive to individual industrial customers and BC Hydro and our customers generally. The harm that will flow from this information being released is very significant.

Category C Redactions: Customer-Specific Business Details and Benefit Agreements With Individual First Nations

Appendix J provides information on the Current Load Forecast and developments that have occurred since we prepared the Current Load Forecast. The public version of Appendix J redacts information on large industrial customer-specific loads and service requests since this information is commercially sensitive for our customers. The fact that this information is highly sensitive is self-evident in reviewing the public version. For instance:

- The load of an individual customer can be used to estimate output levels, e.g., to assess whether production is to be ramped-up / down or discontinued.
- Information about the timing of new customer projects can be used by competitors.

In some cases we have been able to obtain customer consent to provide the information publicly, and in those cases we have included the information in the public version. The other customers have not consented.

BC Hydro has a long history of working with industrial customers to develop load forecasts. That process requires mutual trust. The long-standing practice has been to treat this information as confidential. The industrial customers are providing this information to BC Hydro with a reasonable expectation that their information will not become public.

With respect to details of the Impact and Benefit Agreements with individual First Nations, the terms of those agreements are confidential. BC Hydro remains in negotiations with other First Nations with respect to future impact and benefit agreements. BC Hydro's negotiation position would be prejudiced if the terms of the existing agreements were disclosed.

Category A and B Redactions: Cost Details and Assumptions, Contractor Claims Upon Termination or Suspension and Critical Path Detail

The redacted portions of Appendices O and P and the Deloitte Report, include the following:

- Appendix O provides detailed information on the cost estimate for termination and suspension scenarios. The cost categories, work descriptions, and aggregated amounts are in the public version. However, we have redacted the more specific and granular information. Deloitte has made similar redactions.
- Appendix P is the report of Hemmera Envirochem Inc., an external consultant retained to provide an expert assessment on the permitting and environmental work that would have to be completed in the event of termination or suspension. The vast majority of their report has been made public, with only the dollar amounts for various scopes of work in the event of a termination or suspension redacted.
- The Deloitte Report provides details of claims made by BC Hydro's contractors, BC Hydro's budget and contingencies for ongoing and future contracts, and critical path information regarding future Project work.

The harm to BC Hydro and our customers generally in the event that the above information were to become public is as follows:

- In the case of the environmental remediation scope and estimates, public disclosure would compromise our ability to obtain favourable pricing in the event we need to procure this work.
- in the case of other specific information regarding suspension and termination, public disclosure would harm our negotiations should suspension or termination result in any claims or disputes related to existing construction contracts or benefit agreements. Simply put, the information provides a "road map" to potential claimants to maximize their claims in the event of suspension or termination.
- In the case of other Project information such as contract budgets, contingency amounts, and critical path information, it would harm BC Hydro's negotiation position in future procurement work and benefit agreements as it provides bidders with information on BC Hydro's "bottom line" negotiation position.

There is also a redaction in the Deloitte Report that protects a contractor's own financial information.

4. We Cannot Identify Those Who Would Benefit at the Expense of Customers

The significant risk of harm from disclosure is compounded by the fact that, we are generally unable to identify those parties who may be able to benefit from accessing the information to the detriment of BC Hydro and our customers. A vetting process and background check is impractical in the current context, and is not properly a role that can be fulfilled by BC Hydro in any event.

For instance, we will not know if a person requesting information is employed by a Site C contractor.

Moreover, there is nothing in the Confidentiality Declaration and Undertaking, as currently worded, that would prevent someone from requesting the information for the legitimate purposes of this proceeding, while also potentially being in a position to benefit from access to that information in another context to the expense of BC Hydro. For instance, if an employee of a potential future bidder on BC Hydro work obtains information about BC Hydro's budgets for spending, the information learned in this process cannot be "unlearned" when it comes time to bid on future work.

We wish to be clear that, in expressing this concern, we mean no disrespect to those who have filed requests. We are merely pointing out that, because due diligence cannot be done effectively, the risk of harm to BC Hydro customers with the general approach currently contemplated by the Commission is amplified significantly.

5. Access Would Generally Have Little Impact on Meaningful Participation

Meaningful participation in this process does not require the public, whether on undertakings or otherwise, having access to granular details that are specific to BC Hydro's customers or contracts, or details of impact and benefit agreements with individual First Nations. The aggregate industrial loads are public, as are the general information regarding the types of benefits provided in the impact and benefit agreements. The Commission is in a position to vet the more granular information provided.

The information in Categories A and B relate to costs of remediation work in the event of suspension or termination, costs relating to existing contracts that would need to be terminated, or Project information relevant to ongoing and future contracts. Vetting that information would require legal and / or technical expertise in engineering, construction, and environmental reclamation. It would also require detailed knowledge of the current state of construction. For that reason, we believe it is reasonable to, at a minimum, impose additional requirements limiting disclosure to such information to lawyers for the purposes of instructing an expert.

Conclusion

Our proposed order (in the table in the introduction) takes a nuanced approach, recognizing the need to balance the public interest in disclosure against the need to protect BC Hydro and our customers from harm. We are proposing the highest level of

September XX, 2017
Mr. Patrick Wruck
Commission Secretary and Manager
Regulatory Support
British Columbia Utilities Commission
Inquiry Respecting Site C

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protection over the information that is the most sensitive: customer specific information; information that relates to individual impact and benefit agreements with First Nations; and, granular information that would provide a road map to potential claimants in a termination and suspension scenario, or bidders of future Project work. The details of remediation work are also sensitive and merit some form of protection through undertakings.

The requested treatment is consistent with past treatment of similar types of highly sensitive information in Commission proceedings. We respectfully submit that the public interest is well served by the proposed order.

Thank you for your consideration, and we look forward to receiving the Commission's direction.

The Commission's correspondence related to this proceeding should be directed to Fred James at 604 623 4046 or by email at bchydroregulatorygroup@bchydro.com.

Media or public inquiries should be directed to BC Hydro Media Relations at 604-928-6468.

Yours sincerely,

Fred James
Chief Regulatory Officer

Choose Reg. Action Person (initials) or type/Choose Reg. Compliance & Filings Person (initials) or type

From: [Rowe, Katherine MEM:EX](#)
To: [MacLaren, Les MEM:EX](#)
Cc: [Wieringa, Paul MEM:EX](#); [Sopinka, Amy MEM:EX](#)
Subject: FW: Site C engagement process for BCUC review
Date: September 15, 2017 12:07:05 PM

Hi – FYI, as a follow up to our chat this am. Below is some of the conversations happening within MIRR and FLNRO on who's on deck to lead the FN Engagement. I wanted to share in case you get asked about it.

Katherine

From: Kennah, Morgan FLNR:EX
Sent: Friday, September 15, 2017 10:10 AM
To: Rowe, Katherine MEM:EX
Subject: FW: Site C engagement process for BCUC review

Background conversation, good for you to be aware of Katherine.

Cheers,
Morgan

From: Vince, Karrilyn M FLNR:EX
Sent: Friday, September 15, 2017 7:55 AM
To: Recknell, Geoff IRR:EX; Kriese, Kevin FLNR:EX; Kennah, Morgan FLNR:EX; Cuell, James W FLNR:EX
Cc: Morgan, Dale IRR:EX
Subject: Re: Site C engagement process for BCUC review

Thank you

Sent from my BlackBerry 10 smartphone on the TELUS network.

From: Recknell, Geoff IRR:EX
Sent: Friday, September 15, 2017 7:53 AM
To: Kriese, Kevin FLNR:EX; Kennah, Morgan FLNR:EX; Vince, Karrilyn M FLNR:EX; Cuell, James W FLNR:EX
Cc: Morgan, Dale IRR:EX
Subject: Re: Site C engagement process for BCUC review

EMPR is lead, with support from MIRR and JAG.

FLNR role should be minimal and limited to assisting in some of the background and history for briefing materials. This is assuming there is a Minister level involvement for MIRR and EMPR.

So far, well coordinated. Dale is MIRR lead.

Regards,

Geoff Recknell

Cell: 250 876-8841

Office: 250 847-7535

From: Kriese, Kevin FLNR:EX

Sent: Thursday, September 14, 2017 3:38 PM

To: Kennah, Morgan FLNR:EX; Vince, Karrilyn M FLNR:EX; Cuell, James W FLNR:EX

Cc: Recknell, Geoff IRR:EX

Subject: RE: Site C engagement process for BCUC review

I was advised it was MIRR who was asked to lead and they are building project team with some of our staff.

I will ask Karrilyn and Geoff to coordinate on this.

My understanding is this engagement is supposed to be very clearly and distinctly not about consultation on the previous decisions. Putting our staff on the file would clearly violate that principle.

However if we are directed, we will have to juggle priorities. That may involve some options like other staff (outside region), contracts or other.

From: Kennah, Morgan FLNR:EX

Sent: Thursday, September 14, 2017 3:28 PM

To: Kriese, Kevin FLNR:EX; Vince, Karrilyn M FLNR:EX; Cuell, James W FLNR:EX

Subject: Re: Site C engagement process for BCUC review

Hi Kevin,

I have been involved in this heavily with EMPR and MIRR.

It is important to note MAG and EMPR's Deputy have both advised that FLNR be the lead on FN engagement. I have pushed back on this with the support of MIRR on the basis that we do not ultimately lead on the energy project's determination.

At NRB this week, I understand Dave N expressed concern that he thinks FLNR should lead and may approach Tim separately if he has not already done so.

The work could range on a spectrum from FLNR staff completing logistics for meetings and acting as scribes to produce gov't briefing packages, to in-depth Nation-by-Nation summaries on historical submissions from the JRP to operational permitting. I have communicated we are not positioned to support this on a short time frame with wildfire deployment and resiliency response above and beyond the premise of who leads the file for briefing a final gov't

decision.

Heads up.

Cheers,
Morgan

Sent from my BlackBerry 10 smartphone on the TELUS network.

From: Kriese, Kevin FLNR:EX
Sent: Tuesday, September 12, 2017 8:40 AM
To: Kennah, Morgan FLNR:EX; Vince, Karrilyn M FLNR:EX; Cuell, James W FLNR:EX
Subject: FW: Site C engagement process for BCUC review

Fyi only.

From: McCarthy, Tom IRR:EX
Sent: Tuesday, September 12, 2017 8:38 AM
To: Kriese, Kevin FLNR:EX
Subject: FW: Site C engagement process for BCUC review

FYI. The deck tells the story. Looks like a very quick ad-hoc consultation process being set up with T8 FNs both within the site C inquiry process, but also a second track outside the inquiry process and after it is complete.

The timeline is likely to be an issue for FNs and the content of the feedback likely difficult for Cabinet to digest.

Tom

From: Recknell, Geoff IRR:EX
Sent: Tuesday, September 12, 2017 7:52 AM
To: McCarthy, Tom IRR:EX
Subject: Fw: Site C engagement process for BCUC review

Tom

Executive lead is unclear on this. Laurel and I discussed because Neilane had initially thrown it her way. Apologies for the surprise on this. I am not sure if Doug is aware. It is time sensitive.

It will involve staff from our NE office, one more thing we need to roll with.

s.22

May need to engage Doug if laurel doesn't respond. Essentially need to get to Neilane.

I am in Victoria and will see what I can do today.

Regards,

Geoff Recknell

Cell: 250 876-8841

Office: 250 847-7535

From: Recknell, Geoff IRR:EX <Geoff.Recknell@gov.bc.ca>

Sent: Tuesday, September 12, 2017 7:45 AM

To: Nash, Laurel IRR:EX

Cc: Scott, Douglas S IRR:EX; McCarthy, Tom IRR:EX; Puggioni, Giovanni IRR:EX; Perrins, Greg IRR:EX; Morgan, Dale IRR:EX

Subject: Site C engagement process for BCUC review

Good morning Laurel;

This has moved quickly since we talked last week thanks to the efforts of Katherine Rowe and Dale Morgan.

We now have a proposal for engagement with Treaty 8 FNs on the pending Site C decision that will follow the conclusion of the BCUC process. This process involves reaching out to FNs by 3rd week of Sept and engagement sessions in early October. The process will be led by EMPR and supported by MIRR.

I would like to check-in with MIRR Executive (yourself and Neilane?) if we are on track and to get direction on a couple items. There should also be a briefing for Minister in the next week. Minister Mungal will be briefed this week.

1. Does the Minister Fraser wish to commit to a meeting with T8 FNs as part of the engagement process? There is precedence for this with the Site C NEB decision. Note, there are two options in draft letter attached - option commits to Minister meeting as part of process, option 2 relies on staff level meetings only. Letter to go out under EMPR Minister signature.

2. Capacity funding. We estimate up to 150 K may be needed, currently we do not have a source for the funds.

Let me know how you would like to advance this.

Regards,

Geoff Recknell

Cell: 250 876-8841

Office: 250 847-7535

From: Rowe, Katherine MEM:EX <Katherine.Rowe@gov.bc.ca>

Sent: Monday, September 11, 2017 10:43 PM

To: Morgan, Dale IRR:EX; Nelles, Robert JAG:EX; Perrins, Greg IRR:EX; Recknell, Geoff IRR:EX; Kennah, Morgan FLNR:EX
Cc: Sopinka, Amy MEM:EX
Subject: Next version of draft letters and overview deck

s.13

You will see I've changed the contact info at the end of the letter from me to my colleague, Amy Sopinka. As luck would have it, ^{s.22} and Amy has very graciously agreed to cover for me during that period. I've been keeping Amy up to speed as our discussions move along, and am copying her here to keep her in the loop.

I've also updated the overview deck used to brief Les. Les will be engaging with our Minister on this issue tomorrow, and I will set up another call to update you all on how that went.

Cheers
Katherine

From: [O'Riley, Christopher](#)
To: [MacLaren, Les](#) MEM:EX; [Nikolejsin, Dave](#) MNGD:EX; [Wieringa, Paul](#) MEM:EX
Cc: [Fraser, Janet](#)
Subject: Fwd: For your review - briefing on Deloitte Report
Date: September 11, 2017 7:05:17 AM
Attachments: [Briefing - Deloitte Report to BCUC - FINAL.docx](#)
[ATT00001.htm](#)

Finalized note as both Deloitte reports now out. Content of note unchanged.

Sent from my iPhone

Begin forwarded message:

From: "Magre, Leela" <Leela.Magre@bchydro.com>
Date: September 11, 2017 at 7:01:07 AM PDT
To: "O'Riley, Christopher" <Chris.Oriley@bchydro.com>
Subject: RE: For your review - briefing on Deloitte Report

Hi Chris,

I can confirm that the content is final. I've removed the yellow highlights and also adjusted the "Issue Summary and Approach" section to reflect the fact that both reports were released on Friday. The note is attached.

Let me know if you need anything further.

Thanks,
Leela

Leela Magre | Manager, Policy & Research

BC Hydro
333 Dunsmuir St, 15th floor
Vancouver, BC V6B 5R3

P 604 623 4008
M 236 993 0338
E leela.magre@bchydro.com

bchydro.com
Smart about power in all we do.

From: O'Riley, Christopher
Sent: 2017, September 11 6:47 AM
To: Magre, Leela
Subject: Fwd: For your review - briefing on Deloitte Report

I presume content is final. Could you please confirm. Let's remove the yellow and

resend.

Sent from my iPhone

Begin forwarded message:

From: "MacLaren, Les MEM:EX" <Les.MacLaren@gov.bc.ca>
Date: September 11, 2017 at 6:42:55 AM PDT
To: "'O'Riley, Christopher'" <Chris.Oriley@bchydro.com>, "Fraser, Janet" <Janet.Fraser@bchydro.com>
Cc: "Nikolejsin, Dave MNGD:EX" <Dave.Nikolejsin@gov.bc.ca>, "Wieringa, Paul MEM:EX" <Paul.Wieringa@gov.bc.ca>
Subject: **FW: For your review - briefing on Deloitte Report**

Chris and Janet:

It would be helpful to have the final version of your Briefing Note as we head into the budget lock up this morning.

Les

From: "O'Riley, Christopher" <Chris.Oriley@bchydro.com>
Date: September 8, 2017 at 7:37:26 PM PDT
To: Dave Nikolejsin <Dave.Nikolejsin@gov.bc.ca>
Subject: **Fwd: For your review - briefing on Deloitte Report**

Dave, this is briefing note re two Deloitte reports.

Only report on project has been made public so far.
Load/planning report is imminent.

Vaughn Palmer has been tweeting extensively on details from this report, focusing on risk. The report has actually been taken down from the website because they screwed up the redactions. The information could be viewed if a reader cut and pasted from the document. It could be re-posted anytime.

We plan to wait for the second report before we finalize any public statement, though it will be based on the attached

content.

Sent from my iPhone

Begin forwarded message:

From: "Magre, Leela"
<Leela.Magre@bchydro.com>
Date: September 8, 2017 at 7:07:31 PM PDT
To: "O'Riley, Christopher"
<Chris.Oriley@bchydro.com>
Cc: "McSherry, Diane"
<diane.mcsherry@bchydro.com>, "Savidant,
Michael" <michael.savidant@bchydro.com>,
Matthew Ghikas <mghikas@fasken.com>,
"Fletcher, Elizabeth"
<Elizabeth.Fletcher@bchydro.com>, "James,
Fred" <Fred.James@bchydro.com>, "Pillon,
Lawrence" <Lawrence.Pillon@bchydro.com>,
"Scott, Mora" <Mora.Scott@bchydro.com>
**Subject: For your review - briefing on Deloitte
Report**

Good evening Chris,

Attached for your review is the briefing on the
Deloitte Report. Please note that we have
highlighted yellow the items that address the
second report on load forecasting and
alternative resources, since that report has yet
to be released.

Let us know if you have any questions.

Thank you,
Leela

Leela Magre | Manager, Policy & Research

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bchydro.com

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Issue:

SITE C REVIEW: DELOITTE REPORT TO THE BCUC

ISSUE SUMMARY AND APPROACH

Deloitte was hired by the BCUC to conduct a review of Site C consistent with the Terms of Reference provided by the Government. On September 8, 2017 the BCUC publicly released two reports from Deloitte: the first focuses on the Site C project status, termination and suspension; the second focuses on load forecasting and alternative resources.

Depending on media coverage and interest, BC Hydro could respond publicly to certain key points of the Deloitte report through a statement on the BC Hydro website. If coverage is limited to certain key media, BC Hydro could reach out directly to provide further clarification.

BC Hydro also anticipates having an opportunity to respond through the BCUC inquiry process following the BCUC's release of its draft report on September 20.

Until approved, BC Hydro will not communicate proactively about the report and will use the following holding lines in response to media requests:

- BC Hydro is aware of Deloitte's submission and we are reviewing their report.
- Our submission was filed last week, and can be found on our website or the BCUC website.

INITIAL FINDINGS FROM BC HYDRO'S REVIEW OF THE REPORT

- The Deloitte report confirms Site C is on time and on budget. Deloitte identifies some risk to schedule and budget should the 2019 diversion window not be met. While we have not verified Deloitte's estimate of cost impacts, we agree that the diversion window is an important milestone.
- BC Hydro's estimates for suspension and termination costs are consistent with Deloitte's at over \$1 billion. Deloitte appears to be in agreement with BC Hydro that termination of Site C would require recovery of over \$3 billion (including sunk costs).
- **Load Forecasting:** Deloitte reaches the same conclusion as the Site C Joint Review Panel and an external audit: BC Hydro's load forecasting methodology is consistent with other North American utilities and no other load forecasting methodology would be better in all respects.

While Deloitte identifies and we recognize that our load forecasts have been high in the past, we note that an external audit of BC Hydro's load forecast found that our residential and commercial variances are lower than the industry benchmarks and that our higher industrial variance is expected given the volatility of the industries involved.

- There are some areas of the Deloitte report that we disagree with. We plan to file a detailed response to the issues in the Deloitte report and other submissions as part of the BCUC inquiry, but identify here some of the issues we have identified in our initial review.
- **River Diversion Window:** BC Hydro recognizes there are schedule pressures but in order to mitigate the risk of missing the 2019 River Diversion Window, we have conducted reviews

with the contractor and other construction experts that have identified opportunities to keep this milestone on schedule.

- **Contingency:** BC Hydro's budget contingency position is stronger today than it was at Final Investment Decision. BC Hydro has more unused contingency now than at December 2014 when the project was approved (\$839 million remains available). In fact, BC Hydro has added \$401 million to available contingency since the project started, primarily from savings in financing charges.
- **Main Civil Works:** The statement that the Main Civil Works contract was awarded over budget is incorrect. BC Hydro transferred substantial cost risks to the Main Civil Works contractor compared to the original estimating basis, and would expect to pay for this risk transfer but hold less for contingency. An assessment at the time of award concluded that the contract was on budget.
- **"Alternative" load scenario:** Deloitte suggests an "alternative load scenario" that is 6,000 GWh lower than BC Hydro's load forecast. We included a similar sensitivity scenario in our filing. Completing Site C remains cost-effective even in this low load case. Moreover, we disagree with Deloitte's methodology. About half of their load reduction comes from assuming higher levels of demand-side management without assessing whether this is the best option for ratepayers. Deloitte also applies an oversimplified methodology to their proposed GDP change which results in an overestimation of the load change by a factor of six.
- **Response to price changes (elasticity):** The Deloitte report mischaracterizes how BC Hydro's customers change their electricity consumption in response to changes in rates. Deloitte relied on a number of academic papers describing research from regions other than British Columbia. The response to rate changes in Vancouver will not be the same as the response to rate changes in other jurisdictions.

Our research and customer data provides a more reliable estimate for BC Hydro customer response to rate changes than studies from other regions.
- **Analysis Term:** Deloitte has considered only 12 years of benefits of Site C in its comparison, which treats the remaining decades of low cost electricity as if it does not exist. One of the key benefits of Site C is that the electricity gets less expensive over time and provides increasing savings to ratepayers. Alternative resources, with a much shorter life than Site C, would need to be replaced once or twice within the period that Site C would be operating, at substantial cost.
- **Capital projects:** Deloitte provides an overview of recent capital overruns at BC Hydro and other utilities, but the report selectively includes only BC Hydro projects that have had challenges and ignores our record of delivering projects on time and on budget. Over the last five years, BC Hydro has completed 540 capital projects at a total cost of \$6.4 billion and 0.94% under budget overall.
- **Demand-side management:** The Deloitte report suggests that higher levels of demand-side management should be analyzed, which is something that BC Hydro addressed in its submission to the BCUC. BC Hydro agrees that we can achieve higher levels of demand-side management but we ensure our spending is timed appropriately in order to keep customer rates low. Our sensitivity analysis shows that Site C is more cost-effective than a

portfolio that includes even higher levels of demand-side management than those suggested by Deloitte.

The report also incorrectly assumes that BC Hydro investment declines over time, when in fact, BC Hydro has assumed a relatively constant level of investment over the longer term.

- **GHG emissions:** The Terms of Reference require the BCUC to consider alternative resources with regard to “maintenance or reduction of 2016/17 greenhouse gas emission levels.” The Deloitte report interprets this requirement as meaning maintaining the same carbon intensity (tonnes of GHGs per MWh) as opposed to maintaining or reducing total GHG emissions. This means that Deloitte’s analysis allows for GHG emissions to increase as load increases. We do not agree with this approach and believe it is inconsistent with the Province’s GHG reduction targets.
- **Alternative resources:** The report also proposes geothermal as the largest source of new generation, with geothermal providing 10% of BC Hydro’s generation capability in 2036. Geothermal resources have the potential to be a cost-effective source of energy and capacity, but the resource potential in B.C. is unproven and we believe the potential to reach 10% of our supply in 20 years to be highly unlikely.
- **Financing:** Deloitte assumes that BC Hydro rather than IPPs would finance any new resources (geothermal or otherwise). Since BC Hydro can obtain debt on more favourable terms than Independent Power Producers, Deloitte’s assumption has the effect of understating the costs of renewable energy included in the alternative portfolio. For example a 2% increase in financing costs above what Deloitte has used (which would be typical for an IPP) would translate into a 15% increase in a wind project’s unit energy cost.

From: [MacLaren, Les](#) MEM:EX
To: [Wieringa, Paul](#) MEM:EX; [Rowe, Katherine](#) MEM:EX
Cc: [McNeil, Kevin](#) MEM:EX; [De Champlain, Rhonda](#) MEM:EX
Subject: RE: For Review: OIC Package - Amendments to Site C TOR
Date: September 20, 2017 7:30:31 PM

I have instructions to push on this tomorrow. Will let you know where this lands.

Les

From: Wieringa, Paul MEM:EX
Sent: Wednesday, September 20, 2017 7:07 PM
To: Rowe, Katherine MEM:EX; MacLaren, Les MEM:EX
Cc: McNeil, Kevin MEM:EX; De Champlain, Rhonda MEM:EX
Subject: RE: For Review: OIC Package - Amendments to Site C TOR

Two minor changes.

From: Rowe, Katherine MEM:EX
Sent: Wednesday, September 20, 2017 4:22 PM
To: MacLaren, Les MEM:EX
Cc: Wieringa, Paul MEM:EX; McNeil, Kevin MEM:EX; De Champlain, Rhonda MEM:EX
Subject: For Review: OIC Package - Amendments to Site C TOR

Hi Les – here is a draft package for the OIC.

The briefing note is very succinct. I haven't gone into much detail on the pros and cons of making the amendment. I'm happy to flesh this out further if you would like.

s.14

I spoke with Rhonda, and we agreed that Speaking Points would not likely be required if this is to be a corridor item. I would be happy to prepare some if there's desire to have them on hand just in case.

Cheers

K

From: MacLaren, Les MEM:EX
Sent: Wednesday, September 20, 2017 6:34 AM
To: Wieringa, Paul MEM:EX; Rowe, Katherine MEM:EX
Subject: New Assignment

Last night Dave asked us to consult with Leg Counsel to determine how we might require the BCUC to make a recommendation to the LGIC under the Site C terms of reference. Under the Interpretation Act, the power to issue and OIC includes the power to amend. Something like the following could be drafting instructions:

Sorry for more at this time. If accepted, this may be a corridor order hence the priority.

Les MacLaren

Assistant Deputy Minister

Electricity and Alternative Energy Division

BC Ministry of Energy, Mines and Petroleum Resources

Office: 250-952-0204

Cell: 250-889-3479

Energizing BC—clean, sustainable and productive

From: [Wieringa, Paul MEM:EX](#)
To: ["Tonja Leach"](#)
Subject: RE: Presentation request
Date: October 6, 2017 1:01:00 PM
Attachments: [~WRD000.jpg](#)
[Energy Policy BC 25 Sept as pw.pptx](#)
[image001.jpg](#)
[image002.jpg](#)

Sure. I made a minor change in this version under the Bioenergy Strategy. (I mentioned in my talk that the slide might be confusing.)

From: Tonja Leach [<mailto:tleach@questcanada.org>]
Sent: Friday, October 6, 2017 12:44 PM
To: Wieringa, Paul MEM:EX
Subject: Presentation request



Hi Paul,
Many of the participants at the QUEST BC Caucus meeting are asking for a copy of your presentation. Is it ok to distribute it to the Caucus for their information?
Many thanks and Happy Thanksgiving.
Tonja

Tonja Leach

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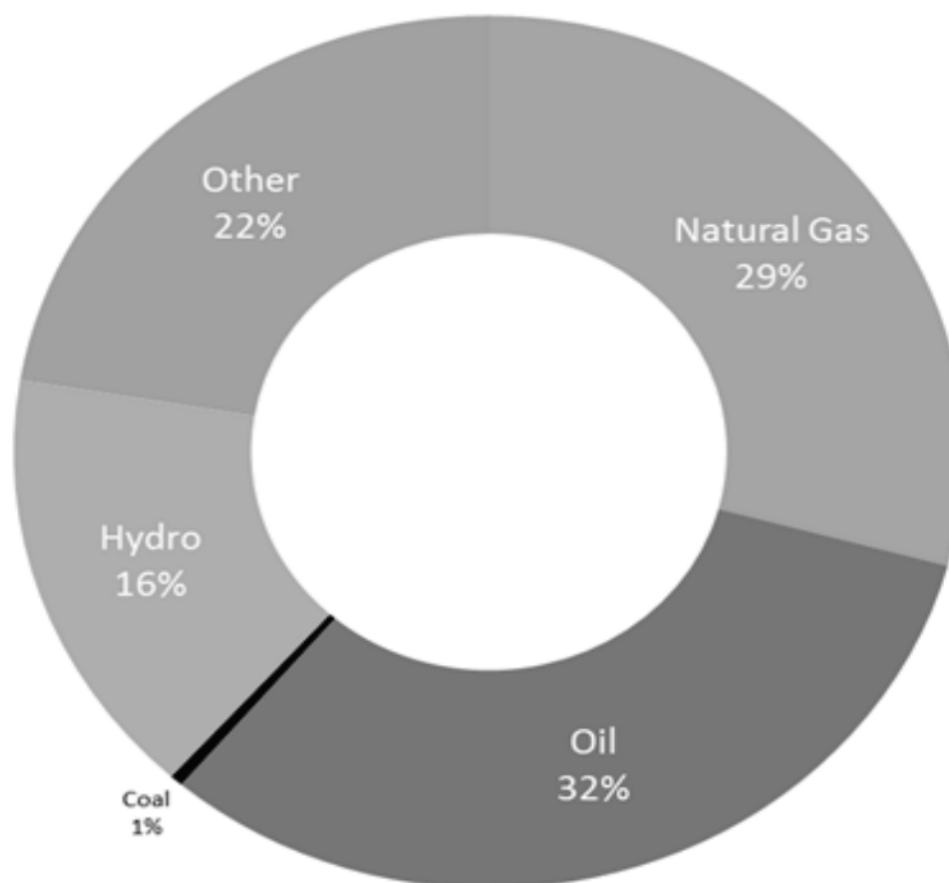


Energy Policy in British Columbia

Paul Wieringa
Executive Director, Energy Policy Branch
BC Ministry of Energy, Mines and
Petroleum Resources

Energy Use in BC

B.C.'s Energy Consumption by Fuel



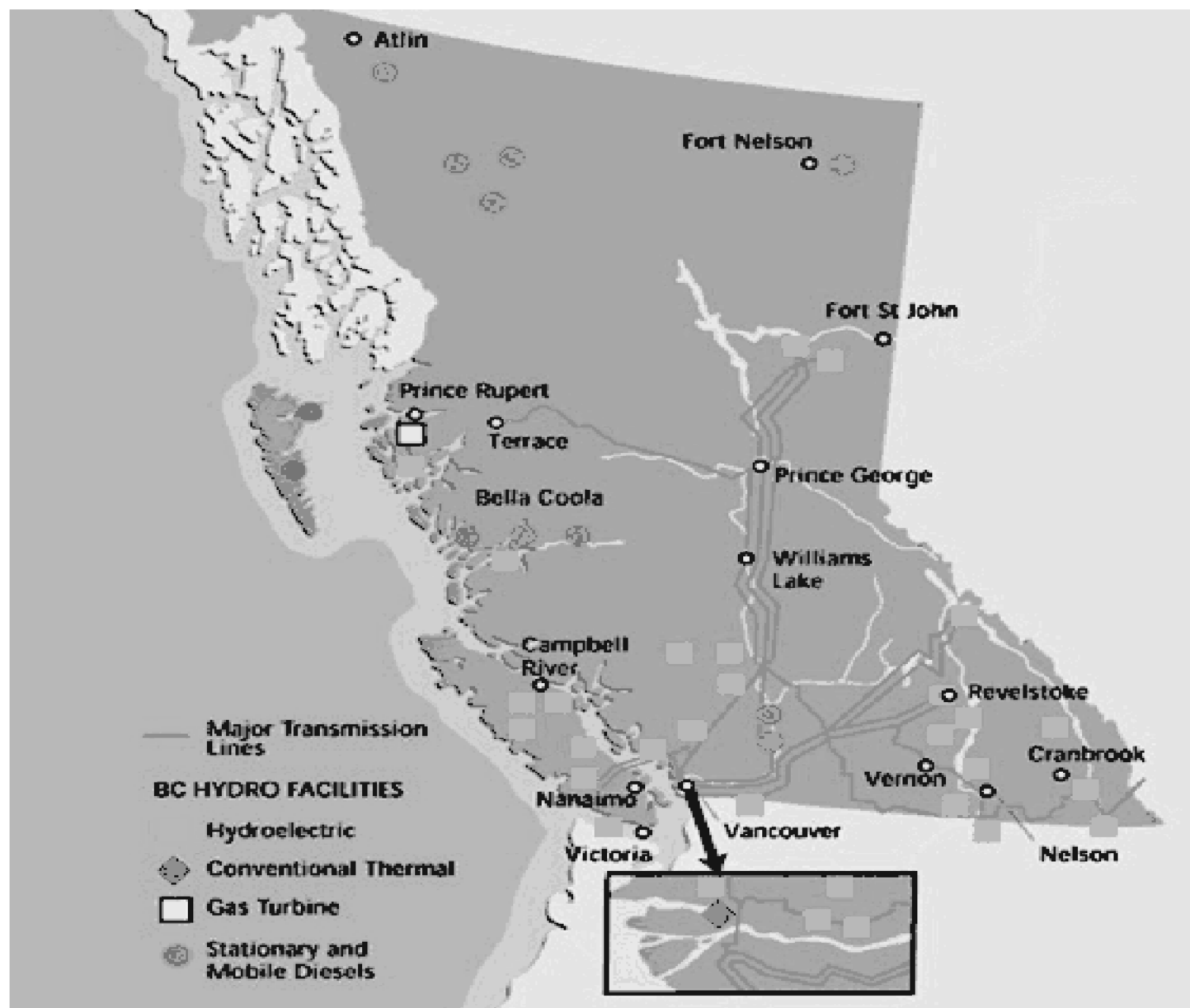
Source: National Energy Board's Energy Futures



British Columbia's Electric System

BC has over 18,000 MW of installed generation capacity:

- BC Hydro (67%) ~ 12,053 MW, 31 facilities
- IPPs (20%) ~ 3,609 MW, 113 facilities
- Alcan (5%) ~ 896 MW, 1 facility
- Teck (3%) ~ 480 MW, 1 facility
- CPC/CBT (2%) ~ 430 MW, 3 facilities
- FortisBC (3%) ~ 560 MW, 5 facilities Including the Waneta Expansion
- In 2016, 97% generated from clean or renewable sources.
- Over 79,000 km of transmission and distribution wires in the province.
- Customers are served by two major electrical utilities: BC Hydro and FortisBC.



British Columbia's Electric System



Site C

- The third dam and hydroelectric generating station on the Peace River in northeastern British Columbia.
- Will provide 5,100 GWh of electricity each year and 1,100 MW of capacity.
- Currently under review by the BC Utilities Commission.
- Cabinet will make the decision to complete, suspend or terminate the project.



British Columbia's Natural Gas Production

- Natural gas production in BC is 4.3 billion cubic feet per day.
- Some natural gas is used domestically, remainder is shipped via:
 - Westcoast Pipeline - BC to Washington State: Capacity 1.6 Bcf/d
 - Alliance Pipeline – Gas from Alberta and BC to Chicago: 1.7 Bcf/d capacity
 - TransCanada Foothills System - Gas from Alberta through corner of BC in the US: 3 Bcf/d capacity



Evolution of BC Energy Policy

- 2007 Energy Plan set out a strategy for increasing investment in alternative technology.
- 2008 Bioenergy Strategy provided new opportunities for agriculture and forestry.
- 2008 Climate Action Plan outlined strategies to help BC meet its GHG reduction targets, including a revenue neutral carbon tax.



Carbon Tax

- Carbon tax rates started at \$10 per tonne of carbon dioxide equivalent (CO₂e) emissions in 2008, increasing by \$5 per tonne each year until reaching the current rate of \$30 per tonne of CO₂e emissions in 2012.
- The carbon tax was created to be revenue neutral, meaning every dollar generated by the tax is returned to British Columbians through reductions in other taxes.
- In April 2018, the carbon tax will increase by \$5 per tonne and not be revenue neutral (i.e., will not be accompanied by an offsetting tax reduction).

BC's Energy Policy Actions

- Incenting clean or renewable electricity generation
- Energy efficiency and Demand Side Management
- Bioenergy Strategy
- Innovate Clean Energy (ICE) Fund and Post-Secondary Clean Energy Partnership programs.
- Low Carbon Fuel Standard
- Upstream natural gas electrification
- LNG for Marine Bunkering and heavy duty vehicles
- RNG Production

BC's Actions: Energy Efficiency and Demand Side Management

- The Province provides the regulatory framework for DSM through legislation and regulation, including the *Clean Energy Act*, the *Utilities Commission Act* and the Demand-Side Measures Regulation.
- *Clean Energy Act* requires that 66% of incremental electricity demand must be met by conservation or demand side measures.
- Low-income DSM has been a priority.

BC's Actions: Bioenergy Strategy

- Goal:
 - BC biofuel production to meet 50% or more of renewable fuel requirements by 2020.
 - Ten community energy projects derived from biomass by 2020.
- Promotes investment and innovation in BC bioenergy projects, technologies and advancements in provincial biodiesel production.

BC's Actions: Focus on Innovation

- The ICE Fund is a Special Account, funded through a levy on certain energy sales, designed to support the Province's energy, economic, environmental and greenhouse gas reduction priorities.
- The ICE Fund supports pre-commercial clean energy technology projects, clean energy vehicles, research and development, and energy efficiency programs.
- Successful ICE Fund partnerships have included universities, First Nations and municipalities.

BC's Actions: Focus on Innovation

- Launched in 2015, the Post-Secondary Clean Energy Partnerships Program supports research in clean energy science and technology projects undertaken by post-secondary institutions in BC, such as next generation high efficiency and smart power converters for electrified transportation battery chargers.
- In 2017, BC announced a \$40 million partnership with Sustainable Development Technology Canada to support the development of pre-commercial clean energy projects and technologies.

BC's Action: Low Carbon Fuel Standard

- Reduces British Columbia's reliance on non-renewable fuels.
- Sets renewable fuel content requirements for gasoline (5%) and diesel (4%).
- Sets low carbon fuel requirements for fuels sold in British Columbia (10% reduction in 2020).
- There are over 700 vehicles and vessels that have been converted to natural gas and the Clean Energy Vehicle program has delivered over 2400 new vehicles.

BC's Actions: LNG for Marine Bunkering

- Incentives toward the conversion or purchase of LNG powered trans-pacific marine vessels.
- Investment in related LNG bunkering infrastructure and assets required to enable the development of LNG bunkering capability to fuel LNG ships.
- Converting just one trans pacific vessel will reduce GHG emissions by approximately 93,500 tonnes per year.
- Utilities may recover costs from ratepayers.

BC's Actions: Upstream Natural Gas Electrification

- Utilities provide electricity to natural gas processing facilities and may recover those costs from ratepayers.
- Projects must have an expected in-service date by 2022 and incentive levels decline over time to incent early adoption.
- Significant GHG emissions will be avoided with the use of electric drives.

BC's Actions: RNG Production

- Canada's natural gas utilities have set a target of 5% RNG-blended natural gas in the pipeline distribution system by 2025 and 10% by 2030.
- By 2030, increased RNG content will result in 14 megatonnes of GHG reductions per year.
- BC is the only jurisdiction in North America to have a utility program for RNG.
- BC's achievable potential for RNG is estimated to be up to 4.4 PJ/year.



Thank you

Paul Wieringa

Paul.Wieringa@gov.bc.ca

250-952-0651

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Withheld pursuant to/removed as

s.12; s.13; s.14