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FARRIS

File No: 05497-278

September 29, 2020

British Columbia Utilities Commission
Suite 410, 900 Howe Street
Vancouver, BC V6Z 2N3

Attention: Marija Tresoglavic, Acting Commission Secretary

Dear Ms. Tresoglavic:

Re: FortisBC Inc. Application for a CPCN for the Kelowna Bulk Transformer Addition

In accordance with British Columbia Utilities Commission Order G-107-20 establishing the Regulatory Timetable for the review of the above noted Application, FortisBC respectfully submits the attached reply submission.

If further information is required, please contact the undersigned.

Yours truly,

FARRIS LLP

Per: E Miller

Erica C. Miller

ECM/
Enclosure
cc: Registered Parties

BRITISH COLUMBIA UTILITIES COMMISSION

IN THE MATTER OF
the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

FortisBC Inc. Application for a Certificate of Public Convenience and Necessity
for the Kelowna Bulk Transformer Addition Project

REPLY SUBMISSION OF FORTISBC INC.

DATED SEPTEMBER 29, 2020

FortisBC Inc.

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PART 1 - OVERVIEW

1. On September 3, 2020, FortisBC Inc. (**FBC**) filed its final written submission (the **FBC Submission**) pursuant to Order G-107-20 of the British Columbia Utilities Commission (**BCUC** or the **Commission**), establishing a Regulatory Timetable in this proceeding.

2. On September 17, 2020, the following interveners filed final written submissions:

   a. the BC Old Age Pensioners' Organization, Active Support Against Poverty, Council of Senior Citizens' Organizations of BC, Disability Alliance BC, Tenant Resource and Advisory Centre, and Together Against Poverty Society (together, **BCOAPO**), filed the **BCOAPO Submission**;

   b. the Commercial Energy Consumers Association of British Columbia (**CEC**), filed the **CEC Submission**; and

   c. the Industrial Customers Group (**ICG**), filed the **ICG Submission**.

3. The final intervener in this proceeding, Tower Ranch Community Association (**TRCA**), has not filed a written submission.

4. FBC provides this submission in reply to the BCOAPO Submission, the CEC Submission and the ICG Submission. Unless otherwise specified, capitalized terms used in this submission are as defined in the FBC Submission.

5. FBC continues to submit that the BCUC should approve the Application, as filed, and grant a CPCN with respect to the KBTA Project. FBC continues to rely on the Final Submission, the Application and the evidence as a whole. Any points in the interveners' submissions that are not specifically responded to in this submission, should not be taken to be admitted by FBC.

PART 2 - THE POSITIONS OF THE INTERVENERS

6. In the BCOAPO Submission and the CEC Submission, each of BCOAPO and CEC recommend that the BCUC approve the Application, as filed.[1]

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[1] BCOAPO Submission, p. 16 and CEC Submission, para. 1.

7. In making this recommendation, BCOAPO:

   a. confirms that it has no issue with FBC's peak load forecast, used to assess the need for the KBTA Project;[2]

   b. accepts that the summer of 2023 is the critical need date for the KBTA Project, in terms of continuing to maintain reliability of supply to the Kelowna area;[3]

   c. agrees that FBC's preferred option for the KBTA Project, Alternative A, is the preferred choice, and submits that "given that Kelowna is one of FBC's major service areas and is the largest urban centre in the BC interior … it warrants particular attention from a reliability perspective". BCOAPO further states that Alternative A "provides for greater reliability and worker safety" and "represents the industry standard and the approach that FBC has used in its more recent stations", despite the fact that Alternative A has "slightly higher rate impacts";[4]

   d. has no issues overall with the KBTA Project estimated cost;[5] and

   e. generally considers FBC's consultation process and planned activities with respect to the Project appropriate.[6]

8. In the BCOAPO Submission, the BCOAPO suggests that, if the KBTA Project is completed as proposed, Base O&M should be adjusted by a further $15,700 to account for the lower O&M costs associated with the new ring bus configuration.[7] FBC agrees that, due to the inherent complexity of switching and equipment isolation within a split bus configuration, a ring bus configuration will result in lower O&M costs than a split bus configuration. FBC has estimated the amount of savings to be up to $15,700 annually.[8] Accordingly, FBC agrees with BCOAPO's proposal and accepts that a further $15,700 adjustment should be made to O&M.

9. In the CEC Submission, CEC:

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[2] BCOAPO Submission, p. 6.
[3] BCOAPO Submission, p. 8.
[4] BCOAPO Submission, p. 14.
[5] BCOAPO Submission, p. 15.
[6] BCOAPO Submission, p. 16.
[7] BCOAPO Submission, p. 15. BCOAPO's proposed adjustment of $15,700 is in addition to the downward adjustment of approximately $25,600 ($2019) to base O&M that FBC outline in the Application (Ex. B-1, Application, p. 55)
[8] Ex. B-9, FBC Response to BCOAPO IR2 36.1.

a. confirms its view that FBC continuing to meet N-1 transmission planning criteria "is appropriately treated as an important objective for FBC", and it is appropriate for FBC to "maintain its commitment to its N-1 planning criteria and investigate means for meeting these criteria on an ongoing basis";[9]

b. is satisfied with the validity of FBC's population and growth projections, and accepts the use of the 1-in-20 peak load forecasting as the appropriate metric;[10]

c. considers that "FBC has made a reasonable case of future risk to its N-1 planning criteria and for proceeding in the near future", and that in the absence of strong evidence that the load growth will not materialize as expected due to the COVID-19 pandemic, it is "reasonable to accept FBC's forecast";[11]

d. agrees that installing an additional transformer at LEE represents a superior and longer term solution than installing a transformer at DGB;[12]

e. accepts FBC's technical analysis as being appropriate, and that the cost differential between FBC's preferred alternative for the KBTA Project (Alternative A), and Alternative B is "justified based on the difference in the Technical evaluation and the many advantages of the ring bus";[13]

f. considers that the benefits of the KBTA Project could be expected to exceed the costs of providing additional capacity, making the KBTA Project a cost-effective investment;[14]

g. considers the differences in bill impact between the three Alternatives to be "reasonably small", and that, given the equitable distribution of benefits, it is reasonable for the KBTA Project costs to be recovered as a general rate increase, with costs being recorded on a cost of service basis;[15]

h. has no issues with FBC's proposed KBTA Project plan;[16]

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9 CEC Submission, paras. 12 and 17.
10 CEC Submission, paras. 20 and 22.
11 CEC Submission, paras. 27 and 32.
12 CEC Submission, para. 41.
13 CEC Submission, paras. 45 and 52.
14 CEC Submission, para. 56.
15 CEC Submission, paras. 53, 59, and 62-63.
16 CEC Submission, para. 68.

i. finds the evidence relating to costs to be satisfactorily complete;[17] and

j. finds the consultation completed to be satisfactory.[18]

10. In contrast to BCOAPO and CEC, ICG recommends that the BCUC not approve the KBTA Project, or alternatively that "FBC be directed 1) to further consider alternatives that do not include an increase to transformer capacity, 2) to seek BC Hydro analysis and opinion regarding reinforcing the BC Hydro West Kelowna system as an alternative to the KBTA Project, and 3) to identify and consider all opportunities to postpone the KBTA project for at least a year to allow for other alternatives to be investigated".[19]

11. FBC wholly disagrees both with ICG's recommendations and with the basis on which ICG justifies these recommendations in the ICG Submission. FBC replies to the points raised in the ICG Submission in the next section of this submission.

PART 3 - REPLY TO PARTICULAR ISSUES

A. Project Need & Timing

12. ICG's position is inconsistent on this point. ICG does accept that it is appropriate for FBC to utilize N-1 (single contingency) transmission planning criteria and that "there is a need for significant investments in the Kelowna system" in order for FBC to continue to satisfy this planning criteria. At the same time, it recommends that the KBTA Project not be approved, or alternatively, if the BCUC does not agree with this recommendation, that the KBTA Project be delayed and for FBC to be directed to consider further alternatives.[20] While ICG describes delay as an alternative position, FBC notes that this "alternative" has the same result as ICG's primary position: the BCUC not approving the Application. ICG's concern with the KBTA Project appears to stem from its view that this need does not "necessarily" need to be served through additional capacity on the 138 kV system through an additional transformer.[21] In this respect, ICG agues that FBC has not adequately considered alternatives for the KBTA Project; FBC disagrees with this contention, which is addressed below under the heading "Alternatives Considered".

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[17] CEC Submission, para. 71.
[18] CEC Submission, para. 75.
[19] ICG Submission, para. 31.
[20] ICG Submission, para. 31.
[21] ICG Submission, para. 10.

13. With respect to the timing for the KBTA Project, ICG argues that "every opportunity to postpone or delay" the capital expenditures should be explored and undertaken, and that there is "no evidence that FBC has considered, or even identified, any such opportunities.[22] This is incorrect.

14. In the Application, as well as in its responses to Information Requests, FBC discusses the timing of when it will no longer be able to satisfy the N-1 transmission planning criteria, in the event of an outage of one of the LEE transformers.[23] In doing so, it also described the consequences of violating the planning criteria: the necessity for customer load shedding.[24] During the course of this proceeding, the pressing need for the KBTA Project became even more apparent when, in the summer of 2020, FBC set a new Kelowna area peak load of 313.1 MW. This exceeded FBC's 1-in-20 year forecast value for 2020 (of 309.5 MW), by 3.6 MW.[25] As was set out in the FBC Submission, there is an imminent need for the KBTA Project and deferral of the Project is not possible as a new transformer must be in service before the summer of 2023, to mitigate the risk of significant customer outages.[26]

15. ICG suggests that such a deferral could be achieved through a "power factor correction".[27] ICG does not expand on exactly what it means by this "power factor correction", or explain how it calculates that it "would appear to be an opportunity to postpone the KBTA project by at least a year".[28] Further, the possibility of this "opportunity" was not raised by ICG in either of its two rounds of IRs to FBC. In any event, assuming that ICG is proposing that a power factor improvement be undertaken, FBC submits that this is not a feasible alternative to the KBTA Project. As stated by FBC both in the original Application and in the response to IRs, the actual power factor at LEE is already "close to unity",[29] so any opportunities to reduce equipment loading through power factor correction are minimal and, as recognized by ICG, any hypothetical postponement would likely be on only a "temporary basis".[30] As set out above, there is no further opportunity to defer the KBTA Project.

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[22] ICG Submission, para. 10.
[23] See, for example, Ex. B-1, Application, pp. 1, 10, 17, and 19-21, Ex. B-2, FBC Response to BCUC IR1 8.1 and Ex. B-11, FBC Response to ICG IR2 3.1..
[24] Ex. B-1, Application, p. 21 and Ex. B-11, FBC Response to ICG IR2 15.1.
[25] Ex. B-11, FBC Response to ICG IR2 3.1.
[26] FBC Submission, paras. 17-19 and 43.
[27] IGC Submission, para. 6.
[28] IGC Submission, para. 6.
[29] See Ex. B-1, Application, p. 19, footnote 19 and Ex. B-2, FBC Response to BCUC IR1 7.3.
[30] IGC Submission, para. 6.

16. In response to ICG's contention that FBC has not identified or considered opportunities for deferral,[31] FBC notes that, where possible and appropriate, it has previously identified and considered opportunities for deferral. In fact, FBC has previously undertaken a deferral of this specific Project. The KBTA Project (then known as the "Kelowna Bulk Transformer Capacity Addition") was identified in FBC's 2012 Long Term Capital Plan as a project for which FBC was expecting to seek approval in 2012/2013.[32] It was later identified in FBC's last Long Term Electric Resource Plan, as a required system reinforcement in the 2019/2020 timeframe.[33] However, revised load forecasting and growth rates allowed FBC to reasonably defer the completion of the Project at those times.[34] While FBC has previously been able to defer the KBTA Project, it submits that there comes a point where the benefits of further delay are outweighed by the disadvantages and risks, and it is no longer reasonable or appropriate to delay. With respect to the KBTA Project, FBC submits that this time is now. Any further delay of the KBTA Project would yield little to no benefits, while creating considerable risks, as a further delay will result in actual or forecast peak load exceeding the transformer limits, in violation of the N-1 transmission planning criteria.

17. Also in support of its argument for deferral, ICG notes that the 138 kV distribution system is forecast to "not meet the N-1 planning criteria in only 5 hours in 2022 and 7 hours in 2023", and that it is "extremely unlikely to reduce the frequency or duration of outages in the Kelowna service area" at that time.[35] ICG's argument is inconsistent with FBC's N-1 transmission planning criteria (which ICG agrees is the appropriate standard[36]). If load is forecast to exceed the emergency rating of the transformer for more than 15 minutes, or the normal rating for more than six hours, FBC will fail to meet its N-1 transmission planning criteria.[37] FBC submits that it is not appropriate to speculate about the likelihood or duration of an outage; instead, where load is forecast to exceed capacity limits, a project must be undertaken to address the violation and ensure continued reliable service to customers.

18. Finally, ICG's suggestion that a delay should be explored "[g]iven FBC's recent application for a 6.37 percent increase in 2021 rates over 2020 rates",[38] is spurious. There can be no

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[31] ICG Submission, para. 10.
[32] Order and Decision G-110-12, FBC's Application for Approval of 2012-2013 Revenue Requirements and 2012 Integrated System Plan, p. 114.
[33] Ex. B-1, Application, p. 65.
[34] Ex. B-5, FBC Response to ICG IR1 5.3.
[35] ICG Submission, para. 10.
[36] ICG Submission, para. 10.
[37] Ex. B-1, Application, pp. 19, 21 and Ex. B-3, FBC Response to BCOAPO IR1 6.1.
[38] ICG Submission, para. 10.

suggestion that the KBTA Project is in any way connected to the proposed 2021 rate increase (which has been driven by unrelated factors). If approved, the capital costs associated with the KBTA Project will not enter rate base until January 1 of the year after they are incurred, with the majority of assets entering rate base on January 1, 2023.[39]

B. Alternatives Considered

19. In the ICG Submission, ICG suggest that "FBC did not adequately consider alternatives, with the exception of alternatives that all included an additional transformer".[40] ICG refers to a "two-step process" for considering project alternatives, consisting of an "early screening phase", which then progresses to "the assessment of feasible alternatives".[41] ICG argues that FBC "pre-empted the 'early screening stage'" and "did not carry-out a full two-step screening process".[42]

20. The process undertaken by FBC in the Application and in this proceeding was consistent with the guidance provided in the CPCN Guidelines.[43] Section 2(i) of the CPCN Guidelines state that an "applicant should identify alternatives that it deemed to be not feasible at an early screening stage, and provide the reason(s) why it did not consider them further" (emphasis added).[44] From there, the balance of section 2 of the CPCN Guidelines requires an applicant to provide, for example, a comparison of the costs, benefits and associated risk "of the project and feasible alternatives", and "[a] schedule calculating the revenue requirements of the project and feasible alternatives" (emphasis added).[45]

21. This is the analysis of alternatives that FBC undertook in Part 4 of the Application. Specifically, Section 4.2 of the Application sets out alternatives that were identified by FBC at an early stage for initial consideration and that were then rejected for not meeting the required objectives for the Project or for being clearly inferior to the alternatives that involved adding transformation capacity at an existing terminal station.[46] Among the alternatives considered and rejected at this preliminary stage were maintaining the status quo, undertaking demand reduction measures, using local generation (such as a gas turbine),

[39] Ex. B-1, Application, pp. 54-55.
[40] ICG Submission, para. 10.
[41] ICG Submission, para. 12.
[42] ICG Submission, para. 14.
[43] Order G-20-15, Appendix A, CPCN Guidelines.
[44] CPCN Guidelines, s. 2(i).
[45] CPCN Guidelines, s. 2(ii) and (iii).
[46] Ex. B-1, Application, p. 22.

and the addition of a terminal transformer at a existing distribution substation.[47] In setting out these options, FBC identified in Section 4.2 of the Application why they were not feasible alternatives and were rejected from further consideration.[48]

22. From there, FBC was left with three feasible alternatives (Alternatives A, B and C described in the Application), and the balance of Part 4 of the Applicant was spent summarizing the in-depth review undertaken for these Alternatives. As each of the three feasible alternatives involved the addition of a transformer at one of Kelowna's two terminal stations, LEE or DGB, this led to the conclusion that this was "the only feasible means of adding the necessary capacity".[49]

23. FBC submits that the above approach was consistent with the alternative analysis prescribed in section 2 of the CPCN Guidelines.

24. ICG states that "FBC limited its consideration of alternatives to those with additional transformers because FBC concluded that there were no feasible alternatives that did not include an additional transformer".[50] As set out above, FBC did not limit its initial consideration of alternatives to those involving an additional transformer, and submits that its approach was proper. Having determined that the other alternatives (that did not involve additional transformers) were *not* feasible in the initial assessment, FBC focused its more detailed analysis on the alternatives that *were* feasible, in accordance with the CPCN Guidelines. FBC did not limit its analysis to these alternatives because they involved an additional transformer, but rather because they were the only feasible alternatives.

25. FBC submits that it was not necessary under the CPCN Guidelines, and in fact would have been an unnecessary use of resources, to conduct an in-depth analysis of an alternative that was discounted as infeasible during preliminary stages. Further, an in-depth analysis of an infeasible alternative would not somehow "convert" the alternative into a feasible option for the Project.

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[47] Ex. B-1, Application, pp. 22-23.
[48] Additionally, FBC provided further information on why other options were not viable alternatives, in its responses to Information Requests. See, for example, mobile transformers (Ex. B-2, BCUC IR1 7.13), Time-of-Use Pricing (Ex. B-4, FBC Response to CEC IR1 9.6), solar generation (Ex. B-5, FBC Response to ICG IR1 1.8), reconductoring transmission lines L60 and L51 from DGB (Ex. B-9, FBC Response to BCOAPO IR2 30.3.3) and replacing the existing LEE transformers (Ex. B-2, FBC Response to BCUC IR1 10.3.2).
[49] Ex. B-1, Application, p. 22.
[50] ICG Submission, para. 11.

26. While ICG is critical of FBC for "limit[ing] its consideration of alternatives to those with additional transformers",[51] it acknowledges that "[t]he traditional response to load growth in distribution planning studies is to increase the number of transformers.[52] FBC submits that a transformer solution is the "traditional response" for a good reason: in many situations, it is a solution that is frequently recognized by the industry as being a cost-efficient and effective alternative.

27. Further, while ICG suggests that "[t]here are many alternatives other than an increase to transformer capacity that could avoid overloading the remaining transformers and meet the N-1 planning criteria", FBC submits that, beyond the three primary alternatives analyzed in the Application, the other alternatives do not serve the required objectives for the Project, or are clearly inferior.[53] The examples of further alternatives identified by ICG, specifically a joint project with BC Hydro or the use of solar, were considered by FBC and rejected as infeasible options.

28. For example, ICG states without evidence that "it must be presumed that reinforcing BC Hydro's West Kelowna system would be technically and operationally feasible".[54] However, FBC reiterates that the existing 138 kV BC Hydro line supplying West Kelowna load does not have the capacity to act as a backup to FBC in the case of a major outage on the FBC system, such as an outage or failure of a LEE transformer.[55] Further, FBC has previously confirmed that a transmission line connecting the FBC and BC Hydro systems would *increase* the peak load on FBC's Kelowna area transmission network, intensifying the need for the KBTA Project, as opposed to providing a solution for the Project.[56] FBC has also confirmed that it does not believe there are "any other potential interconnection points for power purchases from BC Hydro or any upgrades to BC Hydro transmission and distribution system" that would be a viable alternative to the KBTA Project.[57] Further and in any event, FBC submits that the extensive transmission line infrastructure that would be necessitated by an interconnection with BC Hydro would plainly be more disruptive, expensive and time-consuming to construct, as compared to the proposed KBTA Project which is entirely

[51] ICG Submission, para. 11.
[52] ICG Submission, para. 12.
[53] Ex. B-1, Application, p. 22.
[54] ICG Submission, para. 20.
[55] Ex. B-11, ICG IR2 12.1.
[56] Ex. B-2, FBC Response to BCUC IR1 9.2. See also Ex. B-5, FBC Response to ICG IR1 3.2.
[57] Ex. B-5, FBC Response to ICG IR1 3.4.

contained within FBC's existing substation property.[58] Nor could a potential BC Hydro interconnection be completed within the required timelines for the KBTA Project.

29. A further alternative raised by ICG is solar generation, to which ICG states that "it is apparent that FBC rejected the local solar alternative simply because 'winter peak in the Kelowna area typically occurs after sunset'".[59] While FBC did raise a concern with respect to the timing of winter peak load (and FBC reiterates that this is an important concern with respect to winter peak load reductions, as winter peak typically occurs after sunset in the Kelowna area),[60] a solar alternative was not rejected "simply" because of this.

30. In its responses to Information Requests, FBC commented on the feasibility of load reductions from behind-the-meter installations, as an alternative to the KBTA Project, including the use of solar.[61] In the Kelowna area, FBC has approximately 175 grid-tie solar installations in service, with a cumulative gross peak capacity of approximately 1.65 MW. The impact of these solar installations is largely included in actual substation peak load data (as it offsets customer consumption), and is therefore already taken into account in the load profile for the Kelowna area.[62] Over the past five years, an average of 0.26 MW of peak solar capacity has been installed per year. In order for solar generation to allow for the deferral or avoidance of the KBTA Project, it would need to account for increases in Kelowna area summer peak load forecasts of approximately 6 MW per year and, beginning in 2027, incremental load increase of approximately 4.5 MW per year at winter peak. Solar installations in the Kelowna area have not approached the pace of the forecast load growth in the area. Solar does not represent a viable alternative to the KBTA Project.[63]

31. Overall, ICG submits that "before approving the Application the Commission must first conclude that clean, distributed generation, a joint project with BC Hydro, or load management are not feasible alternatives. This analysis must include technical, operational, economic, and timing considerations".[64] This approach is inconsistent with the requirements of the legislation and the guidance set out in the CPCN Guidelines. Further, and in any

[58] Ex. B-1, Application, p. 35.
[59] ICG Submission, para. 21.
[60] Ex. B-5, FBC Response to ICG IR1 1.8.
[61] Ex. B-5, FBC Response to ICG IR1 1.3.
[62] Ex. B-5, FBC Response to ICG IR1 1.5.
[63] Ex. B-5, FBC Response to ICG IR 1 1.8.
[64] ICG Submission, para. 18.

event, FBC has introduced significant evidence in this proceeding that demonstrates that these options are *not* feasible alternatives to the KBTA Project.

32. In contrast to ICG, CEC has indicated that it "accepts the alternatives identified as being reasonable",[65] and BCOAPO has confirmed that it "has no issues with FBC's choice of alternatives for detailed evaluation".[66]

33. FBC submits that the BCUC should reject ICG's suggestion that FBC be directed to further consider alternatives to the KBTA Project. In any event, given the investigations undertaken by FBC to date, if the BCUC were to make such a direction, FBC submits that further investigations would not yield a different result from that set out in the Application. FBC fully anticipates that the KBTA Project, as proposed, would continue to be the preferred alternative. Further, such a direction would delay the completion of the KBTA Project, likely resulting in a violation of FBC's planning criteria.

34. While ICG submits that the alternatives identified by FBC were incomplete, of the alternatives considered, it supports FBC's preferred option, Alternative A.[67]

C. Project Cost Estimates

35. ICG requests that interveners be "given an opportunity to comment on any variances higher than the" AACE Class 3 estimate for the KBTA Project, and that [a]ny such variances should be considered imprudently incurred in the absence of compelling evidence, accepted by the Commission, that such costs were prudently incurred".[68]

36. The cost estimate for the KBTA Project has been developed to a Class 3 degree of accuracy as defined by the Association for the Advancement of Cost Engineering (AACE) Recommended Practice, in accordance with the BCUC's CPCN Guidelines.[69] Certain changes in scope for the KBTA Project may be appropriately identified in the detailed project design phase, or due to unforeseen conditions during construction of the Project. Such expenditures may still be prudently incurred and necessary to ensure the successful execution of the KBTA Project, despite the fact that they were not included in the

[65] CEC Submission, para. 36.
[66] BCOAPO Submission, p. 1.
[67] ICG Submission, para. 24.
[68] ICG Submission, para. 26.
[69] Ex. B-1, Application, p. 52.

Application.[70] FBC agrees that its right to recover its cost of service and to have an opportunity to earn a fair return on its investment extends only to recovering prudently incurred costs. As a result, the BCUC may decide to disallow certain costs that it finds to have been imprudently incurred, following the completion of an appropriate process.[71] However, ICG's submission seeks to inappropriately flip this process, such that costs exceeding the AACE Class 3 cost estimate would be automatically presumed to be imprudent, contrary to established regulatory practice in British Columbia.

37. Similarly, FBC submits that it would be unnecessary and burdensome to grant interveners a general opportunity to comment on variances from the AACE estimate following the conclusion of this proceeding. FBC will file reports and updates as directed by the BCUC, which may include updates to the Project's cost. Further, should a material change occur, FBC will file a Material Change Report, in accordance with the requirements of the BCUC.[72]

D. Clean Energy Act

38. ICG also submits that the Application does not serve the objectives of the CEA, and is "almost certainly is a step backwards from the objectives of the CEA".[73] This interpretation is entirely inconsistent with the objectives of the CEA.

39. Section 2 of the CEA sets out British Columbia's energy objectives. As identified in the Application and the FBC Submission, the KBTA Project is directly aligned with objectives (c), (h), (k) and (m), which provide:

> (c) to generate at least 93% of the electricity in British Columbia from clean or renewable resources and to build the infrastructure necessary to transmit that electricity;
>
> (h) to encourage the switching from one kind of energy source or use to another that decreases greenhouse gas emissions in British Columbia;
>
> (k) to encourage economic development and the creation and retention of jobs;
>
> (m) to maximize the value, including the incremental value of the resources being clean or renewable resources, of British Columbia's generation and transmission assets for the benefit of British Columbia;

[70] Ex. B-11, FBC Response to ICG IR2 9.7.
[71] Ex. B-11, FBC Response to ICG IR2 9.6.
[72] Ex. B-11, FBC Response to ICG IR2 9.4.
[73] ICG Submission, para. 29.

40. The details of how these objectives are served are summarized in Table 8-1 of the Application.[74]

41. Subsections 2(c) and (m) expressly reference "clean or renewable resources", a term that is defined by the CEA as meaning "biomass, biogas, geothermal heat, hydro, solar, ocean, wind or any other prescribed resource" (emphasis added).[75] Similarly, subsection 2(h) refers to switching to energy sources that "decrease greenhouse gas emissions". The energy objectives set out in the CEA are intended to encourage the use of clean and renewable resources, and resources that decrease greenhouse gas emissions. FBC's electricity, which is almost entirely hydro electricity, is a clean and renewable resource that decreases greenhouse gas emissions.

42. Similar projects, such as FBC's Grand Forks Terminal Station Reliability Project, for which FBC sought a CPCN to install a second transformer at the Grand Forks Termination Station, have been found by the BCUC to be consistent with BC's energy objectives.[76]

43. There is no basis on which ICG may argue that the KBTA Project does not serve the objectives of the CEA, let alone that it is a "step backward" from these objectives.[77]

PART 4 - CONCLUSION

44. In all the circumstances, FBC submits that the Application should be approved and that it should be granted a CPCN with respect to the KBTA Project.

ALL OF WHICH IS RESPECTFULLY SUBMITTED.

Counsel for FBC:

[*original signed by*]
Erica C. Miller

Dated: September 29, 2020

[74] Ex. B-1, Application, pp. 63-65.
[75] CEA, s. 1.
[76] Order and Decision C-2-19, p. 2.
[77] ICG Submission, para. 29.