

PROVINCE OF BRITISH COLUMBIA
ORDER OF THE LIEUTENANT GOVERNOR IN COUNCIL

Order in Council No. 508 . Approved and Ordered JUN 25 2007



Lieutenant Governor

Executive Council Chambers, Victoria

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and consent of the Executive Council, orders that the attached Special Direction is made.

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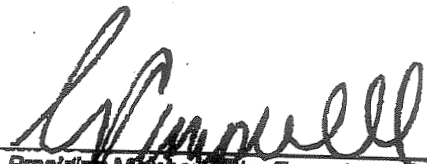
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Routing _____

DEPOSITED
JUN 26 2007
B.C. REG. 245/2006



Attorney General and Minister Responsible
for Multiculturalism



Presiding Member of the Executive Council

(This part is for administrative purposes only and is not part of the Order.)

Authority under which Order is made:

Act and section:- Utilities Commission Act, R.S.B.C. 1996, c. 473, s. 3

Other (specify):- _____

April 27, 2007

SPECIAL DIRECTION NO. 10 TO THE BRITISH COLUMBIA UTILITIES COMMISSION

Definitions and Interpretation

1 (1) In this Special Direction:

"Act" means the *Utilities Commission Act*;

"assets" means the generation and storage assets set out in the Schedule to the *BC Hydro Public Power Legacy and Heritage Contract Act*;

"biomass contract" means an energy supply contract entered into by the authority and a proponent of a project selected by the authority as a result of the call for power;

"call for power" means the process to acquire electricity solely from wood biomass being conducted by the authority on the date this Special Direction comes into force;

"critical water conditions" means the most adverse sequence of stream flows occurring within the historical record;

"electricity supply obligations" means

(a) electricity supply obligations for which rates are filed with the commission under section 61 of the Act, and

(b) any other electricity supply obligations that exist at the time this Special Direction comes into force

determined by using the authority's mid-level forecasts of its energy requirements and peak load, taking into account demand-side management initiatives, that are accepted by the commission from time to time;

"firm energy capability" means the maximum amount of annual energy that a hydroelectric system can produce under critical water conditions;

"integrated area" means the geographic areas in the Province, other than the non-integrated areas, in which the authority serves customers under its schedules of rates filed with the commission from time to time;

"non-integrated area" means Anahim Lake, Atlin, Bella Bella, Bella Coola, Dease Lake, Eddontenajon, Queen Charlott Islands and Telegraph Creek District;

"wood biomass" means:

(a) wood residue within the meaning of the *Forest Act*,

(b) wood debris from logging, construction or demolition operations,

(c) organic residues from pulp and paper production processes, and

(d) timber, within the meaning of the *Forest Act*, infested by the mountain pine beetle.

(2) The definition of "firm energy capability" in subsection (1) must be interpreted for the purposes of this Special Direction so as to be consistent with the fact that, in 2006, the authority's firm energy capability was 42 600 gigawatt hours.

Application

- 2 This Special Direction is issued to the commission under section 3 of the Act.

Self-sufficiency

- 3 Subject to section 5 (2) (a), in regulating, and fixing rates for, the authority, including, without limitation,

- (a) considering an application made by the authority for a certificate of public convenience and necessity under section 45 of the Act,
- (b) doing anything referred to in section 45 (6.2) (a), (b) or (c) of the Act with respect to a plan filed by the authority under section 45 (6.1) of the Act, and
- (c) considering an energy supply contract under section 71 of the Act,

the commission must use the criterion that the authority is to achieve energy and capacity self-sufficiency by becoming capable of

- (d) meeting, by 2016 and each year thereafter, the electricity supply obligations, and
- (e) exceeding, as soon as practicable but no later than 2026, the electricity supply obligations by at least 3 000 gigawatt hours per year and by the capacity required to integrate that energy in the most cost-effective manner solely from electricity generating facilities within the Province, assuming no more in each year than the firm energy capability from the assets that are hydroelectric facilities.

Biomass contracts

- 4 In considering a biomass contract under section 71 (2) of the Act, the commission may not find that a biomass contract is not in the public interest solely by reason of the factor described in section 71 (2) (d) of the Act and must be primarily guided by the following factors, which are of material value to the authority's ratepayers:

- (a) the acquisition of energy by the authority under a biomass contract will reduce the risk to the authority of future costs associated with the production of gases that contribute to global climate change;
- (b) energy acquired by the authority under a biomass contract will contribute to diversification of the authority's electricity supply portfolio;
- (c) a biomass contract will assist the authority to meet its requirements for electrical capacity,

Rates

- 5 (1) In setting rates for the authority, the commission must ensure that the authority's rates and classes of service available to customers in the non-integrated area, including rates available to customers whose electricity demand is or is likely to be in excess of 45 kVA, are available to customers who receive electricity service under section 2 of the Remote Communities Regulation.
- (2) In setting rates for the authority, the commission must ensure that those rates allow the authority to collect sufficient revenue in each fiscal year to enable the authority to

- (a) achieve energy and capacity self-sufficiency as described in section 3 of this Special Direction,
- (b) recover costs incurred as a result of the call for power, including costs incurred in purchasing electricity under a biomass contract, and
- (c) recover costs related to the provision of electricity service under section 2 of the Remote Communities Regulation.