



Friday, December 6<sup>th</sup> 2013

Government of Canada  
Consulate General of Canada  
580 California Street, Suite 1400  
San Francisco, CA  
USA 94104

California Energy Commission

**DOCKETED**

**11-RPS-01**

TN 72468

JAN 09 2014

**Attention: Ms. Diana Zandberg, Consul**

[diana.zandberg@international.gc.ca](mailto:diana.zandberg@international.gc.ca)

Dear Ms. Zandberg:

**Re: California Energy Commission's Run-of-River Study**

The Clean Energy Association of British Columbia greatly appreciates the Canadian Consulate's efforts to assist us in having the California Energy Commission (CEC) adopt the findings in the Run-of-River study, commissioned by the CEC.

The CEC Staff Draft Report of October 2013 on the BC Run-of-River Study that goes before the full Commission on December 10, 2013 recommends the following:

*"Based on the regulatory and market factors described below, staff concludes that while BC run-of-river hydroelectric facilities smaller than 30 MW in size are potentially eligible for the RPS, they would have great difficulty demonstrating that they are as protective of the environment as a similar facility would be if located in California, as current statute requires. In addition, significant transmission costs and constraints would likely limit the ability of BC run-of-river hydroelectric facilities to export electricity into California. Because these limitations make it very unlikely that BC run-of-river projects will be able to contribute in any significant way to meeting California's 33 percent RPS target, staff does not find any compelling reason to modify the existing eligibility requirements of the Renewables Portfolio Standard statute."*

However, the BC Run-of-River Study completed by KEMA (commissioned by the CEC) in March 2013 came to the following conclusions:

*"Run-of-river hydroelectric facilities in California and British Columbia are required to comply with an array of laws and regulations that result in environmental assessments or*

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*permits. To be considered eligible for California's Renewables Portfolio Standard, projects located outside the United States must be developed and operated in a manner that is as protective of the environment as a similar facility located in California. Facilities going through the full environmental assessment in British Columbia must adhere to similar regulatory requirements as those in California; however, a run-of-river hydroelectric project would have to meet additional requirements to be considered eligible for California's Renewables Portfolio Standard.*

*Run-of-river hydroelectric facilities in British Columbia may have the potential to bring additional environmental benefits to California; however, those benefits do not warrant changing existing statutory requirements to categorically allow all run-of-river hydroelectric projects in British Columbia to become eligible for California's Renewables Portfolio Standard.*

*The Energy Commission is considering the following requirements for a British Columbia run-of-river project requesting eligibility:*

- *The project must be less than 30 MW.*
- *The project must complete an environmental assessment or development plan with a cumulative impact assessment based on the Canadian Environmental Assessment Agency's Cumulative Effects Assessment Practitioners Guide.*
- *Instream flow requirements must be sufficient to not compromise the river ecosystem based on volume or timing of stream flow.*
- *The project should obtain an EcoLogo® certification. EcoLogo is a Canadian third-party certifier of environmentally preferable products.*
- *Documentation (which may or may not be EcoLogo) must be provided to show the project was analyzed, constructed, and operated to protect the environment in a similar manner as a California project.*
- *Transparency during the environmental review and monitoring process should be comparable with Federal Energy Regulatory Commission standards"*

If the CEC adopted the recommendations from the KEMA study, this would be a large step forward for BC run-of-river projects to potentially qualify for inclusion in California's Renewables Portfolio Standard. Naturally, the burden of proof of compliance with the RPS would fall with the applicant. If the rules remained the same, which more or less suggest "no new diversion of



water”, Run-of-River projects in BC would continue to essentially be locked out of inclusion in California’s RPS.

In addition, we believe it is also important to comment on the Staff Report’s mention of transmission challenges. From the Staff Report:

*“British Columbia’s (largest) electrical utility, BC Hydro, updated its evaluation of the potential for exporting electricity in its 2012 Integrated Resource Plan. The Integrated Resource Plan describes several major factors that limit the potential for electricity export, including a significant cost disadvantage for Canadian resources as compared to U.S. resources, competition from other renewable resource producers within the Western Interconnection, and limitations imposed by Senate Bill 1X-2 as described above. Additionally, BC Hydro would need transmission capacity to export BC hydroelectricity and the Integrated Resource Plan states that current transmission lines are fully subscribed. Building new transmission capacity or increasing the utilization of existing capacity in the U.S. could allow BC Hydro to demonstrate direct interconnection to a CBA. However, the costs of constructing this transmission are estimated to be \$4 billion to \$6 billion. BC Hydro has concluded that there are no suitable opportunities for the export of electricity from clean or renewable British Columbia resources for the foreseeable future.”*

It is true that a “build for export” model, as referenced from BC Hydro’s recently approved IRP, would require incremental transmission. That said, if some BC run-of-river projects were able to compete for California’s RPS, it is possible that some RPS eligible supply could flow into California utilising existing transmission holder’s rights, long before incremental transmission would be required.

We trust this submission meets with your favorable consideration. We welcome any questions or comments you may have and again, we thank you for your valued support.

Sincerely,

A handwritten signature in blue ink, appearing to read "Paul Kariya".

Paul Kariya  
Executive Director

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