

Transmission Generator Interconnection Security Methodology Frequently Asked Questions (FAQ)

WHEN IS THE NETWORK UPGRADE SECURITY PROVIDED?

Security is typically provided to BC Hydro at the time the Standard Generator Interconnection Agreement is executed. The Security must be provided at least 30 calendar days prior to the commencement of the design, procurement, installation, or construction of the Network Upgrades.

HOW MUCH SECURITY NEEDS TO BE PROVIDED?

Prior to entering into any agreement for the design, engineering or construction of Interconnection Network Upgrades (INU), the Interconnection Customer must deliver the Network Upgrades (NU) Security to BC Hydro for 100% of the INU Costs as estimated in the final Interconnection Study. The required amount of NU Security may change from time to time to reflect the full amount of INU Costs estimated plus any Transmission Network Upgrade (TNU) Costs that are triggered due to project changes made by the Interconnection Customer relative to the information provided as part of the Interconnection Request.

WHAT FORM OF SECURITY IS REQUIRED?

The Interconnection Customer shall provide BC Hydro a standby irrevocable letter of credit or other form of security that is acceptable to BC Hydro. Such security shall be granted in favour of BC Hydro and shall be in an amount sufficient to cover the costs for designing, constructing, procuring and installing the Network Upgrades, less any customer funded amounts. The security shall be:

- Issued or confirmed by a branch of a domestic Canadian financial institution having a minimum credit rating not less than Standard & Poor's A-, Moody's A3 or Dominion Bond Rating Service A (low).
 - If the issuing financial institution is not a domestic Canadian financial institution, the Sovereign (Country) debt rating shall not be less than Standard & Poor's AA, Moody's Aa2 or DBRS AA and the financial institution must be acceptable to BC Hydro. BC Hydro, at its discretion, may accept a Sovereign debt rating of Standard & Poor's AA-, Moody's Aa3 or DBRS AA(low) if the issuing bank has a rating of not less than Standard & Poor's A, Moody's A2 or DBRS A.
 - If such credit rating agencies publish differing credit ratings for the same financial institution, the lowest credit rating of any of the credit rating agencies shall apply for purposes of this section;
- Available for presentation in Vancouver (B.C.) Canada; and
- For a term of not less than one year and providing that it is renewed automatically, unless the issuing or confirming financial institution advises otherwise as specified in the letter of credit.

A template of an approved Letter of Credit is available upon request.

ADDITIONAL QUESTIONS?

The Transmission Generator Interconnections team is here to help.

Reach out to get answers to your questions related to transmission generator interconnections and the associated security requirements.

transmission.generators@bchydro.com

HOW IS THE SECURITY REDUCED?

Security is reduced in a prescriptive manner as per the [Open Access Transmission Tariff](#) (OATT)'s Attachment O, Section III.D.3. This section describes the different ways security is reduced and released for Energy Resource Interconnection Service (ERIS) and Network Resources Interconnection Service (NRIS). All projects delivering energy to BC Hydro under an Electricity Purchase Agreement (EPA) are considered NRIS. Partial excerpts are below for demonstration purposes only, while full details on the release methodology can be found in the OATT's Attachment O.

NRIS security release and reduction as described in the OATT Attachment O, Section III.D.3(c)(i)

If Interconnection Customer's Generating Facility is designated as a Network Resource, the Transmission Provider will: at the end of each calendar year beginning with the calendar year during which the Generator Facility achieves Commercial Operation, agree to a reduction in the then outstanding amount of the Security by an amount equal to the capacity of the Generating Facility designated as a Network Resource during that calendar year multiplied by the LTF PTP rate, excluding the costs of scheduling, losses and ancillary services.

ERIS security release and reduction as described in the OATT Attachment O, Section III.D.3(b)(i)

If Long-Term-Firm Point-to-Point Service (LTF PTP) is purchased to transmit output from the Generating Facility receiving ERIS pursuant to the same SGIA pursuant to which the Security was provided, the Transmission Provider will...reduce the outstanding amount of the Security in accordance with Section III.D.3(a) of this Attachment O.

The OATT Attachment O, Section III.D.3(a)(i):

The Transmission Provider shall reduce the outstanding balance of the Security by an amount equal to the Transmission Customer's payment for transmission services on the LTF PTP rate schedule excluding the costs of scheduling, losses and ancillary services. ... the Transmission Provider will continue to reduce outstanding balance of the Security by the Transmission Customer's payment for the service until the balance becomes zero.

CAN BC HYDRO CALL ON THE SECURITY?

Should the Interconnection Customer's Generating Facility fails to achieve commercial operation within 3 years of the target date for commercial operation, as set out in Appendix D of the Standard Generator Interconnection Agreement, or if this Agreement is terminated, BC Hydro may call on the full outstanding balance of the security at that time.