

This is the 1st Affidavit
of Olha Lui in this case and
was made on March 29, 2018

No. S-174308
Vancouver Registry



IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

INDUSTRIAL ALLIANCE INSURANCE AND FINANCIAL SERVICES INC.

PLAINTIFF

AND:

WEDGEMOUNT POWER LIMITED PARTNERSHIP, WEDGEMOUNT POWER (GP) INC., WEDGEMOUNT POWER INC., THE EHRHARDT 2011 FAMILY TRUST, POINTS WEST HYDRO POWER LIMITED PARTNERSHIP by its general partner POINTS WEST HYDRO (GP) INC., CALAVIA HOLDINGS LTD., SWAHEALY HOLDING LIMITED, BRENT ALLAN HARDY, DAVID JOHN EHRHARDT, 28165 YUKON INC., PARADISE INVESTMENT TRUST and SUNNY PARADISE INC.

DEFENDANTS

AFFIDAVIT

I, OLHA LUI, of 333 Dunsmuir Street, 17th Floor, in the City of Vancouver, in the Province of British Columbia, SOLEMNLY AFFIRM as follows:

1. I am the Tech Lead, Power Acquisition and Contract Management at British Columbia Hydro and Power Authority (“**BCH**”), a stakeholder in these proceedings, and as such have personal knowledge of the facts and matters hereinafter deposed to, or where I do not possess such personal knowledge, I have stated the source of my information and belief, and in all such cases do verily believe it to be true.
2. On May 18, 2017, I attended a call between the Receiver, Deloitte Restructuring Inc. (Melinda McKie and Paul Chambers) and BCH (Frank Lin, Joanne McKenna and Ryan Hefflick). On that call:
 - (a) Ms. McKenna advised the Receiver that the project was at a standstill and that the deadline for achieving COD (commercial operation date) was the end of

September 2017;

- (b) BCH advised that its scope of work was ready to go, but that Wedgemount has had various issues, including financing issues;
- (c) BCH required approval to begin work towards interconnection, including the Receiver paying the \$200,000 debt;
- (d) the Receiver advised that it was in the shoes of Wedgemount and making determinations regarding next steps, including whether the lender, Industrial Alliance Insurance and Financial Services Inc. (“IA”) would step in eventually; and
- (e) when asked about the timing on the BCH side, BCH advised that it needed to get the drawings (from the Receiver), which would then be reviewed and approved before entering into an interconnection agreement. My notes say “get to IA stage”, and this means execution of an interconnection agreement, which includes the final study as an appendix and is required before BCH can start construction on the interconnection facilities.

Attached and marked as **Exhibit “A”** is a true copy of my handwritten contemporaneous notes of the May 18 call. Based on my notes and my recollection of the call, Ms. McKenna specifically advised the Receiver of the September 2017 deadline with respect to the project.

3. My notes from the May 18 call indicate that September 2017 was the Receiver’s plan for interconnection. I understood at the meeting that the Receiver wanted to complete interconnection of the project by September 2017, which would include the Receiver and BCH completing all necessary studies, followed by construction, before that time.
4. On June 14, 2017, I attended a meeting with IA (Maxime Durivage, Luc Fournier and Stefanie Leduc) and BCH (Joanne McKenna, Ryan Hefflick and Vic Rempel). Attached and marked as **Exhibit “B”** is a true copy of my handwritten contemporaneous notes from the June 14, 2017 meeting (the “**Handwritten Notes**”). Attached and marked as

Exhibit “C” is a true copy of an email that I sent on June 14, 2017 summarizing the June 14, 2017 meeting with IA (the “**Email Summary**”). The June 14 Handwritten Notes and the Email Summary are consistent with my recollection of what was discussed at the June 14 meeting. In particular:

- (a) IA summarized their plans with respect to the project and the role of the Receiver;
- (b) IA indicated that they intended to complete the project and connect to the BCH system as soon as possible, and had interested parties to act as operators for the project;
- (c) IA hoped for the project to be in operation by October 2017;
- (d) BCH advised that it would work to complete the interconnection work as quickly as possible;
- (e) BCH required drawings from IA (or the Receiver) in order to update the schedule and costs under the draft facilities study, after which the study could be finalized; and
- (f) BCH explained that when the facility study was finalized, this would reset the Target COD date pursuant to the terms of the EPA.

5. Based on my June 14 Handwritten Notes, I believe that, at the time of the June 14 meeting, IA’s plan was for the interconnection study to be finalized within weeks of the meeting, in order to allow for “operation by October (4 month construction window)”. Since IA’s plan would require them to accept the final study soon after the June 14 meeting, at that time, there was no particular concern with respect to the Target COD deadlines in the EPA since the study being accepted as final would, under the EPA section 3.9, reset the deadline.


6. I have reviewed the Affidavit of Luc Fournier made March 13, 2018, and in particular paragraph 17 in which Mr. Fournier says that I informed them that “IA should not worry about the EPA remaining valid even if the COD was not achieved by September 30, 2017 because the facility study was not final and the time did not start to run until it was final”.

This is not consistent with my Handwritten Notes or the Email Summary of the June 14 meeting. I do not recall saying that the time would not start to run until the facility study was final. Further, I would not have said that “the time did not start to run” until the study was final because that is not consistent with the terms of the EPA. The EPA specifies a Target COD, although that date can be reset in accordance with the EPA section 3.9 when the facility study is finalized.

7. I have reviewed the Affidavit of Maxime Durivage made March 13, 2018, and in particular paragraph 4 which says that I said that “the time did not start until the facility study was finalized.” This is not consistent with my Handwritten Notes or the Email Summary of the June 14 meeting. I do not recall saying this and would not have said that “the time did not start until the facility study was finalized” since, as noted above, that is not consistent with the EPA.
8. I have reviewed the Affidavit of Stefanie Leduc made March 13, 2018 and in particular Exhibit A which includes the phrase “ISD + 90 days for COD” and paragraph 4 which says that this means “the Target COD would be set in the final facilities study report 90 days from the In-Service Date set out therein”. This is not consistent with my Handwritten Notes or the Email Summary of the June 14 meeting. As noted above, I advised IA that the interconnection study, when finalized, can reset the Target COD in the EPA in accordance with the EPA section 3.9. I did not say that the interconnection study set the Target COD because that is not correct. The Target COD is defined in the EPA and can be reset under the EPA section 3.9 when the interconnection study is finalized. To the extent that I referenced Target COD being 90 days from the In-Service Date, I would have made this comment in the context of the interconnection study being finalized, and the dates being reset in accordance with the EPA.
9. Based on the Application filed by IA in these proceedings, it appears that IA’s representatives misunderstood or mischaracterized what I said at the June 14 meeting. In particular, I would not have advised IA that the time did not start to run until the study was finalized, or that the final study would set the date because that is not consistent with

the terms of the EPA. The EPA contains a Target COD date, although Target COD can be reset in accordance with the EPA section 3.9.

AFFIRMED BEFORE ME at the City of
Vancouver, in the Province of British)
Columbia, this 29th day of March 2018)



_____)
A Commissioner for taking oaths in and for the)
Province of British Columbia)



_____)
OLHA LUI

CHAPMANN WONG
Articling Student
BORDEN LADNER GERVAIS LLP
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604-640-4116

THIS IS EXHIBIT "A" REFERRED TO IN THE AFFIDAVIT OF
OLHA LUI MADE BEFORE ME ON THE
29 DAY OF MARCH 2018



A COMMISSIONER FOR TAKING AFFIDAVITS FOR
BRITISH COLUMBIA

05-18-2017

①

- Wedgemount, Deloitte Restructuring Inc.
Frank L., Joanne M., Oka L., Ryan H.
Melinda McKie i. Paul & Chambers
mmckie@deloitte.ca from Deloitte
+ Michael Pottack, Midgard.
- David Arndt, Wedgemount

- JMc
- Standstill with the project
- COD expires at end of Sept 2017

- ↳ Sept 2017 - plan for Interconnection
- Bell scope of work - ready to go
- Wedgemount - termine has issues.
+ financing issues.

- Ecosystems?
- what's the timelines for interconnection work?

- ↳ ^{BCH} needs approval for start work:
- ↳ what's the Interconnection plan?
- ↳ +\$200K \$ debt

- ↳ Magnus, legal counsel
- ↳ ^{webpage} BCH will prepare the invoice

- Receiver → Deloitte
- IA - secured lender
↳ providing funding for the project
- Michael Pottack → role in moving this project forward
- As Receiver, Deloitte is in the shoes of Wedgemount and they are making determinations on the next steps

To determine whether Travellers
and IA will step into shoes
eventually.

- What's the timing on BEH side
- get the drawings
 - review / approve
 - get to IA stage

THIS IS EXHIBIT "B" REFERRED TO IN THE AFFIDAVIT OF
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Chon Alley

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BRITISH COLUMBIA

Wedgeport EPA
June 14, 2017

Bell: JM, OL, RH, VR
 (PP: {Maxime Duvivage, Luc Fournier, Stephanie Leduc }
 IA → 2 ↓ lending expert Since 2015 ↓ taking over from Luc

- IA is a leader
- Receiver makes major decisions w/ court's ok but IA provides \$.
- Technical side: ^{rep for receiver} Michael Potiok, Bridgerd.
- Clean way to address all the issues.
 - ↳ 1st time in receivership for IA (long distance, no restr. team, advised by legal).
- Operator: - lots of interested parties
- still hoping to be in operation by October (4 months construction window)
- What's needed for Bellhydro?
 - ↳ Loc? to cover outstanding payments
 - ↳ Ryan H. has internal legal opinion and preferred route by Deloitte.
- Drawings →
- Permitting, ROW - need to get final things.
- Lic: in a short time will provide answers to IA and to Receiver.
- Original FS → Dec 2015
 - ↳ need drawings
 - ↳ update schedule / costs
 - ↳ finalize and reset TCOD in the EPA.

THIS IS EXHIBIT "C" REFERRED TO IN THE AFFIDAVIT OF
OLHA LUI MADE BEFORE ME ON THE
29 DAY OF MARCH 2018



A COMMISSIONER FOR TAKING AFFIDAVITS FOR
BRITISH COLUMBIA

From: Lui, Olha
Sent: September-11-17 4:38 PM
To: Chow, Bruce; McKenna, Joanne
Subject: FW: Wedgemont EPA - today's meeting with IA

Hi Bruce and Joanne,

FYI, meeting notes from June; and last bullet would be of particular importance.

Thanks,
Olha

Olha Lui
Ph: 604-623-4539

From: Lui, Olha
Sent: June 14, 2017 5:10 PM
To: McKenna, Joanne; Rempel, Vic; Hefflick, Ryan
Subject: Wedgemont EPA - today's meeting with IA

Just a brief snap-shot of what was discussed today with IA, for our files:

- Attendees from IA: Luc Fournier, Stefanie Leduc, Maxime Durivage. Luc is the main contact until Sept 1, when he is expecting to retire, then Stephanie will take over.
- Attendees from BCH: recipients of this email and moi
- On BCH interconnection side, the intention is to meet IPP's requested timeline to start operation by end of October. Internal work is underway to find solutions to outstanding issues. IPP has to provide drawings, permitting info, and other necessary info in a timely fashion. Michael Potyok (Midgard) is the key technical contact assigned by Receivers. Internal review is underway to determine best way to fund BC Hydro's work, e.g. whether LOC can be used.
- IA is a lender for the project, intending to provide financing as may be required; decided not to step into the project at this time, as they don't have restructuring team in BC and experience with this type of issue, and receivership was recommended by their legal counsel as the most efficient way to address their interest and interest of other shareholders. IA sees long term value of the project and is intending to keep the project, unless another best option is identified by Receivers. Apparently there is a lot of interest in the project from external parties. Operator will be identified at a later date. IA and Receiver are on the same page with intentions for the project. Receiver's mandate is to review all the options and pick the best one. Meanwhile everybody understands that interconnection work has to continue as fast as possible.
- From BCH CM perspective, no particular concern about Target COD deadlines in the EPA, since it is understood that Final Interconnection Study will be issued shortly and that study would effectively reset the Target COD in the EPA. COD procedure will take place closer to the new estimated interconnection deadline, ISD.

If I missed something, please let me know.

Cheers,
Olha

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DEFENDANTS

AFFIDAVIT

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