

This is the 1st Affidavit
of Ryan Hefflick in this case and
was made on April 20, 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, RYAN HEFFLICK, of 6911 Southpoint Drive, 3rd Floor, Podium B in the City of Burnaby, in the Province of British Columbia, SOLEMNLY AFFIRM and say as follows:

1. I am a Senior Manager, Generator Interconnections 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. I have reviewed the Affidavit #1 of Bruce Chow made January 19, 2018 (the "**Chow Affidavit**"). Capitalized terms used in this Affidavit, but not otherwise defined, have the meaning set out in the Chow Affidavit.

3. I have reviewed the Affidavit #1 of Frank Lin made March 29, 2018 (the “Lin Affidavit”). The Lin Affidavit accurately describes the process of assessing and preparing the design, engineering and cost of projects in the SOP. In particular, projects are required to complete interconnection studies setting out what impacts the project will have on the BCH system, how the project will connect to the BCH system and what upgrades will be required. A project cannot be connected to the BCH system until an interconnection facilities study is completed and finalized. BCH prepares the interconnection facilities study, which is issued in draft for review by the IPP and deemed final when it is approved by the IPP. An interconnection facilities study cannot be finalized unless it is approved by the IPP.
4. IPPs are responsible for all of the expenses associated with interconnection facilities studies, including the costs of any upgrades necessary to accommodate their project. If the IPP falls behind in its payments of those expenses, BCH advises the IPP that they are behind in their payments and that, if this continues, BCH will pause its work until the required payments have been made.
5. Before BCH can begin work on an interconnection facilities study, the IPP needs to provide the interconnections group with, among other project data, their preferred point of interconnection and their target commercial operation date. BCH then prepares the interconnection facilities study based on that information and desired schedule. If the IPP is still determining its connection point, it isn’t possible for BCH to advance the report, because technical, permitting and route issues, are dependent on those decisions.
6. Before BCH prepares an interconnection facilities study, it must prepare a system impact study (“SIS”) which evaluates the impacts of a proposed generator project on the safety and reliability of the BCH system. The SIS identifies system constraints and, at a preliminary level, identifies the infrastructure upgrades required for interconnection in order to comply with BCH technical requirements. The SIS also provides a cost and timeline estimate for BCH to complete the interconnection facilities study.

7. The scope of work involved in preparing a SIS is different than the work to prepare a facilities study. The purpose of the SIS is to identify the technical impacts to the BCH system and then to, at a preliminary level, identify what the resulting upgrades will be to mitigate those impacts. The SIS provides a planning level cost estimate of the upgrades identified and attempts to highlight any possible risks not yet studied. The facilities study is a comprehensive identification of the specific upgrades that will be required, the schedule in which that work can be completed and a design level estimate of the upgrades.

EPA contracts and interconnections

8. As noted in the Lin Affidavit, the BCH interconnections group handles the technical aspects of projects, including completing the reports necessary for the project to connect to the BCH grid and reach commercial operations. The BCH interconnections group does not address contractual issues regarding EPAs. In connection with this work, we have a general understanding of what the agreements contain, but we most often do not have a copy of the agreement.
9. Based on my experience with similar projects, and BCH's procedures in these matters, whenever EPA contractual issues arise in the course of discussions between the BCH interconnections group and an IPP, interconnections advises the IPP that they would need to speak to someone in the contracts management group.
10. In this case, I advised Wedgemount that questions regarding its EPA, and any requests for "relief" regarding COD needed to be directed to the contracts management group.

The Wedgemount Project SIS and preparing the facilities study

11. On November 28, 2014, BCH issued a SIS in respect of Wedgemount's project (the "**Wedgemount SIS**"). Attached and marked as **Exhibit "A"** is a true copy of the Wedgemount SIS.

12. The Wedgemount project is located in an area with a number of challenges. These challenges and risks are identified and highlighted in the Wedgemount SIS. In particular, the Wedgemount SIS identifies:
 - (a) at page 3: "No risk analysis has been done at the time of this estimate. There is a high degree of risk and uncertainty, particularly related to Geotechnical issues, Survey, Transmission engineering and extensive Aboriginal/Property costs."; and,
 - (b) at page 3: "A full risk analysis will be done as part of the Facilities study and project plan. It should be noted that this distribution circuit is located along a complex section of Highway 99 with various potential complications. This would include traffic routing, design, structural, weather impacts, outage requirements and stakeholder considerations. Also, no allowance for ROW costs have been estimated or included here."
13. Throughout the course of preparing the facilities study for the Wedgemount project, we experienced several delays due to, among other things, changes in scope to the project due to Wedgemount changing its route, and Wedgemount failing to make payments as required. Some of these issues are summarized in paragraph 10 of the Lin Affidavit.
14. I have reviewed the Affidavit of Michael Potyok, and in particular his comments at paragraphs 7 to 9 regarding the Wedgemount SIS. First, it is important to note that there were delays in BCH delivering the draft interconnection facilities report because of the changes in scope made by Wedgemount, and Wedgemount failing to make payments as required. Second, the risks associated with the Wedgemount project were identified in the Wedgemount SIS. No SIS constitutes a guarantee as to the costs associated with a project. This is particularly the case in complex projects, such as the Wedgemount project, which includes a number of challenges and risks (which were highlighted in the Wedgemount SIS).
15. For example, the Wedgemount SIS was prepared on the assumption that the distribution line could be run above-ground. When the more extensive analysis was

completed for the facilities study, AMEC Foster Wheeler ("**AMEC**"), the engineering company advising BCH, determined that one section of the lines needed to go underground, which would be more expensive than above-ground cables because, among other things, rock-blasting would be required.

16. On August 16, 2016, BCH issued the draft interconnection facilities study in respect of the Wedgemount project (the "**Draft Facilities Study**"). The email (without attachments) in respect of the Draft Facility Study is attached as Exhibit B to the Lin Affidavit. Wedgemount did not approve the Draft Facility Study and, accordingly, the study was not deemed final.

The Wedgemount Project – between draft study and Receiver’s appointment

17. In late August 2016, David Ehrhardt at Wedgemount advised that Wedgemount likely would not be able to continue to fund its project. Mr. Ehrhardt advised that they would need to reduce the cost in order to continue.
18. Wedgemount raised a number of issues and complaints regarding the Draft Facility Study, including the underground cabling. However, based on my discussions with Wedgemount’s representatives, their primary concern was the cost of the work to complete the required interconnection facilities.
19. On September 8, 2016, I met with representatives of Wedgemount and its lender Industrial Alliance Insurance and Financial Services Inc. ("**IA**") to discuss a path forward for the project. Among other things, Wedgemount and IA advised us that the schedule and costs identified in the Draft Facility Study rendered the project uneconomic. At that time, Wedgemount and IA mentioned that they would require relief under the EPA with respect to the COD date. Attached and marked as **Exhibit "B"** is a true copy of an email dated September 9, 2016 that I sent to other members of BCH regarding the September 8 meeting.

20. Despite Wedgemount's financial difficulties, the BCH interconnections group continued to work with Wedgemount with a view to moving the project towards implementation with minimal delay. This included several meetings and discussions in the fall of 2016. These discussions included Wedgemount taking on certain aspects of the work themselves. I recall that David Ehrhardt of Wedgemount believed that he could do a portion of the work himself to make it less expensive and so that it could be completed in a shorter time. I also recall that Wedgemount encountered a number of the same issues that AMEC and BCH did in identifying a suitable line route since those issues were driven by the location of the project, its surrounding and challenging geography, including terrain, as well as the interests of other stakeholders..
21. For example, on September 12, 2016, Ketki Shah, a member of the BCH interconnections group that reports to me, advised Wedgemount of various issues to be resolved, and that Wedgemount had not provided sufficient funds for BCH to move forward. Attached and marked as **Exhibit "C"** is a true copy of an email dated September 12, 2016 from Ketki Shah to David Ehrhardt and Brent Hardy. In particular, BCH advised Wedgemount in September 2016 that its project would be delayed if vegetation clearing was not completed in the fall of 2016, and that Wedgemount had not provided sufficient funds for BCH to complete that work.
22. In January 2017, Wedgemount and IA began working with a Eco Flow Energy Inc. ("EFE"), which has experience in developing and operating power projects.
23. Between January and May 2017, BCH had several discussions with Wedgemount, IA and EFE with respect to potential changes to the project that would improve the economics of the project.
24. In these discussions, there were various requests made of BCH in an effort to make the project more economic for Wedgemount. These included advising that Wedgemount and IA required, among other things, "revenue protection against revenue loss" for further COD delays and cost certainty for interconnection work. Attached and marked

as **Exhibit "D"** is a true copy of an email dated February 9, 2017 from Peter Zell of EFE to me. Based on the meetings and discussions that I had with Wedgemount and IA, the requests made by EFE in respect of the project were made in consultation with Wedgemount and IA.

25. BCH tried to work with Wedgemount, IA and EFE to revise the interconnection plan and project to address the economic and funding concerns. However, throughout this time, Wedgemount did not provide the required funding for BCH's work. Further, the request for revenue protection is an extraordinary request and not something to which BCH could agree.
26. In early April 2017, BCH believed that we had agreed on a path forward with Wedgemount, IA and EFE. However, BCH did not receive the information necessary to move forward. In particular, BCH did not receive funding for its work, or formal approval in respect of drawings for the interconnection.
27. Between September 2016 and May 2017, Wedgemount did not provide the funding or drawings required for BCH to complete the work necessary to revise the Draft Facility Study to reflect the changes requested by Wedgemount.
28. On May 9, 2017, I had a call with Luc Fournier of IA where he advised that:
 - (a) Wedgemount had been unable to recapitalize the project;
 - (b) IA was going to have a receiver appointed;
 - (c) IA would become the new developer of the project and sell the project when it was in operation;
 - (d) IA would fund as necessary through the receiver; and
 - (e) IA would contact Rohan Soulsby to discuss the EPA issues.

Attached and marked as **Exhibit "E"** is a true copy of my contemporaneous handwritten notes of the May 9, 2017 call.

The Appointment of the Receiver

29. At the time the Receiver was appointed on May 12, 2017, the Draft Facility Study would require significant revisions in order for it to be finalized. Among other things, there had been changes to the scope of the project (in an effort to reduce its cost) and the report was no longer going to reflect the same scope of work to complete the project since it had been prepared 9 months earlier.
30. On May 24, 2017, I had discussions with Michael Potyok, a consultant retained by IA. Attached and marked as **Exhibit "F"** is a true copy of an email dated May 24, 2017 from Vic Rempel to Mr. Potyok outlining BCH's requirements in order to update and revise the Draft Facility Study.
31. On June 5, 2017, I attended a meeting with the Receiver (Melinda McKie and Paul Chambers) Michael Potyok, a consultant to IA and Clean Energy Consulting Inc. (Matt Obee). In this meeting, we discussed the technical aspects of the project. In particular, Matt Obee indicated that the design was technically feasible, but there may be a challenge with a CN rail crossing. Attached and marked as **Exhibit "G"** is a true copy of my contemporaneous handwritten notes from the June 5, 2017 meeting.
32. On June 6, 2017, Vic Rempel and I met with the Receiver (Melinda McKie and Paul Chambers) and Michael Potyok, a consultant to IA to discuss technical issues towards updating the Draft Facility Study. Attached and marked as **Exhibit "H"** is a true copy of an email dated June 6, 2017 from Michael Potyok to me and Vic Rempel regarding the June 6 meeting.
33. The email attached as Exhibit ~~F~~^{PR} accurately reflects my recollection of the discussion at the June 6 meeting. ~~H~~^{RA}
34. In the June 6 meeting, our discussions were limited to the technical issues necessary to bring the Wedgemount project towards connection with the BCH system. In the

meeting, the Receiver and Mr. Potyok indicated their intention to try to complete the project in late summer 2017.

35. This timeline was challenging from BCH's perspective since the interconnection facility report was not complete, and could not be completed until the distribution line routing and point of interconnection was finalized by the Receiver/Wedgemount. Until these critical technical elements were decided, it was not possible for the project to be completed.
36. Although BCH works with the IPP, in this case Wedgemount and later the Receiver, to finalize the distribution line routing and point of interconnection, the IPP has ultimate responsibility for finalizing their route to an interconnection point on BCH's system. Wedgemount's various route changes caused several delays through the course of this project.
37. I have reviewed the Affidavit of Melinda McKie, and in particular paragraphs 18 and 19 which say that during the June 6, 2017 meeting:
 - (a) at paragraph 18 that Mr. Rempel and I "confirmed that the Final Interconnection Study Report would not be issued until the route of interconnection was finalized and the interconnection engineering design work was further developed";
 - (b) at paragraph 19 that "Mr. Hefflick and Mr. Rempel also advised that because the Draft Interconnection Study Report was only in draft form, there was no Target COD set and consequently there was no COD deadline of September 30, 2017."
 - (c) at paragraph 19 that "As a result of the representations made by BCH, the Receiver understood that until the point at which a Final Interconnection Study Report was issued, there was no hard deadline by which the Project had to reach COD in order for the EPA to remain in effect."

38. Paragraph 18 of Ms. McKie's Affidavit is accurate. I would have discussed the status of the report, including that it was in draft form and what was necessary in order to issue the final report. In addition to noting that the report could not be finalized until the route was finalized and design work was further developed, I recall telling the Receiver and Mr. Potyok that we needed several things from them in order to advance the report. These items included funding for the work to be completed, their decisions regarding the interconnection point and operation date, and their design drawings.
39. In respect of the first half of paragraph 19 summarized in paragraph 37(b) above, I did not make any statements regarding the "COD deadline" and I do not recall Mr. Rempel making any statements to that effect. This is not terminology that I use when discussing projects or the work to be completed. I recall that in the June 6 meeting, Mr. Rempel and I advised the Receiver that we required their desired operation date, among other things, to move forward with the facilities report, but I do not recall making any reference to a "deadline", and I do not recall Mr. Rempel making any reference to a "deadline".
40. With respect to the second half of paragraph 19, summarized at paragraph 37(c) above, I cannot comment on what understandings the Receiver may have had following our discussion. However, based on my recollection of the discussion, I do not believe that either Mr. Rempel or I would have given them the impression that there was no deadline to worry about under the EPA. In particular, as noted above, the interconnections team doesn't address contractual issues, so we don't have any discussions related to the terms of contracts or their interpretation.
41. I have reviewed the Affidavit of Paul Chambers, and in particular paragraph 8 and Exhibit A. To summarize, Mr. Chambers says, at paragraph 8 that:
- (a) "I specifically recall Mr. Hefflick and Mr. Rempel advising the Receiver that because the Draft Interconnection Study Report was only in draft form there was no Target COD set and consequently there was no COD deadline of September

30, 2017 for the Receiver to be concerned about. This is reflected on page 3 of the June 6 Meeting Notes where I recorded that 'EPA tied to finalizing of facilities study. Still in draft so not kicked in.' That approach was consistent with the Receiver's view of the EPA terms."

42. As noted above, I do not recall making any comments about a "COD deadline" and I do not recall Mr. Rempel making any such statements. In the June 6 meeting, Mr. Rempel and I would have explained the information necessary for BCH to revise the facilities study, including their operation date, but in doing so, we would not and did not refer to a COD deadline.
43. I have reviewed Mr. Chambers' note attached as Exhibit A to his Affidavit. I don't know what this note refers to, but I do not believe that it records a comment that I made. I do not recall any specific reference to the EPA made by either me or Mr. Rempel. As noted above, the interconnections group does not discuss contractual issues.
44. I have reviewed the Affidavit of Michael Potyok, and in particular paragraph 42 in which says that he recalled "either Mr. Hefflick or Mr. Rempel acknowledging that the Facilities Study remained in draft form, was not finalized and as such changed the interpretation of Target COD as defined in the EPA". I did not make such a comment in respect of the EPA, either in respect of Target COD or any other provisions, and I do not recall Mr. Rempel making such a comment.
45. Although I would have discussed the status of the study, including that it was in draft form, but I would not have discussed its implications in respect of the EPA. As noted above, the interconnections group does not speak to the interpretation of the EPA or its specific terms.
46. On June 14, 2017, I attended a meeting with IA (Maxime Durivage, Luc Fournier and Stefanie Leduc) and BCH (Joanne McKenna, Vic Rempel and me). In that meeting:
 - (a) IA confirmed they saw value in the project and would be providing the Receiver

with the necessary funds;

- (b) major decisions would be made through the Court;
- (c) October 2017 remained their target operation date;
- (d) IA had confirmed an operator for the project; and
- (e) they may sell when the project is complete.

Attached and marked as **Exhibit "I"** is a true copy of my contemporaneous handwritten notes from the June 14, 2017 meeting.

- 47. On June 15, 2017, I met with the Receiver (Melinda McKie and Paul Chambers) and Michael Potyok, IA's engineering consultant regarding the project. The discussion was limited to technical aspects of the development. Attached and marked as **Exhibit "J"** is a true copy of the email dated June 26, 2017 from Michael Potyok attaching the draft meeting minutes from June 15, 2017.
- 48. My comments in the June 15 meeting, as with previous and subsequent discussions, was limited to technical issues in respect of the project and the work necessary for BCH to revise the interconnection facilities study.
- 49. All of my discussions with Wedgemount, IA and the Receiver were limited to technical aspects of the project and how the project could be brought towards completion. The interconnections team, including me and Vic Rempel, worked diligently to bring the project to the point where the interconnections facility study could be finalized. However, this has not been possible since the Receiver has not yet confirmed the route or the scope and significant work remains in order to update the study so that it can be finalized. In order to reach operation by October 2017, these decisions would have needed to have been made shortly after the June meetings.

50. I told Wedgemount, IA and the Receiver that to the extent they had issues or questions regarding the EPA, they needed to raise those with the contracts management group. At no time did I have any discussions with Wedgemount, IA or the Receiver regarding the EPA or its terms. Whenever Wedgemount, IA or the Receiver raised questions about the EPA as it related to their interconnection or challenges they were facing, I told them that they needed to talk to the contracts management group.

Technical issues

51. I have reviewed the Affidavit of Michael Potyok, and in particular the paragraphs describing issues with the Draft Facility Study. These issues are summarized at paragraph 18 of Mr. Potyok's Affidavit.

Missing Right of Way

52. BCH has power lines throughout the province. There are some legacy situations where power lines ^{exist at} without rights of way.
KR

53. In this case, it appears that both Highway 99 and the power lines were built without the proper rights of way being granted by the Ministry of Transportation and Infrastructure ("MOTI").

54. BCH has a properties group that obtains rights of way and similar approvals. It is common for the BCH properties group to have discussions with the MOTI regarding rights of way along highways.

55. When this missing right of way was identified, BCH contacted MOTI to obtain assurance that the right of way would be provided.

56. I recall that this issue was addressed through a discussion between the BCH property group and MOTI. This discussion did not result in an immediate granting of the right of way, but BCH received sufficient assurance from MOTI that the right of way would be granted that we could proceed without having the specific right of way.

57. Although the absence of a right of way appears to be a significant issue, in this case it was correcting a historical error. Accordingly, it was a relatively insignificant issue, particularly in the context of the complexities of this project.

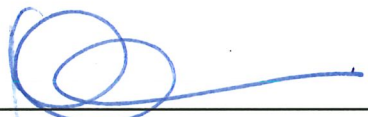
Relocation underground

58. As noted above, a SIS does not specify details regarding the power lines or their locations. The SIS is based on assumptions and anticipated locations for the lines.
59. In this case, the Wedgemount SIS was prepared based on one of the leading alternatives for connecting the Wedgemount project to the BCH system. However, when BCH and AMEC began completing the more extensive work related to the Draft Facilities Study, we found that it was necessary to do some rock-blasting and build portions of the line underground.
60. In particular, there were space constraints along the highway. There is an existing circuit along the highway, but that circuit could not support the Wedgemount project in addition to its existing power load. Accordingly, it was necessary to add a new circuit for Wedgemount, and it was not possible to add that circuit above-ground because there isn't enough space for a second line along this portion of the highway. This necessitated that at least a portion of Wedgemount's line be underground.
61. Mr. Potyok states that the existing line (defined as Section 2) does not meet the current standards for BCH or MOTI. This is a situation that does occur with utility assets where existing facilities installed many years ago have not been upgraded or modified to meet standards as they evolve and progress. BCH does not change or upgrade those routes unless it is strictly necessary to do so. It is typically only in the case where new work is being done on a given distribution line or circuit that would trigger the need to bring that asset to full compliance. To the extent that there was any discussion or consideration of moving the existing line underground this was only because the Wedgemount project would be triggering work on this asset and the work could be done at the same time as the new line work required for Wedgemount.

SLRD

- 62. The Wedgemount line routing was constrained by geography, and the route identified by BCH included a path through lands zoned for use as a regional park and under the control of the Squamish Lillooet Regional District ("SLRD").
- 63. When the Draft Facilities Study was issued, Wedgemount wanted this to be changed. Given the location of the project, from BCH's perspective, this wouldn't be possible. However, BCH agreed to allow Wedgemount to take responsibility for this portion of the route.
- 64. As far as I am aware, neither Wedgemount nor the Receiver has identified a route for the line that would avoid the SLRD lands.

AFFIRMED BEFORE ME at the City of
 Vancouver, in the Province of British)
 Columbia, this 20th day of April 2018)


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



 RYAN HEFFLICK

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THIS IS EXHIBIT "A" REFERRED TO IN THE AFFIDAVIT OF
RYAN HEFFLICK MADE BEFORE ME ON THE
20th DAY OF APRIL 2018

A handwritten signature in blue ink, consisting of a large, stylized initial 'G' followed by a horizontal line extending to the right.

A COMMISSIONER FOR TAKING AFFIDAVITS FOR
BRITISH COLUMBIA



System Impact Study

Wedgemount Power Project

November 28, 2014

File Reference: DGI-DSIS-13.07.01.R1

DISCLAIMER OF WARRANTY, LIMITATION OF LIABILITY

This report was prepared by the British Columbia Hydro And Power Authority ("BCH") or, as the case may be, on behalf of BCH by persons or entities including, without limitation, persons or entities who are or were employees, agents, consultants, contractors, subcontractors, professional advisers or representatives of, or to, BCH (individually and collectively, "BCH Personnel").

This report is to be read in the context of the methodology, procedures and techniques used, BCH's or BCH's Personnel's assumptions, and the circumstances and constraints under which BCH's mandate to prepare this report was performed. This report is written solely for the purpose expressly stated in this report, and for the sole and exclusive benefit of the person or entity who directly engaged BCH to prepare this report. Accordingly, this report is suitable only for such purpose, and is subject to any changes arising after the date of this report. This report is meant to be read as a whole, and accordingly no section or part of it should be read or relied upon out of context.

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EXECUTIVE SUMMARY

Wedgemount Power Limited Partnership, the Interconnection Customer (IC), proposes to develop the Wedgemount Power project to deliver electric energy to BC Hydro (BCH) through the Standing Offer Program (SOP). This project consists of one generating station, located near Whistler in British Columbia.

This report documents the evaluation of the impact of interconnecting the proposed generating facilities to the BCH system and identifies the required system modifications to obtain acceptable performance. The project consists of one unit and is located approximately 1.1 km from BC Hydro's 25 kV feeder RBW 25F61 (the "Project"). The aggregate rating of the Project as specified in the Application is 5.5 MW. The proposed Commercial Operation Date (COD) is March 31, 2016.

To interconnect the Project and its facilities to the BCH Distribution System at the POI, this System Impact Study has identified the following conclusions:

- Distribution feeder upgrades at the Point of Interconnection (POI) are required to connect the Project. Upgrades include the extension of distribution line (approximately 5.5 km) and the addition of distribution cable (approximately 0.8 km), and a new 3 phase recloser.
- Removal of existing 4/0 cable to replace with distribution feeder cable.
- Feeder protection upgrades are required at the Rainbow Substation (RBW). Upgrades include the addition of a set of new 25 kV voltage transformers on the feeder side of the circuit breaker, upgrades of the protective relays and the addition of SCADA.
- Installation of VISTA switchgear, near the POI.
- There are several project specific requirements identified in Section 5 of this report.
- The planning level cost estimate for the Interconnection Network Upgrades required to interconnect the Project to the BCH Distribution System is \$ 2.8 million.
- The Facilities study estimate is \$374 k. No risk analysis has been done at the time of this estimate. There is a high degree of risk and uncertainty, particularly related to Geotechnical issues, Survey, Transmission engineering and extensive Aboriginal/Property costs.
- A full risk analysis will be done as part of the Facilities study and project plan. It should be noted that this distribution circuit is located along a complex section of Highway 99 with various potential complications. This would include traffic routing, design, structural, weather impacts, outage requirements and stakeholder considerations. Also, no allowance for ROW costs have been estimated or included here.
- Due to risk mitigation required for this project, the estimated time for completion for the Facilities study is June 2015.
- The Revenue Metering cost, to be paid separately by Wedgemount Power, is estimated at \$ 40,000.
- The estimated time to construct the Interconnection Facilities, following BC Hydro's receipt of an executed DGIA and the required security and funding, will be determined at the end of the detailed design for the project during the Facilities Study.

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1.0 INTRODUCTION

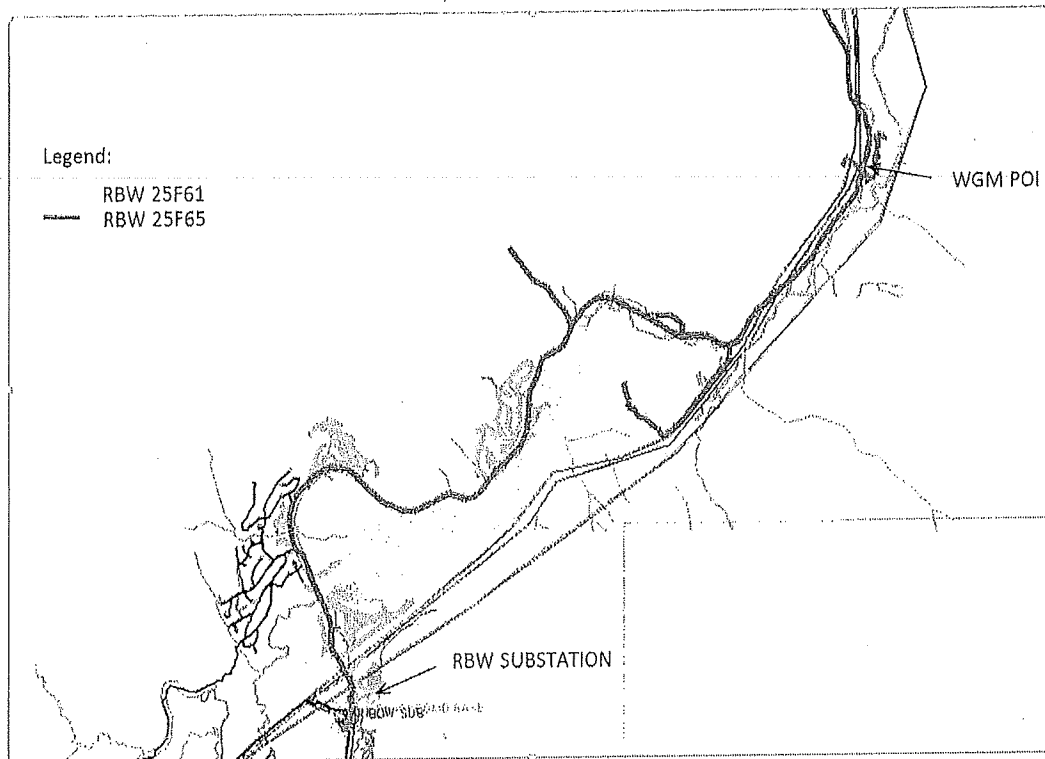
The project reviewed in this Distribution System Impact Study (DSIS) report is as described in Table 1 below.

Table 1: Summary Project Information

Project Name	Wedgemount Power Project (WGM)	
Interconnection Customer	Wedgemount Power Inc.	
Point of Interconnection Coordinates	Longitude	Latitude
	50° 10' 55.20" N	122° 52' 31.0" W
IC Proposed COD	March 31, 2016	
Maximum Power Injection (MVA)	5.5	
Number of Generator Units	1	
Plant Fuel	hydro	

Wedgemount Power Limited Partnership, the Interconnection Customer (IC), proposes to develop the Wedgemount Power project near Whistler, British Columbia to deliver electric energy to BC Hydro (BCH) through the Standing Offer Program. The Project is comprised of one unit within one generating station. The unit is rated at 6.1 MVA, 0.9/0.9 lagging/leading power factor. The units will be stepped-up by a 4.16 / 25 kV, 6.5 MVA transformer, and then connected to 25kV distribution feeder 25F61 approximately 0.3 km from the Project.

Figure 1 shows the connection of the Project to the BCH System. The single-line diagram with the Project can be found in Appendix A. Figure 1 shows the 25 kV circuit 25F61.

Feeder Layout: RBW 25F61 with Wedgemount Power Interconnected

FEEDERS RBW 25F61 and RBW 25F65

2.0 PURPOSE OF STUDY

The purpose of this DSIS is to assess the impact of the interconnection of the proposed project on the BCH System. This study will identify the constraints and Interconnection Facilities required for interconnecting in compliance with BC Hydro's "35 kV and Below Interconnection Requirements for Power Generators" ("DIR") dated May 2010.

3.0 TERMS OF REFERENCE

This study investigates and addresses the voltage and overloading issues of the distribution and transmission networks in the vicinity of Whistler as a result of the proposed interconnection. Topics studied may include equipment thermal loading and rating requirements, system transient stability and voltage stability, transient over-voltages, protection coordination, operating flexibility, and telecom requirements. BCH planning methodology and criteria are used in the studies.

The scope of this DSIS also includes Revenue Metering requirements. The latest version of the BC Hydro Requirements for Remotely Read Load Profile Revenue Metering can be found at bchydro.com (your account - electrical connections - forms & guides - revenue metering requirements).

4.0 ASSUMPTIONS

- a. BC Hydro will have no control over the WGM facilities.
- b. It will be determined at a later date if live line methods (and/or associated live line protection mode) will be required to carry out the work on RBW 25F61.
- c. The IPP Data Concentrator at ING DCP (Data Collection Point) has sufficient capacity to add WGM.
- d. This WGM project will precede the project of Rainbow Substation PCM Upgrade with VVO Project Phase 6G.
- e. There will be no planned (intentional) islanding of WGM with BCH load.
- f. The WGM entrance transformer was assumed grounded via a grounding reactor ($X_g = 9.4 \Omega$ (1.0 p.u.)).

5.0 SYSTEM STUDIES AND RESULTS

Power flow, short circuit and other studies were carried out to evaluate the impact of the proposed interconnection. Studies were also performed to determine the protection, control and communication requirements and to evaluate possible over-voltage issues.

Project Specific Interconnection Requirements

5.1 General

- a. Voltage dips at the POI can exceed allowable limits when the WGM interconnecting transformer (tag # T1) is energized from the high voltage side. Therefore, the inrush current needs to be reduced by:
 - energizing the transformer T1 from the generator side, or
 - using point-on-wave closing of the WGM entrance breaker (25CB1) where the residual flux in the transformer core is accounted for.
- b. WGM shall provide a Power Parameter Information System (PPIS).

Fault levels on feeder RBW 25F61, at the POI with the WGM entrance transformer disconnected, are:

	3-phase (Amp)	Phase to Ground (Amp)
Present Stage	1767	1232
Ultimate Stage	Refer to Table 1 in BCH's "35 kV and Below Interconnection Requirements for Power Generators"	

Geographical locations of the BCH substations referenced in telecommunication sections:

	Street Address	Latitude, Longitude
Ingedow (ING)	12430-88th Av., Surrey	N 49:09:30.8, W 122:52:27.9
Meridian (MDN)	1735 Eagle Mountain Drive, Coquitlam	N 49:18:34.9, W 122:48:23.3

5.2 Protection Requirements

- a. A neutral grounding reactor (NGR) is required to be installed in the High Voltage neutral of the WGM entrance transformer (tag #T1). The ohmic value could be 1.0 to 1.5 times the transformer zero-sequence reactance (1 times is recommended).
- b. Out-of-step protection is to be implemented by WGM since the swing centre is located within the WGM facility.

5.3 Control Planning

WGM will provide the required telemetry (plant MW, MVar, hourly MWh, kV) and status information via a DNP3 RTU for continuous SCADA data reporting to the control centre, in accordance with the "BC Hydro 35 kV and Below Interconnection Requirements for Power Generators" (Interconnection Requirements). The WGM's telemetry and status information will be available to the AREVA FEPs or the FVO satellite data concentrator at the nearest suitable BC Hydro site through a dedicated telephone leased line. WGM will need to ensure that the communications provided meet the performance objectives stated in the Interconnection Requirements.

5.4 Telecommunication Planning

WGM is to provide dial-up communication facilities for real-time continuous, SCADA circuit to a BC Hydro Data Collection Point (DCP) via dedicated telephone leased line to ING substation DCP. WGM will need to ensure that the communications provided meet the performance objectives stated in the Interconnections Requirements.

5.5 Revenue Metering

Revenue class meters approved and sealed by Measurement Canada (MC) shall be installed on the output of the generator. As per federal regulations, the meter should be periodically removed and re-verified in a MC authorized laboratory. The CTs and VTs used on the metering scheme shall also be of a model/type approved by Measurement Canada. The IC's remote read load profile revenue metering should be in accordance with the BC Hydro Requirements for Remotely Read Load Profile Revenue Metering. The latest version of this document is published at BC Hydro webpage under Forms and Guides.

The revenue metering responsibilities and charges (IC and BCH) shall be in accordance with Section 10 (10.1 and 10.2). For details about the specific responsibilities, see table on pages.23-25.

Main and backup bi-directional load profile interval meters are required to measure the power received and the power delivered (by BCH to the IC) during each 30 minute time period. The meters will be programmed for 5 minutes interval and will be remotely read each day by BCH/ABSU Enhanced Billing Group using MV-90; the POM shall have a dedicated communications line (landline or wireless BCH approved IP alternative) available for revenue metering use only. If there is digital cell phone coverage for data, BCH will supply the wireless communications. In this case, there will be an incremental cost to the IC.

The revenue class meters (main and backup) are Measurement Canada (MC) approved and will be supplied and maintained by BC Hydro. The main meter will be leased by BCH to the IC. The revenue class instrument transformers (CTs and VTs units) are supplied by the IC and should be Measurement Canada (MC) approved models.

A 3--element metering scheme with 3 CTs and 3 VTs connected L-N (L-Grd) shall be used. The point of metering (POM) should be located on the BC Hydro side of the power transformer.

Note 1: the tap for the station service transformer must be located on the IC side of the POM so, the revenue metering correctly registers both, the power received and the power delivered to the IC.

In order to power up the main meter auxiliary power supply and the communications equipment, a 15A-120V AC station service shall be provided by the IC to the BCH meter cabinet.

During the planning phase, BCH Revenue Metering department should be contacted to discuss the specifics of the project such as meter cabinet location, secondary cables length, need of JB's, etc. The IC should send drawings to BCH Revenue Metering Department showing the 1-line diagram (SLD) and informing the planned metering scheme, meter cabinet location, CTs and VTs model/maker, connections, location and MC Approval numbers, as well as any other related document.

If the impedance and losses between the POM and the PODR are significant, the meters will be programmed to account for the line and/or transformer losses between the POM and PODR. The PG or its consultant shall provide the line parameters data and the power transformer testing data signed and stamped by a professional engineer.

5.6 Unplanned Islanding

Unplanned Islanding is not approved for this project. Power quality protection will be required at the generating unit to detect abnormal system conditions such as under/over voltage and under/over frequency and subsequently trip the unit. The settings of these protective relays must conform to existing BCH practice for generating plants so that the generator will not trip for normal ranges of voltages and frequencies.

5.6 Other issues

None.

6.0 BC HYDRO SYSTEM UPGRADES

6.1 Upgrades

The proposed Wedgemount Power project is located in a congested area and its interconnection will exacerbate the existing thermal overload under single contingencies in the transmission network. The existing generation shedding remedial action scheme (RAS) in the Bridge River and Cheekye area (Operating Order 7T-14) will be relied on to address the concern.

In order to interconnect the Project to the BCH Distribution System at the POI, this DSIS has identified the following major upgrades and requirements:

6.1.1 Work on feeder RBW 25F61:

- A new overhead line is needed to connect the existing feeder RBW 25F61 to the WGM POI, along with a section of cable. The approximate length of the overhead line is 5.5 km, while that of the cable is 0.8 km. The new overhead line will be 336.4 ASC and will be built by double circuiting feeder RBW 25F65 from the end of the existing feeder RBW 25F61. From the end of the overhead line a cable section will be installed to the WGM POI.
- A new 3-phase recloser is needed to be installed at the point where the new overhead line meets the existing overhead line. The recloser shall have voltage sensing on both the line and the load side.
- Removal of existing 4/0 cable from the TP #4763 and replacement with feeder cable (750 kcm XLPE).
- Installation of a VISTA switchgear in the vicinity of the POI, between BCH and WGM.
- Installation of approximately 0.8 km of feeder cable from M/H #4763 to the VISTA switchgear.

6.1.2 At RBW substation:

- Add a set of new 25 kV voltage transformers (25VT61) on the feeder side of the RBW 25F61 feeder circuit breaker.

6.1.3 Protection Upgrades:

RBW substation:

- 2L1 Protection
Modify 2L1 PN to include direct tripping of 25CB61 to avoid transient over-voltage, and 25CB61 BF initiation (internal to RBW 25F61 PN), when 2L1 is supplying RBW 25F61.
- 2L2 Protection
Modify 2L2 PN to include direct tripping of 25CB61 to avoid transient over-voltage, and 25CB61 BF initiation (internal to RBW 25F61 PN).
- T1 Protection
Modify T1 PN to include direct tripping of 25CB61 for anti-islanding, and 25CB61 BF initiation (internal to RBW 25F61 PN), when T1 is supplying RBW 25F61.
- T2 Protection
Modify T2 PN to include direct tripping of 25CB61 for anti-islanding, and 25CB61 BF initiation (internal to RBW 25F61 PN).
- 25B1 Protection
Modify 2B1 PN to include direct tripping of 25CB61 to remove IC infeed, 25CB61 BF initiation (internal to RBW 25F61 PN), and blocking 25CB61 A/R, when 25B1 is supplying RBW 25F61.
- 25B2 Protection
Modify 2B2 PN to include direct tripping of 25CB61 to remove IC infeed, 25CB61 BF initiation (internal to RBW 25F61 PN), and blocking 25CB61 A/R.

RBW 25F61 feeder

- Remove the existing RBW 25F61 E/M relays
- Install a new SEL-351S-6 for 25F61 PN
- Modify RBW 25F61 AC connections to include 25VT61 as a 3-phase source and a single phase source from 25kV VT change-over scheme
- Modify RBW 25F61 PN settings to IC standard
- Include all 25CB61 controlled closing to ensure the IC is not closed onto out of synchronism with the BCH system

6.1.4 Control (SCADA) Upgrades:**RBW 25F61:**

Currently RBW reports to MDN DCP via RTU285 and S299-T190.

- Provide 25CB61 local/remote Auto-reclose on-off.
- Provide three-phase kV, Amps, MW, MVar telemetry from RBW 25F61 SEL-351S relay via DTA.
- Connect new alarms to the station alarm system.
- Provide remote data access for the new relay via the existing SEL communication processor.

Control Centre:

The IC's telemetry and status will be routed to the ING DCP site. Re-configure the AREVA FEPS or FVO satellite data concentrator, and update the existing database and displays at FVO/SIO to accommodate the new IC. Update the network model to show the new generator.

In association with the Rainbow station work, update the existing database and displays at FVO and SIO to add the new points.

6.1.5 Telecom Requirements

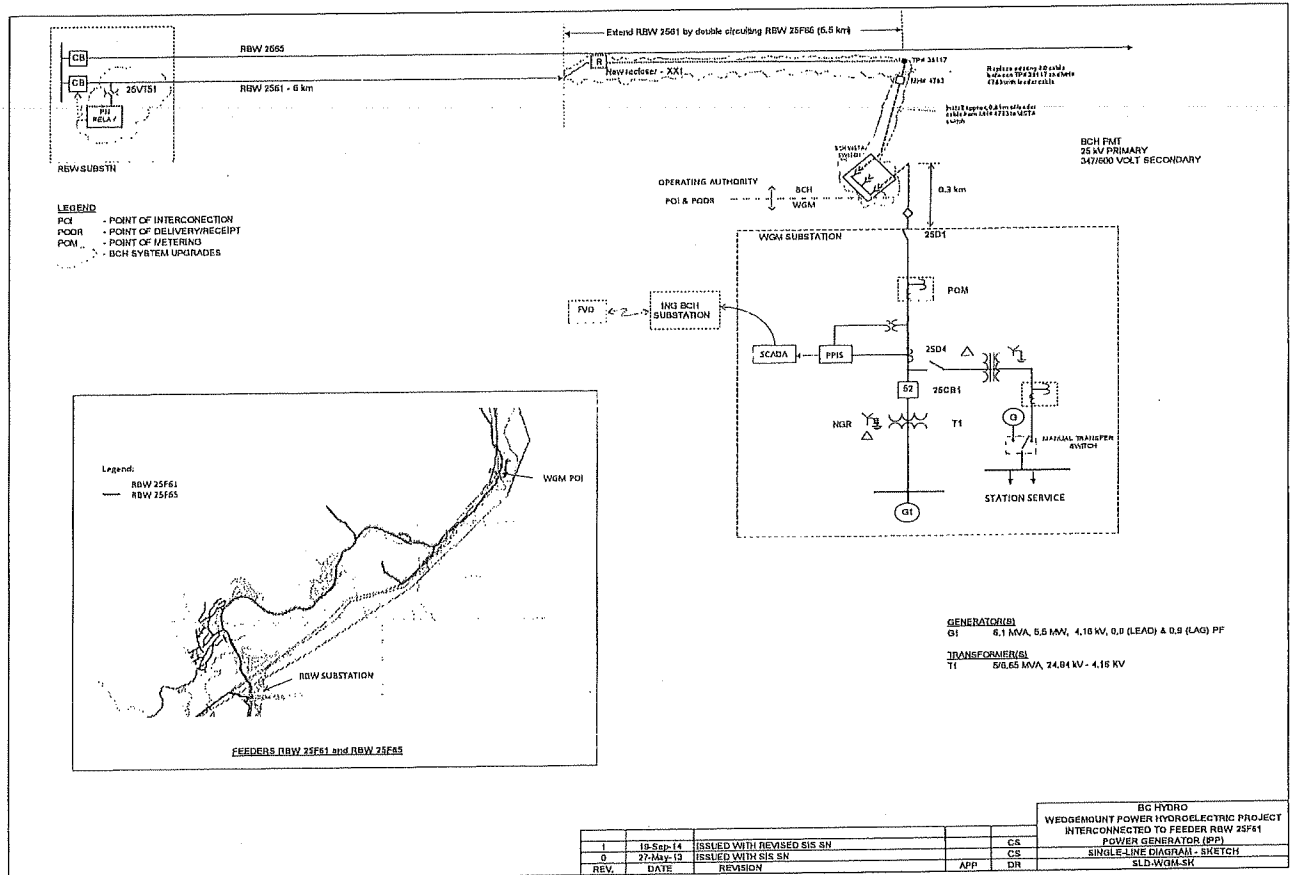
None Required.

6.2 Cost Estimate and Schedule

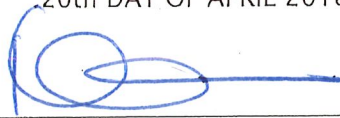
The planning level cost estimate for the Interconnection Network Upgrades required to interconnect the proposed project, WGM, to the BC Hydro Distribution System is \$ 2.8 million.

The estimated time In-Service Date of the Interconnection Facilities will be provided after the detailed design for the project is completed during the Facilities Study. A more detailed construction timeline will be provided in the DGIA.

Appendix 1: Single Line Diagram, WGM Project Interconnected to Feeder 25F61



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RYAN HEFFLICK MADE BEFORE ME ON THE
20th DAY OF APRIL 2018

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A COMMISSIONER FOR TAKING AFFIDAVITS FOR
BRITISH COLUMBIA

From: Hefflick, Ryan
Sent: September-09-16 11:21 AM
To: Soulsby, Rohan; Chow, Bruce; McKenna, Joanne; Clayton, Brandee; Lin, Frank; Shah, Ketki
Subject: Wedgemont Creek
Attachments: BN - WGM FINAL 20160907.docx
Importance: High

Hi All,

We had an meeting with Wedgemont Creek and their Financiers yesterday (Alliance/Traveller's Capital). In short, they are all trying to determine a path forward that salvages this project from collapse. The current schedule and costs identified by AMEC acting as BCH's service provider render the project uneconomic.

There are a handful of interconnection related issues that Frank, Ketki and myself will be working on in an effort and hope that this can assist in aiding the situation of cost and schedule. As a heads up, one of the other critical issues they mentioned would be required would be relief under their EPA in terms of their COD date.

Given that there will be pressure from many sources to see this project reach completion given that the customer's facilities are substantially complete, it would be good for that discussion to start. Can you please advise who Wedgemont should contact to begin those EPA discussions?

Thanks
Ryan

BC Hydro Briefing Note

UPDATE: Wedgemount Creek Hydro Power

Issue

- Wedgemount Creek Hydro Power (WGM) obtained funding for their 5MW hydro project based on a high-level System Impact Study Estimate (SIS) that was provided to them in July 2013. The Network Upgrade (NU) cost estimate, prepared by AMEC, was \$2.44M. In August 2016, a more detailed draft Facilities Study was completed by AMEC. The NU cost estimate at this time had increased significantly to \$6.3M.
- The customer made commitments based on their original SIS (\$2.8M) estimate and will be in breach with their Lender if they cannot complete the project at that cost. The project is currently under construction; however the customer has indicated that it is very likely they will not be able to proceed to completion due to the increased NU cost estimate. They have indicated that they expect BC Hydro will be sued as a result of this breach.
- BC Hydro ARN and WGM met with the Squamish Nation on August 23, 2016. The Squamish Nation is not supportive of the revised route (Facilities Study) as it requires a new ROW.

Background

- The original project proposed in September 2012, was a 5 MW hydro project close to Whistler. It was to be located in a new subdivision that is under development. BC Hydro completed a Screening Study and proposed a Point of Interconnection (POI) 5 km away from the project site on distribution feeder RBW 25F61. The customer was adjacent to the existing feeder RBW 25F65; however, it has no available capacity for this project because the existing Soo River IPP is connected to this feeder. It would be difficult for WGM to build to the original POI as their route would parallel the existing BC Hydro infrastructure on Highway 99 and it would be difficult for them to get the right of way from Ministry and Transportation and Highways (MOTI). This section of Highway 99 is between a river and rocks making construction more challenging.
- In a November 2012 meeting, WGM requested that BC Hydro double circuit the existing distribution line along Highway 99 to extend RBW 25F61 to the project site as part of the Network Upgrades. This would avoid the conflicts between the BC Hydro line and the private line on Highway 99.
- Since the customer was working on both aspects of the project (building a residential subdivision and constructing and connecting a powerhouse within the subdivision) decisions affecting the powerhouse and line construction were tied to the subdivision plans resulting in delays to the study schedule and lapses between studies.

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- BC Hydro completed a SIS in July 2013. Based on the process at that time, the cost estimates for the Network Upgrades were prepared by external service provider (AMEC). The Network Upgrade cost estimate provided at that time was \$2.44M. This estimate was subject to a high degree of risk and uncertainty, as field reconnaissance is not within the scope of a SIS and the estimate accuracy is given as +100%/-35%. At that time, the proposed COD was July 1, 2014. After the SIS was provided the project stalled and the study was considered stale-dated.
- In November 2014, at the request of the customer, the cable routing through their subdivision was changed and a revised SIS was completed. AMEC revised the Network Upgrades cost estimate to \$2.8M.
- The Facilities Study was started by AMEC in November 2014; however, due to a delay in payment from WGM the study was stopped in January 2015. Partial funding was received in April 26, 2015 and the study was re-started.
- On December 7, 2015, after AMEC reached the 35% design milestone of the Facility Study. The project team met with the customer to discuss the project and outline the route and its challenges. The proposed route involved 4 underground sections. The in-service date (ISD) for the project had also been extended by over two years to August 31, 2016. An NU estimate was not provided to WGM at this time, however, the customer was aware that the underground sections would increase the cost of the project.
- On December 10, 2015, the customer met with the BC Hydro appointed project manager, to request a routing that would avoid the option to avoid undergrounding sections along Highway 99 with the hope of reducing costs. AMEC revised their study which took approximately six months to complete.
- BC Hydro met with the customer in June and again in August 2016 to present the revised option and to go over the project plan. During this meeting, WGM was informed that the NU cost was estimated to be \$6.3M with an ISD August 31, 2017 (delayed another year). The delay in ISD from the previous update was due to the need to obtain a Crown right-of-way for the Green River Crossing (which is estimated to take up to year to obtain) and for environmental mitigation. As a comparison, an estimate for the original route option with the larger amount of underground work was \$7.5M, which is an increase of \$4.7M from the estimate given for similar work in the SIS.
- The customer was not pleased with this result as they had made commitments with their Lender based on the original SIS \$2.8M estimate. They have advised Distributed Generator Interconnection (DGI) that they cannot continue with the project based on the revised cost estimate and schedule. WGM has significant sunk costs that cannot be recouped if the project does not proceed.

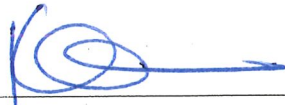
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- BC Hydro ARN and WGM PM met with the Squamish Nation on August 23, 2016. The Squamish Nation's principles for new IPP's in their Traditional Territory include not increasing or adding new ROWs; the revised route requires a new ROW.

Next Steps

- BCH to notify WGM that we will revisit the original route along the highway (cost estimate of \$7.5 M). Recommend having internal design or a third part review the estimates. Share the results with WGM and discuss how to proceed.
- Organize a meeting with all parties to better understand the concerns of the Squamish First Nation.

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RYAN HEFFLICK MADE BEFORE ME ON THE
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A COMMISSIONER FOR TAKING AFFIDAVITS FOR
BRITISH COLUMBIA

From: Shah, Ketki
Sent: September-12-16 11:31 AM
To: David Ehrhardt (dehrhardt@telus.net); Brent Hardy
Cc: Hefflick, Ryan
Subject: WGM - Follow up from our meeting last week

David and Brent,

Following our meeting with you and your Lenders last week, we have met with our project delivery group in an effort address your primary concerns that were raised.

We have asked our project delivery team to do the following:

- Request AMEC for a senior PM and/or provide more senior level oversight on the project management requirements of this project given the complexities that are being faced.
- Provide an accounting of expenditures to date on the Facilities Study. We have approximately \$50k left on hand for this work.
- Provide additional detail behind the cost estimate in the Facilities Study.
- Prepare a tender document for the Section 1 work. It was agreed that this work can go to bid and that the best way to determine the costs of this work is to submit a tender. The tender award would be subject to the project receiving funding. The tender period typically takes 12 weeks from initiation so unfortunately it will take that length of time to determine whether there will be savings realized compared to the unit cost estimate provided. The costs to prepare the tender may exceed the balance of funds on hand. We will receive an estimate of that effort in the next couple of days. These are costs that would be incurred anyway and are already a part of the overall estimate, I only mention them specifically now as funding is running out and we may need additional funds to see this through.

Vegetation Clearing is a critical path item that needs to be completed this Fall or else the schedule will be delayed significantly. If the vegetation clearing is not completed this Fall, it would be pushed back to Spring and we have been informed the bird nesting season starts March 5th and will require the nesting surveys to be done. As we are at the end of our funds to do this work, could you please provide a Letter of Credit for \$155,000 this week otherwise the vegetation clearing, and ultimately the entire project schedule will be delayed? Let me know when you will provide this and I can start the paperwork to avoid any delays.

Regards,
Ketki

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A COMMISSIONER FOR TAKING AFFIDAVITS FOR
BRITISH COLUMBIA

From: Peter Zell <pzell@ecoflowenergy.com>
Sent: February-09-17 8:43 AM
To: Hefflick, Ryan
Cc: Lin, Frank; Brett Robinson; David Ehrhardt
Subject: Follow-up from meeting 170207
Attachments: Sch Final Interconnection implementation 170208 subst add issue to RH.PDF

Ryan, Frank,

Thank you both for meeting yesterday regarding the remaining go-forward items that will allow Wedgemount to succeed. The following provides a summary of our discussion in note form, as well as a more detailed and transparent breakdown of the costs that we were discussing, and that WPLP is looking to BC Hydro to absorb. I provided additional information in the table around the breakdown of the costs that WPLP will be absorbing, that we did not discuss in detail yesterday.

1. **Schedule risk:** WPLP and the bank need protection against revenue loss for further COD delays beyond July 31, 2017 that would be directly due to permitting delays or BCH interconnection scope delays. We have built out a schedule that I have attached that indicates the permitting and Section 1 construction as being on the critical path. We have also been in discussion with contractors who feel the Section 1 construction could very easily be accelerated by using two crews starting from each end of the line. This would provide additional schedule contingency over and above the approximately 14 days currently indicated. You said that you would need to review the substation timeline to see if this could work. This is also a critical path with the 12 week duration that I have indicated.
2. **Cost certainty for Section 1 and substation work:** WPLP and the bank need cost certainty around the remaining BCH interconnection scope. The table below provides a breakdown of remaining interconnection and other costs that are directly related to the Facilities Study estimate and COD delay, using July, 31, 2017 as the new COD. The figures below are based on the revised estimate provided by Amec that totaled \$6,298,000. I have reallocated the contingency figures to the respective major construction categories and credited any unallocated contingency to BCH.
3. **IDC and overhead cost sharing:** The table below also provides a breakdown of the IDC costs as well as the "friction costs" (bank, legal, Independent Engineer, etc.) that have been incurred to date as a direct result of the delay and the bank moving toward foreclosure. We have moved these costs to be to BCH's account as we discussed. Further down in the table I have indicated the costs that WPLP will be absorbing that are directly related to shutting down the work, winterizing, demob and remob, temporary heat, security, taxes, insurance, water rental fees, etc. We had not discussed these.
4. **Other options:** We did not talk about this yesterday, but in hindsight Brett said that I should have brought it up again just in case there may be advantages to BCH through an alternate approach. WPLP would be amenable to absorbing a greater split of the above mentioned costs if there were a way to adjust other EPA terms (such as CPI escalation for the duration of the contract or for just a limited period) to preserve the NPV of the project. This is beyond our knowledge of the limitations of the EPA so we will just throw this suggestion out if it is something that could work for BC Hydro.

The bottom line is that WPLP will still be absorbing well in excess of 577 k\$ on cash and is suffering a significant impact to the project NPV as a result of the delay in revenues. We have made very good progress to date with the concept of WPLP taking over sections 2 and 3 and relocating the POI. The project requires the adjustments discussed above to allow it to be saved financially. As mentioned yesterday, we have discussed an extension with the bank and we have so far gained another week's grace. Even though this is only a verbal commitment we are confident that this will hold given the progress that has been made with your much appreciated efforts and direction.

I will call early this afternoon to follow up. If you have any questions in the meantime, please do not hesitate to call. I am in meetings but will take your call given the importance and urgency around this.

BCH Interconnection Scope:

Scope to be carried out as "bill on estimate" (BOE)	Current budget	Savings
Definition phase including 547 k\$ to date	851,264	(396)
Section 1 (inclgd Telus)	1,916,637	(1,060)
Contingency (unallocated contingency credited to BCH)	878,554	(751)
Substation	824,352	(386)
Subtotal BCH Interconnection responsibility	a	(2,594)
Delay costs to be absorbed by BCH		
IDC August to July (75k/mth x 11 months)		(825)
Friction Costs directly due to overrun (Legal, IE, Consultants, etc.)		(180)
	b	(3,595)

Wedgemount Interconnection Scope:

Scope to be carried out by WPLP	Current budget	Savings
Section 1 permitting (on behalf of BCH)	0	500
Section 2 permitting, engineering and construction	1,223,188	(650)
Section 3 engineering and construction	603,863	(131)
Contingency (has been allocated to construction above)	-	-
Subtotal WPLP interconnection responsibility	c	(741)
Delay costs to be absorbed by WPLP		
O/H absorbed by WPLP (water, insurance, taxes, etc.)(58k/mth x11 months)		690
Demob/remob, temporary hoarding, liens, heat, fuel, etc.		250
Forebearance/Workout and other fees		475
	d	675

Total Interconnection cost (not including IDC, etc.)	a + c	6,297,858	(3,335)
Total Interconnection cost to WPLP (Including IDC & O/H.)	b + d		(2,920)
Original Interconnection budget carried			
Variance to WPLP			

Best Regards

Peter Zell, P. Eng.

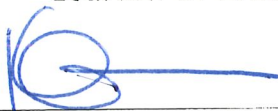


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A COMMISSIONER FOR TAKING AFFIDAVITS FOR
BRITISH COLUMBIA

Wedgemount: Call w/ Luc Fournier Date 05/09/17

- ① Luc Fournier
- ② Stephmie Leduc
- ③ Luc's boss...

- Tried for weeks to teach a re-cap not able to. Lenders - not equity holders. Go into receivership. Application today & in place by Friday.

Intend to have project completed & operating.

- Not able to make up enough equity money. Wedgemount wanted equity from IA to be a gift. Too many conditions from Wedgemount.

- IA will become the new developer, get to operation, look for Buyer after COB.

- Thinks Yukon will allow rights to take w/g route through sub-division.

- IA will fund whatever \$ is needed through the receiver.

- IA to contact Rohan Soulsby re: EAA.

- What happens after this Friday?
 - subdivision ROW agreement w/ Yukon
 - minor intake works. River switched back to original route before freshet.
 - receiver needs to arrange for payment of contractors.
 - Receiver & ind. engineer will determine what they get paid. Most likely in fall.

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RYAN HEFFLICK MADE BEFORE ME ON THE
20th DAY OF APRIL 2018

A handwritten signature in blue ink, consisting of a large, stylized initial 'C' followed by a horizontal line extending to the right.

A COMMISSIONER FOR TAKING AFFIDAVITS FOR
BRITISH COLUMBIA

From: Rempel, Vic
Sent: May-24-17 11:08 AM
To: Michael Potyok (mpotyok@midgard-consulting.com)
Cc: Hefflick, Ryan; McKie, Melinda (CA - British Columbia); Chambers, Paul (CA - British Columbia)
Subject: RE: Wedgemount - Interconnection

Good Morning Michael,

The following is required prior to BC Hydro updating/revising the August 2016 Facilities Study/Project Plan and Project Interconnection Requirements (PIR).

Financial

- Full payment is required on outstanding balance/work. An invoice is being prepared for approx \$200K.
- Funding is also required to cover activities up to the execution of the Interconnection Agreement, when full security is provided.

Hwy 99 / POI

1. SLRD
 - Interconnection Customer (IC) to acquire agreement with SLRD with suitable tenure (40 years) or abandon this option
2. Forestry Road
 - IC to submit engineered dwgs to BCH Owner's Engineer for review/acceptance
 - IC to submit IFC dwgs to BCH thereafter
 - IC to submit materials list for BCH portion of this section
 - IC to acquire permits and/or SRW (or License of Occupation) for BCH & IC portions from Jurisdiction(s) having Authority (JHA)
 - BCH to re-estimate the construction costs of this section using IC's IFC dwgs, if this route is the preferred viable alternative

POI to Powerhouse

1. IC to submit overall electrical dwg to BCH from POI to Powerhouse including overhead and underground sections. ie IC private works
2. IC to submit private works civil dwg through subdivision (Riverside Dr) to:
 - a. BCH for technical and safety acceptance
 - b. JHA for permitting and approval

Please let me know if further information is required. Thanks

Victor Rempel | Manager, Distribution Generator Interconnections

BC Hydro

P 604 528 2623
E vic.rempel@bchydro.com

From: Hefflick, Ryan
Sent: 2017, May 24 5:39 AM

Begin forwarded message:

From: Michael Potyok <mpotyok@midgard-consulting.com>
Date: May 23, 2017 at 7:54:58 PM PDT
To: Ryan Hefflick <ryan.hefflick@bchydro.com>
Subject: Wedgemount - Interconnection

Hi Ryan;

Thanks for chatting earlier today. I understand that you are unavailable all day tomorrow (with the exception potentially of an early morning call). But, to the extent there are some queries we had with respect to the project, you would be willing to ask your team to take a look and perhaps be able to respond.

As discussed, we have been engaged by Deloitte to assist with the Wedgemount project.

Because of my past role in which I attended some but not all meetings, I have only partial information as it pertains to the current interconnection process.

The last meeting I attended was March 29 during which Russell had indicated an ability for Hydro to complete their required works with a fixed timeline and a fixed cost. This was contingent on timely project commitments and cost recovery. However, there was an issue potentially with the SLRD land use permit for that portion of line passing through SLRD lands.

Although it was suggested that BCH would potentially accept a short term permit (as would be acceptable to the lender) it appears that since that time, the concept has shifted to using an alternate route to a similar POI that would avoid that route.

I am seeking clarification on how that decision arose and if this concept was locked down or if further work is done.

From the perspective of the project, it will be necessary to ensure that land applications contemplate any revised route.

Also, in general, it would be beneficial in general to have a discussion with you and/or your team to fully flesh out:

- 1) any remaining issues that require resolution;
- 2) role and responsibility assignment for any required study / work toward their resolution;
- 3) immediate next steps and process in generation to finalize planning and move toward execution;
- 3) status of discussions on a DGIA or other agreements that are required to finalize project planning.

That is a big list - our motivation is to ramp fully up to speed on all of these issues quickly in order to resolve any matters from the project side as soon as practical.

I am available to discuss further in the morning if needed or perhaps will follow up with Vic after lunch time.

Best regards,

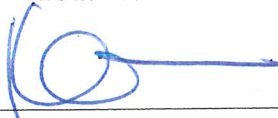
Michael

*Michael Poyok P.Eng.
Principal*

Midgard Consulting Inc.
828-1130 West Pender St.
Vancouver, BC, V6E 4A4

tel. 1.604.215 3840

THIS IS EXHIBIT "G" REFERRED TO IN THE AFFIDAVIT OF
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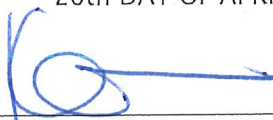
A COMMISSIONER FOR TAKING AFFIDAVITS FOR
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Wedgemount Meeting w/ Reliance Date June 5/17

Mike P. Vic
Melinda Rhonda (CMS) - permitting
Paul C. Matt O. (Clean Energy)

- Matt: design is technically do-able.
Challenge may be cost with some push
back even though all boxes are
checked.

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A COMMISSIONER FOR TAKING AFFIDAVITS FOR
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From: Michael Potyok <mpotyok@midgard-consulting.com>
Sent: June-06-17 3:27 PM
To: Hefflick, Ryan; Rempel, Vic
Cc: Chambers, Paul (CA - British Columbia); McKie, Melinda (CA - British Columbia)
Subject: June 6 BCH / Deloitte Meeting Summary - Wedgemount

Follow Up Flag: Follow up
Flag Status: Completed

Ryan and Vic;

I would like to start by thanking for this morning's meeting.

I tried my best to keep notes from the meeting, but find it tough to participate in conversations and keep notes at the same time. These notes are therefore more of a summary of take aways as opposed to full meeting notes. May I request that you review and comment as needed or appropriate?

The key take aways that I took were:

- 1) Generally, BCH is in a position on your side to advance with a completion of the FS once the IC's works are fully defined. This is substantively the IFC (or near IFC) drawings from CEC detailing the final route, which contemplate a solution that provides for a longer term LOO / ROW in place for BCH owned line.
- 2) We will be working with CEC to advance those designs as soon as we can.
- 3) Additionally, we will begin to press on the Province to advance permitting on those areas over crown land. There may be a requirement to engage with BCH Properties group - to the extent that the application prepared by CMJ on their behalf but submitted directly by BCH, requires amendment. May we rely on you to facilitate an introduction should it be required?
- 4) Once we have a handle on the physical design, and have made any necessary amendments to land tenure applications, and once the Project Delivery Team is re-engaged, we would like to explore establishing a process that enables us to address outstanding items (such as finalizing tenure and CN crossing permits etc.) in parallel to completing and finalizing the FS.
- 5) You will work to issue a formal statement of account as quickly as possible in order to address previous amounts outstanding. Presuming that there is a requirement for payment for future works as we progress to a finalized FS, what accounting can be made available in order to facilitate Deloitte in keeping account current?

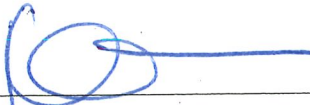
Thanks again,

Michael

*Michael Potyok P.Eng. MBA
Principal*

McLean Consulting Inc.
Suite 828, 1130 West Pender St.
Vancouver, BC V6F 4A4
(c) 604-315-3840

THIS IS EXHIBIT "I" REFERRED TO IN THE AFFIDAVIT OF
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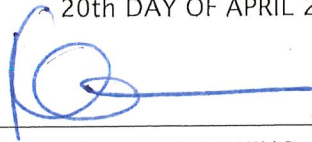
Meeting of 14.

Date

June 14/17

- 14 wants to proceed w/ project. They still see value in it.
- 14 want an amount received w/ 88.
- 14 not decision to be made through the court.
- 14 is only lenders on the project.
- Hope for 14th date.
- Peter Zell & others are available to operate.
- 14 say that it for sale once complete - lots of interested parties calling decisions.

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A COMMISSIONER FOR TAKING AFFIDAVITS FOR
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From: Michael Potyok <mpotyok@midgard-consulting.com>
Sent: June-26-17 5:06 PM
To: Rempel, Vic
Cc: McKie, Melinda (CA - British Columbia); Chambers, Paul (CA - British Columbia) (pachambers@deloitte.ca); Hefflick, Ryan; Rhonda Rolland @ CMJ; Matthew Obee
Subject: DRAFT Meeting Notes - June 15
Attachments: Wedgemount Update Meeting - June 15 2017 - Meeting notes.docx

All;

Please forgive the delay on these.

Attached are DRAFT notes from our discussions from June 15 for your review and comments.

Regards,

Michael

*Michael Potyok P Eng MBA
Principal*

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Suite 825, 1130 West Pender St.
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(c) 604 315-3940

Wedgemount Update Meeting

June 15, 2017

MEETING NOTES

ITEM	NOTES	ACTION
1. Previous Items	General acceptance of previous meeting notes prepared by Midgard – but not a formal review.	
2. Meeting wit IA	<p>BCH noted that there had a positive meeting with IA and that IA had provided some assurance in terms of intent to support financially project moving forward.</p> <p>BCH has initiated internal discussions with project team members.</p>	
3. Status of CEC Design	<p>CEC presented preliminary plan and profile drawings of new “FSR” route to POI. CEC had the following comments:</p> <ul style="list-style-type: none"> • Route is doable • Some challenges with CN – meets all specifications but would like to have buy-in from BCH and then initiate discussions with CN. <p>BCH noted that their OE had not had the chance to review yet but that they would initiate that process.</p> <p>In the interim BCH had the following comments:</p> <ul style="list-style-type: none"> • A concern is to minimize “stranded asset” of system to individual POIs. • Need to confirm that proposed BCH asset is road accessible pursuant to an upcoming safety by design review. • Suggested the drawings be updated to include existing road extents as well as symbolized notations for drop to underground, etc. <p>There was discussion regarding the SLRD lands and what their extents are – the new route is entirely off SLRD lands – but that the existing works on the left side of Highway 99 (when driving north from Whistler to Pemberton) may be in SLRD lands. It may be zoned differently than a park.</p> <p>The concern was this this would be a change to existing works.</p> <p>It was noted that the new route is adjacent to the Wedge PSR. This road is under the control of the Cheakamus Community Forest and also provides access to the Wedge Lake trailhead.</p>	<p>CMJ will request clarification from FLNRO of cadastral property limits of SLRD lands on left side of Highway 99.</p> <p>BCH will initiate contact with OE and facilitate further direct communications between OE and CEC.</p> <p>Midgard and Deloitte will work to concluding engineering engagements to revise Project owned transmission duct design for review by BCH.</p>

ITEM	NOTES	ACTION
	<p>BCH noted that, although the route through the subdivision is now part of the project owned works, they requested an updated drawing of the civil and electrical works for their review – particularly as it pertains to separation from BCH residential distribution ducts.</p> <p>Two components through subdivision were identified:</p> <ul style="list-style-type: none"> • Civil component (Drawings of duct through the sub division showing appropriate separation) and • Electrical drawings – work done in the past by RCL (Bruce Campbell). <p>Midgard noted that this work is ongoing and efforts to re-engage the appropriate project related engineers are on-going.</p> <p>Clarification was sought from BCH regarding previous exemptions from horizontal separation for works that were previously in the ground – no new works – which would have the prescribed separation.</p> <p>Further clarification was sought with respect to existing pull boxes relative to BCH covers / markings to be now owned by the project.</p>	
4. Status of land permitting amendment	<p>CMJ noted that previously they had dealt directly with BCH properties in terms of preparing an application on their behalf and then BCH submitted.</p> <p>Requested to re-initiated contact with BCH-P in order to facilitate process for re-application of new route.</p> <p>FLNRO – would like amended shape files by June 23 – CMJ will make amendments.</p> <p>Deloitte confirmed that current focus is on the “FSR” route for interconnection. The SLRD route is not being actively advanced but is being kept in reserve in case a fatal flaw arises with the new proposed route.</p> <p>CMJ will get material prepared and then engage with BCH-P</p>	<p>BCH will talk with BCH-P and BCH-OE regarding initiating a process toward approval.</p> <p>Steps are going to be:</p> <ol style="list-style-type: none"> 1) BCH OE in discussion with CEC work to confirm route is feasible. 2) Then CEC finalize route plan to sufficient detail to submit to FLNRO. 3) CMJ prepare shape files for submission as an amended application.
5. Next Steps	See action items	

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

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Vancouver, BC V7X 1T2
Telephone: (604) 687-5744
Attn: Magnus Verbrugge/Lisa Hiebert
544441.001726