

Chris Sandve
Chief Regulatory Officer
bchydroregulatorygroup@bchydro.com

August 28, 2026

Commission Secretary
British Columbia Utilities Commission
Suite 410, 900 Howe Street
Vancouver, BC V6Z 2N3

Dear Commission Secretary:

**RE: British Columbia Utilities Commission (BCUC)
British Columbia Hydro and Power Authority (BC Hydro)
Fiscal 2026 Annual Report to the BCUC**

BC Hydro writes pursuant to subsection 45(6) of the *Utilities Commission Act* to provide BC Hydro's Fiscal 2026 Annual Report to the BCUC for the period April 1, 2025, to March 31, 2026 (**Annual Report**).

BC Hydro requests that the following information be held confidential in accordance with section 42 of the *Administrative Tribunals Act* and Part 4 of the BCUC's Rules of Practice and Procedure, for the reasons explained below:

1. Certain information in section 1, which is either customer-specific and/or commercially sensitive; and
2. Certain commercially sensitive information.

Section 1 - Summary of Planned Capital Extension Projects and Anticipated Regulatory Filings

In section 1, BC Hydro has redacted the name of BC Hydro projects where the project either:

- Is driven by, or specially for, a customer (where disclosure of such information may prejudice a customer's commercial or competitive position); or
- Pertains to a property acquisition (where disclosure of such information may prejudice BC Hydro's position in future negotiations).

Section 7 - Performance of Rate Schedules 1894 and 1895

- Certain fields in section 7 have been withheld as they contain commercially sensitive information about a specific customer or customers.

For further information, please contact Bridget McNulty at
bchydroregulatorygroup@bchydro.com.

Yours sincerely,



Chris Sandve
Chief Regulatory Officer

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Enclosure

BC Hydro Fiscal 2026 Annual Report to the British Columbia Utilities Commission

April 1, 2025 to March 31, 2026

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BC Hydro Fiscal 2026 Annual Report to the British Columbia Utilities Commission

Section 1

Summary of Planned Capital Extension Projects and Anticipated Regulatory Filings

PUBLIC

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1 Introduction

This section provides an overview of BC Hydro's planned capital extension projects and anticipated regulatory filings. It summarizes significant extension investments, identifies projects that may require future Certificate of Public Convenience and Necessity (**CPCN**) or section 44.2 filings, and reports on extension capital expenditures approved at the group, program, or aggregated level.

2 Capital Extension Projects

[Table 1-1](#) includes capital extension projects with planned capital expenditures in fiscal 2027, fiscal 2028, fiscal 2029, and/or fiscal 2030, that meet the definition of an Extension under the 2024 Major Capital Project Filing Guidelines (**2024 Guidelines**)¹ and have a total forecast or planned cost exceeding \$15 million.

The table includes projects in all phases of the project lifecycle, and inclusion is not limited to projects with full scope or budget certainty. BC Hydro has redacted commercially sensitive customer information.

¹ An extension is a project initiated with the intent to expand the service area or capacity of a utility plant or system, in accordance with paragraph 13 of the 2024 Guidelines approved by BCUC Order No. G-218-24 on August 15, 2024.

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Table 1-1 Capital Extension Projects (\$ million)

Planning ID	Extension Project Name	Phase	Estimated Capital Cost ²	Anticipated Construction Start Date ³
Generation Growth				
TX902895	Tsay Keh Dene - Diesel Station Capacity Increase	IMP	27	May-25
TX902523	Various Sites - M193-M196 Supply and Install	IMP	17	Apr-23
TX902425	Ehthlateese - Station Upgrades for Renewable Energy Integration	DEF	60 - 105	Mar-27
TX902893	Kwadacha - Diesel Station Capacity Increase	DEF	34 - 61	Mar-26
TX902613-2	Kwadacha - Station Upgrades for Renewable Energy Integration	DEF	36 - 63	Sep-27
TX902612	Masset - Station Upgrades for Renewable Energy Integration (Solar North - Phase 1)	DEF	44 - 78	Oct-26
G903005	Revelstoke - Unit 6 Installation	DEF	815 – 1,439	Nov-26
TX902613-3	Tsay Keh Dene - Station Upgrades for Renewable Energy Integration	DEF	38 - 68	Mar-27
G000950	Alouette - End-of-life Powerhouse Redevelopment	FTR	>250	F2029+
TX903701	Atlin - DGS Upgrades for Cogeneration	FTR	<150	F2029+
G000119	G.M. Shrum - U1 - U5 Circuit Breaker Replacement and Capacity Increase	FTR	150 - 250	F2029+

² Estimated Capital Cost shown is:

- The Authorized Amount for projects in the Implementation (**IMP**) phase and projects that are in-service;
- A range for projects in the Definition (**DEF**) phase where an engineering estimate is available; or
- A planning allowance category where an engineering estimate is not yet available. This is shown as either a range or a 'greater than or less' than a value, consistent with BC Hydro project governance structure thresholds. This generally applies for projects in the Future (**FTR**) and Identification (**IDN**) phases; and
- The Currency Date is October 1, 2025.

³ Start Date of Construction is the Implementation Approval Date. For projects in Definition, the Start Date of Construction is the forecast Implementation Approval Date. While Implementation Approval marks the completion of the Definition phase, it does not necessarily indicate that physical construction activities will commence immediately.

Planning ID	Extension Project Name	Phase	Estimated Capital Cost ²	Anticipated Construction Start Date ³
G904587	Various Sites - Wind Turbine Installation	FTR	>250	F2029+
Generation Sustain				
G000776	Bridge River 1 Units 1 to 4 Generator Replacement	IMP	313	June-23
G003837	G.M. Shrum - U5 - U6 Generator Upgrade (End-of-life replacement)	IDN	<150	F2029+
G000183	Mica - U1 - U2 Turbine Upgrade (End-of-life replacement)	IDN	>250	F2029+
G000264	Revelstoke - U1 - U4 Transformer Replacement (End-of-life replacement)	IDN	<150	F2029+
G003026	Seton - Unit Upgrade (End-of-life replacement)	IDN	→250	Jan-29
G004155	Seven Mile - U1 - U3 Turbine Upgrade (End-of-life replacement)	IDN	>250	F2029+
G000223	Peace Canyon - U1 - U4 Circuit Breaker Replacement	FTR	<150	F2029+
G003137	Revelstoke - U1 - U4 Turbine Upgrade (End-of-life replacement)	FTR	>250	F2029+
G904185	Revelstoke - U1 - U4 Generator Replacement	FTR	>250	F2029+
Transmission Growth				
901943	1L243 – Transmission Load Increase (HVC)	IMP	142	Jul-25
TX902471	Clayburn - Substation Upgrade (2nd Phase)	IMP	57	Jul-25
901573	Customer IPID 901573 - [REDACTED]	IMP	39	Nov-24
901580	Customer IPID 901580 - [REDACTED]	IMP	16	Jun-23

Planning ID	Extension Project Name	Phase	Estimated Capital Cost ²	Anticipated Construction Start Date ³
901581	Customer IPID 901581 - [REDACTED]	IMP	88	Mar-24
901930	Customer IPID 901930 - [REDACTED]	IMP	72	Jun-23
902373	Customer IPID 902373 - [REDACTED]	IMP	26	Aug-23
INT904139	Customer IPID INT904139 [REDACTED]	IMP	66	Sep-25
TX902838	Mount Pleasant Substation - Transformer and Feeder Sections Addition	IMP	90	Sep-25
901574	Prince George to Terrace Capacitors Project	IMP	485	Dec-23
93417	Treaty Creek Terminal - Transmission Load Interconnection (KSM)	IMP	168	Feb-22
TX902968	Arnott - 25 kV Feeder Positions Addition	DEF	18 - 31	Apr-27
TX902946	Barnard - Substation Upgrade	DEF	99 - 127	Apr-26
92423	Bridge River Transmission Project	DEF	132 - 169	Aug-26
TX902614	Customer IPID TX902614 [REDACTED]	DEF	61 - 107	Nov-26
TX902727	Customer IPID TX902727 - [REDACTED]	DEF	35 - 55	Oct-25
900266	East Vancouver - Substation Construction	DEF	388 - 684	Mar-27
TX902514	Fort St. John - Transmission Reinforcement	DEF	36 - 63	Mar-27
TX902665	Glenannan to Terrace Transmission (NCTL Phase 2)	DEF	TBD	Jun-26

Planning ID	Extension Project Name	Phase	Estimated Capital Cost ²	Anticipated Construction Start Date ³
TX903624	Horsey - 25 kV Half Feeder Section Addition	DEF	17 - 29	Apr-27
94016	McLellan - Substation Upgrade	DEF	60 - 107	Sept-25
TX903623	Mount Lehman - 25kV Feeder Positions Addition	DEF	22 - 40	May-26
TX902951	Newell - Skid-Mount Feeder Section Installation	DEF	26 - 47	Jun-26
TX902567	Prince George to Glenannan Transmission (NCTL Phase 1)	DEF	2,000	Jun-26
900598	West End - Substation Construction and System Reinforcement	DEF	874 – 1,542	Mar-27
94032	Westbank Substation Upgrade	DEF	65 - 83	Jun-26
92582	Steveston - Substation Upgrade	DEF	131-168	Aug-27
93500	Customer IPID 93500 - [REDACTED]	IDN	150-250	Aug-26
INT904131	1L055 - Transmission Generator Interconnection - Highland Valley Wind (Capstone)	IDN	<150	Mar-27
INT904136	1L203 - Transmission Generator Interconnection - ShTSaQU Solar (BER)	IDN	<150	Oct-27
INT904130	1L243 - Transmission Generator Interconnection - Mount Mabel Wind (Capstone)	IDN	<150	F2029+
INT904127	1L244 - Transmission Generator Interconnection - K2 and Boulder and Elkhart Wind	IDN	<150	Mar-27
INT904135	2L096 - Transmission Generator Interconnection - Nilhts'I Wind (Ecoener)	IDN	<150	Aug-27
INT904132	2L154 - Transmission Generator Interconnection - Yayus Energy (Capstone)	IDN	<150	Mar-27

Planning ID	Extension Project Name	Phase	Estimated Capital Cost ²	Anticipated Construction Start Date ³
INT904125	2L391 – Transmission Generator Interconnection - Stewart Creek Wind (Innergex)	IDN	<150	Nov-27
INT904133	2L392 - Transmission Generator Interconnection - Taylor Wind (EDF)	IDN	<150	F2029+
TX903222	5L61 5L62 5L63 - Thermal Upgrade (NCTL Phase 1 & 2 related)	IDN	>250	Sep-27
TX902952	Boundary Road - Substation Construction	IDN	>250	F2029+
TX902949	Brookwood - Substation Construction	IDN	>250	F2029+
INT903887	Customer IPID INT903887 [REDACTED]	IDN	<150	Dec-26
TX903636	Esquimalt - Feeder Section Addition	IDN	<150	Sept-26
INT904129	Glenannan - Transmission Generator Interconnection - Ni Ti Mountain Wind (Innergex)	IDN	<150	Oct-27
TX902945	Lougheed - Substation Rebuild	IDN	150 - 250	Jun-27
TX902911	Scott Road - Substation Rebuild	IDN	150 - 250	Jan-27
TX902518	Vancouver Island - Transmission Reinforcement Completion	IDN	>250	F2029+
TX903599	Vernon Terminal - T3 Installation	IDN	<150	Oct-27
94034	West Kelowna Transmission Project	IDN	>250	F2029+
TX902950	Willoughby - Substation Construction	IDN	>250	F2029+
TX904416	2L123 and 2L128 - Transmission Circuit Rating Restoration	FTR	<150	F2029+
TX903664	2L145 - Transmission Capacity Upgrade	FTR	150 - 250	F2029+

Planning ID	Extension Project Name	Phase	Estimated Capital Cost ²	Anticipated Construction Start Date ³
TX904605	2L255 and 2L256 – Thermal Upgrade	FTR	150 - 250	F2029+
TX902640	2L56 Cable Replacement	FTR	<150	F2029+
TX904316	Brocklehurst - T2 Addition	FTR	<150	F2029+
TX903517	Cheekye - T8 Transformer Upgrade	FTR	<150	F2029+
TX904317	Chilliwack Area - Substation Construction	FTR	150 - 250	F2029+
INT904009	Customer IPID INT904009 - [REDACTED]	FTR	<150	F2029+
INT904020	Customer IPID INT904020 [REDACTED]	FTR	>250	F2029+
INT904026	Customer IPID INT904026 - [REDACTED]	FTR	<150	F2029+
INT904034	Customer IPID INT904034 - [REDACTED]	FTR	>250	F2029+
INT904444	Customer IPID INT904444 - [REDACTED]	FTR	>250	F2029+
INT904447	Customer IPID INT904447 - [REDACTED]	FTR	<150	F2029+
INT904585	Customer IPID INT904585 - [REDACTED]	FTR	<150	F2029+

Planning ID	Extension Project Name	Phase	Estimated Capital Cost ²	Anticipated Construction Start Date ³
INT904586	Customer IPID INT904586 - [REDACTED]	FTR	<150	F2029+
TX904011	Customer IPID TX904011 - [REDACTED]	FTR	<150	F2029+
TX904319	Fort St. John - Substation Upgrade	FTR	<150	F2029+
TX904320	Fox Creek - Substation Upgrade	FTR	<150	F2029+
TX903592	George Dickie - Substation Rebuild	FTR	150 - 250	F2029+
TX902948	North Langford - Substation Construction	FTR	>250	F2029+
TX904324	Kent - Substation Upgrade	FTR	150 - 250	F2029+
900811	Mainwaring - Feeder Section Addition	FTR	<150	F2029+
TX904327	Salmon Arm - T5 Addition	FTR	<150	F2029+
INT904589	Customer IPID INT904589 [REDACTED]	FTR	<150	F2029+
TX902539	South Coast Transmission Reinforcement	FTR	>250	F2029+
TX903546	South Interior West - Transmission Reinforcement	FTR	>250	F2029+
TX902953	Surrey City Centre - Substation Construction	FTR	>250	F2029+
TX902971	Vancouver Island - Grid Scale Battery Energy Storage Installation	FTR	150 - 250	F2029+
TX904328	Vernon Area - Substation Upgrades	FTR	150 - 250	F2029+

Planning ID	Extension Project Name	Phase	Estimated Capital Cost ²	Anticipated Construction Start Date ³
TX904329	West Kamloops - T3 Addition	FTR	<150	F2029+
TX903706	Williston - Transformation Capacity Upgrade	FTR	<150	F2029+
Transmission Sustain				
92478	Mainwaring Station Upgrade	IMP	154	Dec-22
900243	Sperling - Metalclad Switchgear Replacement	IMP	76	Nov-19
901613	Maple Ridge - Feeder Section 60 Series Refurbishment	DEF	87 - 111	Aug-28
92479	Newell Substation Upgrade	DEF	156 - 200	Jan-26
901002	Victoria to Saanich - Cable Replacement	DEF	143 - 183	June-26
94057	Gulf Islands - Transmission Reinforcement	IDN	150 - 250	F2029+
Distribution Growth				
902353	Customer IPID 902353 - [REDACTED]	IMP	30	May-25
D903206	Downtown Vancouver - Voltage Conversion Preparation of Customer Vaults (LM-VAN-225)	IMP	46	Nov-26
D902912	Fleetwood - Distribution Load Interconnection (SLS Servicing)	IMP	158	June-24
901931	Gulf Islands – Salt Spring Feeder Reinforcement on North Pender Island (VI-GUL-014)	IMP	17	Aug-25
901355	Norgate - Offload Norgate loads to North Vancouver feeders (LM.NSH-074)	IMP	48	Jun-23

Planning ID	Extension Project Name	Phase	Estimated Capital Cost ²	Anticipated Construction Start Date ³
D903836	Vancouver - Mount Pleasant Voltage Conversion of Customer Vaults - F26 Program (LM-VAN-311)	IMP	22	Jun-26
D903207	Vancouver - Mount Pleasant Voltage Conversion Preparation of Customer Vaults (LM-VAN-310)	IMP	42	Nov-26
D902744	Westbank - New Westbank Feeder and Feeder Ductbank Extension (SI-OKA-214)	IMP	38	Apr-25
D903129	Burnaby - Horne Payne Feeders Voltage Conversion (LM-BBY-148)	DEF	14 - 25	May-26
D903941	Customer IPID D903941 - 	DEF	21 - 37	Apr-26
93650	Four new CBN Feeders to Offload SMW (LM-FVE-606)	DEF	22 - 39	Aug-21
D902741	Langley - McLellan to Willoughby Feeder Ductbank Extension (FV-FVW-823)	DEF	33 - 59	Jan-26
D903072	Langley - New McLellan Feeder to Offload Circuits in Langley (FV-FVW-855)	DEF	21 - 37	May-26
D903824	Langley - New MLE Feeder to West of MLE (FV-ABT-065)	DEF	17 - 30	Nov-26
D902737	Langley - New Mt Lehman Feeders to Backup Gloucester and Offload Feeders (FV-ABT-045)	DEF	16 - 29	Dec-25
D903200	Richmond - Steveston Substation Northern Feeder Ductbank (FV-FVW-894)	DEF	26 - 46	Nov-28
D902743	Surrey - New McLellan Feeder and Feeder Ductbank Extension (FV-FVW-822)	DEF	29 - 51	Mar-26
D902432	Vancouver - CSN 1276 Offload (LM-VAN-256)	DEF	13 - 24	Mar-27

Planning ID	Extension Project Name	Phase	Estimated Capital Cost ²	Anticipated Construction Start Date ³
D903074	Vancouver - Mainwaring Substation North East Feeder Ductbank (LM-VAN-257)	DEF	26 - 45	Oct-26
D903075	Vancouver - Mount Pleasant Western Feeder Ductbank to Broadway Corridor (LM-VAN-275)	DEF	28 - 49	Jun-26
D903076	Vancouver - New Sperling Feeder and Feeder Ductbank Extension (LM-VAN-260)	DEF	23 - 41	Aug-26
D903202	Vernon - New Feeder to Offload VNT 25F52 and VNT 25F53 (SI-VRN-031)	DEF	19- 33	Aug-26
D903199	Abbotsford - Clayburn Substation Western Feeder Ductbank (FV-ABT-013)	IDN	<150	Jan-28
INT904220	Customer IPID INT904220 - [REDACTED]	FTR	<150	F2029+
D904462	Downtown Vancouver - DVES Voltage Conversion - EVR Customer Vaults (F27 Program) (LM-VA1N-229)	FTR	<150	F2029+
D904591	Horne Payne 12kv Voltage Conversion (LM-BBY-128)	FTR	<150	F2029+
D903801	Richmond - Fraser River Crossing Duct Bank & SEA 12F56 Voltage Conversion (FV-FVW-738)	FTR	<150	Oct-27
D904455	Vancouver - New MAN feeder to offload MAN 1266 & MAN 1279 (LM-VAN-279)	FTR	<150	Oct-27

3 Projects with Anticipated CPCN or Section 44.2 Filings

BC Hydro's current expectations regarding projects that may be subject to a future CPCN, or section 44.2 regulatory filing are summarized in [Table 1-2](#) below. This includes both capital extension and non-extension projects identified up until

March 31, 2026, and with planned capital expenditures in fiscal 2027, fiscal 2028, fiscal 2029, and/or fiscal 2030.

The information provided follows the 2024 Guidelines expenditure thresholds for CPCN and section 44.2 filings, namely \$250 million for Power System projects, \$125 million for Buildings projects, and \$50 million for Information Technology projects.

In addition, power system projects with estimated costs greater than \$200 million are included as a project that 'may' exceed the major project filing threshold.

Table 1-2 Projects with Anticipated CPCN or Section 44.2 Filings

Planning ID	Project	Filing Type	Rationale for Filing Type
Generation Growth Capital			
G000950	Alouette - End-of-life Powerhouse Redevelopment	CPCN	The project is expected to exceed the \$250 million threshold for Power System projects and is considered an extension to BC Hydro's system.
G904587	Various Sites - Wind Turbine Installation	Potential CPCN	The project may exceed the \$250 million threshold for Power System projects and is considered an extension to BC Hydro's system.
Generation Sustain Capital			
G003026	Seton - Unit Upgrade (End-of-life replacement)	CPCN	The project is expected to exceed the \$250 million threshold for Power System projects and is considered an extension to BC Hydro's system
G003058	Kootenay Canal - U1 - U4 Generators Refurbishment	Potential Section 44.2	The project may exceed the \$250 million threshold for Power System projects and is not considered an extension to BC Hydro's system.
G000459	La Joie - Dam Improvements	Section 44.2	The project is expected to exceed the \$250 million threshold for Power System projects and is not considered an extension to BC Hydro's system.

Planning ID	Project	Filing Type	Rationale for Filing Type
G000183	Mica - U1 - U2 Turbine Upgrade (End-of-life replacement)	CPCN	The project is expected to exceed the \$250 million threshold for Power System projects and is considered an extension to BC Hydro's system.
G004155	Seven Mile - U1 - U3 Turbine Upgrade (End-of-life replacement)	CPCN	The project is expected to exceed the \$250 million threshold for Power System projects and is considered an extension to BC Hydro's system.
G000052	Cheakamus - Dam Improvements	Section 44.2	The project is expected to exceed the \$250 million threshold for Power System projects and is not considered an extension to the BC Hydro system.
G904185	Revelstoke - U1 - U4 Generator Replacement	CPCN	These projects are each expected to exceed the \$250 million threshold for Power System projects and when all completed together would be considered an extension to the BC Hydro system. These are expected to be filed as a single application.
G003137	Revelstoke - U1 - U4 Turbine Upgrade (End-of-life replacement)	CPCN	
Transmission Growth Capital			
TX902952	Boundary Road - Substation Construction	CPCN	The project is expected to exceed the \$250 million threshold for Power System projects and is considered an extension to BC Hydro's system.
TX902949	Brookwood - Substation Construction	CPCN	The project is expected to exceed the \$250 million threshold for Power System projects and is considered an extension to BC Hydro's system.
TX902518	Vancouver Island - Transmission Reinforcement Completion	CPCN	The project is expected to exceed the \$250 million threshold for Power System projects and is considered an extension to BC Hydro's system.
94034	West Kelowna Transmission Project	CPCN	The project is expected to exceed the \$250 million threshold for Power System projects and is considered an extension to BC Hydro's system.
TX902950	Willoughby - Substation Construction	CPCN	The project is expected to exceed the \$250 million threshold for Power System projects and is considered an extension to BC Hydro's system.

Planning ID	Project	Filing Type	Rationale for Filing Type
TX904317	Chilliwack Area - Substation Construction	CPCN	The project may exceed the \$250 million threshold for Power System projects and is considered an extension to BC Hydro's system.
TX902948	North Langford - Substation Construction	CPCN	The project is expected to exceed the \$250 million threshold for Power System projects and is considered an extension to BC Hydro's system.
TX902539	South Coast Transmission Reinforcement	CPCN	The project is expected to exceed the \$250 million threshold for Power System projects and is considered an extension to BC Hydro's system.
TX903546	South Interior West - Transmission Reinforcement	CPCN	The project is expected to exceed the \$250 million threshold for Power System projects and is considered an extension to BC Hydro's system.
INT904020	Customer IPID INT904020 [REDACTED]	CPCN	The project is expected to exceed the \$250 million threshold for Power System projects and is considered an extension to BC Hydro's system.
INT904034	Customer IPID INT904034 - [REDACTED]	CPCN	The project is expected to exceed the \$250 million threshold for Power System projects and is considered an extension to BC Hydro's system.
INT904444	Customer IPID INT904444 - [REDACTED]	CPCN	The project is expected to exceed the \$250 million threshold for Power System projects and is considered an extension to BC Hydro's system.
TX902953	Surrey City Centre - Substation Construction	CPCN	The project is expected to exceed the \$250 million threshold for Power System projects and is considered an extension to BC Hydro's system.
TX902971	Vancouver Island - Grid Scale Battery Energy Storage Installation	Potential CPCN	The project may exceed the \$250 million threshold for Power System projects and is considered an extension to BC Hydro's system.

Planning ID	Project	Filing Type	Rationale for Filing Type
TX904328	Vernon Area - Substation Upgrades	CPCN	The project may exceed the \$250 million threshold for Power System projects and is considered an extension to BC Hydro's system.
Transmission Sustain Capital			
94057	Gulf Islands - Transmission Reinforcement	Section 44.2	The project may exceed the \$250 million threshold for Power System projects and is not considered an extension to BC Hydro's system.
Buildings			
P201901	Kamloops Field Facility Redevelopment	Section 44.2	The project may exceed the \$125 million threshold for Buildings and is not considered an extension to BC Hydro's system.

The following projects are expected to exceed the 2024 Guidelines threshold for Power System projects, but for the reasons explained below, BC Hydro is not expecting to file a CPCN application:

- Glenannan to Terrace Transmission Project (NCTL Phase 2) (TX902665), Prince George to Glenannan Transmission Project (NCTL Phase 1) (TX902567) and 5L61 5L62 5L63 - Thermal Upgrade (NCTL Phase 1 & 2 related) (TX903222):** To meet growing industrial customer electricity demand, BC Hydro is planning to build new 500 kV transmission lines and associated infrastructure from Prince George to Terrace and to thermally upgrade the existing 500 kV transmission lines from Prince George to Terrace. Transmission system expansion also provides the opportunity to advance reconciliation by partnering with First Nations on new approaches to infrastructure development, including Indigenous co-ownership of the new transmission lines. The Thermal Upgrade project will increase 5L61, 5L62, and 5L63's summer conductor ratings to achieve the maximum amperage of firm

1 transfer capacity. Pursuant to the North Coast Transmission Line Project
2 Exemption Regulation (Ministerial Order M366, deposited December 8, 2025),
3 these projects are exempt from sections 45, 46 and 47 of the *Utilities*
4 *Commission Act (UCA)*;

- 5 • **Kwadacha - Diesel Station Capacity Increase (TX902893) and Tsay Keh**
6 **Dene - Diesel Station Capacity Increase (TX902895):** These projects are
7 planned extension projects to existing diesel generating stations. The BCUC
8 issued Order No. G-86-25 excluding these projects from the operation of
9 section 45(1) of the UCA by regulation;
- 10 • **Revelstoke – Unit 6 Installation (G903005):** This project is exempt from
11 sections 45 to 47 and 71 of the UCA pursuant to section 7 of the *Clean Energy*
12 *Act*;
- 13 • **Prince George to Terrace Capacitors (902574):** This project is exempt from
14 section 45(5) of the UCA pursuant to the *Transmission Upgrade Exemption*
15 *Regulation*; and
- 16 • Pursuant to the *British Columbia Hydro and Power Authority Exemption*
17 *Regulation* (Ministerial Order M242, deposited July 23, 2024), the following six
18 projects are exempt from section 45(5) of the UCA:
 - 19 ► Barnard - Substation Upgrade;
 - 20 ► East Vancouver - Substation Construction;
 - 21 ► Lougheed - Substation Rebuild;
 - 22 ► Newell Substation Upgrade;
 - 23 ► Scott Road - Substation Rebuild; and
 - 24 ► Steveston - Substation Upgrade.

1 **4 Extension Capital Expenditures Approved at the**
2 **Group, Program, or Aggregated Level**

3 There are currently no forecast capital costs for expenditures with a total forecast or
4 planned capital cost of \$50 million or greater that meet the following two criteria: ⁴

- 5 • Financial approval of the capital expenditure is authorized or expected to be
6 authorized at a group, program, or other aggregated level; and,
- Any subset of capital expenditures within the group, program, or other
aggregated level is an extension as defined in the 2024 Major Capital Project
Guidelines.¹

⁴ Section 18 of the 2024 Guidelines.

BC Hydro Fiscal 2026 Annual Report to the British Columbia Utilities Commission

Section 2

NIA Community Context Reports – Progress Update

2 NIA Community Context Reports – Progress Update

This update on the development of Community Context Reports (CCR) for Non-Integrated Areas (NIA) is prepared in accordance with BCUC Order No. G-266-24 issued in October 2024 (BCUC Decision).¹ This report outlines BC Hydro's progress in preparing CCRs for each of the 14 NIAs and includes the status of our consultation and public engagement efforts.²

BC Hydro's 14 NIAs are standalone microgrids made up of electrical generation and distribution systems that are not connected to the integrated provincial grid. These systems are powered by a combination of diesel and renewable energy sources. In some NIAs, diesel is the primary power source, while in others it serves as a co-generation or backup source. Collectively, the 14 NIAs serve nearly 7,500 customer accounts in 28 communities and 12 First Nations, with a total annual load of approximately 120 GWh.

CCR documents the energy resource plan to meet the future electricity needs of a NIA over a particular planning horizon. A CCR is a collaborative energy planning document developed between BC Hydro, First Nations and civic communities within each NIA. Its purpose is to:

- Capture community-specific information relevant to long-term electricity planning;
- Reflect the values, priorities, and perspectives of the First Nation and broader community;
- Support the transition from diesel to renewable energy where applicable; and

¹ Link: https://docs.b cuc.com/documents/other/2024/doc_78897_g-266-24-bch-non-nia-planning-regulatory-framework-final.pdf.

² Unless noted otherwise all information in the update is current to March 31, 2026.

-
- Inform BC Hydro’s resource planning by incorporating local insights and energy needs.

BC Hydro continues to target completion of CCRs for all 14 NIAs by 2030. Since the Fiscal 2025 Annual Report to the BCUC, BC Hydro has refined the sequencing of CCR development to better align with evolving energy planning priorities across the NIA portfolio. As discussed in the NIA Strategy,³ energy planning in the NIAs is becoming increasingly complex, including the need to consider firm capacity requirements, diesel reduction objectives, power quality, and the integration of variable renewable resources.

While the original sequencing emphasized NIAs where First Nations were pursuing diesel reduction initiatives, subsequent planning work, including updated load forecasts, identified emerging reliability and firm capacity needs in several NIAs. As a result, BC Hydro is prioritizing CCR development in NIAs with the greatest reliability and firm capacity needs, while continuing to consider diesel reduction opportunities, power quality and First Nation and community readiness to participate in the process.

Given the foundational role of load forecasts in energy planning – including the identification of energy planning needs within each NIA – BC Hydro has put additional effort towards completing up-to-date, bottom-up load forecasts for all 14 NIAs. In parallel with these planning activities, BC Hydro continues to support First Nation-led community renewable energy projects and diesel reduction opportunities.

³ The NIA Strategy is published on the BC Hydro website. Section 3 describes the increasing complexity of energy planning in NIAs and the multiple factors considered in NIA energy planning that must be considered. Link: <https://www.bchydro.com/content/dam/BCHydro/customer-portal/documents/projects/nia/non-integrated-areas-strategy-to-2030.pdf>.

2.1 Key Progress Achieved in Fiscal 2026

- **Significant progress in developing bottom-up load forecasts**, including completion of load forecasts for five NIAs and advancement of forecasting work for six additional NIAs. BC Hydro is targeting completion of load forecasts for all 14 NIAs by the end of fiscal 2027.
- **Development of CCRs for the Bella Coola and Tsay Keh Dene Microgrids:**
 - ▶ **Completion of the CCR for the Bella Coola microgrid** in collaboration with the Nuxalk Nation and with input from the broader Bella Coola community; and
 - ▶ **Commenced development of the CCR for the Tsay Keh Dene microgrid** with engagement activities underway.
- **CCR Planning and Program Refinement**, including updates to sequencing and timing, as well as the CCR development process and document structure.

Each of these activities is described in more detail below.

2.1.1 Significant Progress in Developing Bottom-Up Load Forecasts

Building on the load forecasting methodology established in fiscal 2025, BC Hydro continued implementation of its NIA load forecasting program in fiscal 2026.

Updated load forecasts are a foundational input to CCR development and broader long-term electricity planning. They support identification of future capacity requirements, assessment of reliability needs, evaluation of opportunities to reduce diesel generation, and prioritization of planning activities across NIAs.

Consistent with BC Hydro's approach to energy planning and CCR development, load forecasts are informed by community input and engagement, including information on housing growth, population trends, infrastructure development and broader economic activity.

1 In fiscal 2026, BC Hydro made significant progress towards the completion of
2 detailed, bottom-up load forecasts across the NIA portfolio, including:

- 3 • **Completion of five load forecasts:** Atlin, Hartley Bay, Masset, Sandspit, and
4 Telegraph Creek;
- 5 • **Significant progress on three additional load forecasts:** Bella Bella, Dease
6 Lake, and Ehtlateese. These forecasts are expected to be complete in early
7 fiscal 2027; and
- 8 • **Initiation of planning activities to complete three additional NIA Load**
9 **Forecasts:** Anahim Lake, Good Hope Lake, and Toad River. These forecasts
10 are expected to be complete by the end of fiscal 2027.

11 Load forecasts for Bella Coola, Kwadacha, and Tsay Keh Dene were completed in
12 fiscal 2025. Collectively, these three load forecasts completed in fiscal 2025 and the
13 five completed in fiscal 2026 noted in the bullet above, together with the forecasts
14 currently underway, represent substantial progress on BC Hydro's objective of
15 providing all 14 NIAs with updated long-term load forecasts.

16 Updated load forecasts have also informed refinement of the sequencing and timing
17 of CCR development discussed elsewhere in this report. As forecasting work has
18 progressed, BC Hydro has obtained a better understanding of future capacity,
19 reliability, and energy planning needs across the NIAs, allowing CCR development
20 activities to be prioritized accordingly while continuing to consider diesel reduction
21 opportunities and community readiness.

22 BC Hydro will continue to monitor actual peak demand and energy consumption
23 versus the forecast as well as changing community development plans in
24 collaboration with First Nations and civic communities to determine when forecasts
25 should be updated. At a minimum, load forecasts will be updated every five years to

1 ensure they continue to provide reliable information regarding future electricity
2 requirements in each NIA.

3 **2.1.2 Development of CCRs for the Bella Coola and Tsay Keh Dene** 4 **Microgrids**

5 In fiscal 2026, BC Hydro focused on development of CCRs for the Bella Coola and
6 Tsey Keh Dene microgrids.

- 7 • **Completed Bella Coola CCR:** In collaboration with Nuxalk Nation and with
8 input from the broader Bella Coola community, BC Hydro completed the Bella
9 Coola CCR in fiscal 2026. The CCR was published on BC Hydro's website in
10 April 2026.⁴ Development of the CCR included close collaboration with the
11 Nuxalk Nation, who authored a section of the document and contributed artwork
12 from a local artist. Draft versions of the CCR were reviewed by Nuxalk Nation
13 leadership, whose feedback was incorporated into the final document. Nuxalk
14 leadership also provided BC Hydro with a letter of support for the CCR and the
15 activities documented within. BC Hydro engaged with the Central Coast
16 Regional District throughout the development of the CCR, including providing
17 the elected Board with an opportunity to review the draft document. In
18 March 2026, BC Hydro and Nuxalk Nation jointly hosted a community
19 engagement session to present the draft CCR and receive feedback from
20 community members. The feedback received did not result in any changes to
21 the draft before publication of the final CCR; and
- 22 • **Advanced Tsay Keh Dene CCR:** In collaboration with the Tsay Keh Dene
23 Nation, BC Hydro commenced development of the Tsay Keh Dene CCR in
24 fiscal 2026. Activities completed by the end of the fiscal year included
25 introductory meetings, development of a work plan, planning for public

⁴ Link: <https://www.bchydro.com/content/dam/BCHydro/customer-portal/documents/corporate/regulatory-planning-documents/long-term-resource-plans/bella-coola/bella-coola-community-context-report.pdf>.

engagement, and preparation of a draft CCR. The draft was reviewed by Tsay Keh Dene Nation and includes a Nation-authored section, as well as artwork and photographs contributed by local artists and community members. BC Hydro and the Tsay Keh Dene Nation plan to hold an in-person community engagement session in July 2026, with finalization of the CCR to follow.

2.1.3 CCR Planning and Program Refinement

In fiscal 2025, BC Hydro established the foundational principles and processes to support CCR development, including:

- CCRs are developed collaboratively between BC Hydro and each NIA First Nation and civic community;
- The content and structure of each CCR reflect the specific context and priorities of the NIA First Nations and civic community;
- Each NIA First Nation and civic community determines its preferred level of participation; and
- First Nations and civic communities have the opportunity to describe their values, objectives, and strategic priorities, as well as perspectives on future actions required to achieve those objectives.

Building on this foundational work, BC Hydro refined its approach to CCR development in fiscal 2026. Key refinements include:

- **Sequencing and timing of CCR development.** As discussed in the introduction, BC Hydro has refined the sequencing of CCR development to better reflect evolving energy planning priorities within the NIAs. Updated load forecasts and ongoing planning activities have improved BC Hydro's understanding of future capacity, reliability, and energy requirements across the portfolio. As a result, BC Hydro is prioritizing CCR development in NIAs with an emphasis on the need for firm capacity generation resources, while continuing

to consider diesel reduction opportunities, power quality considerations and First Nation and civic community interest and readiness to participate in the process.

This represents a change from the three-phased approach described in the Fiscal 2025 Annual Report to the BCUC, which primarily prioritized NIAs where First Nations were pursuing community renewable energy projects to reduce diesel generation. While the sequencing of individual NIAs has changed, BC Hydro continues to forecast that six CCRs will be complete or in progress by the end of fiscal 2027 and continues to target completion of CCRs for all 14 NIAs by 2030. The overall level of expected activity is therefore consistent with that described in the Fiscal 2025 Annual Report to the BCUC; and

- **CCR development process and structure.** Through development of the Bella Coola CCR with Nuxalk Nation, BC Hydro has established both a CCR development process and a document template to support future CCRs. The Bella Coola CCR provides an example of how the CCR process can be implemented and the types of outputs that can be developed collaboratively with First Nations and civic communities. Lessons learned through development of the first CCR will help inform the development of future CCRs.

2.2 CCRs Status Update

[Table 2-1](#) below provides an updated forecast of CCR initiation timing for each NIA compared to forecast presented in the Fiscal 2025 Annual Report to the BCUC.

While BC Hydro has outlined forecasted initiation dates for CCRs, these timelines remain subject to change. The sequence of CCR development depends on evolving energy planning priorities as well as the readiness of First Nations and civic community to participate in the process. Future annual updates will reflect changes in planning priorities, community readiness, and lessons learned through ongoing CCR development.

1

Table 2-1 CCR Status Update as of March 31, 2026

NIA	Fiscal 2025 Forecast CCR Initiation	Fiscal 2026 Forecast CCR Initiation
Bella Coola	Initiated fiscal 2025	Initiated in Fiscal 2025; CCR Completed
Tsay Keh Dene	Fiscal 2026	Initiation completed in Fiscal 2026
Kwadacha	After fiscal 2027	Fiscal 2027
Atlin	After fiscal 2027	Fiscal 2027
Ehthlateese	Fiscal 2026	Fiscal 2027
Hartley Bay	Fiscal 2027	Fiscal 2027
Telegraph Creek	After Fiscal 2027	Fiscal 2028
Masset	Fiscal 2027	Fiscal 2028
Sandspit	Fiscal 2027	Fiscal 2028
Bella Bella	After Fiscal 2027	Fiscal 2028
Anahim Lake	After Fiscal 2027	Fiscal 2029
Good Hope Lake	After Fiscal 2027	Fiscal 2029
Toad River	After Fiscal 2027	Fiscal 2029
Dease Lake	After Fiscal 2027	Fiscal 2029

BC Hydro Fiscal 2026 Annual Report to the British Columbia Utilities Commission

Section 3

UNDRIP Implementation Plan - Progress Update for Fiscal 2026

3 UNDRIP Implementation Plan - Progress Update for Fiscal 2026

The UNDRIP Implementation Plan Progress Report is prepared in compliance with BCUC Order No. G-91-23.¹

Following approximately three years of engagement with First Nations, BC Hydro published its United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) Implementation Plan (the **Plan**) in March 2024.

The Plan includes a commitment to annual progress reporting. In collaboration with First Nations, we have prepared our second annual report for fiscal year 2026 (Attachment 1 to this section). This report highlights progress made in aligning our business practices with the human rights of Indigenous peoples articulated in UNDRIP and reflects our dedication to fostering respectful and collaborative relationships with First Nations and Indigenous people in British Columbia.

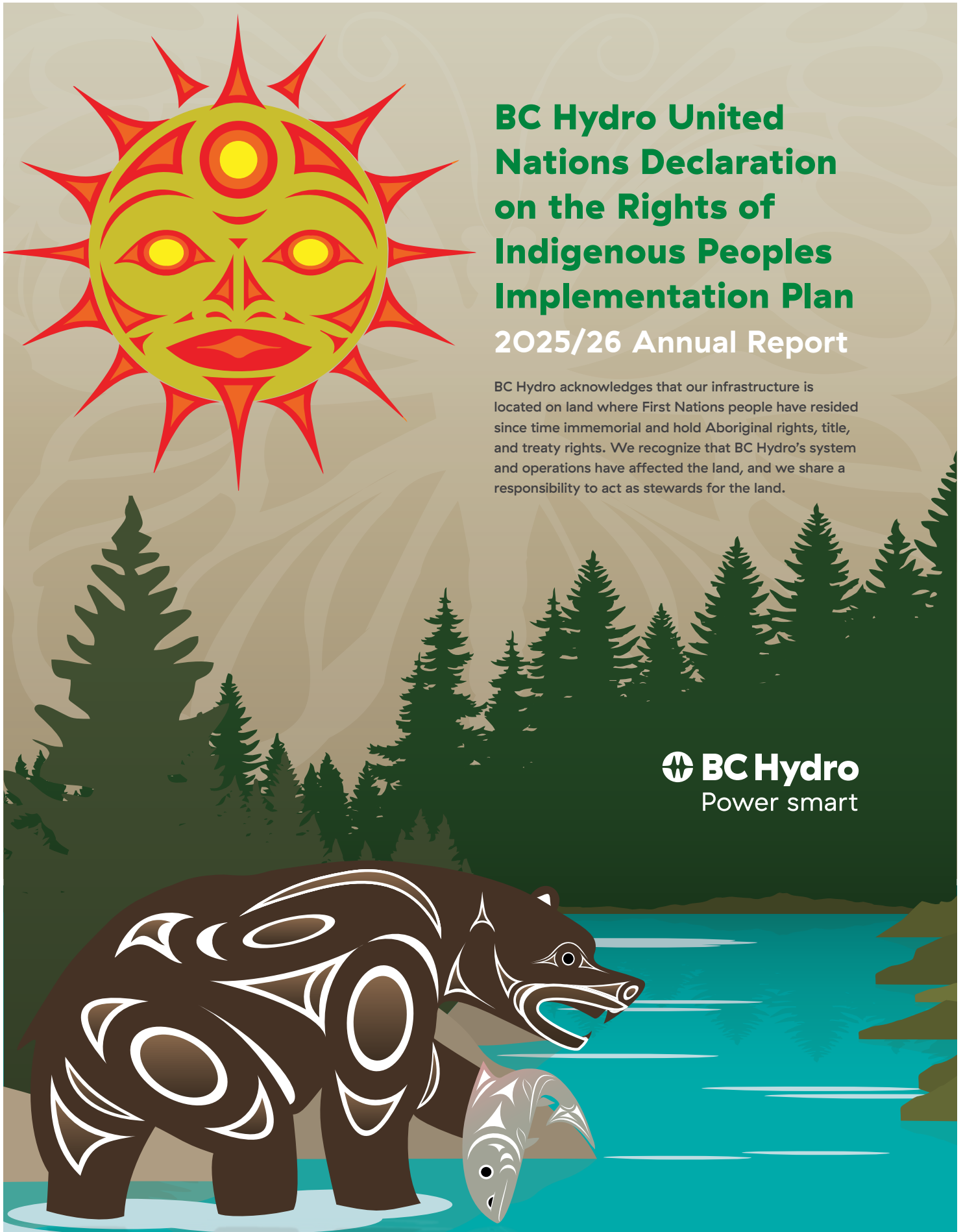
BC Hydro and the First Nations Energy and Mining Council continue to operate the First Nations Advisory Committee to guide how BC Hydro implements UNDRIP. We remain committed to working with the First Nations Energy and Mining Council, the First Nations Advisory Committee, and First Nations throughout the province towards lasting and meaningful reconciliation.

¹ We note that, on page 308 of Decision and Order No. G-91-23 regarding BC Hydro's Fiscal 2023 to Fiscal 2025 Revenue Requirements Application, the BCUC stated: "...we acknowledge that we are not prescribing the framework of that report, which may be crafted as BC Hydro sees fit, nor directing it to undertake specific activities in pursuit of its UNDRIP implementation. We view such matters are properly within the purview of BC Hydro's management rather than that of the BCUC." Link: https://docs.bcuc.com/documents/other/2023/doc_71082_g-91-23-bch-f23-f25-rra-decision.pdf.

BC Hydro Fiscal 2026 Annual Report to the British Columbia Utilities Commission

Section 3 – Attachment 1

UNDRIP Implementation Plan



BC Hydro United Nations Declaration on the Rights of Indigenous Peoples Implementation Plan

2025/26 Annual Report

BC Hydro acknowledges that our infrastructure is located on land where First Nations people have resided since time immemorial and hold Aboriginal rights, title, and treaty rights. We recognize that BC Hydro's system and operations have affected the land, and we share a responsibility to act as stewards for the land.

 **BC Hydro**
Power smart

Forward

We're pleased to be back for our second year as BC Hydro's United Nations Declaration on the Rights of Indigenous Peoples (the UN Declaration) Advisory Committee.

The Committee was established, and members were nominated, by agreement between BC Hydro and the First Nations Energy and Mining Council. We are guided by a shared commitment to uphold the principles of the UN Declaration and an understanding that this work must be done in collaboration with First Nations.

There is indeed work to do. In an era where political priorities are heavily focused on the economy, it is important that we don't lose sight of other aspects of the UN Declaration that are just as important to First Nations – rights to culture and identity, protection of the environment, self-determination, and others. We hope this report highlights the true breadth of the rights set out in the UN Declaration, and the variety of actions that can be taken to implement them through BC Hydro's business.

We invite First Nations across British Columbia to reach out to the UN Declaration Advisory Committee with any questions, thoughts, or suggestions related to BC Hydro's implementation of the UN Declaration. Indigenous perspectives and priorities are essential to this journey, and we are committed to listening, learning, and working together towards meaningful and lasting reconciliation.

The UN Declaration Advisory Committee



Ken Cameron



Ernie George



Grand Chief
Ed John



Chris Lewis



Dr. Judith Sayers



Kathryn Teneese



BC Hydro is committed to advancing reconciliation by incorporating the principles of the United Nations Declaration on the Rights of Indigenous Peoples (the UN Declaration) into our business and acting on the Calls to Action of the Truth and Reconciliation Commission. This report outlines our efforts to align our business practices with the UN Declaration, reflecting our dedication to fostering respectful and collaborative relationships with First Nations and Indigenous people.

This is an exciting time for BC Hydro, given the important role we play in powering the future of our province and driving economic growth. Partnering with First Nations continues to be central to our work ahead to safely provide reliable, affordable, and renewable electricity to our province.

This past year has been one of meaningful progress and continued learning. We are working in partnership with First Nations across all aspects of our business—from strengthening respectful relationships and supporting cultural and community well-being, to co-developing approaches to decision-making, environmental stewardship, and economic participation. These efforts are grounded in the understanding that reconciliation requires sustained action, transparency, and trust.

Our Implementation Plan, developed collaboratively with First Nations, is designed as a living document that evolves over time. It reflects shared priorities and identifies practical actions to advance reconciliation in areas such as land and environmental stewardship, social and cultural well-being, and economic opportunity.

While there is still work ahead, we are encouraged by the progress made and the strength of the relationships we are building. We remain committed to listening, learning, and working collaboratively with First Nations to advance meaningful and lasting reconciliation.

President and CEO, Charlotte Mitha

A handwritten signature in black ink, appearing to read 'Charlotte Mitha', written in a cursive style.



Introduction

BC Hydro began engaging with First Nations on the development of a UN Declaration Implementation Plan (the Plan) in spring 2021, with the intent to design the Plan collaboratively and a commitment to ensure it reflected the priorities and perspectives of First Nations and Indigenous people. Our engagement approach was structured to make participation accessible for Nations across the province, with particular attention to those most affected by BC Hydro's operations within their territories.

Following nearly three years of dialogue and input, the Plan was published in March 2024. It is intentionally designed as a living document—one that will evolve over time to reflect changes in law, the broader context of Indigenous relations in B.C., and ongoing conversations about how BC Hydro can meaningfully advance reconciliation.

This second annual report outlines progress made toward the actions in the Plan during BC Hydro's last fiscal year (April 1, 2025, to March 31, 2026). While some actions lend themselves to annual metrics and quantifiable updates, others are best demonstrated through examples or case studies. Because reconciliation is a long-term undertaking, not every action will show measurable progress each year; this report focuses on areas where significant advancement occurred during the reporting period.

BC Hydro remains committed to working in partnership with First Nations and Indigenous people as we continue implementing the Plan in the years ahead.



Respectful relations



Respectful relations

Building respectful relationships with First Nations and Indigenous people requires a foundation rooted in the recognition of Aboriginal and treaty rights, self-determination, and self-governance. It also calls for acknowledging the historic and ongoing impacts of colonial systems and working collaboratively to address the disadvantages and discrimination Indigenous people continue to face. Guided by these principles, BC Hydro is working with First Nations to advance actions that strengthen trust, mutual understanding, and partnership. Key initiatives undertaken during the reporting period include:

Action 1.1

Creating introductory and advanced level training programs for employees and contractors that build greater awareness of Indigenous peoples' history in Canada, knowledge of the UN Declaration and the TRC Calls to Action, and the context of BC Hydro's work with, and impact on, First Nations. Target having 80% of BC Hydro employees complete the introductory and/or advanced level training by the end of fiscal year 2026.

➡ PROGRESS TO DATE

BC Hydro offers both an introductory and advanced level Indigenous cultural awareness training for our employees and contractors, both of which were developed in collaboration with First Nations and cover Indigenous history in B.C. and Canada, BC Hydro's impact on First Nations communities, and how employees can advance reconciliation in the course of their work. Our introductory course is an e-learning module which is mandatory for all new employees. Our advanced level course is a four hour in-person or virtual interactive team session led by an Indigenous facilitator. We have established a community of care to support our Indigenous facilitators with training and peer mentoring.

At the end of the reporting period 96% of BC Hydro's work force had taken one or both of these courses.

It's important that our employees have opportunities to engage with and learn about Indigenous cultures throughout the year. That's why we celebrate National Indigenous Peoples Day, commemorate Truth and Reconciliation Day, and participate in the Moosehide Campaign every year. In 2025, we hosted the Eagle Song Dancers and Wild Moccasin Dancers at our Dunsmuir and Edmonds offices for National Indigenous Peoples Day. We also welcomed Sam George, a respected elder from the Squamish Nation and survivor of St. Paul's Indian Residential School, for a lunch and learn on Truth and Reconciliation Day to share his experiences with residential schools.

Action 1.2

Increasing understanding and awareness of BC Hydro's employees and contractors working in an individual First Nation's territory through Nation-specific and Nation-led training and awareness initiatives.

➔ PROGRESS TO DATE:

BC Hydro employees regularly attend Nation-specific, Nation-led training hosted by the First Nations they work with. Examples of training sessions attended during the reporting period include:

- **May 2025:** Prior to BC Hydro starting the non-integrated area stations upgrades projects in remote regions of the province, most contractors and employees completed cultural humility training delivered by a matriarch from one of the non-integrated communities. This targeted awareness training was focused on the colonial history and ongoing impacts on First Nations in British Columbia, with particular emphasis on the non-integrated areas context and culturally respectful best practices. A total of 74 BC Hydro employees and frontline workers have completed this training.
- **June 2025:** Members of the Indigenous Relations team participated in St'át'imc Canoe Journey on Anderson Lake and Seton Lake.
- **September 2025:** Members of the Wilsey Fish Passage project team and Indigenous Relations team floated the Shuswap River with members of Splat'sin leadership and staff to learn values and history related to the river from the Nation.
- **October 2025:** Members of the Revelstoke 6 Project team travelled to Cranbrook to participate in a half-day of Ktunaxa Nation cultural training.
- **October 2025:** Doig River provided "Treaty 101" training to members of BC Hydro's Environment team as well as training on their land use planning system tools.



St'át'imc Canoe Journey, June 2025

In May 2025, we were fortunate to have an opportunity to work in collaboration with the syilx Okanagan Nation to support the Conference Board of Canada (now known as Signal49 Research) in hosting executives from across Canada at a conference aimed at exploring the role of corporate Canada in implementing the UN Declaration. BC Hydro and the syilx Okanagan co-led a workshop profiling the evolution of their own Enduring Relationship. BC Hydro sponsored a syilx Okanagan cultural performance and supported a conference site visit to showcase a syilx Okanagan land stewardship project for conference attendees.

Action 1.3

Acknowledge the First Nations and their lands and territories on which we operate.

➔ PROGRESS TO DATE:

- The Capilano Substation project acknowledges the Skwxwú7mesh (Squamish) Nation and their lands where BC Hydro operates. The placement of a Skwxwú7mesh welcome figure at Murdo Frazer Park, carved by Skwxwú7mesh artists Delmar Joseph Sr. and Siobhan Joseph, provides a visible and permanent recognition of Skwxwú7mesh presence, culture, and connection to the territory adjacent to the newly rebuilt Capilano Substation, and recognizes the ongoing relationship between BC Hydro and Skwxwú7mesh.
- BC Hydro supported the Okanagan Nation Alliance's initiatives related to signage and interpretive information at traditional trailheads and cultural heritage sites of significance in the syilx Okanagan territory. The syilx Okanagan have placed information at Spotted Lake informing visitors about the ecological and cultural heritage sensitivities of the site.

Action 1.4

Co-develop long-term Relationship Agreements that advance reconciliation with the First Nations who are most impacted by our infrastructure.

➔ PROGRESS TO DATE:

BC Hydro seeks deeper relationships with First Nations who are most impacted by our existing infrastructure and upcoming projects. We may formalize these enhanced relationships through Relationship Agreements with these Nations to facilitate a higher volume of engagement and deeper collaboration on our shared interests. As of the end of the reporting period, we have 16 Relationship Agreements with 25 First Nations across B.C.



Blessing Ceremony, September 2025



Social and cultural well-being



Social and cultural well-being

BC Hydro utilizes water to generate electricity for our customers and develops projects on the land for the transmission and distribution of that electricity. Given the ties between water, land and the environment and First Nations rights, title, and cultural practices, BC Hydro's operations have had a deep impact on First Nations' social and cultural well-being. We are therefore taking action to support rights to develop, practice and protect First Nations cultural heritage. Highlights from the reporting period include:

Action 2.1

Renewing cultural heritage protection practices through co-management with First Nations of heritage resources and ancestral remains sites affected by BC Hydro projects and operations.

➡ PROGRESS TO DATE:

- We're supporting the protection, care and revitalization of cultural heritage linked to areas affected by our Stave and Hayward reservoirs. This includes ongoing work with Kwantlen First Nation, who have been actively collecting and carbon-dating artifacts from the reservoirs. These cultural materials are documented and stored in a repository built in 2010 with BC Hydro funding as part of the Nation's cultural center.
- The Council of Haida Nation's Heritage and Natural Resources Department exercises stewardship of Haida lands and natural resources on behalf of the Haida Nation. In 2025, the department collaborated with us to update their Cultural Monitoring contract and practices to ensure Haida's culture and heritage practices are followed.

First Nations will often provide cultural monitors to monitor BC Hydro's construction work. This year, we revised our cultural monitoring contracts to make it easier to do business with us. These updates streamline agreements by removing unnecessary terms and administrative complexity, better aligning them with the collaborative nature of BC Hydro's relationships with First Nations that monitor our work. The changes support meaningful participation and reinforce the protection of cultural values on the ground.

Action 2.2

Collaborating on the development, maintenance, and usage of First Nations languages in joint communications materials and at BC Hydro facilities.

➡ PROGRESS TO DATE:

- When we needed to make improvements to the trails and bridge alongside the Puntledge River, we recognized an opportunity to support K'ómoks First Nation's cultural connection to the area's lands and waters through names and signage in their language. Trail and bridge construction work was awarded to a K'ómoks First Nation designated business, and the Nation provided traditional names for new bridges and structures.

Action 2.3

Co-developing methodologies to evaluate community and cultural well-being in cumulative effects assessments and project impact studies.

Action 2.4

Co-developing codes of conduct for BC Hydro sites to mitigate impacts to surrounding First Nations communities.

Action 2.5

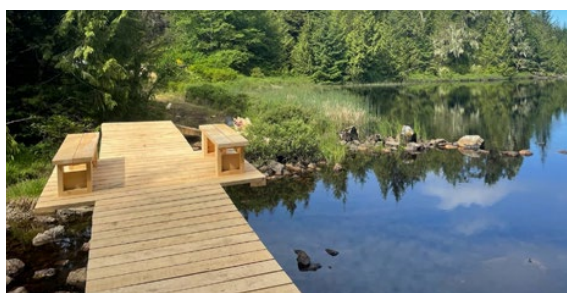
Supporting initiatives related to the practice and revitalization of First Nations cultures through social investments.

➡ PROGRESS TO DATE:

- BC Hydro had the opportunity to support cultural values by partnering with Dease River First Nation to deliver an electric vehicle art contest at the Good Hope Lake electric vehicle charging station. The initiative promoted environmental awareness, supported sustainable transportation, and recognized First Nations artistic talent, while strengthening community relationships through the display of local artwork on BC Hydro-owned infrastructure.
- BC Hydro contributed to the Heiltsuk Nation's community-led trail revitalization in Bella Bella by donating two large 45-foot wood poles that were used to construct a new bridge over a creek, helping to reconnect a loop trail around a lake. The bridge was completed by the Heiltsuk Trail Team as part of broader efforts to reclaim and rename trails with Heiltsuk place names. The local BC Hydro line crew was present in the community to support and witness the opening ceremony and trail blessing event in July 2025.



Dease River First Nation art at Good Hope Lake EV charging station



Heiltsuk's Bella Bella bridge—photo by Patrick Lucas

Action 2.6

Collaborating with Indigenous people and First Nations to realize social and economic benefits associated with improving energy performance in their homes, businesses and community.

➡ PROGRESS TO DATE:

Non-Integrated Areas

BC Hydro offers funding and support for customers in non-integrated areas to make energy efficient upgrades that reduce reliance on diesel-generated electricity. We've partnered with the Government of B.C. and the New Relationship Trust to provide funding for energy-efficient upgrades through the Community Energy Diesel Reduction program. Our funding supports projects that improve the energy efficiency of residential buildings. We've also increased the funding we provide to the Indigenous Climate Action Network, a program administered by the Coastal First Nations Great Bear Initiative in partnership with the Government of B.C. and the Government of Canada. This program provides funding and support for Climate Action Coordinator positions, training, and peer learning opportunities for remote First Nations communities across B.C.

BC Hydro is currently funding Climate Action Coordinators in nine communities including: Skidegate (Skidegate Band Council), Old Massett (Old Massett Village Council), Bella Coola (Nuxalk), Bella Bella (Heiltsuk), Hartley Bay (Heiltsuk), Ehlthlateese (Uchucklesaht), Good Hope Lake (Dease River First Nation), Anahim Lake (Ulkatcho First Nation), and Kwadacha (Kwadacha First Nation).

Integrated (Main Grid-Connected Areas)

BC Hydro continued to support energy management capacity through funding energy management positions with the Aboriginal Housing and Management Association, Musqueam First Nation, Squamish Nation, Tsleil-Waututh Nation, Tla'amin Nation, Nisga'a Lisims Government, and the BC First Nations Energy and Mining Council. In 2025-26, we also added two new positions with Snuneymuxw and Songhees First Nations.

During the reporting period:

- We secured federal acceleration funding that we've used to support projects with the Coastal First Nations Great Bear Initiative such as a pilot project to train First Nations community members in heat pump maintenance.
- We contributed to individual First Nation's efforts around energy efficient codes and standards, such as Squamish Nation's climate action standard for new buildings, and Sts'ailes First Nation's sustainable design guidelines.

BC Hydro also offers demand side management programs in our main grid-connected area that support energy efficiency projects in residential and community buildings with electric space and water heating. We launched the new Partners in Indigenous Energy Efficiency & Resilience (PIEER) program in June 2025 based on input from the PIEER Indigenous Program Advisory Council, established in 2024 to inform program development. PIEER includes offers for home energy efficiency retrofits, energy assessment funding, heating system maintenance rebates, and free basic energy saving measures.

During the reporting period, First Nations or Indigenous housing societies received just over \$2 million for eligible energy efficiency related projects through the PIEER program or the former Indigenous Communities Conservation Program (now replaced by PIEER). 35 projects were completed, and BC Hydro incentives supported the following energy efficiency measures during the reporting period:

- 132 electric air source heat pumps
- Insulation and/or high-efficiency windows and doors in 12 homes
- 25 home energy assessments (which will be used to support planning and implementation of future energy efficiency projects).

PIEER was developed in collaboration with the Province and FortisBC and brings together funding from the three partners under one program umbrella to simplify the program landscape and better support energy efficiency in Indigenous communities. The program is administered by BC Hydro on behalf of our partners. The program partners continue to engage with the Indigenous Program Advisory Council to ensure that Indigenous perspectives continue to inform program management moving forward.



Decision-making



Decision-making

BC Hydro makes a wide range of decisions every day to provide safe, reliable and affordable electricity across the province, and we are working with First Nations to increase their involvement in those decisions. In support of First Nation self-determination and self-governance, we are collaborating more closely on decisions that may affect First Nations' rights, title and interests, with the goal of achieving consent for our work. Key examples of this collaborative approach during the reporting period include::

Action 3.1

Co-developing processes, agreements, and other constructive arrangements that enable greater participation in decision-making and are designed to seek First Nations' free, prior and informed consent to BC Hydro's projects and initiatives, to support self-determination and inclusion in decision-making as described in the UN Declaration.

➡ PROGRESS TO DATE:

Squamish Nation and BC Hydro advanced the Cheakamus Water Use Plan Order Review (WUPOR) through a four-year process that resulted in agreement on operational changes in 2025, with the parties continuing to work through associated monitoring recommendations. The progression of the WUPOR was grounded in a governance approach aligned with the principles of the UN Declaration, particularly recognition of Indigenous decision-making authority and partnership. Squamish Nation participated as a governing partner and full member of the Order Review Advisory Committee, embedding the Nation directly in decision-shaping. This partnership-based structure enabled the co-development of solutions through joint technical work, transparent information sharing, and a shared commitment to adaptive management.

Action 3.2

Co-developing procedures designed to ensure the prompt and fair resolution of any conflicts between BC Hydro and First Nations.

Action 3.3

Greater involvement and collaboration in planning, including multi-year regional planning and at the earliest stages of BC Hydro projects.

➡ PROGRESS TO DATE:

- On October 31, 2025, BC Hydro filed our 2025 Integrated Resource Plan (IRP) with the British Columbia Utilities Commission. The IRP outlines how we will meet B.C.'s future electricity needs for a 20-year plus timeframe. It includes the resources we'll need, when we'll need them, and how much energy and capacity they'll provide. Throughout 2025, we engaged First Nations in this planning process, first to determine what was important to First Nations as we developed the plan, and later to gather input on the plan itself. First Nations provided valuable input on everything from energy costs to environmental considerations to diversifying our energy sources, all of which was key to shaping the final application to the Utilities Commission.

Action 3.4

Co-designing and supporting processes that accommodate the work of First Nations decision-making governance institutions and structures.



Water, land and environment



Water, land and environment

The construction and operation of BC Hydro's infrastructure has created historic and ongoing impacts to water, lands and the environment, with direct effects on First Nations' rights, title and ways of life. In response, we are working collaboratively with First Nations to reduce these impacts, advance shared environmental stewardship, pursue environmental enhancement opportunities, and address the challenges of climate change. During the reporting period, key collaborative actions in this area included:

Action 4.1

Learning about First Nations knowledge and methodologies around water, land and environment and collaborating to include First Nations expertise, knowledge, and reverence for water into our decision-making processes.

➡ PROGRESS TO DATE:

The Revelstoke 6 Project – installing a sixth generating unit at BC Hydro's Revelstoke Dam – has provided several opportunities to include the local First Nations' expertise, knowledge and reverence for water into our work. Water was not a formal Valued Component in the Revelstoke 6 Environmental Assessment; however, First Nations emphasized the fundamental cultural, spiritual, and relational importance of water. In response, BC Hydro and the Nations developed an explicit acknowledgement at the front of the project's management plans to help shape how mitigation and management measures are developed and applied, recognizing that “the value of water goes well beyond power generation. For First Nations, water is a life-giving force that all things depend on and are connected to. It is foundational to All Living Things and to First Nations' creation stories and part of a worldview that sees All Living Things as being interdependent and linked. This core value to these First Nations emphasizes the imperative of ensuring that BC Hydro adequately and respectfully addresses the potential adverse effects from the addition of the 6th unit to the Revelstoke Generating Facility in close collaboration with these First Nations.” The Revelstoke 6 Project team has also recently attended the recent *siwłkw* Water and Climate Forum to increase our understanding of on collaborative approaches to watershed governance, and on how Indigenous knowledge, Western science, and community leadership can work together to strengthen our watersheds.

Action 4.2

Co-designing new approaches to minimize the environmental and archaeological impacts of BC Hydro activities and that also contribute to addressing past and ongoing impacts.

➡ PROGRESS TO DATE:

- Our environmental teams have partnered with local First Nations, government and non-profits to reclaim land around the Site C dam for the plants and animals that call the area home. Now that the Site C dam and powerhouse are completed and operating, we're working with Aski Reclamation, a Saulteau First Nation company, to seed and plant for woodland, wetland and grassland reclamation efforts around Site C. Guided by the Treaty 8 First Nations, we've adopted a reclamation strategy that doesn't just aim to replace habitat lost to the creation of the reservoir, but also relies on a detailed habitat functionality assessment to inform reclamation efforts.

- BC Hydro and the Squamish Nation have been working together for several years on an adaptive stranding approach for the Cheakamus River to reduce risk and mitigate fish stranding. This work fundamentally changed how field activities are planned and carried out, embedding Squamish Nation participation throughout. Through this process, BC Hydro also developed alternatives to its Operations Protocols. The result was the Cheakamus Adaptive Stranding Protocol—the first of its kind—which improves BC Hydro’s ability to respond effectively to storm events and to reduce juvenile salmon stranding. In the 2025 reporting period, despite several storm events, no significant fish stranding incidents were recorded, demonstrating the effectiveness of this collaborative, adaptive approach in addressing ongoing impacts.

Action 4.3

Exploring opportunities for environmental enhancements and archaeological site protections through BC Hydro’s projects and programs.

➔ PROGRESS TO DATE:

- BC Hydro’s Community ReGreening program supports the planting of trees and other vegetation that help enhance ecological networks across the province, including funding for Indigenous cultural plantings. We approved funding for all 10 applications by First Nations to plant culturally significant vegetation in their communities as part of BC Hydro’s Community ReGreening Program in 2025.
- The Fish and Wildlife Compensation Program provides funding for projects that conserve and enhance fish and wildlife in watersheds impacted by BC Hydro dams. The program approved \$9.2 million for 72 fish and wildlife projects. Of the 72 projects, 18 of them (25%) are led by First Nations or First Nations’ companies.

In addition to the environmental enhancement programs described above, BC Hydro undertakes more targeted environmental improvement projects. In partnership with First Nations, in 2025 BC Hydro replanted First Nation–selected native plants and seeds around our facilities at Buntzen Lake and Dunsmuir Plaza. By incorporating Indigenous knowledge and Nation–approved restoration methods, we’ve improved ecological resilience, strengthened environmental outcomes, and committed to culturally informed land stewardship.

Action 4.4

Seeking consent and consensus on water use and watershed planning.

During the reporting period, BC Hydro engaged First Nations across the province on six Water Use Plan Order Reviews. Four of these reviews have concluded, and consensus amongst all the First Nations participants in the review was achieved on three out of the four reviews.

What happens during a Water Use Plan Order Review? The goal of these reviews is to review the implementation of BC Hydro's Water Use Orders, identify new or ongoing issues related to facility operation, discuss mitigation measures to address the identified issues, and collaboratively develop a set of recommendations that inform BC Hydro's regulatory applications. Our recent consultation with First Nations on the Wahleach Water Use Plan Order Review provided an opportunity for BC Hydro to learn about and better understand First Nations' interests related to the Wahleach system in general as well as those interests specific to the Review. We collaboratively developed and implemented a review process with First Nations, which included forming an Order Review Advisory Committee made up of First Nations, federal and provincial regulators, and BC Hydro that was structured as a single table forum. The Committee completed the review and formally reached consensus on a set of recommendations in June 2025. BC Hydro also worked with First Nations to identify pathways to capture and continue dialogue on issues beyond the scope of the review through other avenues and forums.

Action 4.5

Collaborating on the design and implementation of aquatic restoration programs and activities addressing fish and fish habitat.

➡ PROGRESS TO DATE:

- BC Hydro's Fish Entrainment Strategy was developed to meet the Fisheries Act requirement to address fish impacts caused by fish entering our turbine and other dam structures. Starting in 2010, a technical committee, comprised of representatives from Ktunaxa, Okanagan and Secwepemc Nations, the Department of Fisheries and Oceans, and the Province of B.C. developed a comprehensive "offsetting" program to address entrainment impacts to Bull Trout and Kokanee at our Mica and Revelstoke facilities. In 2026, as part of this offsetting work, BC Hydro and the Simpcw First Nation are partnering to pilot our first year of the Fisheries Guardian Program. The pilot will determine if this type of program will be effective and identify ways to improve our efforts. The pilot program will fund the work of two Guardians supporting stream water quality monitoring and educational outreach from May to September.



Simpcw First Nation's crew conducting monitoring activities

Action 4.6

Expanding opportunities for environmental stewardship by First Nations related to our projects and operations.

➡ PROGRESS TO DATE:

- BC Hydro and First Nations involved in Phase 2 of the North Coast Transmission Line Project are developing a Guardian Program to facilitate First Nations providing Guardians to monitor pre-construction and construction activities. Guardians will be present on project worksites to observe, record, communicate and report on the progress of work and its adherence to applicable project conditions, and to support responses to and mitigations of potential impacts. The program will include a host, designated by First Nations, to facilitate Guardian activities through delivery of the program.
- BC Hydro undertakes a variety of different types of environmental work in order to avoid environmental impacts throughout the lifecycle of our assets and operations. Having First Nations undertake environmental services work on our behalf provides opportunities for First Nations to exercise their role as stewards of the land. In total, we now have 21 agreements with pre-qualified First Nations businesses who we can easily engage for environmental work on everything from major capital projects to maintenance programs that will contribute to a healthy environment for the long-term

Action 4.7

Supporting the restoration of land ownership, stewardship and protection by First Nations through property dispositions, leasing and other land-related initiatives.

➡ PROGRESS TO DATE:

The Fish & Wildlife Compensation Program was proud to provide funding towards the purchase of two significant land parcels this year:

- We provided funding to support the Nature Conservancy of Canada's purchase of the Kootenay Forest Lands —45,000 hectares—within the homelands of the Ktunaxa Nation who endorsed this purchase. These lands are vital for wildlife movement and ecological health, supporting grizzly bears, wolverine, bighorn sheep, badger, lynx, bull trout, and Endangered white-bark pine. Rare high-elevation grasslands, ancient forests, and a multitude of watercourses influencing 42 watersheds and 930 kms of streams will be conserved through this purchase.
- We provided funding to help conserve the final 37 hectares of the Puntledge forest, which contain some of the most ecologically valuable riparian, wetland, and upland forest habitats in the Puntledge River Watershed. Conserving these important habitats took important negotiations and a conservation covenant to restrict timber harvesting in perpetuity. The forest and river are highly valued by the K'ómoks First Nation for fish habitat and cultural values.

Action 4.8

Reduce reliance on diesel generation in communities that are not connected to BC Hydro's integrated system.

➡ PROGRESS TO DATE:

BC Hydro operates 14 non-integrated areas (NIAs), which are remote areas in B.C. that are not connected to the integrated power system. The NIAs, which serve 28 remote communities and 12 First Nations, are standalone microgrids powered by a mix of diesel and renewable energy sources. BC Hydro is working with First Nations in the NIAs to support community-owned renewable energy projects that reduce reliance on diesel while advancing First Nations' energy sovereignty and security.

Powering communities not connected to our integrated electricity system (the NIAs) requires approximately 20 million litres of diesel each year. As the largest BC Hydro NIA fully reliant on diesel, Masset on Haida Gwaii historically accounted for approximately 35% of total NIA Diesel use. In December 2025, TII Yahda Energy, a Haida partnership between the Council of Haida Nation, Skidegate Band Council and Old Masset Village Council, connected the first Indigenous-owned and operated solar generation project on Haida Gwaii, to the BC Hydro grid. This first 2MW solar farm will offset 9% of the community's diesel use when fully supported by BC Hydro's battery energy storage system. BC Hydro and TII Yahda Energy signed a Community Energy Purchase Agreement in December 2025 through which BC Hydro will purchase electricity from Haida Nation over the next 20 years. This milestone achievement was only possible with deep commitment and collaboration between the Haida Nation and BC Hydro.



Economic relations



Economic Relations

Both the UN Declaration and the Truth and Reconciliation Commission's Calls to Action speak to the importance of economic development and the need to ensure that Indigenous people see long-term, sustainable economic benefits from development projects. Opportunities for First Nations and Indigenous people as partners, suppliers, employees and owners in the energy sector provide a clear path for First Nations and Indigenous people to achieve economic self-determination. BC Hydro is committed to economic reconciliation across our business – here are some of the ways we worked towards this with First Nations and Indigenous people during the reporting period:

Action 5.1

Continuing to provide market-competitive directed procurement opportunities, including expanding opportunities on the operational side of our business where our most significant infrastructure footprint is located. Our directed procurement approach is focused on the First Nations with agreements where our most significant infrastructure footprint is located because these are the First Nations that have been most impacted by our business.

➡ PROGRESS TO DATE:

During BC Hydro's most recent fiscal year (April 1, 2025—March 31, 2026), BC Hydro spent \$374 million on market competitive directed procurement contracts (direct and indirect) with First Nations designated businesses. In total, BC Hydro has spent over \$1.991 billion on directed procurement contracts with First Nations designated businesses since 2015, when we started tracking this metric.

This total includes an increase to \$37.7 million (up from \$23.9 million in the previous fiscal year) in work opportunities awarded to First Nations designated businesses on the operational side of our business, such as line construction work, earth moving, traffic management, and vegetation management.

The Bridge River 1 Penstock Refurbishment project presented an opportunity to provide substantial, meaningful contracting opportunities to the St'át'imc and Tsal'alh Nations—the First Nations most impacted by BC Hydro's Bridge River infrastructure footprint – and highlights how successful projects can be when we build them together with First Nations. Tsal'alh Development Corporation delivered major components of this complex, safety-critical project, partnering with specialized firms, employing community members, building long-term capacity, and ultimately delivering the project 14 months ahead of schedule.

Action 5.2

Supporting directed procurement by providing opportunities and programs, such as our First Nations Contractor Program.

➡ PROGRESS TO DATE:

The First Nations Contractor Program was developed in 2019 with the goal to on-board First Nations and their businesses so that getting work and getting-to-work is easier. This interactive program consists of three modules: procurement processes and practices, contract and construction management, and safety where participants can ask questions and discuss common circumstances, various types of work experiences, and good practices. During the reporting period, we delivered two First Nation Contractor Program workshops to 36 First Nations designated business.

Action 5.3

Meet or exceed the representation in the available workforce by 2026: Indigenous people—5%.

➔ PROGRESS TO DATE:

BC Hydro hired 17 Indigenous employees during the reporting period. Indigenous employees currently represent 3.9% of our total workforce of 8,409, for a total of 325 self-identified Indigenous employees.

A key component of hiring and retaining Indigenous candidates at BC Hydro is ensuring we have a culturally appropriate and safe workplace. Our Indigenous Advisory Council, made up of Indigenous BC Hydro employees, provides Indigenous-specific content for human resources initiatives to make sure they are respectful and inclusive. During the reporting period, the Advisory Council provided feedback on the values and behaviours BC Hydro should adopt as part of our overall workplace culture, and drove changes to our Respectful Workplace Policy, including the creation of an Indigenous Navigator role to support Indigenous employees during investigations.

Action 5.4

Supporting employment and training at BC Hydro for Indigenous people through programs that increase opportunities for Indigenous employment and career growth, such as the Professionals in Development, Try-A-Trade, and Indigenous Career exploration Programs.

➔ PROGRESS TO DATE:

BC Hydro has several employment programs geared specifically to Indigenous job-seekers, designed to position them for success in obtaining employment at BC Hydro. These include:

- **Try-A-Trade:** a 16-week job shadow program to help participants gain work experience and learn about the trades in a workplace setting. The intent of the program is to position candidates for entry level trades roles and to compete for pre-apprenticeship or apprenticeship programs. Six participants have been hired for pre-apprenticeship or apprenticeship positions through the program and an additional participant secured a Union Hall Hire Driver/Helper position during the reporting period.
- **Try-A-Technical:** a 16-week paid work experience program for office-based technical positions at BC Hydro, such as customer service representatives, operations and engineering clerks, and materials management clerks. Two participants secured full-time roles after completing the program during the reporting period.
- **Professionals in Development:** offers Indigenous professionals paid work and professional development placements at BC Hydro. Candidates participate in two or more work rotations over a one- to two-year period in management and professional roles in different business groups, gaining BC Hydro work experience and building networks that will help when applying for full-time BC Hydro roles. Three participants have been hired for permanent positions through the program during the reporting period.

○ **Indigenous Career Exploration Program:** a pre-employment program intended to mitigate specific barriers to employment. The program provides each applicant with a one-on-one conversation with our recruiter, job matching, high-level career guidance, and ongoing support to navigate the recruitment process for jobs. During the reporting period, we have connected with 91 candidates through the program and 14 have been hired into our employment programs or open roles.

BC Hydro supports Indigenous candidates well before they reach the workforce. Our Indigenous scholarship programs support Indigenous students at different stages of their educational journeys through scholarships for both full and part-time students enrolled in degree, diploma, certificate or technical/trades programs related to BC Hydro careers. In 2025, we distributed \$180,000 in scholarships to 36 Indigenous recipients.

In March 2026, BC Hydro and St'át'imc Government Services co-delivered a career exploration day at Lillooet Secondary School, where approximately 70% of students are Indigenous. The event engaged about 135 students in Grades 8–12 through hands-on, activity-based learning. Modelled after BC Hydro's annual Take Our Kids to Work Day event, students explored skilled trades, STEM, and energy-sector careers through interactive stations spanning field operations, engineering, environmental stewardship, archaeological mitigation and management, and emerging technologies. The initiative provided early, positive exposure to career pathways and strengthened relationships with Indigenous youth and communities.

Action 5.5

Exploring new economic opportunities for First Nations related to our business. This may include exploring the potential for co-ownership of electrical infrastructure starting with new major transmission lines in the North coast.

➡ PROGRESS TO DATE:

Throughout the reporting period, BC Hydro has continued working with the Province of B.C. and First Nations impacted by the proposed North Coast Transmission Line to pursue innovative partnership approaches to project development. This includes an equity opportunity where First Nations have an option to co-own the new transmission line with BC Hydro. Co-ownership of electricity infrastructure with First Nations is new to BC Hydro and the North Coast Transmission line is an opportunity for us to learn how it can work in our business.

First Nations are exploring new opportunities to operate part of BC Hydro's business. In 2025, BC Hydro awarded the Jones Lake (Wahleach) reservoir management contract to Peters First Nation and provided training and support to build capacity for year-round management of the site.

Action 5.6

Collaborating with the Province and First Nations on economic opportunities which may arise from the Indigenous Clean Energy Opportunities engagement process.

Action 5.7

Exploring opportunities to address First Nations' interests in revenue sharing, in alignment with the new fiscal framework currently being co-developed by the Province and First Nations.

Action 5.8

Supporting economic partnerships and benefits in the renewable energy sector through collaboration on future calls for power.

➡ PROGRESS TO DATE:

Building on the success of our 2024 Call for Power, in July 2025 we launched our 2025 Call for Power to procure clean, renewable energy to support B.C.'s growing population and industries. Learning from First Nations' feedback on the 2024 Call, in 2025 we provided guidance to project proponents designed to improve the quality of their consultation and made targeted adjustments to encourage multi-Nation participation in individual projects — supporting broader access so that more Nations can benefit. Also new to the 2025 Call was the First Nations Clean Energy Representative, a resource to help ensure that First Nations are meaningfully informed, supported and engaged throughout the procurement process.

The 2025 Call for Power required a minimum of 25% equity ownership to be held by First Nations, with incentives for up to 51% ownership and other economic benefits such as procurement or employment. We have selected four new wind energy projects, all of which have 51% equity ownership by First Nations. As we look forward to future calls, this marks a historic step forward in energy partnership with First Nations.

Conclusion

This second annual report demonstrates how BC Hydro is adopting the UN Declaration as the guiding framework for advancing reconciliation within our mandate as a public utility. Through sustained collaboration with First Nations and Indigenous people across B.C., we are taking tangible actions across the five key areas of respectful relations, social and cultural well-being, decision-making, stewardship of water, lands and the environment, and economic relations. These actions reflect BC Hydro's commitment to recognizing rights of First Nations and Indigenous people and to transforming how we work together. While challenges remain, our continued focus on meaningful engagement and long-term partnership underscores our dedication to supporting a more equitable and sustainable energy future.

Acknowledgments

We're grateful to all the First Nations on whose lands we operate, and who continue to work with us to advance true and lasting reconciliation. We also want to thank our partners at the First Nations Energy and Mining Council, and our UN Declaration Advisory Committee, for their advice and guidance as we implement our Plan.

Finally, we would like to thank artists Tiernan Short and Bert Peters of Nations Creations for their beautiful cover art design. Nations Creations is an Indigenous-owned and operated manufacturer and platform for Indigenous artists located on unceded Stó:lō territory which encapsulates the beauty of its surroundings through its Indigenous artisan-created pieces.





CX-7557

BC Hydro Fiscal 2026 Annual Report to the British Columbia Utilities Commission

Section 4

Annual Report Summary Information

Annual Report Summary Information Page- L-8-22 Attachment

Public Utility Reporting Template Instructions: Please complete this document and submit with your annual report (in electronic format). Where possible, please include a copy of a high level map of the province with approximate locations marked where you provide regulated service. Please contact Commission Secretary if you have questions or require assistance.

Complete the following information for the Utility:

Entity Name:	BC Hydro
Reporting/Fiscal Period End Date	March 31, 2026 (Fiscal 2026)
Entity Website	bchydro.com
Type of Energy Provided (Electricity, Natural Gas, Propane, etc)	Electricity
Sales Revenue (\$)	\$7.59 billion
Fixed Assests/Rate Base (\$) (Total Utility Assets-public)	\$39.11 billion
Total Capital Additions	\$3.14 billion
Total Expenses	\$3.82 billion
Repairs and Maintenance Expenses	\$442 million
Net Utility Income (loss)	\$721 million
Net Utility Equity (Deficit)	\$8.99 billion
Return on Equity	8.36%
Cost of Capital	6%
System Average Interruption Frequency Index (SAIFI)	1.84
System Average Interruption Duration Index (SAIDI)	4.61
Number of Pipeline Outages caused by Third Party	N/A
Mileage in km - Pipeline distrbution	N/A
Mileage in km - Pipeline transmission	N/A
Mileage in km- Electrical system distribution	60,898 kms
Energy Delivered (GJ/MWh)	58,371 GWh
Number of Customers	2,301,508
Number of New Customer Connections	13,289
Major Customer Types (Residential, Commercial, Industrial)	Residential, Light Industrial & Commercial, Large Industrial

**BC Hydro Fiscal 2026 Annual Report to
the British Columbia Utilities Commission**

Section 5

**Annual Deferral Accounts Report
April 1, 2025 to March 31, 2026**

List of Schedules

Schedule A	British Columbia Hydro and Power Authority Summary of Deferral Accounts For the Year Ended March 31, 2026 (\$ million).....	1
Schedule B	British Columbia Hydro and Power Authority Summary of Deferral Accounts Changes for the Year Ended March 31, 2026 (\$ million).....	2
Schedule C	British Columbia Hydro and Power Authority Summary of Domestic Cost of Energy For the Year Ended March 31, 2026 (\$ million).....	4

Appendices

Appendix 1	Deferral Accounts Rules
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**Schedule A British Columbia Hydro and Power
Authority Summary of Deferral
Accounts
For the Year Ended March 31, 2026
(\$ million)**

Line No.	Particulars (Note 1)	Opening Balance at April 1, 2025 (2)	Changes (Note 2) (3)	Amortization (Note 3) (4)	Interest (Note 4) (5)	Net Change (6) = (3)+(4)+(5)	Ending Balance at March 31, 2026 (7)=(2)+(6)
1	Heritage Deferral Account	166.5	55.2	(120.8)	5.2	(60.3)	106.2
2	Non-Heritage Deferral Account	1,494.0	65.3	(1,083.4)	37.4	(980.7)	513.3
3	Trade Income Deferral Account	(1,855.9)	167.3	1,345.8	(41.8)	1,471.3	(384.6)
4	Load Variance Regulatory Account	88.4	122.8	(64.1)	3.9	62.5	150.9
5	Biomass Energy Program Variance Regulatory Account	(188.3)	45.8	136.6	(3.9)	178.5	(9.8)
6	Low Carbon Fuel Credits Variance Regulatory Account	(83.7)	14.5	60.7	(1.8)	73.5	(10.3)
7	Total	(379.0)	470.9	274.8	(1.0)	744.7	365.7

Due to minor rounding some totals may not add.

Note 1: In the BCUC's Decision on the Fiscal 2005 to Fiscal 2006 Revenue Requirements Application dated October 29, 2004 (Order No. G-96-04), the Commission approved the creation of four deferral accounts (Heritage Deferral Account, Non-Heritage Deferral Account, Trade Income Deferral Account and BCTC Deferral Account) to capture the differences between forecasts used in setting rates and actual costs. By Order No. G-16-11, the Commission approved the termination of the BCTC Deferral Account.

In the BCUC's Decision on the Fiscal 2020 to Fiscal 2021 Revenue Requirements Application dated October 2, 2020 (Order No. G-246-20), the Commission approved the creation of two additional deferral accounts. The Load Variance Regulatory Account captures the variance between planned and actual domestic customer load. The Biomass Energy Program Variance Regulatory Account captures the variance between planned and actual amounts related to the Biomass Energy Program.

In the BCUC's Decision on BC Hydro's Application to Establish the Low Carbon Fuel Credits Variance Regulatory Account dated August 19, 2021 (Order No. G-248-21), the Commission approved the Low Carbon Fuel Credits Variance Regulatory Account to capture the difference between planned and actual revenue from low carbon fuel credits. In the BCUC's Decision on the Fiscal 2023 to Fiscal 2025 Revenue Requirements Application dated April 21, 2023 (Order No. G-91-23), the Commission approved the recovery of the balance of the Low Carbon Fuel Credits Regulatory Account through the Deferral Account Rate Rider (DARR) mechanism.

Note 2: Please refer to Schedule B for details of the changes.

Note 3: Revenues collected via the DARR are used to amortize the deferral account balances. Per Order No. G-76-25, the BCUC approved the DARR refund of 4.5% effective April 1, 2025, (fiscal 2026) for the recovery of the deferral account balances including the Trade Income Deferral Account. The DARR revenue is allocated to each deferral account based on the proportion of the deferral account balances at the end of the prior fiscal year.

Note 4: Interest is calculated on the monthly balance in each deferral account. The interest rate used is BC Hydro's actual weighted average cost of debt for its current fiscal year per Directive 1 (xxv) of the BCUC's Decision on the Fiscal 2012 to Fiscal 2014 Revenue Requirements Application (Order No. G-77-12A).

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**Schedule B British Columbia Hydro and Power
Authority Summary of Deferral
Accounts Changes for the Year Ended
March 31, 2026 (\$ million)**

Line No.	Particulars (1)	Decision (2)	Actual (3)	Variance (4) = (3) - (2)	Ref. (5)
1	Summary of Deferral Accounts Changes				
2					
3	Items Subject to Heritage Deferral Account:				
4	Heritage Deferral Account Transactions	450.5	500.2	49.7	Note 1
5	Skagit Valley Treaty & Ancillary Revenue	(30.1)	(30.1)	(0.0)	
6	Costs in Operating / Amortization	15.6	21.1	5.5	Note 2
7	Other	17.1	17.1	0.0	
7	Total	453.0	508.3	55.2	Schedule A Line 1 Column 3
8					
9	Items Subject to Non-Heritage Deferral Account:				
10	Non-Heritage Deferral Account Transactions	1,465.2	1,706.9	241.7	Note 3
11	Commodity Risk	0.0	(68.5)	(68.5)	Note 4
12	Waneta - 2/3 - Teck Portion of Capital Expenditures	0.0	(1.1)	(1.1)	
13	Less: IPP subject to Biomass Energy Program Variance	(32.2)	(65.7)	(33.5)	Note 5
14	Other	(162.1)	(235.4)	(73.3)	Note 6
15	Total	1,270.9	1,336.2	65.3	Schedule A Line 2 Column 3
16					
17	Trade Income Deferral Account				
18	Trade Income	(546.5)	(379.2)	167.3	Note 7
19	Total	(546.5)	(379.2)	167.3	Schedule A Line 3 Column 3
20					
21	Load Variance Regulatory Account				
22	Load Variance	6,254.0	6,131.2	122.8	Note 8
23	Total	6,254.0	6,131.2	122.8	Schedule A Line 4 Column 3
24					
25	Biomass Energy Program Variance Regulatory Account				
26	Cost of Energy	32.2	65.7	33.5	Note 5
27	Revenue	(13.5)	(1.2)	12.3	Note 9
28	Biomass Energy Program Variance	18.7	64.5	45.8	Schedule A Line 5 Column 3
29					
30	Low Carbon Fuel Credits Variance Regulatory Account				
31	Low Carbon Fuel Credits Variance	(41.4)	(26.9)	14.5	Note 10
32	Total	(41.4)	(26.9)	14.5	Schedule A Line 6 Column 3
33					
34	Total			470.9	Schedule A Line 7 Column 3

Due to minor rounding some totals may not add.

5 Explanations are provided for variances from the table above which are over +/- \$2 million.

Note 1: Heritage Deferral Account Transactions costs were \$49.7 million higher than in the Fiscal 2026 to Fiscal 2027 Revenue Requirements Application Decision ("F26-F27 RRA Decision"), mainly driven by higher Domestic Transmission – Export costs of \$84.2 million due to higher long-term firm point-to-point transmission purchased by BC Hydro in fiscal 2024 and fiscal 2025, resulting in higher point-to-point costs in fiscal 2026. Domestic Transmission costs are fully offset in intersegment revenues (see note 6 below) and therefore, there is no impact to ratepayers. These higher costs were partially offset by lower water rental costs of \$14.0 million due to lower hydro generation from below average water inflows, lower costs associated with the Non-Treaty Storage and Libby Coordination agreements of \$12.7 million due to the earlier refill of storage volumes than planned, and lower thermal generation costs of \$10.7 million due to the elimination of the carbon tax.

- Note 2:** Costs in Operating / Amortization were \$5.5 million higher than in the F26-F27 RRA Decision due to higher water use plan license costs related to breakwater replacement work at aging boat launch sites which is required to provide safe access to reservoirs. Note that the Appendix A schedules filed with the Fiscal 2026 to Fiscal 2027 Revenue Requirements Application incorrectly reported the fiscal 2026 Decision amount as \$22.3 million; however, the correct fiscal 2026 Decision amount is \$15.6 million as shown in Schedule B above.
This error does not impact the rates approved in the F26-F27 RRA Decision.
- Note 3:** Non-Heritage Deferral Account Transactions costs were \$241.7 million higher than in the F26-F27 RRA Decision, mainly driven by higher Market Energy costs of \$263.9 million due to higher net market imports but at lower average prices than planned. Higher net imports were driven by the lower water inflows earlier in the year from below average snowpack in the spring of 2025. These higher costs were partially offset by lower Independent Power Producer (IPP) costs of \$25.5 million from primarily one IPP due to low water supply partially offset by higher generation from non-storage hydro IPPs driven by higher inflows.
- Note 4:** Commodity Risk variance of \$(68.5) million consists of mark-to-market gains related to transactions under the energy Transfer Pricing Agreement between BC Hydro and Powerex. These mark-to-market gains are fully offset in Trade Income with their variances deferred to the Trade Income Deferral Account and have no net impact to ratepayers.
- Note 5:** Variances between approved and actual IPP costs incurred under the Biomass Energy Program were excluded from the Non-Heritage Deferral Account and deferred into the Biomass Energy Program Variance Regulatory Account, as approved per BCUC Order No. G-246-20 (Directive 38). Actual IPP costs incurred under the Biomass Energy Program were \$(33.5) million higher than the F26-F27 RRA Decision, largely due to higher than planned deliveries.
- Note 6:** Other variances of (\$73.3) million deferred into the NHDA primarily consist of higher intersegment revenues of (\$79.0) million with Powerex. Intersegment revenues are fully offset in Trade Income with equal and offsetting variances also deferred to the Trade Income Deferral Account and therefore have no net impact to ratepayers.
- Note 7:** Trade Income variance of \$167.3 million is due to lower than planned Trade Income. Planned Trade Income is based on a five-year average of actual Trade Income.
- Note 8:** The unfavourable load variance of \$122.8 million is primarily driven by lower Residential sales of \$129.6 million, reflecting reduced usage per account, as well as unfavourable variances of \$67.2 million from Light Industrial & Commercial customers. This impact is partially offset by unplanned energy sales of \$48.1 million under an energy exchange and coordination agreement with a customer, along with higher sales to Large Industrial customers of \$37.5 million.
- Note 9:** Biomass Energy Program revenues were \$12.3 million lower than in the F26-F27 RRA Decision, mainly driven by the closure of the Canfor Prince George pulp line in 2023.
- Note 10:** Low Carbon Fuel Credits revenues were \$14.5 million lower than the F26-F27 RRA Decision. The variance is primarily due to lower market prices of low carbon fuel standard credits received in fiscal 2026 compared to the F26-F27 RRA Decision.

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**Schedule C British Columbia Hydro and Power
Authority Summary of Domestic Cost of
Energy
For the Year Ended March 31, 2026
(\$ million)**

Line No.	Particulars (1)	Decision (2)	Actual (3)	Variance (4) = (3) - (2)	Ref. (5)
1 Heritage Energy					
2	Water Rentals	388.4	374.4	(14.0)	
3	Natural Gas for Thermal Generation	14.7	4.0	(10.7)	
4	Domestic Transmission - Other	26.6	29.6	3.1	
5	Non-Treaty Storage and Libby Coordination Agreements	12.7	0.0	(12.7)	
6	Remissions and Other	(42.8)	(42.8)	0.0	
7	Subtotal	399.6	365.2	(34.4)	Included in Schedule B Line 4
9 Non-Heritage Energy					
10	IPPs and Long-Term Commitments	1,439.0	1,413.5	(25.5)	
11	Non-Integrated Area	40.2	43.5	3.4	
12	Gas & Other Transportation	5.0	5.1	0.2	
13	Water Rentals (Waneta 2/3)	4.0	4.0	(0.0)	
14	Total	1,488.1	1,466.1	(22.0)	Included in Schedule B Line 10
16 Market Energy					
17	System Imports	320.9	305.4	(15.5)	Included in Schedule B Line 10
18	System Exports	(339.0)	(59.6)	279.4	Included in Schedule B Line 10
19	Domestic Transmission - Export	50.8	135.0	84.2	Included in Schedule B Line 4
20	Subtotal	32.7	380.8	348.1	
22 Total Gross COE		1,920.5	2,212.1	291.6	
24 Heritage Energy (GWh)					
25	Hydro generation (Water Rentals)	49,140	43,198	(5,943)	
26	Natural Gas for Thermal Generation	202	149	(53)	
27	Exchange Net	(156)	(210)	(54)	
28	Subtotal	49,186	43,137	(6,050)	
30 Non-Heritage Energy (GWh)					
31	IPPs and Long-Term Commitments	14,205	14,219	15	
32	Non-Integrated Area	116	124	8	
33	Total	14,321	14,344	23	
35 Market Energy (GWh)					
36	System Imports	3,077	5,957	2,881	
37	System Exports	(4,046)	(1,813)	2,433	
38	Subtotal	(970)	4,344	5,314	
40 Total Sources of Supply		62,537	61,824	(713)	
41	Less: Line loss and system use	(5,537)	(5,066)	471	
43 Total Domestic Sales Volume		57,001	56,758	(242)	

Due to minor rounding some totals may not add.

BC Hydro Fiscal 2026 Annual Report to the British Columbia Utilities Commission

Section 5

Appendix 1

Deferral Accounts Rules

The following “rules” are used by BC Hydro to determine transfers to the Deferral Accounts. These rules are derived from BC Hydro’s interpretation of the evidence and testimony provided during the Fiscal 2005 to Fiscal 2006 Revenue Requirements Application (**RRA**) proceeding and from Directive 19 of the BCUC’s October 29, 2004, Decision on the Fiscal 2005 to Fiscal 2006 RRA (BCUC Order No. G-96-04). These rules have been updated for the following orders and directives:

- Fiscal 2007 to Fiscal 2008 RRA Negotiated Settlement Agreement (**NSA**) (BCUC Order No. G-143-06);
- Directives included in the BCUC’s Decision on the Fiscal 2009 to Fiscal 2010 RRA (BCUC Order No. G-16-09);
- Fiscal 2011 RRA NSA (BCUC Order No. G-180-10);
- Directives included in the BCUC’s Decision on the Fiscal 2012 to Fiscal 2014 RRA (BCUC Order No. G-77-12A);
- Directives included in the BCUC’s Decision on the Fiscal 2015 to Fiscal 2016 RRA (BCUC Order No. G-48-14);
- Directives included in the BCUC’s Decision on the Fiscal 2017 to Fiscal 2019 RRA (BCUC Order No. G-47-18);
- Directives included in the BCUC’s Decision on the Fiscal 2020 to Fiscal 2021 RRA (BCUC Order No. G-246-20);
- Directives included in the BCUC’s Decision on the 2020 Transfer Pricing Agreement (BCUC Order No. G-127-21);
- Directives included in the BCUC’s Decision on the Application to Establish the Low Carbon Fuel Credits Variance Regulatory Account in the compliance filing to Order G-187-21 on the Fiscal 2022 RRA (BCUC Order No. G-248-21);

- 1 • Directives included in the BCUC's Decision on the Direction to the BCUC
2 Respecting Residential and Commercial Customer Account Credits (BCUC
3 Order No. G-341-22);
- 4 • Directives included in the BCUC's Decision on the Fiscal 2023 to Fiscal 2025
5 RRA (BCUC Order No. G-91-23);
- 6 • Directives included in the BCUC's Decision on the Fiscal 2023 to Fiscal 2025
7 RRA (BCUC Order No. G-154-23);
- 8 • Directives included in the BCUC's Decision on the Application for Approval to
9 Set the Fiscal 2025 Deferral Account Rate Rider and Trade Income Rate Rider
10 and Reconsideration Related to the Trade Income Rate Rider (BCUC Order No.
11 G-43-24); and
- 12 • Directives included in the BCUC's Decision on the Application to establish the
13 Electric Vehicle Rebate Regulatory Account (BCUC Order No. G-151-24).

14 In Phase One of the Comprehensive Review, the Government of B.C. repealed
15 Directions 3, 6, and 7 to the BCUC. Direction No. 7 to the BCUC included the
16 Heritage Contract. The repeal of the Heritage Contract has no impact on BC Hydro
17 or ratepayers; however, it provides BC Hydro with the flexibility to re-categorize its
18 Cost of Energy into Heritage Energy, Non-Heritage Energy and Market Energy.
19 Some of the Orders referred to above reference terms that were included in the
20 Heritage Contract, such as the Heritage Payment Obligation. BC Hydro has revised
21 the Deferral Account Rules to update these references. These Deferral Account
22 Rules are also updated for the establishment of the Low Carbon Fuel Credits
23 Variance Regulatory Account to capture, on an ongoing basis, the difference
24 between forecast and actual miscellaneous revenue from low carbon fuel credits.

25 Where a component of the Deferral Account Rules below is followed by a footnote,
26 the language is from the noted BCUC decision or ongoing regulatory proceeding.

Where a footnote is not shown, the language represents BC Hydro's interpretation of the evidence and testimony noted above.

Heritage Deferral Account (HDA)

Commission Decision, October 29, 2004, Page 41:

Commission Findings

The Commission Panel approves the HDA as proposed by BC Hydro.

Variances between the forecast and the actual cost for the following will flow through the HDA:

1. Cost of energy:¹

This includes the cost of Heritage Energy and Domestic Transmission – Export costs, as well as all Market Electricity Purchases and Surplus Sales¹ up to March 31, 2020, under the 2003 Transfer Pricing Agreement. The 2003 Transfer Pricing Agreement has been replaced by the 2020 Transfer Pricing Agreement² (**2020 TPA**) effective April 1, 2020. BCUC Order No. G-127-21 approved the 2020 TPA as filed by BC Hydro. The adoption of the 2020 TPA resulted in a change in the presentation of transactions relative to the terms used in BCUC Order No. G-96-04. The terms from Order No. G-96-04, “Market Electricity Purchases”, “Surplus Sales” or and “Net Purchases (Sales) From Powerex” were replaced by “System Exports” and “System Imports” under the 2020 TPA and variances in these items are deferred to the Non-Heritage Deferral Account.

¹ Per Fiscal 2005 to Fiscal 2006 RRA Decision, Directive 11 (BCUC Order No. G-96-04), amended by the Fiscal 2009 to Fiscal 2010 RRA Decision, Directive 31 (BCUC Order No. G-16-09), as continued by the Fiscal 2015 to Fiscal 2016 RRA Decision, Directive 5 (BCUC Order No. G-48-14).

² Per 2020 Transfer Pricing Agreement Application Decision (BCUC Order No. G-127-21).

The following is a list of other variances that also flow through the HDA:

- ▶ Gains/losses on energy derivatives and financial instruments used to minimize energy costs are included as part of total energy costs;
- ▶ Variances resulting from changes to compensation and mitigation costs, water rental remissions, or Skagit energy transportation contracts are eligible for deferral. These are price variances as they do not vary with volume; and
- ▶ Variances between forecast and actual load curtailment costs are to be included in the HDA.³

2. Variable costs related to thermal generation.¹
3. Significant unplanned major maintenance costs greater than \$1 million related to single event equipment or infrastructure failure or caused by weather related events.¹
4. Significant unplanned major capital expenditures having an incremental annual impact on the Income Statement greater than \$1 million related to single event equipment or infrastructure failure or caused by weather related events.¹
5. Amortization of unplanned deferred capital costs pursuant to BCUC Order No. G-53-02.^{1,4}
6. Skagit Valley Treaty revenues and ancillary services revenues.¹
7. An interest charge/credit⁵ is applied to the monthly balance in each deferral account at BC Hydro's weighted average cost of debt for its current fiscal year.⁶

³ Per Fiscal 2009 to Fiscal 2010 RRA Decision, Directive 30 (BCUC Order No. G-16-09).

⁴ Per Fiscal 2017 to Fiscal 2019 RRA Decision, Directive 7, annual negotiation costs related to First Nations are excluded from amounts deferred to the Heritage Deferral Account, effective March 31, 2017 (BCUC Order No. G-47-18).

⁵ Per Fiscal 2005 to Fiscal 2006 RRA Decision, Directive 18 (BCUC Order No. G-96-04), amended by the Fiscal 2007 to Fiscal 2008 RRA Negotiated Settlement Agreement (BCUC Order No. G-143-06).

⁶ Per Fiscal 2012 to Fiscal 2014 RRA Decision, Directive 1 (xxv) (BCUC Order No. G-77-12A).

Non-Heritage Deferral Account (NHDA)

Commission Decision, October 29, 2004, Page 41:

Commission Findings

The Commission Panel approves all elements of the NHDA, except the distribution emergency restoration costs elements, item 4, because it can be forecast with some confidence, unlike unplanned major capital expenditures and unplanned major maintenance expenditures, and because of risk/reward considerations. Given the denial of item 4 of the NHDA, item 3 of the NHDA is to be as set forth in Final Argument.

Variances between the forecast and the actual cost for the following components will flow through the NHDA:

1. Cost of energy⁷ - All energy costs variances not deferred to the HDA and the Biomass Energy Program Variance Regulatory account, including all System Imports and System Exports variances under the 2020 TPA with Powerex² effective April 1, 2020. These items are explained in greater detail below to provide clarification on the methodology used to determine variances:
 - ▶ Any variances relating to fixed price gas and other transportation contracts would flow through the deferral accounts as they do not vary with volume;
 - ▶ Future Trade: For transactions applicable under the 2003 Transfer Pricing Agreement up to March 31, 2020 (replaced with the 2020 TPA² with Powerex as of April 1, 2020), when Powerex purchases energy for future trade the cost of the purchase from the external party and the sale to BC Hydro of this energy is recorded in Powerex and is included as part of Trade Income. The BC Hydro side of the entry is shown as part of domestic energy costs (on consolidation, the Powerex revenue from BC Hydro and the BC Hydro energy costs from Powerex are eliminated). The difference

⁷ Per Fiscal 2005 to Fiscal 2006 RRA Decision, Directive 12 (BCUC Order No. G-96-04), amended by Fiscal 2009 to Fiscal 2010 RRA Decision, Directive 31 (BCUC Order No. G-16-09), as continued by the Fiscal 2015 to Fiscal 2016 RRA Decision, Directive 5 (BCUC Order No. G-48-14).

between Actual and Plan on the BC Hydro side relating to energy for future trade flows through the NHDA. The Powerex side of the transaction, which is part of Trade Income, flows through the TIDA. Similar treatment is applied when the energy is returned to Powerex;

- ▶ Future Trade: For transactions under the 2003 TPA prior to March 31, 2020 (and replaced by the 2020 TPA² with Powerex as of April 1, 2020), when Powerex purchased energy for future trade, Heritage Energy was charged with a notional water rental charge for the use of this energy. The other side of this entry was shown as part of Non-Heritage energy. These entries were eliminated on consolidation. The difference between the Actual and Plan notional water rentals that was part of Heritage Energy flowed through the HDA. The opposite variance relating to the Non-Heritage side of the notional water rental transaction flowed through the NHDA. Notional water rentals are no longer applicable under the 2020 TPA² as exports and imports of energy are no longer classified as trade and domestic;
- ▶ System Imports: Represents purchases of electricity by BC Hydro from Powerex and thermal generation run for Powerex under the 2020 TPA;²
- ▶ System Exports: Represents sales of electricity to Powerex by BC Hydro under the 2020 TPA;² and
- ▶ Gains/losses on energy derivatives and financial instruments used to minimize energy costs are included as part of total energy costs.

2. Significant unplanned major maintenance costs greater than \$1 million related to single event equipment or infrastructure failure or caused by weather related events.⁷
3. Significant unplanned major capital expenditures having an incremental annual impact on the Income Statement greater than \$1 million related to single event equipment or infrastructure failure.⁷

-
- 1 4. Founding Partner Benefits and CIS Credits under the ABS Contract.^{7,8}
- 2 5. Costs incurred by BC Hydro in fiscal 2014 or a later fiscal year arising from the
- 3 decommissioning of the Burrard Thermal Plant that are not required for
- 4 transmission support services, including employee retention costs, penalties or
- 5 damages that arise as a result of the decommissioning, and the net increase in
- 6 amortization expense in fiscal 2015 and fiscal 2016.⁹
- 7 6. Variances related to the Northwest Transmission Line (**NTL**) Supplemental
- 8 Charge revenues in conjunction with Tariff Supplement No. 37 amendments.¹⁰
- 9 7. Variances related to Electricity Purchase Agreements (**EPAs**) classified as
- 10 finance leases in the Fiscal 2017 to Fiscal 2019 RRA. BC Hydro has deferred
- 11 cost variances attributable to EPAs classified as finance leases that would not
- 12 be transferred to existing regulatory accounts pursuant to existing orders in
- 13 fiscal 2017 and fiscal 2018, which benefitted ratepayers.
- 14 8. Variances related to the accounting for EPAs determined to be leases under
- 15 IFRS 16, which are not eligible for deferral treatment under existing orders, to
- 16 the NHDA, as approved in BCUC's Decision on BC Hydro's Fiscal 2020 to
- 17 Fiscal 2021 RRA.
- 18 9. Fiscal 2019 incremental lease revenues arising from the Waneta 2017
- 19 Transaction and the revenue BC Hydro is required to recognize from time to
- 20 time in consequence of Teck's capital expenditures at Waneta until the end of
- 21 the Lease Period.¹¹

⁸ The ABS Contract expired on April 30, 2018, and all services previously performed by Accenture have been repatriated by BC Hydro.

⁹ Per Fiscal 2015 to Fiscal 2016 RRA Decision, Directive 6 (BCUC Order No. G-48-14).

¹⁰ Per Tariff Supplement No. 37 Amendments Application Decision, Directive 3 (BCUC Order No. G-68-17).

¹¹ Per Waneta 2017 Transaction Application Decision, Directive 3 (BCUC Order No. G-130-18).

10. Variances between forecast and actual transmission service revenue¹² including External Open Access Transmission Tariff (**OATT**) revenues and point-to-point charges to Powerex.
11. An interest charge/credit⁵ is applied to the monthly balance in each deferral account at BC Hydro's weighted average cost of debt for its current fiscal year.⁶
12. Commencing in fiscal 2023, and until directed otherwise by the BCUC, defer the actual (energy) costs related to BC Hydro's electric vehicles (**EV**) fast charging service to the EV Fast Charging Regulatory Account (renamed EV Public Charging Regulatory Account to reflect the inclusion of Level 2 charging service costs in fiscal 2024).^{13,14}

Trade Income Deferral Account (TIDA)

Commission Decision, October 29, 2004, Page 42, Section 4.6:

Commission Findings

The Commission Panel approves the TIDA as proposed by BC Hydro.

- Any variance between the forecast Trade Income and the actual Trade Income will flow through the TIDA, except where Annual Trade Income is below zero.¹⁵
- Actual Trade Income is determined as the greater of:
 - ▶ BC Hydro's consolidated net income adjusted as follows:
 - subtracting BC Hydro's non-consolidated net income;
 - subtracting the net income of subsidiaries excluding Powerex;

¹² Per Disposition and Termination of BCTC Regulatory Accounts and BC Hydro's BCTC Deferral Account Application Decision, Directive 4 (BCUC Order No. G-16-11).

¹³ Per Public Electric Vehicle Charging Service Rates Application Decision (BCUC Order No. G-67-24).

¹⁴ Per Fiscal 2023 to Fiscal 2025 RRA Decision, Directive 63 (BCUC Order No. G-91-23).

¹⁵ Per OIC 172 Direction No. 8 amendment, BC Hydro includes the net income of Powerex and Powertech in its revenue requirements and defers to the Trade Income Deferral Account the variances between actual and forecast Trade Income. The OIC provides the definition of Trade Income.

-
- 1 ▪ subtracting any foreign currency translation gains in the fiscal year on
- 2 intercompany balances between BC Hydro and Powerex;
- 3 ▪ adding any foreign currency translation losses in the fiscal year on
- 4 intercompany balances between BC Hydro and Powerex.
- 5 ▶ Zero.
- 6 • An interest charge/credit⁵ is applied to the monthly balance in each deferral
- 7 account at BC Hydro's weighted average cost of debt for its current fiscal year.⁶
- 8 • BC Hydro is authorized in fiscal 2023 to:
- 9 ▶ Transfer \$6 million from the TIDA to the Customer Crisis Fund Regulatory
- 10 Account;¹⁶ and
- 11 ▶ Establish an inflationary pressures regulatory account, transfer \$74 million
- 12 from the TIDA to this account.¹⁶
- 13 • BC Hydro is authorized in fiscal 2025 to:
- 14 ▶ Transfer an amount from the TIDA to the Rate Smoothing Regulatory
- 15 Account equal to the remainder of the Trade Income Rate Rider balance
- 16 that would otherwise have been refunded on the customer bills in fiscal 2025
- 17 pursuant to Directive 77 [of BCUC Order No. G 91-23].¹⁷

¹⁶ Per BCUC Order No. G-341-22.

¹⁷ Per Application for Approval to Set the Fiscal 2025 Deferral Account Rate Rider and Trade Income Rate Rider and Reconsideration Related to the Trade Income Rate Rider Decision (BCUC Order No. G-43-24).

Biomass Energy Program Variance Regulatory Account

Commission Decision, October 2, 2020, Page 121, Section 4.5.1:

Commission Findings

The Commission Panel directs that this account be categorized as one of BC Hydro's cost of energy variance accounts and to apply the same mechanisms for interest charges and recovery that are applicable to the Non-Heritage Deferral Account.¹⁸

- All variances between forecast and actual amounts related to the Biomass Energy Program are deferred, including variances in:
 - ▶ Independent Power Producer costs incurred under the Biomass Energy Program;
 - ▶ Domestic Revenues earned under the Biomass Energy Program; and
 - ▶ Any other costs not classified as cost of energy for accounting purposes and incurred under the Biomass Energy Program.
- The same mechanism for recovery that is applicable to the Non-Heritage Deferral Account is applied to the Biomass Energy Program Variance Regulatory Account.
- An interest charge/credit⁵ is applied to the monthly balance at BC Hydro's weighted average cost of debt for its current fiscal year.⁶

¹⁸ Per Fiscal 2020 to Fiscal 2021 RRA Decision, Directive 38 (BCUC Order No. G-246-20).

Load Variance Regulatory Account (LVRA)

Commission Decision, October 2, 2020, Page 43, Section 4.2.4:

Commission Findings

The Commission Panel directs the establishment of a load forecast variance account and directs BC Hydro to move all balances related to load forecast variance from the Non-Heritage Deferral Account to the load forecast variance account. BC Hydro is directed to use the load forecast variance account to capture the variances between planned and actual domestic customer load. The Panel directs that the load forecast variance account be categorized as one of BC Hydro's cost of energy variance accounts and that BC Hydro apply the same mechanisms for interest charges and recovery that are applicable to the Non-Heritage Deferral Account.¹⁹

- All revenue variances resulting from variances between planned and actual domestic customer load (excluding variances attributable to the Biomass Energy Program) are deferred to the LVRA;
- The same mechanisms for recovery that are applicable to the NHDA are applied to the LVRA;
- An interest charge/credit⁵ is applied to the monthly balance at BC Hydro's weighted average cost of debt for its current fiscal year;⁶
- In fiscal 2023, transfer the fiscal 2022 actual revenue from BC Hydro's s EV fast charging service from the LVRA to the EV Fast Charging Regulatory Account (renamed EV Public Charging Regulatory Account to reflect the inclusion of Level 2 charging service costs in fiscal 2024);^{13,20} and
- Commencing in fiscal 2023, and until directed otherwise by the BCUC, defer the actual revenue related to BC Hydro's EV fast charging service to the EV Fast Charging Regulatory Account (renamed EV Public Charging Regulatory

¹⁹ Per Fiscal 2020 to Fiscal 2021 RRA Decision, Directive 15 (BCUC Order No. G-246-20).

²⁰ Per Fiscal 2023 to Fiscal 2025 RRA Decision, Directive 63 (BCUC Order No. G-91-23).

Account to reflect the inclusion of Level 2 charging service costs in
fiscal 2024).^{13,20}

Low Carbon Fuel Credits Variance Regulatory Account (LCFCVRA)

Commission Decision, August 19, 2021:

Commission Findings

The Low Carbon Fuel Credits Variance Regulatory Account is approved to capture, on an ongoing basis, the difference between forecast and actual miscellaneous revenue from low carbon fuel credits. BC Hydro is to apply interest on the balance of this regulatory account based on BC Hydro's current weighted average cost of debt.²¹

- All revenue variances between forecast and actual miscellaneous revenue from low carbon fuel credits are deferred to the LCFCVRA;
- An interest charge/credit⁵ is applied to the monthly balance at BC Hydro's weighted average cost of debt for its current fiscal year;⁶
- Remove the Test Period forecast revenue, including the Low Carbon Fuel Credits revenue associated with the EV fast charging capital assets, from the revenue requirement;²⁰
- Commencing in fiscal 2023, and until directed otherwise by the BCUC, defer the actual Low Carbon Fuel Credits revenue to the EV Fast Charging Regulatory Account (renamed EV Public Charging Regulatory Account to reflect the inclusion of Level 2 charging service costs in fiscal 2024);^{13,20} and
- Exclude revenue from low carbon fuel credits required to be captured in other regulatory accounts.²²

²¹ Per Application to Establish the Low Carbon Fuel Credits Variance Regulatory Account Decision (BCUC Order No. G-248-21).

²² Per Application to Establish the Electric Vehicle Rebate Regulatory Account Decision (BCUC Order No. G-151-24).

**BC Hydro Fiscal 2026 Annual Report to
the British Columbia Utilities Commission**

Section 6

**Debt Management Regulatory Account
Annual Status Report**

April 1, 2025 to March 31, 2026

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2	Report as at March 31, 2026	1

Appendices

Appendix 1 Future Debt Hedges Report
Appendix 2 Glossary for Appendix 1

1 **Background**

On March 30, 2016, the BCUC issued Order No. G-42-16, which authorized BC Hydro to establish a Debt Management Regulatory Account (**DMRA**) to capture mark-to-market (i.e., unrealized) and settlement (i.e., realized) gains and losses on financial contracts that hedge future long-term debt issuance to mitigate interest rate risk related to future long-term debt that BC Hydro intends to issue. In compliance with Directive 4 of that Order, BC Hydro provides below its annual report on the DMRA.

2 **Report as at March 31, 2026**

During fiscal 2026, BC Hydro entered into an additional \$2.00 billion of new future debt hedges (**FDHs**) to mitigate interest rate risk related to future long-term debt that BC Hydro intends to issue. The hedges consisted of 10-year and 30-year Government of Canada bond locks and Canadian interest rate swaps, with contract maturity dates ranging from approximately five months to four years and forecast borrowing yields ranging from 3.82% to 4.93%.

Since the establishment of the DMRA and as at March 31, 2026, a total of \$18.05 billion of FDHs have been placed, of which \$3.58 billion remained outstanding. Based on forecasts of debt requirements from BC Hydro's 2026/27 to 2028/29 Service Plan forecast, and hedges outstanding as of March 31, 2026, BC Hydro had hedged approximately 25% of forecast long-term debt issuances for fiscal 2027 to fiscal 2030. The details of all FDHs are included in [Appendix 1](#).

Higher (lower) long-term interest rates result in higher (lower) interest costs on the associated future long-term debt issues when issued. These higher (lower) interest costs on the associated debt issues have an offset provided by the impact of the FDH gains (losses). This results in the net effect of increasing financing cost

1 certainty and mitigating interest rate risk related to future long-term debt that
2 BC Hydro intends to issue.

3 Any realized gains and losses will be amortized over the remaining term of the
4 issued debt starting at the beginning of the test period following the test period
5 during which the long-term debt associated with a particular hedge is issued. As a
6 result, the effective interest rate on hedged debt is a combination of the gain or loss
7 on the settled FDH and the yield of the underlying debt issuance.

8 At March 31, 2026, the DMRA had a liability balance (i.e., amount owing to
9 ratepayers) of \$255.9 million. This balance included:

- 10 • \$166.1 million of net unrealized gains on the \$3.58 billion of outstanding FDHs;
- 11 • \$62.4 million of net realized gains on the \$14.48 billion of settled FDHs; and
- 12 • \$27.4 million of amortization related to previous net realized losses on the
13 \$12.58 billion of FDHs settled during fiscal 2017 to fiscal 2025 (the \$1.9 billion
14 of FDHs settled during fiscal 2026 will begin amortizing in the next test period,
15 fiscal 2028).

16 The net unrealized gains of \$166.1 million relating to the \$3.58 billion in outstanding
17 FDHs remain sensitive to changes in long-term yields and will continue to change
18 until the hedges are settled. At March 31, 2026, a 100-basis point change in
19 long-term yields would result in a change of approximately \$425 million to
20 \$525 million in the value of the \$3.58 billion in outstanding FDHs.

21 The March 31, 2026, net liability balance in the DMRA of \$256 million was a net
22 change of \$289 million from the net asset balance of \$33 million at March 31, 2025.
23 The \$289 million change was due to:

- 24 • \$200 million related to net increases in the unrealized mark-to-market value of
25 the \$3.58 billion of outstanding FDHs; and

-
- 1 • \$100 million related to net increases in the value of the \$1.9 billion of FDHs that
2 were settled during fiscal 2026; and partially offset by
- 3 • \$11 million related to net realized gain amortization on the \$12.58 billion of
4 FDHs settled during fiscal 2017 to fiscal 2025.

5 The net increase in the value of the FDHs settled during fiscal 2026 was a result of
6 net higher long-term interest rates at the time the FDHs were settled relative to the
7 beginning of the fiscal year or when the hedge was entered into during fiscal 2026.

8 The net increase in the value of the outstanding FDHs was due to a net increase in
9 long-term interest rates at the end of fiscal 2026 relative to the beginning of
10 fiscal 2026 for FDHs outstanding for the full duration of fiscal 2026, and relative to
11 when the hedges were entered for new FDHs entered into during fiscal 2026.

BC Hydro Fiscal 2026 Annual Report to the British Columbia Utilities Commission

Section 6

Appendix 1

Future Debt Hedges Report

Future Debt Hedges Report

As of March 31, 2026 (in millions of Canadian dollars)													
Name	Execution Date	Transaction Type	Forecast Debt Issuance & Contract Maturity Year	Contract Settlement Date	Hedge Term	Notional Amount	Forecast Borrowing Yield	Actual Yield	Fair Market Value ²	Settlement Value ²	Total DMRA Balance Before Amortization ²	Amortization	DMRA Balance ²
Hedges Placed F2017													
FDH1 ¹	2016-05-16	Bond Lock	F2017	2016-Nov	10 years	200	2.24%	3.01%		2.7	2.7	(0.6)	2.0
FDH2A	2016-05-11	Bond Lock	F2017	2016-Sep	30 years	200	2.97%	3.00%		(11.3)	(11.3)	2.7	(8.6)
FDH2B	2016-05-12	Bond Lock	F2017	2016-Sep	30 years	100	3.01%	3.00%		(6.7)	(6.7)	1.6	(5.1)
FDH3	2016-05-18	Bond Lock	F2018	2017-Mar	10 years	300	2.36%	2.35%		8.0	8.0	(6.8)	1.2
FDH4	2016-05-24	Bond Lock	F2018	2017-Oct	10 years	200	2.38%	2.37%		7.4	7.4	(6.3)	1.1
FDH5	2016-05-31	Bond Lock	F2018	2017-Jun	30 years	200	3.04%	2.87%		0.1	0.1	(0.0)	0.1
FDH6	2016-09-23	Swap	F2018	2017-Oct	10 years	200	2.09%	1.83%		17.0	17.0	(14.5)	2.5
FDH7	2016-09-23	Swap	F2018	2017-Oct	10 years	200	2.08%	1.82%		17.2	17.2	(14.6)	2.6
FDH8	2016-09-26	Swap	F2018	2017-Sep	30 years	200	2.64%	2.27%		40.9	40.9	(9.8)	31.1
FDH9	2016-09-29	Swap	F2019	2018-May	10 years	200	2.09%	1.84%		22.7	22.7	(16.3)	6.3
FDH10	2016-10-06	Swap	F2019	2018-Apr	30 years	200	2.76%	2.14%		38.7	38.7	(9.3)	29.4
FDH11	2016-06-08	Swap	F2019	2018-Sep	10 years	300	2.53%	2.16%		22.4	22.4	(16.1)	6.3
FDH12	2016-06-08	Swap	F2019	2018-Sep	10 years	200	2.54%	2.17%		14.7	14.7	(10.6)	4.1
FDH13	2016-06-14	Swap	F2020	2019-Jun	10 years	300	2.54%	2.18%		(0.4)	(0.4)	0.3	(0.1)
FDH14	2016-06-22	Swap	F2020	2019-Oct	10 years	200	2.74%	2.44%		(3.1)	(3.1)	1.7	(1.4)
FDH15	2016-10-12	Swap	F2020	2019-Oct	10 years	200	2.57%	2.24%		0.7	0.7	(0.4)	0.3
FDH16	2016-10-13	Swap	F2021	2020-May	10 years	300	2.60%	2.44%		(28.2)	(28.2)	15.3	(12.9)
FDH17	2016-10-13	Swap	F2021	2020-Jun	10 years	200	2.60%	2.31%		(16.5)	(16.5)	8.9	(7.5)
FDH18	2016-10-20	Swap	F2021	2020-Sep	10 years	300	2.69%	2.25%		(27.9)	(27.9)	15.1	(12.8)
FDH19	2016-10-20	Swap	F2021	2020-Sep	10 years	200	2.69%	2.27%		(18.3)	(18.3)	9.9	(8.4)
Subtotal						\$4,400			\$0.0	\$80.1	\$80.1	(49.9)	\$30.2
Hedges Placed F2018													
FDH20	2017-09-29	Bond Lock	F2019	2018-Jul	10 years	200	2.96%	2.88%		(1.6)	(1.6)	1.2	(0.4)
FDH21	2017-10-03	Bond Lock	F2019	2018-Jul	10 years	200	3.00%	2.92%		(2.2)	(2.2)	1.6	(0.6)
FDH22	2017-09-29	Bond Lock	F2019	2018-Jul	30 years	200	3.35%	3.36%		(17.3)	(17.3)	4.1	(13.1)
FDH23A	2017-10-04	Bond Lock	F2019	2018-Jun	10 years	100	3.01%	2.84%		(0.4)	(0.4)	0.3	(0.1)
FDH23B	2017-10-04	Bond Lock	F2019	2018-Jun	10 years	100	3.01%	2.87%		(0.4)	(0.4)	0.3	(0.1)
FDH24A	2017-10-02	Bond Lock	F2019	2018-Aug	30 years	100	3.36%	3.35%		(6.4)	(6.4)	1.4	(5.0)
FDH24B	2017-10-03	Bond Lock	F2019	2018-Aug	30 years	100	3.38%	3.37%		(6.8)	(6.8)	1.5	(5.3)
FDH25	2017-09-28	Bond Lock	F2019	2018-Aug	30 years	250	3.37%	3.36%		(16.7)	(16.7)	3.7	(12.9)
FDH26/27	2018-01-29	Swap	F2020	2019-Jun	30 years	50	3.44%	3.16%		(6.7)	(6.7)	1.1	(5.5)
FDH28	2018-02-05	Swap	F2021	2020-Jun	30 years	75	3.64%	4.01%		(30.9)	(30.9)	5.3	(25.6)
FDH29	2018-02-05	Swap	F2021	2020-Sep	30 years	75	3.64%	3.82%		(29.7)	(29.7)	5.1	(24.6)
FDH30/31	2018-02-08	Swap	F2022	2021-Jun	30 years	175	3.67%	3.56%		(27.5)	(27.5)	3.6	(23.8)
FDH32	2018-02-06	Swap	F2022	2021-Sep	30 years	100	3.60%	3.50%		(18.1)	(18.1)	2.4	(15.7)
FDH33	2018-02-07	Swap	F2022	2021-Sep	30 years	100	3.58%	3.47%		(17.7)	(17.7)	2.3	(15.3)
FDH34/35	2018-02-01	Swap	F2023	2022-Jun	30 years	250	3.52%	3.25%		25.1	25.1	(0.9)	24.1
FDH36/37	2018-01-24	Swap	F2023	2022-Sep	30 years	200	3.40%	3.23%		30.9	30.9	(1.1)	29.7
Subtotal						\$2,275			\$0.0	(\$126.2)	(\$126.2)	\$31.9	(\$94.3)
Hedges Placed F2019													
FDH38	2018-12-07	Swap	F2022	2021-May	10 years	125	3.33%	3.16%		(9.5)	(9.5)	4.1	(5.3)
FDH39	2018-12-06	Swap	F2023	2022-Jun	10 years	100	3.40%	3.18%		7.3	7.3	(1.0)	6.3
FDH40	2018-12-07	Swap	F2023	2022-Aug	10 years	125	3.41%	3.24%		3.9	3.9	(0.5)	3.4
FDH41	2018-12-07	Swap	F2024	2023-Jun	10 years	175	3.46%	3.23%		13.9	13.9	(1.7)	12.2
FDH42	2018-12-06	Swap	F2024	2023-Sep	30 years	175	3.62%	3.48%		32.5	32.5	(1.1)	31.3
FDH43	2019-01-15	Bond Lock	F2020	2019-Jun	30 years	150	3.13%	3.07%		(18.8)	(18.8)	3.5	(15.4)
FDH44	2019-01-16	Bond Lock	F2020	2019-Sep	30 years	125	3.17%	3.24%		(23.1)	(23.1)	4.2	(18.8)
FDH45A	2019-01-17	Bond Lock	F2021	2020-Jun	30 years	200	3.20%	3.54%		(60.4)	(60.4)	10.3	(50.1)
FDH45B	2019-01-17	Bond Lock	F2021	2020-Jun	30 years	125	3.20%	3.47%		(40.4)	(40.4)	6.9	(33.5)
FDH46A	2019-01-15	Swap	F2021	2020-Sep	30 years	100	3.43%	3.51%		(34.6)	(34.6)	5.9	(28.6)
FDH46B	2019-01-16	Swap	F2021	2020-Aug	30 years	225	3.49%	3.69%		(82.2)	(82.2)	14.1	(68.1)
FDH47	2019-01-08	Swap	F2022	2021-May	10 years	275	3.15%	2.96%		(16.4)	(16.4)	7.1	(9.3)
FDH48	2019-01-09	Swap	F2022	2021-Jun	30 years	100	3.41%	3.21%		(9.5)	(9.5)	1.3	(8.2)
FDH49	2019-01-09	Swap	F2022	2021-Sep	10 years	300	3.22%	2.99%		(28.2)	(28.2)	12.2	(16.0)
FDH50	2019-01-10	Swap	F2022	2021-Aug	30 years	175	3.41%	3.22%		(24.0)	(24.0)	3.2	(20.8)
FDH51	2019-01-14	Swap	F2023	2022-May	10 years	250	3.26%	3.07%		15.5	15.5	(2.1)	13.4
FDH52	2019-01-10	Swap	F2023	2022-Aug	10 years	125	3.27%	3.10%		5.4	5.4	(0.7)	4.7
FDH53	2019-01-11	Swap	F2023	2022-Sep	30 years	100	3.42%	3.19%		16.1	16.1	(0.6)	15.5
FDH54	2019-01-09	Swap	F2024	2023-Jun	10 years	175	3.33%	3.11%		15.7	15.7	(1.9)	13.8
FDH55	2019-01-08	Swap	F2024	2023-Sep	30 years	125	3.44%	3.33%		27.0	27.0	(0.9)	26.1
FDH56	2019-01-15	Swap	F2025	2024-Jun	10 years	75	3.39%	3.37%		5.4	5.4	(0.6)	4.8
Subtotal						\$3,325			\$0.0	(\$204.2)	(\$204.2)	\$61.5	(\$142.8)

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Name	Execution Date	Transaction Type	Forecast Debt Issuance & Contract Maturity Year	Contract Settlement Date	Hedge Term	Notional Amount	Forecast Borrowing Yield	Actual Yield	Fair Market Value ²	Settlement Value ²	Total DMRA Balance Before Amortization ²	Amortization	DMRA Balance ²
Hedges Placed F2022													
FDH57	2021-04-13	Swap	F2025	2024-Jun	10 years	75	3.14%	3.25%		6.1	6.1	(0.7)	5.5
FDH58	2021-04-13	Swap	F2025	2024-Sep	30 years	150	3.32%	3.62%		13.6	13.6	(0.4)	13.2
FDH59	2021-08-09	Bond Lock	F2023	2022-Jun	10 years	175	2.04%	2.43%		28.6	28.6	(4.0)	24.6
FDH60A	2021-08-09	Bond Lock	F2023	2022-May	30 years	100	2.64%	2.67%		21.7	21.7	(0.8)	20.9
FDH60B	2021-09-01	Bond Lock	F2023	2022-Jun	30 years	100	2.65%	2.65%		29.2	29.2	(1.1)	28.1
FDH61	2021-09-02	Swap	F2024	2023-Sep	10 years	100	2.40%	2.41%		19.6	19.6	(2.4)	17.3
FDH62	2021-08-30	Swap	F2025	2024-Jun	10 years	175	2.48%	2.69%		23.4	23.4	(2.5)	20.8
FDH63	2021-08-17	Swap	F2025	2024-Jun	30 years	175	2.83%	3.08%		39.0	39.0	(1.4)	37.6
FDH64	2021-08-24	Swap	F2026	2025-Jun	30 years	100	2.85%	3.30%		24.2	24.2	0.0	24.2
FDH65	2021-10-06	Bond Lock	F2023	2022-Sep	10 years	200	2.35%	2.65%		21.3	21.3	(3.0)	18.4
FDH66	2021-09-20	Swap	F2024	2023-Jun	30 years	150	2.79%	2.89%		38.0	38.0	(1.3)	36.7
FDH67	2021-09-15	Swap	F2025	2024-Sep	30 years	200	2.85%	3.24%		34.8	34.8	(1.1)	33.7
FDH68	2021-09-22	Swap	F2026	2025-Sep	10 years	75	2.61%	2.85%		6.1	6.1	0.0	6.1
FDH69	2021-10-06	Swap	F2026	2025-Sep	30 years	75	3.07%	3.53%		14.5	14.5	0.0	14.5
Subtotal						\$1,850			\$0.0	\$320.2	\$320.2	(\$18.6)	\$301.6
Hedges Placed F2023													
FDH70	2022-06-02	Swap	F2025	2024-Jun	30 years	100	3.82%	4.04%		4.6	4.6	(0.2)	4.5
FDH71	2022-06-02	Swap	F2026	2025-Jun	30 years	100	3.82%	4.28%		4.4	4.4	0.0	4.4
FDH72	2022-06-02	Swap	F2026	2025-Sep	30 years	50	3.82%	4.35%		1.3	1.3	0.0	1.3
FDH73	2022-06-09	Swap	F2027		10 years	100	4.27%		(3.1)		(3.1)		(3.1)
FDH74	2022-08-16	Swap	F2025	2024-Sep	10 years	50	3.52%	3.79%		(0.3)	(0.3)	0.0	(0.2)
FDH75	2022-08-16	Swap	F2026	2025-Jun	10 years	200	3.57%	3.95%		2.0	2.0	0.0	2.0
FDH76	2022-09-13	Swap	F2027		30 years	100	4.02%		5.8		5.8		5.8
FDH77	2023-02-15	Swap	F2026	2025-Aug	10 years	125	3.88%	4.22%		(0.8)	(0.8)	0.0	(0.8)
FDH78	2023-02-15	Swap	F2026	2025-Sep	30 years	50	3.94%	4.52%		0.6	0.6	0.0	0.6
Subtotal						\$875			\$2.7	\$11.8	\$14.5	(\$0.1)	\$14.4
Hedges Placed F2024													
FDH79	2023-06-14	Swap	F2025	2024-Sep	10 years	350	3.96%	4.29%		(15.8)	(15.8)	1.7	(14.1)
FDH80	2023-06-20	Swap	F2026	2025-Jun	30 years	150	3.93%	4.41%		3.3	3.3	0.0	3.3
FDH81	2023-09-12	Swap	F2025	2024-Jun	30 years	225	4.39%	4.67%		(12.8)	(12.8)	0.4	(12.4)
FDH82	2023-09-12	Swap	F2027		30 years	75	4.28%		1.4		1.4		1.4
FDH83	2023-09-26	Swap	F2026	2025-Aug	10 years	100	4.54%	4.98%		(6.4)	(6.4)	0.0	(6.4)
Subtotal						\$900			\$1.4	(\$31.7)	(\$30.3)	\$2.2	(\$28.1)
Hedges Placed F2025													
FDH84	2024-05-22	Bond Lock	F2025	2024-Sep	30 years	250	4.46%	4.48%		(15.0)	(15.0)	0.5	(14.5)
FDH85	2024-06-04	Swap	F2028		10 years	250	3.99%		0.5		0.5		0.5
FDH86	2024-06-04	Swap	F2029		10 years	75	4.08%		0.2		0.2		0.2
FDH87	2024-06-13	Swap	F2026	2025-May	30 years	325	4.06%	4.65%		(5.2)	(5.2)	0.0	(5.2)
FDH88	2024-06-18	Swap	F2027		30 years	175	3.91%		15.8		15.8		15.8
FDH89	2024-09-05	Bond Lock	F2026	2025-May	30 years	150	4.14%	4.10%		11.7	11.7	0.0	11.7
FDH90	2024-09-10	Swap	F2028		30 years	200	3.73%		25.5		25.5		25.5
FDH91	2024-09-10	Swap	F2029		30 years	150	3.74%		18.9		18.9		18.9
FDH92	2024-09-24	Swap	F2026	2025-Sep	10 years	50	3.48%	3.79%		0.0	0.0	0.0	0.0
FDH93	2024-09-24	Swap	F2027		10 years	350	3.59%		9.5		9.5		9.5
FDH94	2024-11-25	Bond Lock	F2026	2025-Aug	30 years	200	4.34%	4.27%		17.7	17.7	0.0	17.7
FDH95	2024-12-02	Swap	F2028		30 years	150	3.77%		18.5		18.5		18.5
FDH96	2024-12-09	Swap	F2029		30 years	100	3.74%		12.8		12.8		12.8
Subtotal						\$2,425			\$101.6	\$9.2	\$110.9	\$0.5	\$111.3
Hedges Placed F2026													
FDH97	2025-05-06	Swap	F2027		30 years	325	4.08%		24.0		24.0		24.0
FDH98	2025-05-06	Bond Lock	F2026	2025-Sep	30 years	150	4.62%	4.46%		3.2	3.2	0.0	3.2
FDH99	2025-06-10	Swap	F2028		30 years	100	4.24%		5.1		5.1		5.1
FDH100	2025-06-10	Swap	F2029		30 years	150	4.27%		7.4		7.4		7.4
FDH101	2025-06-10	Swap	F2030		10 years	200	4.26%		0.5		0.5		0.5
FDH102	2025-06-13	Swap	F2028		30 years	100	4.25%		5.0		5.0		5.0
FDH103	2025-08-18	Swap	F2029		10 years	225	4.27%		(1.4)		(1.4)		(1.4)
FDH104	2025-08-18	Bond Lock	F2027		30 years	200	4.93%		(1.3)		(1.3)		(1.3)
FDH105	2025-09-09	Swap	F2029		30 years	75	4.27%		3.9		3.9		3.9
FDH106	2025-09-09	Swap	F2028		30 years	50	4.26%		2.6		2.6		2.6
FDH107	2025-09-09	Bond Lock	F2027		30 years	150	4.72%		4.2		4.2		4.2
FDH108	2025-09-15	Swap	F2028		10 years	75	3.82%		1.8		1.8		1.8
FDH109	2025-09-15	Swap	F2028		10 years	50	3.83%		1.1		1.1		1.1
FDH110	2025-09-15	Swap	F2027		30 years	50	4.15%		3.4		3.4		3.4
FDH111	2025-10-08	Swap	F2030		30 years	100	4.37%		4.0		4.0		4.0
Subtotal						\$2,000			\$60.4	\$3.2	\$63.6	\$0.0	\$63.6
Total						\$18,050			\$166.1	\$62.4	\$228.5	\$27.4	\$255.9

¹ Actual debt was a 30 year issue

² Gain / (loss) deferred to the Debt Management Regulatory Account

BC Hydro Fiscal 2026 Annual Report to the British Columbia Utilities Commission

Section 6

Appendix 2

Glossary for Appendix 1

Name	BC Hydro reference for each individual FDH.
Execution Date	Date the FDH was entered into.
Transaction Type	Type of Future Debt Hedge: Bond Locks – Contracts with financial institutions that are based on the performance of Government of Canada Treasury Bonds. Under a Bond Lock, BC Hydro will effectively sell a particular Government of Canada Bond at the current interest rate and effectively repurchase it at a pre-defined future date at the then-prevailing market interest rate; and Forward Swaps – Contracts with financial institutions whereby BC Hydro will pay the current interest rate on the Interest Rate Swap ¹ and agree to receive the prevailing interest rate on the Interest Rate Swap at a pre-defined future date.
Forecast Debt Issuance and Contract Maturity Year	Fiscal year the FDH derivative contract is forecast to be unwound and cash settled (set at the inception of the hedge) and the related future debt is expected to be issued.
Contract Settlement Date	Date the FDH derivative was actually unwound and cash settled.
Hedge Term	The term of the future debt issue that is being hedged (i.e., either a 10-year debt issue or a 30-year debt issue).
Notional Amount	The dollar value of the FDH derivative. The notional amount of the derivative will be equal to the principal amount of the related future debt issue.
Forecast Borrowing Yield	The anticipated yield on a particular future debt issue on the day the FDH was executed. The forecast borrowing yield is subject to change based on the difference between the change in the yield on Government of B.C. Bonds vs. the change in the yield on the underlying FDHs (Bond lock or Forward Swap) since the inception of the hedges. The actual yield will only be known upon the cash settlement of the FDH and the issuance of the related future debt.
Actual Yield	The effective yield on the future debt issuance taking into account the gain or loss on the related FDH.
Fair Market Value	The mark-to-market value of the FDHs that are not yet cash settled.
Settlement Value	The amount of cash paid out by BC Hydro or received by BC Hydro upon the unwinding and cash settlement of the FDH. A loss on the FDH would involve a cash payment by BC Hydro and a gain on the FDH would involve a receipt of cash by BC Hydro. Settlement value is also referred to as realized gain or loss.

¹ A Canadian Interest Rate Swap is an agreement between two counterparties that agree to exchange an interest payment based on a Canadian floating reference rate. The Canadian floating reference rate is CDOR Canadian Dollar Offer Rate index for all FDH Swaps executed up to June 30, 2023, and Canadian Overnight Repo Rate Average (**CORRA**) for all FDH Swaps executed after June 30, 2023. The change of the floating reference rate is a result of interest rate reform in Canada, involving the cessation of CDOR and its replacement with CORRA as the Canadian floating interest rate benchmark.

Total DMRA Balance Before Amortization	The amount of gain or loss on FDHs recorded in the DMRA since inception. Comprised of mark-to-market gains and losses and settlement gains and losses.
Amortization	The amount removed from the DMRA and included in Net Income. The gains or losses in the DMRA will be amortized over the remaining term of the associated long-term debt issuances, commencing at the beginning of the test period subsequent to the test period in which the long-term debt to which the FDH is associated is issued. The combination of the amortization of the DMRA and the interest charges on the underlying debt result in the effective yield on the debt at its hedged rate.
DMRA Balance	The balance in the DMRA at the report date.

**BC Hydro Fiscal 2026 Annual Report to
the British Columbia Utilities Commission**

Section 7

Performance of Rate Schedules 1894 and 1895

Fiscal 2026

PUBLIC

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1 Background

On January 29, 2021, BC Hydro filed an application with the BCUC in accordance with the Government of B.C.'s Direction to the BCUC Respecting Industrial Electrification (Order in Council No. 657 issued on December 21, 2020, BC Reg. 295/2020)¹ seeking approval of:

- Rate Schedule (**RS**) 1894 – Transmission Service – Clean B.C. Industrial Electrification Rate – Clean Industry and Innovation;
- RS 1895 – Transmission Service – Clean B.C. Industrial Electrification Rate – Fuel Switching; and to,
- Rescind TS No. 97 - Northwest Transmission Line Supplemental Charge.

On February 5, 2021, the BCUC approved the Application by Order No. G-38-21.² Directive 3 of that order directed BC Hydro to provide an annual report to the BCUC on the performance of RS 1894 and RS 1895, including the number of new customers on each new rate schedule, the incremental load obtained under each new rate schedule, the incremental revenues associated with each new rate schedule, and the quantification of greenhouse gas reduction related to each new rate schedule.

The Clean Industry and Innovation Rate (**RS 1894**) is intended to encourage the construction of new customer facilities that will either remove greenhouse gases from the atmosphere, produce renewable/low-carbon fuels or provide data storage services (not including cryptocurrency exchange). The Fuel Switching Rate (**RS 1895**) is intended to encourage the permanent conversion to electricity of all or a portion of a new or existing customer facility where hydrocarbon fuel would

¹ Link: <https://www.bchydro.com/content/dam/BCHydro/customer-portal/documents/corporate/regulatory-planning-documents/regulatory-filings/tariff/2021-01-29-bchydro-consent-ts37-rs-1895-1895.pdf>.

² Link: <https://www.ordersdecisions.bcuc.com/bcuc/orders/en/item/492458/index.do?q=Industrial+electrification>.

otherwise be used as the power source. Both rate schedules offer a discount on the otherwise applicable rate energy charge and demand charge³ for a period of seven years from the project's In-service Date. The discount is 20% for the first five years, 13% in year-six, and 7% in year-seven. Both rates will close to new customers effective March 31, 2030, and will terminate on March 31, 2037, at which time, customers will be moved to the default transmission service rate.

2 Progress Report

In the following sub-sections, BC Hydro provides the information with respect to the performance of RS 1894 and RS 1895 in fiscal 2026 as ordered by Directive 3 of Order No. G-38-21. In accordance with section 42 of the *Administrative Tribunals Act* and Part 4 of BCUC's Rules of Practice and Procedure, BC Hydro is filing the complete version of this section 7 with the BCUC only and has redacted certain information in the public version which we believe could reveal commercially sensitive information about a specific customer or customers.

2.1 Number of Customer Projects Receiving Service Under RS 1894 and RS 1895

As of March 31, 2026, there were seven customers receiving service under RS 1895 and one customer receiving service under RS 1894. Of the eight customers, three had also been receiving service during the previous fiscal year, while five began

³ The rate schedules were amended and approved effective July 18, 2024, to reflect changes to BC Hydro's default transmission service rate (RS 1830 replaces RS 1823). These rate schedule amendments were initiated by Order in Council (OIC) No. 441 on July 6, 2024, and deposited on July 8, 2024, which amends the Direction to the BCUC Respecting Industrial Electrification, BC Reg. 295/2020 and which requires the BCUC issue an order setting the amended rates as attached in the OIC effective the date of the BCUC order. BCUC Order No. G-193-24 approved the amended rate schedules effective July 18, 2024. The BCUC order also approved on a permanent basis BC Hydro's interim treatment of allowing RS 1895 to be available to customers taking service on RS 1830 starting April 1, 2024, and for BC Hydro to apply RS 1830 energy and demand charges as the basis for billing customers on RS 1894 and RS 1895. Links: https://www.bclaws.gov.bc.ca/civix/document/id/oic/oic_cur/0441_2024; and <https://www.ordersdecisions.bcuc.com/bcuc/orders/en/522354/1/document.do>.

service in fiscal 2026. A summary of customer projects receiving service under RS 1894 and RS 1895 during fiscal 2026 is provided in [Table 7-1](#) below.

Table 7-1 Number of Customer Projects Receiving Service Under RS 1894 and RS 1895 During Fiscal 2026

Number of Customer Projects by Rate Schedule	RS 1894	RS 1895
Number of Customer Projects in years 1 to 5	1	7
Number of Customer Projects in year 6	0	0
Number of Customer Projects in year 7	0	0
Total	1	7

Additional projects with requested loads under these two rate schedules are progressing through the interconnection process with projected In-Service Dates ranging from 2026 to 2030.

2.2 Incremental Load Obtained Under RS 1894 and RS 1895

[Table 7-2](#) below shows the incremental loads obtained under RS 1894 and RS 1895 in fiscal 2026.

Table 7-2 Incremental Load Obtained Under RS 1894 and RS 1895 in Fiscal 2026

Incremental Load Supplied by Rate Schedule (GWh)	RS 1894	RS 1895
Incremental Load Supplied to Customer Project in years 1 to 5	■	883.56
Incremental Load Supplied to Customer Projects in year 6	0	0
Incremental Load Supplied to Customer Projects in year 7	0	0
Total	■	883.56

2.3 Incremental Revenues Associated with RS 1894 and RS 1895

[Table 7-3](#) below shows the incremental revenues associated with RS 1894 and RS 1895 in fiscal 2026.

**Table 7-3 Incremental Revenues Associated with
RS 1894 and RS 1895 in Fiscal 2026**

Incremental Revenues by Rate Schedule (\$000)	RS 1894	RS 1895
Incremental Revenues for Customer Projects in years 1 to 5	■	50,161
Incremental Revenues for Customer Projects in year 6	0	0
Incremental Revenues for Customer Projects in year 7	0	0
Total	■	50,161

2.4 Greenhouse Gas Reduction Related to RS 1894 and RS 1895

[Table 7-4](#) below shows the greenhouse gas (GHG) emission reductions estimated from customer electrification projects receiving service under RS 1894 and RS 1895 in fiscal 2026.

**Table 7-4 Greenhouse Gas Reduction Related to
RS 1894 and RS 1895 in Fiscal 2026**

Greenhouse Gas Reduction by Rate Schedule (tCO ₂ e)	RS 1894	RS 1895
Fiscal 2025 Greenhouse Gas Reduction (Revised)	0	274,528
Fiscal 2026 Greenhouse Gas Reduction (Estimated)	0	535,430

The fiscal 2026 GHG reduction estimate is based on a combination of completed and in progress Stage 2 engineering reviews,⁴ as well as application-stage information. As a result, fiscal 2026 estimates may be revised in the next reporting period based on latest information available at that time.

No GHG emission reductions were estimated for the project receiving service under RS 1894 in fiscal 2026. The project is categorized as a Clean Industry Customer producing renewable or low-carbon fuel. Although the fuel produced by the facility may enable GHG emission reductions when used by downstream customers in place of higher-carbon alternatives, the project does not result in measurable

⁴ The purpose of the Stage 2 review is to refine the Stage 1 review estimate of the electricity consumption impact for the project based on the application of engineering principles to actual production, metering and plant/system/equipment performance data used in the customer's updated engineering submission. Stage 2 engineering reviews are conducted annually.

1 reductions in emissions generated by the production facility itself. Therefore, no
2 facility-level GHG emission reductions were quantified.

3 The fiscal 2025 GHG emission reductions value has been updated from 150,591 to
4 274,528 tCO₂e. This revision reflects the correction of an administrative error
5 identified following publication of the previous report, where fiscal 2024 values were
6 inadvertently used in place of fiscal 2025 values, as well as updates to project-level
7 estimates based on additional information obtained through annual Stage 2 reviews
8 completed since the last reporting cycle.

9 **2.5 Energy Participation Cap**

10 As reported in the previous year's report, to better align with current supply-demand
11 conditions and in accordance with the terms of RS 1894, BC Hydro revised the
12 Energy Participation Cap for RS 1894 from 1,500 GWh/year to 430 GWh/year,
13 effective August 19, 2025. This reduction was equal to capacity previously allocated
14 to now-withdrawn eligible projects.

15 Effective February 27, 2026, BC Hydro further reduced the RS 1894 Energy
16 Participation Cap from 430 GWh/year to 166 GWh/year to better align with current
17 supply-demand conditions. The RS 1895 energy cap remains 3,500 GWh/year.