

Site C Clean Energy Project Agricultural Mitigation and Compensation Plan

Revision 1: September 25, 2017

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Agricultural Mitigation and Compensation Plan

Abbreviations and Acronyms

Administrator	BC Hydro Peace Agricultural Compensation Fund Administrator
Agricultural Fund	BC Hydro Peace Agricultural Compensation Fund
Agricultural Monitoring Program	Agricultural Monitoring and Follow-up Program
ALC	Agricultural Land Commission
ALR	Agricultural Land Reserve
AMCP	Agricultural Mitigation and Compensation Plan
Board	BC Hydro Peace Agricultural Compensation Fund Board
CEMP	Construction Environmental Management Plan
CSC	Consultation Steering Committee
CSMP	Construction Safety Management Plan
EAC	Environmental Assessment Certificate
EAO	British Columbia Environmental Assessment Office
EIS	Environmental Impact Statement, Site C Clean Energy Project
Framework	Agricultural Mitigation and Compensation Plan Framework (July 27, 2016)
ha	Hectare
JRP	Joint Review Panel
Project	Site C Clean Energy Project
PRRD	Peace River Regional District
VC or VCs	Valued Component or Valued Components

Revision History

Version	Date	Comments
Draft	January 27, 2017	Draft
Final	July 27, 2017	Final Plan
Revision 1	September 25, 2017	<p>Removed examples of potential reclamation work in section 2.3</p> <p>Identified the plans which will be reviewed for revisions in section 2.3</p> <p>Updated the anticipated schedule for completion of individual farm mitigation plans in Table 2 and section 2.4.</p> <p>Update to the timeline for establishment of Agricultural Fund in section 2.6 and Figure 3 with consistent updates made in the Agricultural Fund appendices.</p> <p>Addition of two documents to the list from which Appendix A is summarized.</p> <p>Addition of wording that describes land capability and rating, an improved agricultural capability class table and corrections to unimproved agricultural capability class table in Appendix A.</p> <p>Appendix E & G: removal of Annual Plan – 2018</p>

1.0 Background

1.1 The Site C Clean Energy Project

The Site C Clean Energy Project (the Project) will be the third dam and generating station on the Peace River in northeast B.C. The Project will provide 1,100 megawatts of capacity and about 5,100 gigawatt hours of energy each year to the province's integrated electricity system. The Project will be a source of clean, reliable and cost-effective electricity for BC Hydro's customers for more than 100 years.

The components of the Project are:

- an earthfill dam, approximately 1,050 metres long and 60 metres high above the riverbed;
- an 83 kilometre long reservoir that will be, on average, two to three times the width of the current river;
- a generating station with six 183 MW generating units;
- two new 500 kilovolt AC transmission lines that will connect the Project facilities to the Peace Canyon Substation, along an existing right-of-way;
- realignment of six segments of Highway 29 over a total distance of approximately 30 kilometres; and
- construction of a berm at Hudson's Hope.

The Project also includes the construction of temporary access roads, a temporary bridge across the Peace River, and construction phase worker accommodation at the dam site.

1.2 Project Benefits

The Project will provide important benefits to British Columbia and Canada. It will serve the public interest by delivering a source of clean, renewable and cost-effective electricity in B.C. for more than 100 years to meet growing demand; contribute to employment, economic development, ratepayer, taxpayer and community benefits; meet the need for electricity with lower greenhouse gas impact than other resource options; contribute to sustainability by optimizing the use of existing hydroelectric facilities, delivering approximately 35 per cent of the energy produced at the W.A.C. Bennett Dam, with only five per cent of the reservoir area; and include an honourable process of engagement with Aboriginal groups and the potential for accommodation of their interests.

1.3 Environmental Assessment Process

The environmental assessment of the Project has been carried out in accordance with the *Canadian Environmental Assessment Act, 2012*, the *BC Environmental Assessment Act*, and the Federal-Provincial Agreement to Conduct a Cooperative Environmental Assessment, Including the Establishment of a Joint Review Panel of the Site C Clean Energy Project. The assessment considered the environmental, economic, social, heritage and health effects and benefits of the Project, and included the engagement of Aboriginal groups, the public, all levels of government, and other stakeholders in the assessment process.

Detailed findings of the environmental assessment are documented in the Site C Clean Energy Project Environmental Impact Statement (EIS), which was completed in accordance with the Environmental Impact Statement Guidelines (EIS Guidelines) issued by the Minister of Environment of Canada and the Executive Director of the Environmental Assessment Office (EAO) of British Columbia. The EIS was submitted to regulatory agencies in January 2013, and amended in August 2013 following a 60 day public comment period on the assessment, including open house sessions in Fort St. John, Hudson's Hope, Dawson Creek, Chetwynd, town of Peace River (Alberta) and Prince George.

In August 2013, an independent Joint Review Panel (JRP) commenced its evaluation of the EIS, and in December 2013 and January 2014 undertook five weeks of public hearings on the Project in 11 communities in the Peace Region, including six Aboriginal communities. In May 2014, the JRP provided the provincial and federal governments with a report summarizing the Panel's rationale, conclusions and recommendations relating to the environmental assessment of the Project. On completion of the JRP stage of the environmental assessment, the Canadian Environmental Assessment Agency and the EAO consulted with Aboriginal groups on the JRP report, and finalized key documents of the environmental assessment for inclusion in a referral package for the Provincial Ministers of Environment and Forests, Lands and Natural Resource Operations.

Construction of the Project is also subject to regulatory permits and authorizations, and other approvals. In addition, the Crown has a duty to consult and, where appropriate, accommodate Aboriginal groups.

1.4 Environmental Assessment Findings

The environmental assessment of the Project focused on 22 valued components (VC or VCs), or aspects of the biophysical and human setting that are considered important by Aboriginal groups, the public, the scientific community and government agencies. In the EIS, VCs were categorized under five pillars: environmental, economic, social, heritage and health. For each VC, the assessment of the potential effects of the Project components and activities during construction and operations was based on a comparison of the biophysical and human environments between the predicted future conditions with the Project, and the predicted future conditions without the Project.

Potential adverse effects on each VC are described in the EIS along with technically and economically feasible mitigation measures, their potential effectiveness, as well as specific follow-up and related commitments for implementation. If a residual effect was found on a VC, the effect was evaluated for significance. Residual effects were categorized using criteria related to direction, magnitude, geographic extent, context, level of confidence and probability, in accordance with the EIS Guidelines.

The assessment found that the effects of the Project will largely be mitigated through careful, comprehensive mitigation programs and ongoing monitoring during construction and operations. The EIS indicates that the Project is unlikely to result in a significant adverse effect for most of the VCs. However, a determination of a significant effect of the Project was found on four VCs: Fish and Fish Habitat, Wildlife Resources, Vegetation and Ecological Communities, and Current Use of Lands and Resources for Traditional Purposes.

1.5 Environmental Assessment Conclusion

On October 14, 2014, the Provincial Ministers of Environment and of Forests, Lands and Natural Resource Operations decided that the Project is in the public interest and that the benefits provided by the Project outweigh the risks of significant adverse environmental, social and heritage effects (<http://www.newsroom.gov.bc.ca/2014/10/site-c-project-granted-environmental-assessment-approval.html>). The Ministers have issued an Environmental Assessment Certificate (EAC) setting conditions under which the Project can proceed.

Further, on November 25, 2014, the Minister of Environment of Canada issued a Decision Statement confirming that, while the Project has the potential to result in some significant adverse effects, the Federal Cabinet has concluded that those effects are justified in the circumstances. The Decision Statement sets out the conditions under which the Project can proceed.

1.6 Site C Project Consultation

BC Hydro began consultation on the Project in late 2007, before any decision to advance the Project to an environmental assessment. BC Hydro's consultation with the public, stakeholders, regional and local governments, regulatory agencies, and Aboriginal groups is described in EIS Section 9, Information Distribution and Consultation.

Additional information on the consultation process and a summary of issues and concerns raised during consultation are provided in:

- EIS, Volume 1, Appendix G, Public Information Distribution and Consultation Supporting Documentation
- EIS, Volume 1, Appendix H, Aboriginal Information Distribution and Consultation Supporting Documentation
- EIS, Volume 1, Appendix I, Government Agency Information Distribution and Consultation Supporting Documentation
- EIS, Volume 5, Appendix A01 to A29, Parts 2 and 2A, Aboriginal Consultation Summaries
- Technical Memo: Aboriginal Consultation

1.7 Agriculture Consultation

1.7.1 Environmental Assessment

BC Hydro engaged Provincial Ministry of Agriculture staff and the Peace River Regional District (PRRD) Agriculture Advisory Committee during the development of the EIS and early in the design of the monitoring program. Ministry of Agriculture staff provided specific information on the B.C. Ministry of Agriculture's Wildlife Damage Compensation Program. Interviews with potentially affected farm operators or owners were carried out in 2011 and 2012 (BC Hydro, 2013d).

These interviews were conducted in order collect information related to current and future agricultural activities and information required to define and evaluate on-farm changes that may

result from the Project. There were 34 farm operations identified where a portion of the operation would be within the Project activity zone. The owners or operators of 22 of those farm operations participated in interviews.

Information obtained during these interviews, alongside other sources of information (e.g. direct observations, air photo observations) about farm operations in the Project activity zone, were presented in summary form within the assessment. Interview documentation, including responses to questions and information contained on maps relevant to their agricultural holdings, was retained by BC Hydro and shared with interviewees. (BC Hydro. 2013c.)

Information sought during the interviews with owners and operators included the following:

- Current and future land use
- Soil and crop management practices, including crop rotation practices
- Crop yields and farm gate prices
- Livestock use, movements and production
- Farm infrastructure and improvements and other investments that have been made or might be considered
- Historical and potential trends in agricultural land use
- Motivating factors in land use decision-making
- Non-farm infrastructure used by farm operations
- Projected changes to land use if the Project proceeds
- Marketing and distribution channels used, including access and transportation needs
- Agricultural inputs acquisition channels
- Short- and long-term concerns related to potential effects of the Project on agricultural operations
- Avoidance and mitigation options
- Regional compensation and enhancement opportunities

1.7.2 Agricultural Framework Consultation

The Agricultural Mitigation and Compensation Plan Framework (Framework) which guided the development of the draft Agricultural Mitigation and Compensation Plan (AMCP) was submitted on July 27, 2016 and can be found on the Project website:

[https://www.sitecproject.com/document-library/environmental-management-plans-and-reports.](https://www.sitecproject.com/document-library/environmental-management-plans-and-reports)

BC Hydro established a Consultation Steering Committee (CSC) with the Ministry of Agriculture and the Ministry of Energy and Mines to guide consultation with agricultural stakeholders and to work together to jointly develop the AMCP. The CSC is comprised of staff from each organization, with a range of professional expertise and experience in fund implementation, agriculture and mitigation program implementation (see Appendix B).

In accordance with EAC Condition 30, as found in section 1.7.3 of this AMCP, stakeholder consultation regarding the development of the Framework took place from November 23, 2015 to January 29, 2016. Input and feedback were collected using a discussion guide and feedback form, online consultation and regional stakeholder meetings held in Hudson's Hope, Fort St.

John, Dawson Creek and Chetwynd. This consultation is consistent with the EAC Condition 30 requirement of *“The framework for the Agricultural Mitigation and Compensation Plan must be developed in consultation with the affected agricultural land owners and tenure holders, and the Ministry of Agriculture.”*

The *Consultation Summary Report: Framework for an Agricultural Mitigation and Compensation Plan (March 2016)* was posted on the Project website and a notification was sent to all participants. The full discussion guide, consultation report and appendices can be found at: www.sitecproject.com/document-library/consultation-and-engagement-reports.

There were 114 participant interactions during the consultation period, including:

- 81 attendees at regional meetings in December 2015 and January 2016 in Hudson’s Hope, Fort St. John, Dawson Creek and Chetwynd
- 30 online feedback forms and 5 written submissions

Following the stakeholder consultation process, the CSC met with representatives of regional agricultural associations in March 2016 to further discuss outcomes of the consultation. Discussion at this meeting focused on clarifying feedback and finding common ground over some conflicting input received.

In May 2016, the CSC sought input from the Agricultural Land Commission (ALC) on requirements related to residual lands. As the release of most residual lands is not anticipated until after the Project has commenced operations, the ALC will be contacted in the future regarding any site-specific proposals for Agricultural Land Reserve (ALR) land inclusion, which satisfies a requirement of EAC Condition 30.

The input received during stakeholder consultation and in the follow up meetings was considered, along with technical and financial information, by BC Hydro, the Ministry of Agriculture and the Ministry of Energy and Mines in the development of the Framework.

The Framework was posted on the Project website on July 27, 2016. Notifications were sent to all consultation meeting attendees, all affected agricultural land owners and tenure holders, the Ministry of Agriculture, the PRRD and the District of Hudson’s Hope. An event was held on August 12, 2016, in Dawson Creek, at the Agricultural Exhibition and Stampede, to further promote the opportunity to provide comments and feedback on the Framework. The Framework comment period was held from July 27, 2016 to September 30, 2016. Six comments were received and responded to by BC Hydro, on behalf of the CSC.

1.7.3 Draft Agricultural Mitigation and Compensation Plan Consultation

EAC Condition 30 states:

“The EAC Holder must provide this draft Agricultural Mitigation and Compensation Plan to the affected agricultural land owners and tenure holders, PRRD, District of Hudson’s Hope, Ministry of Agriculture and FLNR for review within 18 months after the commencement of construction.”

“The EAC Holder must file the final Agricultural Mitigation and Compensation Plan with EAO, Peace River Regional District, District of Hudson’s Hope the Ministry of Agriculture and FLNR within 2 years after the commencement of construction.”

“The EAC Holder must develop, implement and adhere to the final Agricultural Mitigation and Compensation Plan, and any amendments, to the satisfaction of EAO.”

Notifications regarding the posting of the draft AMCP to the Project website were sent to all consultation meeting attendees, all affected agricultural land owners and tenure holders, the Ministry of Agriculture, the PRRD and the District of Hudson's Hope.

BC Hydro accepted comments on the draft AMCP for 45 days following submission, from January 27, 2017 until March 13, 2017. Comments received during this time were considered in the preparation of this final AMCP. BC Hydro received 25 submissions on the draft AMCP. The final AMCP will be posted on the Project website (sitecproject.com).

In addition to the public comment period, the CSC held a meeting with representatives of regional agricultural associations and other agricultural stakeholders on February 23, 2017 to gather input on the draft AMCP, as well as input on the development of the governance for the BC Hydro Peace Agricultural Compensation Fund (Agricultural Fund) contemplated as part of the AMCP. Most of the representatives at this meeting also attended the March 2016 meeting described in section 1.7.2 of this AMCP.

1.8 Regulatory Context

In constructing and operating the Project, BC Hydro and its contractors must comply with laws, regulations, and standards of general applicability, as well as Project-specific conditions of approvals, permits, other authorizations, guidelines and protocols that are relevant to the design and implementation of mitigation programs. The following subsections explain how the AMCP considers and integrates regulatory requirements that pertain to agriculture as required for the Project.

The Federal Decision Statement does not include any requirements with respect to the potential for the Project to impact agricultural land owners and tenure holders.

As described in Section 20.1.1 of the EIS, some of the land that would be temporarily or permanently occupied by the Project was within the province's ALR. The ALR is managed in B.C. under the *Agricultural Land Commission Act* (S.B.C., 2002). As per Order in Council #148, Order Respecting Lands in the Agricultural Reserve, issued on April 8, 2015, certain of these lands were temporarily excluded from the ALR until December 31, 2024, and other lands were permanently excluded.

Agricultural Crown land tenures are administered under the *Range Act* (S.B.C., 2004) and under the *Land Act* (R.S.B.C., 1996). Crown land management in the Project activity zone is also guided by the Dawson Creek and Fort St. John Land and Resource Management plans.

1.9 Development of Mitigation, Management and Monitoring Plans

Mitigation, management and monitoring plans for the Project have been developed taking into account the measures proposed in the EIS, information received during the JRP hearing process and the Report of the Joint Review Panel on the Project. Those plans are consistent with, and meet requirements set out in, the conditions of the EAC and of the Decision Statement, issued on October 14, 2014 and November 25, 2014, respectively.

In addition, in accordance with environmental best practices (Decision Statement Condition 3.1), these plans were informed by the best available information and knowledge, and were undertaken by qualified individuals. These plans contain provisions for review and update as

new information on the effects of the Project and on the efficacy of the mitigation measures become available.

1.10 Baseline Conditions & Potential Effects of the Project

The potential effect of the Project on agriculture was assessed in Section 20 of the EIS, as amended (July 2013). The assessment considered the potential for the Project to effect four key aspects of agriculture in the local assessment area:

- Temporary and permanent loss of agricultural land
- Changes in individual farm operations, including potential changes to local microclimate that could affect agriculture
- Changes in agricultural economic activity
- Changes in local and regional food production and consumption

A summary of the following components of the agriculture assessment is included within Appendix A: Agriculture Effects Assessment:

- Spatial and temporal boundaries
- Baseline conditions
- Potential effects of the Project, with a description of changes to agriculture
- Mitigation measures
- Residual effects

2.0 Agricultural Mitigation and Compensation Plan

2.1 Objective and Scope

The agricultural mitigation and compensation programs were proposed by BC Hydro in Section 20.7 of the EIS. The programs were proposed for when the creation of the reservoir may result in site-specific changes that may affect agricultural operations on individual farm operations and where Project effects on agricultural operations are not already addressed under agreements with BC Hydro.

The AMCP must be developed, implemented and adhered to in accordance with Condition 30 of EAC #14-02.

The AMCP is organised around the four EAC required components of the AMCP, as follows:

- Construction management practices, as they pertain to agriculture (section 2.3)
- Development of Individual Farm Mitigation Plans (section 2.4)
- Management of residual agricultural land (section 2.5)
- Establishment of an Agricultural Fund (section 2.6)

The AMCP is informed by the following sources:

- Condition 30 of the Project's EAC
- Agricultural Mitigation and Compensation Plan Framework (July 27, 2016)
- Input from BC Hydro, Ministry of Agriculture, Ministry of Energy and Mines and Regional Advisors
- Consultation feedback from regional agricultural stakeholders including land owners, tenure holders, Peace Region agricultural associations and local stakeholders
- Legal and financial advice
- Background information including the EIS and the JRP Hearing Report

Technical input and review of the AMCP was completed by Patrick Brisbin, P.Eng. P.Ag., the Qualified Environmental Professional for the Framework and AMCP, who completed the agriculture assessment for the Project (EIS Section 20 and supporting technical appendices) and has extensive experience in agricultural environmental assessments and individual farm mitigation plan development. In addition, serious consideration was given to the consultation input received from a broad range of consultation participants, including Peace Region land owners, tenure holders, agricultural producers, agricultural stakeholders, local governments and Aboriginal groups.

The AMCP includes mitigation measures to address EAC Condition 30, which were developed taking into account the findings of the environmental assessment, the measures proposed within the EIS, information received during the JRP hearing process, the Report of the Joint Review Panel – Site C Clean Energy Project and subsequent consultation for the development and review of the Framework.

Table 1: Environmental Assessment Certificate Condition and AMCP Reference

Agriculture: EAC Condition 30	AMCP Section Reference
In order to avoid or manage the effects of the project on agricultural land owners and tenure holders, the EAC Holder [BC Hydro] must develop an Agricultural Mitigation and Compensation Plan.	AMCP
The Agricultural Mitigation and Compensation Plan must be developed by a Qualified Environmental Professional.	Appendix B: Agricultural Consultation Steering Committee
As part of Agricultural Mitigation and Compensation Plan development, the EAC Holder must evaluate effects on agricultural land owners and tenure holders, and develop mitigation and compensation measures consistent with industry compensation standards, to mitigate effects or compensate for losses.	Section 2.4 - Individual Farm Mitigation Plans
The Agricultural Mitigation and Compensation Plan must include at least the following:	
Inclusion of suitable land in the Agricultural Land Reserve in consultation with the Agriculture Land Commission.	Section 1.7 Agriculture Consultation Section 2.5: Management of Residual Agricultural Land
When residual land parcels are to be sold, consolidate and/or connect residual agricultural parcels with adjacent agricultural land holdings, where practical and when owner(s) and BC Hydro agree.	Section 2.5: Management of Residual Agricultural Land

Agriculture: EAC Condition 30	AMCP Section Reference
<p>Funding for mitigation actions for disruptions to agricultural land owners and tenure holders, including but not limited to the provision of alternative / replacement:</p> <ul style="list-style-type: none"> • Livestock movement options and compensation for associated increased costs; • Infrastructure (irrigation and drainage improvements); • Water supplies; • Relocation of quality soil in selected locations; • Farm and field access; • Highway crossings; • Utility crossings; • Livestock watering and drainage works during construction, and restore original works after construction is completed; and • Fencing. 	<p>Section 2.4: Individual Farm Mitigation Plans</p>
<p>Minimize access to agricultural lands by construction workers and implement measures to minimize unauthorized public access.</p>	<p>Section 2.3 Construction Management Practices</p> <p>Section 2.4 Individual Farm Mitigation Plans</p>
<p>For impacts that cannot be avoided, the plan will contain an approach for reimbursements that compensate for associated financial losses due to disruptions to agricultural land use.</p>	<p>Section 2.4 Individual Farm Mitigation Plans</p>
<p>In addition to the above bulleted measures in this condition, establishment of an agricultural compensation fund of \$20 million for use in the Peace Region or other areas of the province as necessary to compensate for lost agricultural lands and activities, and an approach for establishing the governance and allocation of funds.</p> <p>The EAC Holder must work with the Ministry of Agriculture to establish a governance structure for the agriculture compensation fund that will ensure funds will be used to support enhancement projects that improve agricultural land, productivity or systems.</p>	<p>Section 1.7 Agriculture Consultation</p> <p>Section 2.6 BC Hydro Peace Agricultural Compensation Fund</p>

Agricultural Mitigation and Compensation Plan

Agriculture: EAC Condition 30	AMCP Section Reference
The framework for the Agricultural Mitigation and Compensation Plan must be developed in consultation with the affected agricultural land owners and tenure holders, and the Ministry of Agriculture, and provided to Peace River Regional District and the District of Hudson's Hope for review within 1 year after the commencement of construction.	Section 1.7: Agriculture Consultation
The EAC Holder must provide this draft Agricultural Mitigation and Compensation Plan to the affected agricultural land owners and tenure holders, Peace River Regional District, District of Hudson's Hope, Ministry of Agriculture and FLNR for review within 18 months after the commencement of construction.	Section 1.7: Agriculture Consultation
The EAC Holder must file the final Agricultural Mitigation and Compensation Plan with EAO, Peace River Regional District, District of Hudson's Hope the Ministry of Agriculture and FLNR within 2 years after the commencement of construction.	Section 1.7: Agriculture Consultation
The EAC Holder must develop, jointly with agricultural land owners and tenure holders, individual farm mitigation plans throughout the construction phase for all farms directly affected by the Project.	Section 2.4: Individual Farm Mitigation Plans
The EAC Holder must develop, implement and adhere to the final Agricultural Mitigation and Compensation Plan, and any amendments, to the satisfaction of EAO.	Section 2.2. Implementation

EAC Condition 31 is the second condition related to agriculture. The agriculture monitoring and follow-up program (Agricultural Monitoring Program) being implemented in accordance with Condition 31 will run for a 10-year period, including the five years prior to reservoir filling and the first five years of operation. The Agriculture Monitoring Program is addressed in a separate plan, which is publicly available on the Project website:

www.sitecproject.com/document-library/environmental-management-plans-and-reports.

2.2 Implementation

EAC Condition 30 states:

“The EAC Holder must develop, implement and adhere to the final Agricultural Mitigation and Compensation Plan, and any amendments, to the satisfaction of EAO.”

BC Hydro will implement the final AMCP following submission on July 27, 2017. The proposed schedule for implementation of the AMCP is included below in Table 2. The timeline for implementation of the four required components varies by each component. For example, for construction management practices, implementation is already underway to meet other regulatory requirements. Conversely, for establishment of the Agricultural Fund, implementation will occur after the AMCP is final, and will include consideration of regional agricultural producers’ input, direction from the EAO, and learnings from other similar funding programs. Proposed dates may require modification, pending engagement, consultation and approvals.

Table 2: Agricultural Mitigation Implementation Schedule

Mitigation Measure	Anticipated Schedule	Description of Activity and Rationale
<p>Construction management practices are in place as per the Construction Environmental Management Plan, Construction Safety Management Plan, and Contractor Environmental Protection Plans.</p> <ul style="list-style-type: none"> - Minimize access to agricultural lands by construction works and unauthorized public - Consider agricultural operations and opportunities within soil and revegetation management. 	<p>July 2015 – End of Construction Phase</p>	<p>Continued implementation of construction management practices throughout construction phase, including monitoring and auditing by independent environmental monitors.</p>

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Mitigation Measure	Anticipated Schedule	Description of Activity and Rationale
Development of individual farm mitigation plans	July 2015 – Ongoing to the end of the construction phase.	<p>Meetings are being held with agricultural land owners and tenure holders for farms directly affected by the Project. Timing of meetings is based on timeline of acquisition and owner interest.</p> <p>Discussions cover all aspects of the agricultural operation, including mitigation and compensation.</p> <p>Ongoing discussions with directly affected agricultural land owners will address additional impacts which are identified.</p>
Management of residual agricultural land	2028 – 2040	<p>Discussions regarding approach are underway and will include the ALC and affected land owners and tenure holders. A small number of residual lands subject to previous commitments may be disposed of prior to the operations phase.</p> <p>Implementation of the approved approach for most lands will commence post-construction, and in most areas no sooner than 5 years post reservoir filling for safety related to potential erosion. BC Hydro will engage with the ALC, affected landowners and adjacent tenure holders on the approach to disposition of any residual agricultural land parcels.</p>
Establishment of an Agricultural Compensation Fund	2017 – ongoing (End to be determined by future Boards)	<p>Establish BC Hydro Peace Agricultural Compensation Fund Board.</p> <p>Select BC Hydro Peace Agricultural Fund Administrator through transparent procurement process.</p> <p>Prepare contribution agreement between BC Hydro and Administrator.</p> <p>Launch Agricultural Fund.</p>

2.3 Construction Management Practices

Please see section 4 of the Framework for further information on the development of these measures.

Implementation of appropriate construction management practices addresses the relevant requirements of EAC Condition 30, and considers consultation input received on this topic. Construction mitigation measures that address impacts on agricultural land and operations are included in applicable contracts, in the Project's Construction Environmental Management Plan (CEMP), and will be included in individual farm mitigation plans, as applicable.

The CEMP was required to be submitted 30 days prior to the commencement of construction (in accordance with EAC Condition 69) and may be updated as required. The current CEMP is publicly available on the Project website: www.sitecproject.com/document-library/environmental-management-plans-and-reports. The CEMP outlines the requirements for contractors to develop Environmental Protection Plans for their work, taking into account all applicable requirements of the CEMP. The CEMP includes requirements for invasive weeds.

The AMCP addresses construction management practices, as they pertain to agriculture, through the following measures. Measure D.1 and D.2 will occur between July 2015 to the end of the construction phase of the Project.

Measure D.1: BC Hydro will minimize access to agricultural lands by construction workers and implement measures to minimize unauthorized public access.

Approach:

For work that will occur in, or adjacent to, ongoing agricultural operations, such as construction of the transmission line and the Highway 29 realignment, BC Hydro will include provisions in applicable contracts regarding the requirement to obtain permission for any required access to private agricultural lands by construction workers.

Where increased unauthorized public access to agricultural lands is identified as a concern by land owners during land acquisition discussions, BC Hydro will include discussion of this matter, including potential mitigation, with the land owner (See section 2.4 Individual Farm Mitigation Plans).

Tasks:

- a) Identification of agricultural operations in proximity to the Project construction activities by BC Hydro GIS Mapping Team.
- b) Inclusion of provisions in applicable contracts regarding the requirement to obtain permissions for access to private agricultural lands by BC Hydro Procurement Team.
- c) Discuss concerns regarding public access to agricultural lands with agricultural land owners by BC Hydro Site C Properties Team.
- d) Annual review of implementation status reports, revisions in plans as required by BC Hydro Site C Agricultural lead, with input from the Qualified Environmental Professional.

Measure D.2: BC Hydro will consider agricultural operations and opportunities within soil and re-vegetation management, with particular attention to limiting the spread of invasive plants and noxious weeds.

Approach:

BC Hydro is required to develop soil management, site restoration and revegetation specifications to effectively manage disturbed soils, and to reclaim and revegetate disturbed

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construction areas to a safe and environmentally-acceptable condition as per EAC Condition 8. These specifications are included in the CEMP and require restoration of soils within agricultural areas, including replacement of topsoil to maintain agricultural productivity. Disturbed areas adjacent to, but outside, the highway right-of-way that are being used for agricultural purposes will be restored as per the requirements of the land owner.

BC Hydro is required to develop vegetation and invasive plant management specifications, which are included in the CEMP. These specifications identify measures for the control of invasive plants on work sites, measures to manage soil and vegetation to minimize the establishment of weeds within work sites, and measures to minimize transport of weed material between locations. The CEMP also requires seed mixes used on site to be certified weed free, and requires materials used for sediment and erosion control to be certified weed free.

Tasks:

- a) Develop site specific Soil Management, Site Restoration and Revegetation plans, including Vegetation and Invasive Plant Management plans in the Environmental Protection Plans for all applicable work components of the Project.
- b) Discuss concerns and opportunities regarding soil, revegetation management and invasive plants and noxious weeds with agricultural land owners by BC Hydro Site C Properties Team.
- c) Annual review of implementation status reports, revisions in Soil Management, Site Restoration and Revegetation plans as required by the BC Hydro Site C Agricultural lead, with input from the Qualified Environmental Professional.

2.4 Individual Farm Mitigation Plans

Please see section 5 of the Framework for further information on the development of these measures.

The development of individual farm mitigation plans must consider the relevant sections of EAC Condition 30, and consultation input received on this topic. EAC Condition 30 requires that BC Hydro:

“evaluate effects on agricultural land owners and tenure holders, and develop mitigation and compensation measures consistent with industry compensation standards, to mitigate effects or compensate for losses.”

“funding for mitigation actions for disruptions to agricultural land owners and tenure holders...”

“For impacts that cannot be avoided, the plan will contain an approach for reimbursements that compensate for associated financial losses due to disruptions to agricultural land use.”

Development and implementation of individual farm mitigation plans are part of BC Hydro's properties rights acquisition process. Prior to April 2017, individual farm mitigation plans were not standalone documents but were part of the property acquisition process. Standalone individual farm mitigation plans are being provided to the agricultural land owners or tenure holders beginning in April 2017 as described below. The individual property acquisition agreements agreed to and completed with the agricultural owner or tenure holder will include all of the parts of the farm mitigation plans as described in this section. In the event that a property is expropriated the mitigation measures would be identified in the Individual Farm Mitigation Plan, and construction contract if required, and any compensation payable for impacts that cannot be mitigated would be included in advanced payments, final settlements or determined by the court. Where applicable, specific mitigation measures will be included in construction contracts. Budget for individual farm mitigation or compensation is separate from the \$20million allocated to the Agricultural Fund.

The individual farm mitigation plans must be developed jointly with agricultural land owners and tenure holders for all farms directly affected by the Project. Directly affected means a property parcel, or landholding, from which BC Hydro requires land or rights in order to construct, operate and mitigate the Project. A 'directly-affected farm' is a farming operation from which BC Hydro will acquire land in fee simple, for example for reservoir inundation or Highway 29 realignment, and/or either temporary or permanent rights, such as a permanent statutory right-of-way for impact lines or temporary construction areas for Highway 29 realignment.

BC Hydro evaluated potential effects of the Project on agricultural land owners and tenure holders as part of the agricultural assessment during the environmental assessment phase. As part of this assessment, interviews were held with potentially affected farm operators and/or owners in 2011 and 2012. There are 34 farm operations where a portion of the operation is within the Project activity zone. All of the 34 were invited to participate in an interview and 22 owners or operators agreed to participate and provide information about current and potential future agricultural activities. The results of the interviews were used, along with other information from Statistics Canada and direct observations of farm operations, to inform the agricultural assessment.

With Project construction now underway, BC Hydro Site C Properties Team is in discussions with agricultural land owners and tenure holders regarding potential effects of the Project on their land and operations, including potential mitigation actions related to disruption of their

continuing agricultural operations. Where agricultural land is required for the Project, it will be acquired at fair market value, and associated financial losses, including the funding of mitigation actions and compensation for those effects which cannot be mitigated, if any, will be reimbursed as described in Land Status, Tenure and Project Requirements - Section 11.3 of the EIS. If appropriate, compensation or mitigation for a reduction in “animal unit months” will be identified with affected land owners and tenure holders.

Individual farm mitigation plans will be prepared by suitably qualified individuals (such as agrologists) who will be in direct contact with directly affected owners. BC Hydro plans to work with the affected land owners or tenure holders to identify and agree on the agrologist or other suitably qualified individual. The agrologist or other suitably qualified individual will consider all impacts to the farm operation as a result of the Project.

Specific mitigation actions that may require funding related to the disruption of each agricultural operation will be identified by BC Hydro in private discussions with agricultural land owners and tenure holders whose land or rights may be affected by the Project. For example, potential mitigation actions may include changes to driveways to address changes to farm access, consideration of changes to control unauthorized public access, relocation of farm infrastructure such as buildings, wells or fencing, and measures to limit disruptions to current agricultural operations. Where effects cannot be avoided or mitigated, individual farm mitigation plans will include a determination of compensation for financial losses due to disruptions to agricultural land use, consistent with industry compensation standards.

The development of individual farm mitigation plans will be consistent with the following measures:

Measure E.1: BC Hydro will evaluate effects on agricultural land owners and tenure holders, and develop mitigation and compensation measures consistent with industry compensation standards, to mitigate effects or compensate for losses.

Measure E.2: BC Hydro will fund appropriate mitigation actions, or otherwise compensate, for disruptions to agricultural land owners and tenure holders.

Measure E.3: BC Hydro will carry out meaningful discussion with affected agricultural operators and land owners regarding the applicable individual farm mitigation measures.

Approach:

The BC Hydro Site C Property Acquisition Process Guide outlines the process that will be followed with all directly-affected land owners. BC Hydro will also take into account the potential for future impacts to agricultural land owners and tenure holders as a result of the Project. BC Hydro began the process of evaluating effects on agricultural land owners and tenure holders during the environmental assessment phase. The agricultural assessment identified the potential for four changes that could have an effect on agricultural operations that should be the subject of follow-up monitoring and that are a requirement of EAC Condition 31 regarding agricultural monitoring, which includes baseline data collection during the EIS and ten years of monitoring, including five years prior to and post reservoir filling.

BC Hydro will reimburse property owners and/or tenure holders for implementing mitigation measures and financial losses due to disruptions to agricultural land use (for impacts that cannot be avoided or mitigated). This approach will follow the BC Hydro Site C Property Acquisition Process Guide¹ which is consistent with industry compensation standards.

¹ <https://www.sitecproject.com/sites/default/files/bc-hydro-property-acquisition-process-guide.pdf>

Agricultural Mitigation and Compensation Plan

Examples of mitigation measures that may be appropriate, depending on the individual situation, include:

- Livestock movement options and compensation for associated increased costs
- Infrastructure (e.g. buildings, irrigation and drainage improvements)
- Water supplies
- Relocation of quality soil in selected locations
- Farm and field access
- Highway crossings
- Utility crossings
- Livestock watering and drainage works during construction, and restore original works after construction is completed
- Fencing

Tasks:

- a) Follow the process outlined in the BC Hydro Site C Property Acquisition Process Guide for engagement with directly affected land owners.
- b) Engage the services of an independent agrologist to assist in the development of individual farm mitigation measures to address impacts, including partial impacts, on farm operations and costs.
- c) Respect the confidentiality of individual consultation and agreements due to the inclusion of commercially sensitive information.
- d) Evaluate potential impacts to agricultural land owners and tenure holders with consideration of all aspects of the agricultural operation and applicable mitigation or compensation will be included in individual farm mitigation.
- e) Evaluate potential impacts to agricultural land owners and tenure holders related to highway crossings and access, where possible, through implementation of measures addressing EAC Condition 35 related to transportation, which are included in section 5.4 – Traffic Management of the Construction Safety Management Plan (CSMP). Contractors will develop and adhere to traffic management plans for their work, when applicable. Contractor Traffic Management Plans must, as applicable, take into account a number of measures including public safety, traffic control, management of Project-induced traffic delays and other factors that are relevant not only to agricultural traffic but to all road users.
- f) Where increased unauthorized public access to agricultural lands is identified as a concern by land owners during land acquisition discussions, BC Hydro will include discussion of this matter, including potential mitigation, with the land owner within individual farm mitigation plans.
- g) Implement local road improvements that will support all road users, including agricultural operators. These improvements are described in section 5.4.6 of the CSMP, and include features such as shoulder widening and hard surfacing that are known to help the movement of agricultural equipment. The realignment of Highway 29 as described in the EIS will result in general improvements that will support all road users, including local agricultural operators.

Agricultural Mitigation and Compensation Plan

- h) Consider the potential for future impacts to agricultural land owners and tenure holders as a result of the Project. The agricultural assessment identified the potential for four changes that could have an effect on agricultural operations that should be the subject of follow-up monitoring, and that are a requirement of EAC Condition 31 regarding agricultural monitoring, which includes baseline data collection during the EIS and ten years of monitoring, including five years prior to and post reservoir filling.
- i) BC Hydro will consider the potential need for additional individual farm mitigation measures if new impacts are identified that are due to the Project through the Agricultural Monitoring Program, and that are not already addressed in an agreement with BC Hydro with respect to:
 - i. Damage to crops and stored feeds by wildlife
 - ii. Effects on crop drying as a result of reservoir induced changes to climate parameters
 - iii. Effects on crop production as a result of Project-induced changes in groundwater elevations
- j) Moisture deficits and estimates of irrigation water requirements will be monitored to provide information for future irrigation.

Schedule:

July 2015 – Ongoing to the end of the construction phase

Meetings will be held with agricultural land owners and tenure holders for farms directly affected by the Project. The timing of meetings is based on the timeline of BC Hydro's required acquisition or earlier based on owner interest.

Discussions cover all aspects of the agricultural operation, including mitigation and compensation.

2.5 Management of Residual Agricultural Land

Please see section 6 of the Framework for further information on the development of these measures.

The approach to management of residual agricultural land must consider the relevant sections of EAC Condition 30, and consultation input received on this topic. EAC Condition 30 requires the:

“inclusion of suitable land in the Agricultural Land Reserve in consultation with the Agricultural Land Commission”, and “when residual parcels are to be sold, consolidate and / or connect residual agricultural parcels with adjacent agricultural land holdings, where practical and when owner(s) and BC Hydro agree.”

The EAC conditions related to residual lands that are agricultural in nature reflect the fact that through the process of land acquisition for the Project, BC Hydro may own land that may not be directly required for the Project, also referred to as residual lands, and may be suitable for future agricultural land use. For most Project lands, BC Hydro anticipates being in a position to begin the process of identifying residual agricultural lands no sooner than five years after the completion of construction. This timeline allows for the results of the first five years of reservoir shoreline monitoring to inform this process, as well as the identification of mitigation measures that may include wildlife habitat compensation lands or recreation sites on BC Hydro-owned land. Until that time, BC Hydro-owned lands will continue to be managed in a responsible manner that supports, as appropriate, agricultural land use and wildlife habitat, and continues to ensure responsible approach to noxious weed management.

Small amounts of residual lands may be identified prior to this through the property acquisition process. It is anticipated that these lands would be subject to previous commitments, for example to prior owners. These lands may be disposed of prior to the Project entering the operations phase.

Any potential residual lands will be considered against land use priorities to determine their suitability for various potential uses, including land required to mitigate Project effects. Consideration will be guided by ongoing conditions associated with Project approvals, including vegetation and wildlife habitat compensation, agricultural land use interests, Aboriginal interests and community interests as stated in official community plans and zoning.

Management plans will be developed for any residual lands retained as wildlife habitat compensation. Continued agricultural use of these lands, where applicable, is also an objective. BC Hydro will work with government agencies, Aboriginal groups and other potentially-affected stakeholders to identify the habitat management objectives, specific actions for the maintenance, creation or enhancement of targeted habitat features, compatible land use including agricultural practices, and other property-specific management considerations.

BC Hydro-owned lands deemed by BC Hydro as surplus to the Project mitigation requirements, and that have continuing agricultural value, may be dealt with in several ways. These will only occur if the land is deemed surplus at BC Hydro's sole discretion.

After residual lands are determined to be surplus to BC Hydro's requirements, the following will be carried out in the order listed:

1. In the event that BC Hydro committed that a previous owner could repurchase residual lands, the opportunity will be provided.
2. BC Hydro will consult with the ALC and adjacent land owners to include suitable BC Hydro-owned land in the ALR, if not already included.

Agricultural Mitigation and Compensation Plan

3. BC Hydro will make efforts to consolidate or connect residual agricultural parcels with adjacent agricultural land holdings, where practical and where owners agree.
4. For land previously owned by an affected land owner, BC Hydro will provide an opportunity for the former owner to purchase the remaining property at current market value before disposing of it on the private market.
5. Lands will be sold on the private market.

The AMCP will address management of residual agricultural land through the following measures:

Measure F.1: BC Hydro will include suitable BC Hydro-owned land in the Agricultural Land Reserve in consultation with the Agriculture Land Commission.

Measure F.2: BC Hydro will consolidate and/or connect residual agricultural parcels with adjacent agricultural land holdings, where practical and when owner(s) and BC Hydro agree (when residual land parcels are to be sold). BC Hydro will follow a fair and transparent process for land purchase opportunities for residual agricultural lands.

Approach:

The timeline for implementing measures related to the management of residual lands will begin following the commencement of the operations phase of the Project and after at least five years of reservoir shoreline monitoring.

Tasks:

- a) Prior to the sale of residual lands, BC Hydro will invite the ALC and the Ministry of Agriculture to provide input into opportunities to include suitable BC Hydro-owned land in the ALR.
- b) Prior to the sale of residual lands, BC Hydro will identify residual agricultural lands and, where applicable, work with adjacent land owners to consolidate and/or connect these residual agricultural parcels with the owner's existing agricultural land holdings.
- c) BC Hydro will follow a fair and transparent process. In all cases, relevant contractual, governmental, First Nations and environmental considerations must be addressed before any residual land is made available for sale.
- d) For land deemed surplus at BC Hydro's sole discretion and previously owned by an affected land owner, BC Hydro will provide an opportunity for the former owner to purchase the remaining property at current market value before disposing of it on the private market.

Schedule:

2028 – 2040

Discussions regarding approach are underway and will include the ALC and affected land owners and tenure holders.

Implementation of the approved approach will commence post-construction and, in some areas, five years post reservoir filling for safety related to potential erosion.

2.6 BC Hydro Peace Agricultural Compensation Fund

Please see section 7 of the Framework (July 27, 2016) for further information on the development of this measure.

Development of the Agricultural Fund complies with the relevant section of the EAC Condition 30 and considered consultation input received on this topic and the Framework.

EAC Condition 30 requires:

“establishment of an agricultural compensation fund of \$20 million for use in the Peace Region or other areas of the province as necessary to compensate for lost agricultural lands and activities, and an approach for establishing the governance and allocation of funds. The EAC Holder must work with the Ministry of Agriculture to establish a governance structure for the agriculture compensation fund that will ensure funds will be used to support enhancement projects that improve agricultural land, productivity or systems.”

What	BC Hydro Peace Agricultural Compensation Fund
Where	Peace Region of BC
How Much	\$20 Million
Who Decides	BC Hydro Peace Agricultural Compensation Fund Board
Who Administers	Existing experienced fund administrator
Vision / Purpose	Support the Peace Region’s opportunity for agricultural production and agrifoods economic activity
How It Works	Applications for Grants, and multi-year funding

Figure 1: Overview of Agricultural Fund

2.6.1 Agricultural Fund Vision Statement and Principles

The vision statement for the Agricultural Fund establishes the purpose and intent of the Agricultural Fund. This vision is consistent with regulatory requirements and is aligned with feedback received through consultation. The vision statement is to:

“Support the Peace Region’s opportunity for agricultural production and agrifoods economic activity.”

The principles defined below provide guidance to BC Hydro, the BC Hydro Peace Agricultural Compensation Fund Board (Board) and the BC Hydro Peace Agricultural Compensation Fund Administrator (Administrator) contracted by BC Hydro to administer the Agricultural Fund:

- **Fairness and Transparency:** The Agricultural Fund will be governed in a fair and transparent manner so that all applications are reviewed on merit and given equitable consideration.
- **Regional Decision-Making:** Funding allocation decisions will be made in the region, benefiting from the best information available and knowledge on the Peace Region’s agricultural strengths, needs, challenges and opportunities.
- **Professional and Cost Effective:** The governance structure should facilitate timely funding allocation decisions, ensure diligence in document management, record keeping and reporting and have strong communication capabilities to interact with and support Agricultural Fund applicants. The structure must be cost-effective as administration costs must be covered internally by the Agricultural Fund budget.
- **Accountable:** The governance structure must ensure that the Agricultural Fund meets the regulatory requirements set out by the EAC Condition 30, that funding recipients and projects meet the eligibility and reporting requirements of the Agricultural Fund and that financial and other reporting is completed to acceptable standards.
- **Inclusive:** The Agricultural Fund must be administered in a manner that recognizes the diversity of agricultural sectors, interests and opportunities in the Peace Region.

2.6.2 Funding and Regional Extent

BC Hydro has \$20 million of the Project budget held to meet the Agricultural Fund commitment, available when the AMCP is finalized on July 27, 2017. The Agricultural Fund will be managed to preserve the full capital of \$20 million for the first five years of operation. The funds are provided by BC Hydro as a mitigation requirement, and therefore should not be considered “government dollars” in the context of other funders.

The Agricultural Fund’s eligibility criteria will target activities that will enhance agricultural lands, operations or agrifoods economic activity in the B.C. Peace River Region. The Project’s physical footprint is in the Peace Region and consultation feedback strongly supported the Agricultural Fund being targeted to directly benefit the agricultural sector in the Peace Region.

2.6.3 Agricultural Fund Governance Overview

Governance is defined as the overarching legal structure and approach guiding the implementation of the Agricultural Fund. Governance encompasses the roles of administration and executive decision-making. The consultation indicated a strong interest in having a clear and simple structure, and general acknowledgement and understanding of the distinct roles of a

fund administrator, a regional decision-making board, as well as the need for a financial fund manager.

Based on a review of other regional fund management structures, consultation feedback and legal and financial input, the Agricultural Fund's governance structure will involve the following entities:

- 1) BC Hydro Peace Agricultural Compensation Fund Board (Board)
- 2) BC Hydro Peace Agricultural Compensation Fund Administrator (Administrator)
- 3) BC Hydro

Administration of the Agricultural Fund is defined as having two components including 1) financial management and 2) application processes and secretariat support.

Figure 2 provides an overview of the governance structure, representation and duties of each entity during the first five years of the Agricultural Fund disbursement. BC Hydro has a legal responsibility to establish the Agricultural Fund as intended by the EAC conditions. BC Hydro will invite representatives from the ministries responsible for agriculture and BC Hydro to provide assistance in reviews of the Agricultural Fund documentation as described in Appendix G.

More detailed information on the Fund and the roles of each member of the governance structure can be found in the following appendices:

Appendix C: BC Hydro Peace Agricultural Compensation Fund Board Terms of Reference

Appendix D: BC Hydro Peace Agricultural Compensation Fund Administrator Role and draft Term Sheet

Appendix E: BC Hydro Peace Agricultural Compensation Fund BC Hydro Role

Appendix F: BC Hydro Peace Agricultural Compensation Fund Application Process and Eligibility Criteria

Appendix G: Agricultural Fund Documentation

2.6.3.1 Agricultural Fund Establishment Timeline

On August 2, 2017 the provincial government announced it had asked the British Columbia Utilities Commission (BCUC) to begin reviewing the Site C project and to “provide advice on implications for ratepayers associated with:

- proceeding with the project;
- suspending the project, while maintaining the option to resume construction until 2024; and
- terminating the project, remediating the site and proceeding with other resource portfolios that provide the same level of benefits at the same or lower cost as Site C.”

Agricultural Mitigation and Compensation Plan

The potential decisions by the provincial government as a result of this review are identified below, along with how they would impact the establishment of the Agricultural Fund.

Option 1 – Decision to Proceed	Establishment of the Agricultural Fund will proceed as described in Figure 3
Option 2 – Decision to Suspend	An updated Agricultural Mitigation and Compensation Plan will be submitted with an updated timeline
Option 3 – Decision to Terminate	The Agricultural Fund will not be established

BC Hydro Peace Agricultural Compensation Fund Governance Overview

Note: The governance structure may be revisited any time

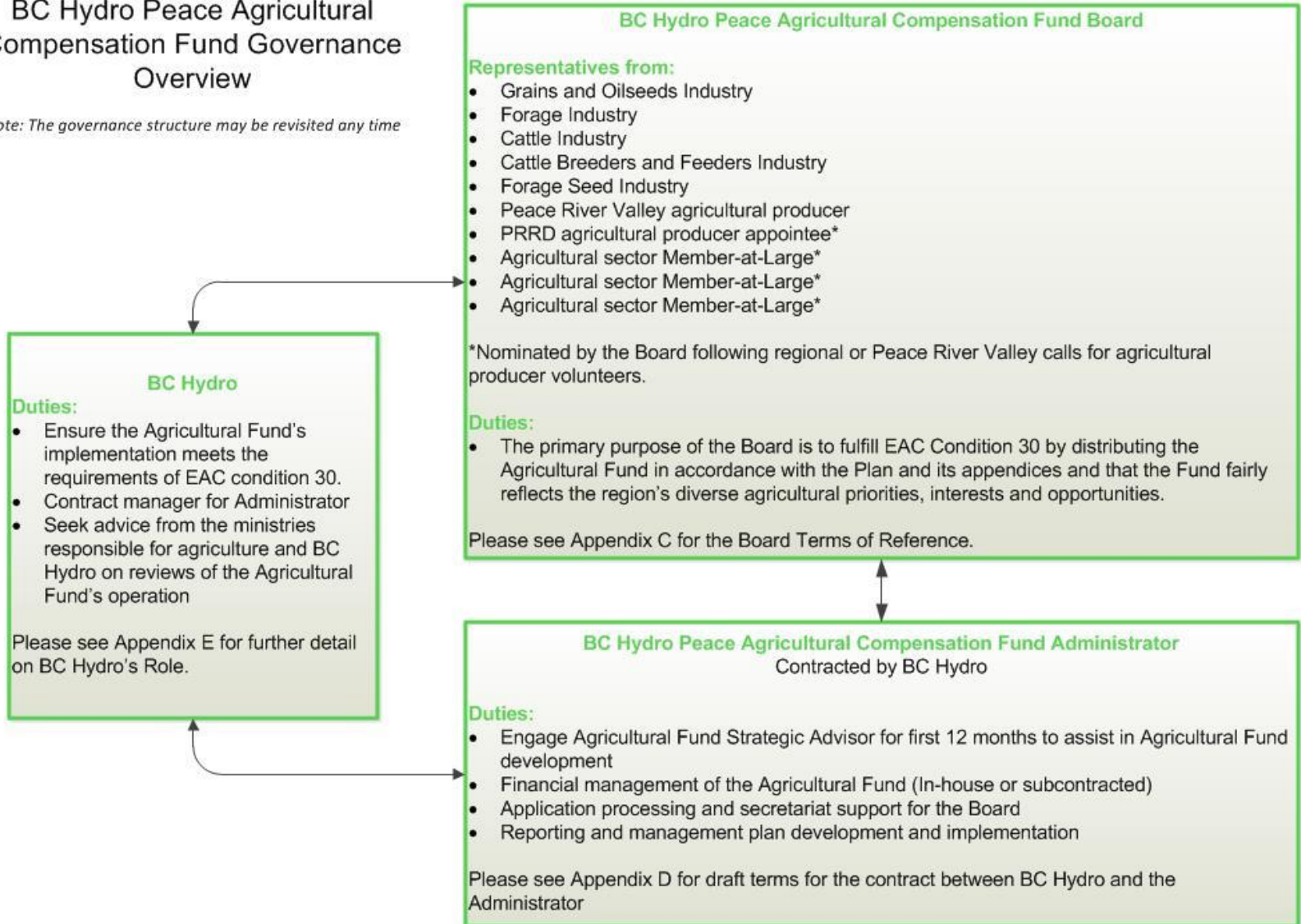


Figure 2: Agricultural Fund Governance Overview

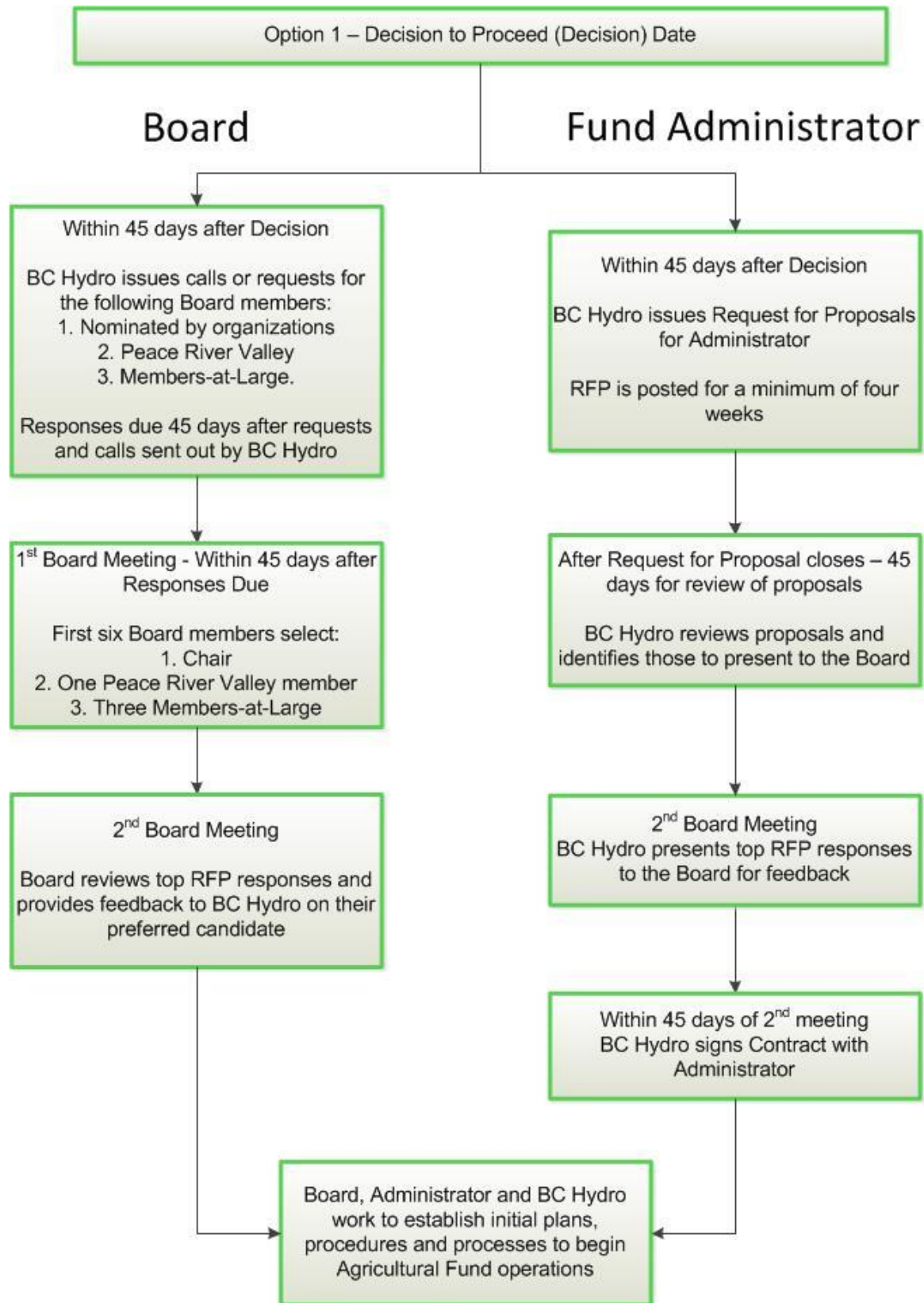


Figure 3: Process to Establish Board and Administrator

2.6.3.2 BC Hydro Role

During year one through five of the Agricultural Fund, BC Hydro's role will be to ensure the Agricultural Fund process is meeting the requirements of EAC Condition 30 by reviewing and approving the documents described in Appendix G for the Agricultural Fund, overseeing the contract for the Administrator, establishing a Board and participating in annual reviews.

BC Hydro will be the liaison with the EAO to ensure any direction received from the EAO with respect to the Agricultural Fund is addressed and communicated to the Board and Administrator as required for action. To fulfill its role, BC Hydro will seek the advice and assistance of the ministries responsible for agriculture and BC Hydro on Agricultural Fund operations, as needed.

BC Hydro's intent is to be involved as minimally as necessary while ensuring that EAC Condition 30 is met and that the Agricultural Fund process is established and managed responsibly. Please see Appendix E: BC Hydro Peace Agricultural Compensation Fund BC Hydro Role and Appendix G: Agricultural Fund Documentation for information regarding the Five Year Review, which will be carried out by BC Hydro to ensure the Agricultural Fund is functioning as required by EAC Condition 30.

After the initial five years of Agricultural Fund operation, and subject to the approval of the EAO and the results from the Five Year Review, BC Hydro intends to establish a responsible and accountable Agricultural Fund governance that may allow BC Hydro to remove itself from the governance of the Agricultural Fund and allow the Board and Administrator to operate autonomously. In such an event, the AMCP would be amended by BC Hydro to reflect the changes and ensure clarity.

2.6.3.3 BC Hydro Peace Agricultural Compensation Board

A regional decision-making Board will be established with ten members that are appointees of regional agricultural associations, Peace River Valley agricultural producers or Members-at-Large. The Board is not a legal entity and therefore an Administrator under contract to BC Hydro is required to administer the Agricultural Fund.

The Board is not designed to reflect proportional representation of the current agricultural sectors. The Board is selected to represent a diverse set of regional agricultural producers and be inclusive in terms of considering the range of agricultural interests and opportunities. Board membership is structured to be diverse to support both existing major agricultural sectors and smaller or emerging agricultural sectors. The Board will prioritize consensus based decision-making with all members striving to support the Peace Region agricultural industry as a whole, not just their own sector. The Board Terms of Reference allow for the Board composition to be revised as needed.

The Terms of Reference for the Board are included in Appendix C.

Figure 3 shows the process to establish the full Board and the Administrator along with proposed timelines. The information below reflects the process to establish the Board and the Agricultural Fund.

Initial Board Appointment Process

In accordance with the schedule in Figure 3, BC Hydro will invite the organizations listed in **Table 3** to nominate an appointee to the Board for the terms shown and BC Hydro will appoint these first six Board members. The initial term varies to ensure that a maximum of four members of the Board are scheduled to change in any one year to support continuity on the

Board. The initial lengths of term were assigned randomly to establish a staggered turnover for Board members.

Table 3: Sectors Represented, Appointing Organizations and Board Terms

Industry Sector Represented	Appointing Organizations	Initial Term	Regular Term
Grain and Oilseeds	BC Grain Producers Association	3 years	3 years
Forage	Peace Region Forage Association	1 year	3 years
Cattle	Peace River Regional Cattlemen's Association	2 years	3 years
Cattle Breeder and Feeder	BC Breeder and Feeder Association	2 years	3 years
Forage Seed	Peace Region Forage Seed Association	3 years	3 years
PRRD agricultural producer appointee	Peace River Regional District Board	1 year	3 years
Peace River Valley agricultural producer	Not applicable	2 years	3 years

Initial Chair Appointment Process

The first six Board members will vote on a Board Chair for a 12 month term at the first meeting.

Initial Peace River Valley agricultural producer

In accordance with the schedule in Figure 3, BC Hydro will issue a call for operating agricultural producers that are located in the Peace River Valley between the dam site and Hudson's Hope to serve on the Board as the "Peace River Valley agricultural producer" Board member. BC Hydro will share the results of the call with the first Board members for their review and appointment of the Peace River Valley agricultural producer Board member for the first two year term. After the first two year term, the regular term will be three years. Peace River Valley agricultural producers are also eligible for the Member-at-Large seats or to be appointed to the Board by one of the appointing organizations above.

Initial Appointment of Members-at-Large

In accordance with the schedule in Figure 3, BC Hydro will issue a call for agricultural producers who live in the Peace Region to serve as Members-at-Large. Eligible agricultural producers must be involved in Peace Region agricultural production and may include new entrants, agricultural researchers and representatives of emerging agriculture interests. BC Hydro will share the results of the call with the first Board members for their review and appointment of Members-at-Large.

The first six members of the Board will appoint the three Members-at-Large for one 1-year term, one 2-year term and one 3-year term to ensure that one Member-at-Large position is open each year. The Board will give priority to appointing a regional aboriginal agricultural producer to one of the Member-at-Large positions.

2.6.3.4 BC Hydro Peace Agricultural Compensation Fund Administrator

Multiple existing organizations likely have the capacity and experience to administer the Agricultural Fund. Establishing a new entity to administer the Agricultural Fund would incur additional costs, time and add greater risk during the establishment period.

Administrator Scope:

Please see Appendix D: BC Hydro Peace Agricultural Compensation Fund Administrator Role and draft Term Sheet for the proposed terms for the contract with the Administrator, subject to change depending on the skills and experience of the successful proponent.

BC Hydro will contract directly and manage the relationship with the Administrator. The Administrator's key roles include:

- Financial management of the Agricultural Fund
- Administration of the Agricultural Fund application and distribution processes
- The provision of secretariat support to the Board

The cost of the Administrator will be paid from the Agricultural Fund.

The Administrator will seek input from the Board in development of plans and processes related to the Agricultural Fund.

The Administrator must plan and implement proper financial management of the Agricultural Fund, with the objective of minimizing expenses and maximizing the total amount of the Agricultural Fund available for distribution. Preservation of the initial \$20 million fund capital for the first five years of Agricultural Fund distribution is a required objective of the Financial Management Plan and the Five Year Plan described in Appendix G.

Administrator Procurement Process:

In accordance with the schedule in Figure 3, BC Hydro will issue a Request for Proposals (RFP) for an Administrator to provide the functions described in the final AMCP Appendix D. BC Hydro will undertake a transparent procurement process to select the Administrator. The RFP will ask applicants to identify how they will make staff available in person in the Peace Region to Board members and applicants.

BC Hydro anticipates presenting the list of preferred proponents to the Board after all ten members of the Board are appointed. BC Hydro will take into account the Board's feedback and advice in the selection of the preferred proponent for the Administrator.

A contract will be established between BC Hydro and the selected Administrator that will clearly set out the Administrator's responsibilities and accountabilities. BC Hydro will be responsible for managing the contract with the Administrator, subject to any future changes.

2.6.4 Agricultural Fund Eligibility

Please see Appendix F for the full Agricultural Fund Application Process and Eligibility Criteria. Below is an overview of the eligibility criteria and the application process.

Consultation input and research on other funds were considered in the development of applicant eligibility and project eligibility requirements and to specify eligible and ineligible project activities.

Feedback from consultation highlighted an interest in having Board involvement in setting eligibility and criteria for projects and establishing a scoring system and priorities through the development of an Application Process and Five Year Plan as described in Appendix G. Additionally, there was a strong focus on training and encouraging young entrants and youth to enter the agricultural industry based on aging farm operator demographics. There were some concerns raised about funding research and development-type projects and stakeholders felt that the focus and outcomes of research must be directly linked to benefits in the Peace Region.

The Board and Administrator are responsible for developing an Agricultural Fund application process which meets the criteria described in Appendix F. The list of eligible activities and projects will be reviewed annually and updated as needed to ensure that it is current, comprehensive and distinct, while also being complementary to other funding programs available to the agriculture sector.

The eligibility and criteria details provided in Appendix F: BC Hydro Peace Agricultural Compensation Fund Application Process and Eligibility Criteria are a guide for the Board.

2.6.5 Agricultural Fund Allocation

The Board and Administrator are responsible for developing Agricultural Fund materials which meet the criteria described in Appendix F: BC Hydro Peace Agricultural Compensation Fund Application Process and Eligibility Criteria.

Agricultural Fund allocation must be consistent with the Agricultural Fund principles. A variety of approaches to fund allocation, including consideration of the size of awards, maximum duration of project funding and frequency of disbursements have been explored and consulted on with agricultural stakeholders. Consultation feedback strongly agreed on maintaining a flexible approach for the Agricultural Fund to ensure support for projects that provide the greatest benefit to agricultural production and agrifoods economic activity in the Peace Region.

The Agricultural Fund will allow multi-year funding, with annual reporting required for subsequent year payments. This approach is a best practice followed by other comparable programs. Due to the seasonality of agriculture, several growing seasons are often required to understand the benefits of a new program, technology or process.

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Appendix A

Agriculture Effects Assessment

Agricultural Mitigation and Compensation Plan

This information is summarized from section 20: Agriculture in the Site C Clean Energy Project Environmental Impact Statement (EIS), the Technical Memo – Agriculture (BC Hydro 2013e) and CEAR 2279 (BC Hydro 2013f) which were submitted in 2013. Please see these documents listed in the Plan reference section for additional information

1. Introduction

The potential effect of the Project on agriculture was assessed in Section 20 of the EIS, as amended (July 2013). The assessment considered the potential for the Project to effect four key aspects of agriculture in the local assessment area including:

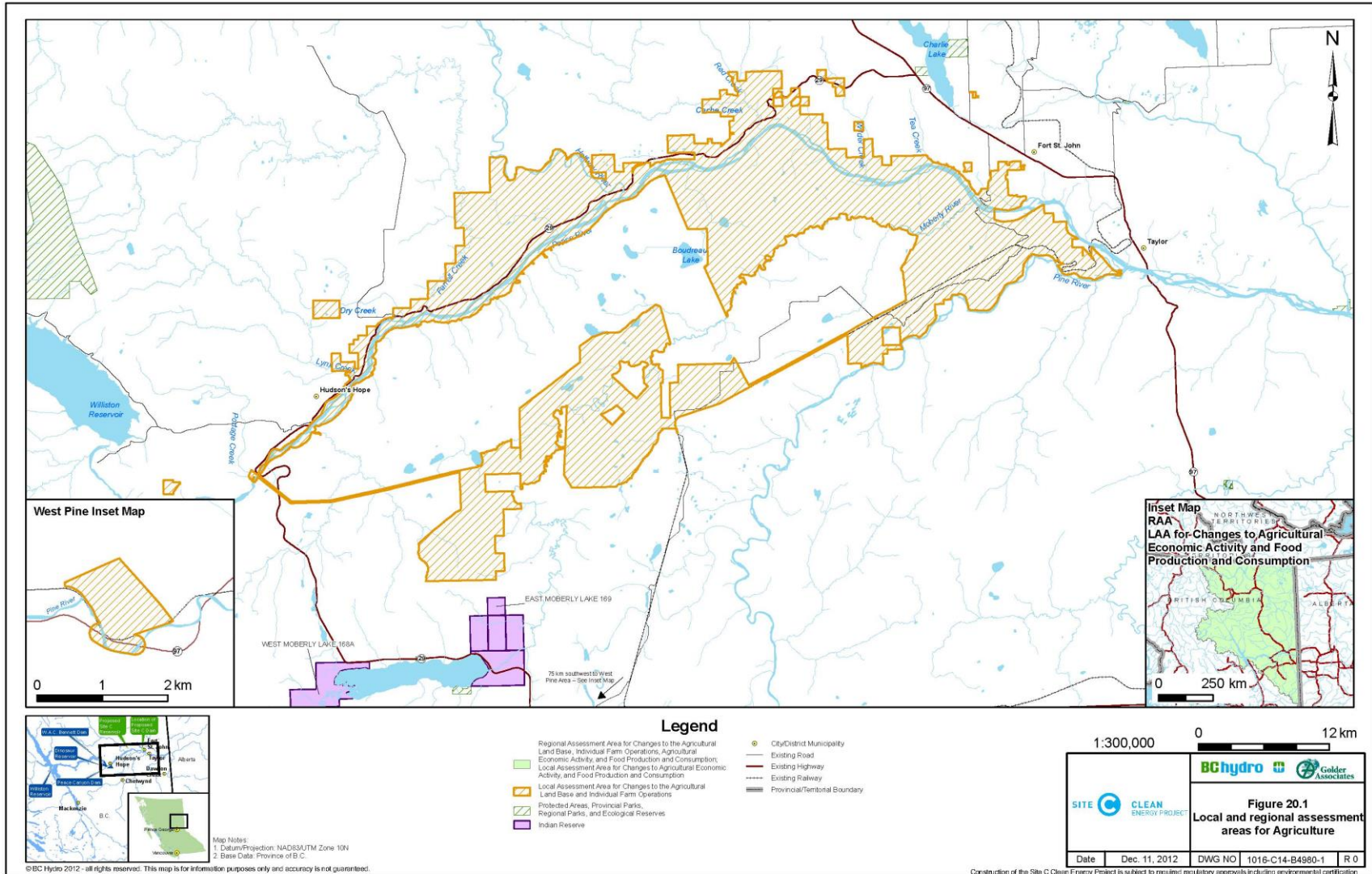
- Temporary and permanent loss of agricultural land
- Changes in individual farm operations, including potential changes to local microclimate that could affect agriculture
- Changes in agricultural economic activity
- Changes in local and regional food production and consumption

2. Assessment Area

As defined in the EIS, the Local Assessment Area for changes to the agricultural land base and changes to individual farm operations includes the Project activity zone², plus the remainder of any farm operations that overlap with the Project activity zone. The Local Assessment Area for changes to agricultural economic activity and changes to food production and consumption includes the entire Peace Agricultural Region (PRRD and the Northern Rockies Regional Municipality). The Regional Assessment Area includes the entire Peace Agricultural Region. Please see Figure 20.1 below for a map of the geographical extent of these areas.

² The Project Activity Zone is the area within which the project components and activities will be located or will occur, but this does not include existing transportation infrastructure that will be used without modification to transport materials or personnel required for the Project. (BC Hydro.2013c)

APPENDIX A: Agriculture Effects Assessment Agricultural Mitigation and Compensation Plan



3. Scope of Effects Assessment

The effect of the Project on the VC of agriculture is assessed considering the interactions between the Project and the four key aspects.

Loss of agricultural land considers the following key indicators:

- Land capability ratings (soil and climatic capability)
- Crop suitability
- Agricultural land use and Crown land tenures
- Agricultural utility (reflects relative likelihood of cultivation)

Effects on individual farm operations consider the following key indicators:

- Direct loss of land
- Changes to access routes
- Loss of farm infrastructure
- Soil disturbance and compaction
- Changes to livestock movement patterns
- Changes to irrigation and livestock watering facilities
- Changes to local hydrology and groundwater
- Changes to drainage patterns
- Introduction and proliferation of invasive plant species
- Increased biosecurity risks
- Farm worker safety
- Reservoir induced changes to microclimate on adjacent agricultural operations

Change to the agricultural economy considers the following key indicators:

- Agricultural costs and revenues at the individual farm level
- Primary agricultural economic activity
- Opportunities for potential new agricultural economic activity
- Secondary agricultural economic activity

Changes to regional food production and consumption consider the following key indicators: regional food production and food consumption (BC Hydro 2013c).

4. Baseline Conditions

Baseline conditions for each of the key indicators are described using information collected from:

- Literature reviews including local, provincial and federal government datasets
- Field surveys

APPENDIX A: Agriculture Effects Assessment
 Agricultural Mitigation and Compensation Plan

- Orthophotographs and spatial analysis
- Interviews with land owners and operators, relevant agricultural associations, representatives of agriculturally related industries and representatives of government agencies

The baseline conditions described below were reported in the EIS (BC Hydro 2013c). It is recognized that baseline conditions are dynamic and change from time to time.

4.1. Agricultural land capability ratings

The updated land capability for agriculture mapping is shown in EIS Volume 3, Section 20, Figure 20.2, Maps 1 through 25. **Table 4 and Table 5** show areas by unimproved and improved capability class for the Project Activity Zone, Peace River valley in B.C., the Peace River Agricultural Region and the province. Agricultural land capability statistics for the region and the province were obtained from B.C. Environment and Land Use Committee Secretariat (1976).

Land capability for agriculture is derived from both soil and climate conditions and refers to the potential for agricultural crop production. Land capability is rated on a scale of Class 1 to 7. Agricultural land can be assigned both an unimproved and improved capability rating. Unimproved ratings apply to the cleared, but otherwise natural state of the land, whereas improved ratings apply to the land once improvements, such as irrigation and drainage, have been made (BC Hydro 2013e).

Table 4: Land Areas by Unimproved Agricultural Capability Class (ha)

Geographic Area	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6 & 7	Total
Project Activity Zone	0	2,601	832	280	3,713	2,653	6,469
Peace River Valley	0	11,800	4,921	2,110	1,531	34,725	55,087
Peace Agricultural Region	0	124,429	362,790	507,470	1,439,461	1,760,203	4,194,353
Province	17,224	238,896	689,788	1,708,149	6,427,930	20,343,461	29,425,448

Source: BC Hydro 2013f

Table 5: Land Areas by Improved Agricultural Capability Class (ha)

Geographic Area	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6 & 7	Total
Project Activity Zone	1,557	1,471	512	173	103	2,653	6,469
Peace River Valley	7,157	7,578	2,564	1,587	1,476	34,725	55,087
Peace Agricultural Region	7,157	120,207	473,062	544,014	1,632,542	1,417,371	4,194,353
Province	73,271	396,876	1,098,235	2,140,304	5,773,769	19,942,993	29,482,455

Source: BC Hydro 2013f

4.2. Agricultural Suitability of Lands

Crops that are considered well suited or suited for different improved land capability classes within or adjacent to the proposed reservoir area are listed in **Table 6**. This table provides examples of crops that would be well suited or suited, and provides an indication of the range of crops that can be grown in areas of different land capability classes (BC Hydro 2013c).

Table 6: Crop Suitability by Improved Land Capability Class

Crop Type	Class 1	Class 2	Class 3	Class 4
Grains and oilseeds	Barley, millet	Barley, millet	Barley, millet	Barley, millet
	Oats, rye, wheat	Oats, rye, wheat	Oats, rye, wheat	N/A
	Canola, flax	Canola, flax	Canola, flax	N/A
	Corn – silage	Corn – silage	N/A	N/A
Legumes and grasses	Native grazing	Native grazing	Native grazing	Native grazing
	Unimproved pasture	Unimproved pasture	Unimproved pasture	Unimproved pasture
	Hay, improved pasture	Hay, improved pasture	Hay, improved pasture	Hay, improved pasture
	Alfalfa, forage seed	Alfalfa, forage seed	Alfalfa, forage Seed	N/A
	Peas	Peas	N/A	N/A
	Beans	N/A	N/A	N/A
Annual vegetables	Cabbage, lettuce	Cabbage, lettuce	Cabbage, lettuce	Cabbage, lettuce
	Potatoes, turnips, Carrots	Potatoes, turnips, Carrots	Potatoes, turnips, carrots	N/A
	Broccoli	Broccoli	N/A	N/A
	Cantaloupe, corn, cucumber, peppers, tomatoes	N/A	N/A	N/A
Berries and fruits	Raspberries, strawberries, Saskatoon berries	Raspberries, strawberries, Saskatoon berries	Raspberries, strawberries, Saskatoon berries	N/A
	Blueberries	Blueberries	N/A	N/A
	Hardy apples	Hardy apples	N/A	N/A
	Nanking cherries	N/A	N/A	N/A
	Plums	N/A	N/A	N/A

NOTE: N/A – NOT APPLICABLE

4.3. Agricultural utility ratings

Agricultural utility was classified based on the physical capability (soil and climate) and on potential constraints to agricultural use, using the following definitions developed by the agricultural assessment team:

- High utility: Class 1 through 3 lands with a high likelihood of being used for cultivated agriculture in the future

- Moderate utility: Class 4 and 5 lands with a high likelihood of being used for cultivated agriculture in the future
- Low to nil utility: Class 6 and 7 lands, and lands with a low to nil likelihood of being used for cultivated agriculture in the future

The agricultural utility ratings assigned to areas with agricultural capability within the Project activity zone are included in EIS Volume 3, Section 20, Figure 20.4, Maps 1 through 16.

The creation of the reservoir and other Project components would result in the permanent loss of approximately 3,816 hectares of land rated as capable for agricultural crop production, comprised of 3,433 hectares of Class 1 through 3, and 383 hectares of Class 4 through 5. Of these, approximately 1,666 hectares of land is rated as high to moderate agricultural utility for cultivated agriculture, reflecting the likelihood of future agricultural use. Approximately 540 hectares of land within the Project activity zone are currently cultivated and used for canola, grain, forage, and improved pasture. There are approximately 13,200 hectares land rated as agricultural capability class 1 through 3 within the B.C. Peace River valley, and approximately 485,000 hectares of remaining Class 1 through 3 land in the Peace agricultural region, that would be unaffected by the Project (BC Hydro 2013c).

4.4. Agricultural land use

Agricultural land use within the Project activity zone was mapped using land use information collected during interviews with agricultural property owners and operators, from field observations, and from recent air photographs. Agricultural land use as of 2011, when the majority of the agricultural operator interviews were completed, is shown in Figure 20.5, Maps 1 through 11.

4.5. Agricultural tenure on Crown lands

A total of 19 grazing tenures including 4 leases and 15 licences were identified that would be affected by the Project. The tenure boundaries are noted in Figure 20.5, Maps 1 through 10.

4.6. Current and expected future agricultural operations and practices

Interviews were conducted in 2011 and 2012 with the owners and operators of agricultural operations located in the agricultural land local assessment area to collect information related to current and future agricultural activities. **Table 7** describes land use by farm operation for 34 farm operations where a portion of the operation is within the Project activity zone Summary.

Table 7: Land Use by Farm Operation

Operation	Crops	Livestock
1	Forage, grain	Beef (cow/calf) ^a
2	Forage	Horses
3	Forage	Beef (cow/calf) ^a
4	Forage	No livestock
5	No cropland	Bees
6	Unknown ^b	Unknown ^b
7	Forage	Beef (cow/calf) ^a
8	Forage	Beef (cow/calf)
9	Forage	Beef (cow/calf)
10	Forage (cropland is rented out)	No livestock
11	No farming activities	No livestock
12	Canola (cropland is rented out)	No livestock
13	Forage	Small numbers of livestock
14	Unknown ^b	Unknown ^b
15	Forage (cropland is rented out) (forage)	No livestock
16	Unknown ^b	Unknown ^b
17	Unknown ^b	Unknown ^b
18	Forage, canola	Beef (cow/calf), horses
19	Forage, grain, canola	Beef (cow/calf) ^a
20	Forage	No livestock
21	Forage	No livestock
22	Forage	Beef (cow/calf)
23	Canola	No livestock
24	Forage, some land leased out for canola	Horses
25	Forage	Beef (cow/calf) ^a
26	Forage (cropland is leased out)	No livestock
27	Pasture (cropland is rented out)	No livestock
28	Unknown ^b	Unknown ^b
29	Forage (cropland is leased out)	No livestock
30	Forage	Beef (cow/calf/yearling) ^a
31	Forage	No livestock
32	Canola (cropland rented out)	Horses
33	Forage, grain, canola	Horses
34	Pasture	Beef (cow/calf) ^a

NOTES:

^a Farm has horses, but does not raise horses for sale

^b Information is not available, as operator either declined or failed to respond to interview request

APPENDIX A: Agriculture Effects Assessment Agricultural Mitigation and Compensation Plan

The following is a breakdown of the use of land on Census farms in the B.C. Peace Agricultural Region:

- Natural land for pasture: 41.1%
- Crops: 32.5%
- Tame and seeded pasture: 12.1%
- Woodlands and wetlands: 9.8%
- All other lands: 2.6%
- Summer fallow: 1.9%

The agricultural sector of the Peace Agricultural Region is predominantly mixed farming, including cow/calf operations, other livestock and grain, forage and seed production for own use or for sale of surplus. Cash crops such as wheat, barley, oats, canola, fescue seed and field peas have provided opportunities to augment farm incomes.

In the Peace Agricultural Region, 77% of the farms specialize in hay (43%), beef (16%), horses (12%) or livestock combinations (6%). The Peace Agricultural Region alone represents 20% of B.C.'s hay farms and 10% of its beef farms. About 11% of Peace Agricultural Region farms are oilseed (5%), wheat (1%) and other grain farm types (5%). Other types of farms include sheep, apiculture, fruit, berries and nuts, poultry and eggs, vegetables and potatoes, with each representing less than 1% of the total farms in the region.

While all types of livestock are raised in the Peace Agricultural Region, the area has larger concentrations of B.C.'s beef cattle and bison than other livestock. The bulk of Peace Agricultural Region agriculture is oriented to the export of harvested field crops and livestock. The agricultural support industry and infrastructure is set up for bringing inputs in and transporting harvested products to the U.S., Asia and other provinces (e.g., Alberta).

A very small proportion of Peace Agricultural Region produce is oriented for domestic consumption, local retailers and local farmers' markets. Several livestock operations sell livestock for local slaughter to meet domestic needs and for specialty processing of bison, sheep and deer. According to the 2011 Agriculture Census (Statistics Canada 2012a), the Peace Agricultural Region contains the majority of the provincial area in canola (94%), dry field peas (94%), wheat (87%), forage seed (86%), oats (84%) and barley (60%) (Statistics Canada 2012a, 2012b).

4.7. Local and regional agricultural economic activity

Consolidation in the input supply sector (grains and oilseeds) of the agricultural industry has intensified over the last few decades. Most of the produce and meat food products sold in the Peace Agricultural Region are marketed by large retail chains with branches throughout B.C. and Canada, via centralized distribution centres.

In 2011, agriculture in the Peace Agricultural Region comprised 1,560 farms operated by 2,325 farm operators (Statistics Canada 2012a). Agriculture employed about 3% of the region's workforce (WorkBC No date). About 55% of the land in farms in the Peace Agricultural Region was privately owned in 2011, with a further 29% leased from governments and 16% farmed through private rental and lease arrangements.

There is a wide variation in net returns to farming in the Peace Agricultural Region. Higher gross margins are being achieved by larger farms, and low or negative gross margins by smaller

farms. Many farm operators rely on off-farm income in addition to revenues produced from farming (Statistics Canada 2012a).

4.8. Local and regional food production and consumption estimates

Regional self-reliance in the Peace Agricultural Region may be characterized as follows:

- Surplus self-reliance (over 100%) for grains (cereals), oils and fats, sugars
- High self-reliance for red meats
- Moderate self-reliance for fruits and berries
- Low self-reliance for vegetables, dairy and poultry
- Nil self-reliance for fish, as fish are not harvested commercially in the Peace Agricultural Region (Statistics Canada 2012a)

5. Potential Effects of the Project

Table 8 below describes the assessment of potential effects of the Project on agriculture including the following:

- Temporary and permanent loss of agricultural land
- Changes in individual farm operations, including potential changes to local microclimate that could affect agriculture
- Changes in agricultural economic activity
- Changes in local and regional food production and consumption

Table 8: Summary of Potential Effects and Mitigation Measures

Potential Effects	Key Mitigation Measures
Temporary loss of agricultural land (construction and operations)	Implement Environmental Management Plans <ul style="list-style-type: none"> • Soil Management, Site Restoration, and Revegetation Plan • Borrow and Quarry Sites Reclamation Plan • Vegetation and Invasive Plant Management Plan
Permanent loss of agricultural land (construction and operations)	Implement mitigation measures including: <ul style="list-style-type: none"> • Irrigation improvements • Drainage improvements • Relocation of suitable quality soil in selected locations • Inclusion of land in the Agricultural Land Reserve • Agricultural compensation fund
Effects on individual farm operations during construction	Acquire land required for the Project and reimburse associated financial losses Implement environmental management plans, including: <ul style="list-style-type: none"> • Soil Management, Site Restoration and Revegetation Plan • Vegetation and Invasive Plant Management Plan (including biosecurity protocols) • Traffic Management Plan • Public Safety Management Plan

Potential Effects	Key Mitigation Measures
Effects on individual farm operations during Project operations	Evaluate effects at a property level and enter into agreements with affected land owners to mitigate in the event of: <ul style="list-style-type: none"> • Crop and stored feed damage due to changes in wildlife habitat utilization • Crop drying due to changes in climatic factors • Crop production due to changes in groundwater elevation • Potential for unauthorized access to farm properties due to change in land or water-based access • Livestock damage due to new access to the reservoir
Change to agricultural economic activity (construction and operations)	Implement an Agricultural Fund
Change to regional food production and consumption during construction and operations	No changes anticipated to regional food self-reliance

6. Residual Effects

The implementation of the proposed Agricultural Fund would result in improvements to production on remaining lands and mitigate the loss of current and potential production from permanently lost land. However, there would be a permanent loss of existing farm land, as well as other land with agricultural capability, which would result in a permanent reduction in the agricultural land base of the Peace Agricultural Region and the province. This permanent loss of land, in itself, is considered a significant residual effect.

Considering all aspects of the agriculture VC, an adequately funded and properly administered Agricultural Fund, by enhancing regional agricultural production and replacing the net agricultural returns that would be displaced from permanently lost land, would mitigate the Project effects on agricultural production and agricultural economies. Therefore the Project's net effect on agriculture is considered not significant. (BC Hydro.2013c)

An agriculture monitoring and follow-up program is proposed where the creation of the reservoir may result in site-specific changes that may affect agricultural operations on individual farm operations and where Project effects on agricultural operations are not already addressed under agreements with BC Hydro. If site-specific changes do occur, these changes would be detectable in the years immediately following reservoir filling.

APPENDIX B: Agricultural Consultation Steering Committee (as of July 27, 2017)

BC Hydro

James Thomas
Senior Manager, Properties
Site C Clean Energy Project
BC Hydro

Nancy Pepper
Community and Social Mitigation Manager
Site C Clean Energy Project
BC Hydro

Mikky Walker
Properties Representative
Site C Clean Energy Project
BC Hydro

Ministry of Agriculture

TJ Schur
Director, Industry Development, Sector Development Branch
B.C. Ministry of Agriculture

Lori Vickers
Peace Region Agrologist
B.C. Ministry of Agriculture

Ministry of Energy and Mines

Oswald Dias
Policy Analyst, Electricity Transmission / Inter-Jurisdictional Branch
B.C. Ministry of Energy and Mines

Qualified Environmental Professional / Technical Advisor

Patrick Brisbin, P.Eng. P.Ag.

Mr. Brisbin is a senior agriculture consultant with appropriate experience and Qualified Environmental Professional credentials to support the development of the AMCP. The foundation of the EAC conditions with respect to agriculture, and the AMCP, is the agricultural assessment prepared for the Project. Mr. Brisbin led the team that prepared the agricultural assessment provided in the EIS, Volume 3, Section 20 Agriculture and the accompanying technical report, Appendix D Agricultural Assessment Supporting Documentation. Mr. Brisbin reviewed and advised on the Framework, draft ACMP and the final ACMP.

Appendix C

**BC Hydro Peace Agricultural
Compensation Fund Board**

Terms of Reference

BC Hydro Peace Agricultural Compensation Fund

Agricultural Mitigation and Compensation Plan

Revision 1: September 25, 2017

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While being a separate document which outlines roles and responsibilities, this document is to be read and interpreted in conjunction with the Agricultural Mitigation and Compensation Plan and its Appendices, including the Agricultural Fund Board Terms of Reference, BC Hydro Role and the Administrator Role and Draft Term Sheet. Where there is an inconsistency, the body of the Agricultural Mitigation and Compensation Plan shall govern with fulfillment of the requirements of EAC Condition 30 being the priority.

1.0 AGRICULTURAL FUND VISION STATEMENT AND PRINCIPLES

The vision statement for the Agricultural Fund establishes the purpose and intent of the Agricultural Fund. This vision is consistent with regulatory requirements and is aligned with feedback received through consultation. The vision statement is to:

“Support the Peace Region’s opportunity for agricultural production and agrifoods economic activity.”

Distribution of the Agricultural Fund will target activities that will enhance agricultural lands, operations or agrifoods economic activity in the B.C. Peace River Region.

The principles defined below provide guidance to BC Hydro, the BC Hydro Peace Agricultural Compensation Fund Board (Board) and the BC Hydro Peace Agricultural Compensation Fund Administrator (Administrator) contracted by BC Hydro to administer the Agricultural Fund:

- **Fairness and Transparency:** The Agricultural Fund will be governed in a fair and transparent manner so that all applications are reviewed on merit and given equitable consideration.
- **Regional Decision-Making:** Funding allocation decisions will be made in the region, benefiting from the best information available and knowledge on the Peace Region’s agricultural strengths, needs, challenges and opportunities.
- **Professional and Cost Effective:** The governance structure should facilitate timely funding allocation decisions, ensure diligence in document management, record keeping and reporting and have strong communication capabilities to interact with and support Agricultural Fund applicants. The structure must be cost-effective as administration costs must be covered internally by the Agricultural Fund budget.
- **Accountable:** The governance structure must ensure that the Agricultural Fund meets the regulatory requirements set out by the EAC Condition 30, that funding recipients and projects meet the eligibility and reporting requirements of the Agricultural Fund and that financial and other reporting is completed to acceptable standards.
- **Inclusive:** The Agricultural Fund must be administered in a manner that recognizes the diversity of agricultural sectors, interests and opportunities in the Peace Region.

2.0 FUND GOVERNANCE

The Agricultural Mitigation and Compensation Plan (AMCP) establishes a governance structure for the Agricultural Fund with three entities being retained or involved in establishing and delivering processes and guidelines to meet Agricultural Fund principles and ensuring fulfillment of those principles in the distribution of the Agricultural Fund.

Appendix C: BC Hydro Peace Agricultural Compensation Fund Board Terms of Reference Agricultural Mitigation and Compensation Plan

The governance structure is comprised of the Board, the Administrator and BC Hydro as set out below.

- BC Hydro will contract directly and manage the relationship with the Administrator. The Administrator's key roles include:
 - financial management of the Agricultural Fund
 - administration of the Agricultural Fund application and distribution processes
 - the provision of secretariat support to the Board
- Please see Appendix D for further information on the role of the Administrator.
- The Board's role is to fulfill EAC Condition 30 by distributing the Agricultural Fund in accordance with the AMCP and its appendices and that the Agricultural Fund fairly reflects the region's diverse agricultural priorities, interests and opportunities.
- BC Hydro's role for the Agricultural Fund is to ensure the Agricultural Fund process is meeting the requirements of EAC Condition 30, by approving annual reports and plans and longer term plans for the Agricultural Fund, overseeing the contract for the Administrator, establishing a Board and participating in annual reviews. Please see Appendix E for further information on BC Hydro's role.

The Board, BC Hydro and the Administrator will work cooperatively and diligently to achieve governance structure, while ensuring that the requirements in the AMCP and EAC Condition 30 are fulfilled and direction from the British Columbia Environmental Assessment Office (EAO) is followed. Changes to the Terms of Reference will be coordinated collaboratively with BC Hydro, the Board and the Administrator. The Board cannot change these Terms of Reference without approval from BC Hydro.

The Ministry of Agriculture and the Ministry responsible for BC Hydro may still be contacted for advice and consultation by BC Hydro, or may be part of a future committee. The Consultation Steering Committee will not be involved in the distribution of the Agricultural Fund and will cease when the final AMCP is submitted.

3.0 PURPOSE OF THE BOARD

The Board is a regional decision-making entity representing Peace Region agricultural producers. The primary purpose of the Board is to fulfill EAC Condition 30 by distributing the Agricultural Fund in accordance with the AMCP and its appendices and that the Agricultural Fund fairly reflects the region's diverse agricultural priorities, interests and opportunities.

Without limiting the Terms of Reference, responsibilities of the Board include:

- Provide guidance to the Administrator in the development of its required plans, procedures and processes, based on their role in determining any regional strategic agricultural priorities with respect to the Agricultural Fund
- Review all documentation as described in Appendix G and provide feedback to the Administrator including but not limited to the Agricultural Fund Financial Management Plan, Agricultural Fund Application Process, Agricultural Fund Annual Report and Agricultural Fund Five Year Plan

Appendix C: BC Hydro Peace Agricultural Compensation Fund Board Terms of Reference Agricultural Mitigation and Compensation Plan

- Make Board decisions with respect to the recommended disbursement of funds and strategic objectives that are aligned with the AMCP, EAC Condition 30 and current Agricultural Fund plans
- Work with the Administrator to develop an Agricultural Fund application process, scoring system and work plan which meets the criteria described in Appendix F and the Agricultural Fund principles and includes at minimum:
 - annual schedule
 - eligibility criteria
 - selection of successful applicants
 - reporting by successful applicants
 - audits of funded projects and other items
- Follow the Agricultural Fund application process and all other finalized Fund documents once established
- Hold, at minimum, an annual public meeting in the Peace Region, organized by the Fund Administrator, to present information on the Agricultural Fund's activities from the year prior, and for the year ahead, to receive feedback
- Set priorities for the distribution of the Agricultural Fund in the current Agricultural Fund Annual Report and the Five Year Plan
- Report to BC Hydro on the performance of the Administrator and any issues that have been encountered, on a timely basis, and work cooperatively to resolve any issues, should they arise
- Work with the Administrator to develop a Long Term and Transition Plan for the Agricultural Fund if the Five Year Review recommends that the governance and distribution of the Agricultural Fund is ready to be transitioned away from BC Hydro with agreement from the EAO

4.0 BOARD COMPOSITION AND PROCESS

The Board is not designed to be a proportional representation of the current agricultural sectors. The Board is selected to represent a diverse set of regional agricultural producers and be inclusive in terms of considering the range of agricultural interests and opportunities. Board membership is structured to be diverse to support both existing major agricultural sectors and smaller or emerging agricultural sectors. To provide further diversity for livestock related Board members, a representative from the Cattle Breeder and Feeder industry was added as the 10th member of the Board in the final AMCP. The Board will prioritize consensus based decision-making with all members striving to support the Peace Region agricultural industry as a whole, not just their own sector. These Terms of Reference allow for the Board composition to be revised as needed.

4.1 Composition of the Board

The Board will be comprised of ten members as shown in Table 1.

Table 1 - Sectors Represented, Nominating Organizations and Board Terms

Industry Sector Represented	Appointing Organizations	Initial Term	Regular Term
Grain and Oilseeds	BC Grain Producers Association	3 years	3 years
Forage	Peace Region Forage Association	1 year	3 years
Cattle	Peace River Regional Cattlemen's Association	2 years	3 years
Cattle Breeder and Feeder	BC Breeder and Feeder Association	2 years	3 years
Forage Seed	Peace Region Forage Seed Association	3 years	3 years
PRRD agricultural producer appointee	Peace River Regional District Board	1 year	3 years
Peace River Valley agricultural producer	Not Applicable	2 years	3 years
Member-at-Large 1	Not Applicable	1 year	3 year
Member-at-Large 2	Not Applicable	2 year	3 year
Member-at-Large 3	Not Applicable	3 year	3 year

4.2 Appointment Procedures

BC Hydro will establish the Board as described in the AMCP. BC Hydro will invite the organizations listed in Table 1 to nominate a Peace Region agricultural producer appointee to the Board for the terms shown or issue a call for expressions of interest for the other four Board members. The initial term varies to ensure that only four members of the Board may change in any one year to support continuity on the Board. The initial lengths of term were assigned randomly in order to establish a staggered turnover over a longer time period for Board members. All Board members may serve a maximum of six consecutive years on the Board. After six consecutive years, the Board member must not be appointed to the Board or hold a seat on the Board for a minimum of one year before seeking re-appointment. The Board will not appoint a Member-at-Large who violates this rule and if an organization appoints a Board member who violates this rule, the Board will request a new appointee who does not violate this rule. A Board member may not start a new term on the Board if they will violate this rule before the end of that term.

4.2.1 Board Chair Appointment Process

The Chair will be appointed by a vote of the Board for a one or two year term, to be determined by the Board. The Chair may serve for a maximum of two consecutive years. A former Chair is required to take two consecutive years off prior to being considered for reappointment as the Chair.

4.2.2 Appointment of Peace Valley Agricultural Producer

After the first Peace River Valley agricultural producer is appointed by the Board, the Board will issue a call, as needed, for operating agricultural producers that are located in the Peace River Valley between the dam site and Hudson's Hope to serve on the Board as the "Peace River Valley agricultural producer" Board member. After the first two year term, the Board will appoint the Peace River Valley agricultural producer to the regular term of three years. Peace River Valley agricultural producers are also eligible for the Member-at-Large seats or to be appointed to the Board by one of the appointing organizations in Table 1.

4.2.3 Appointment of Members-at-Large

The first six members of the Board will select the three Members-at-Large for staggered terms to ensure that one Member-at-Large position is open each year. After the first Members-at-Large are selected, the Board will issue a call, as needed, for applicants for the three Members-at-Large for staggered terms as shown in Table 1.

Agricultural producers must be involved in Peace Region agricultural production and may include new entrants, agricultural researchers and representatives of emerging agriculture interests. BC Hydro will share the results of the call with the initial Board members for their review and selection of Members-at-Large.

The Board will give priority to appointing a regional aboriginal agricultural producer to one of the Member-at-Large positions.

4.2.4 Board Appointments by Organizations

After the initial Board is established, future appointments to the Board will be made as follows:

- Board members will be nominated by the organizations in Table 1 and appointed by the Board through a vote
- Nominating organizations will appoint replacement members if a vacancy occurs for the remainder of the term

4.3 Changes to Board Composition

The Board will establish a process with the Administrator and BC Hydro to change the membership, appointing organizations or the sectors represented on the Board to respond to future conditions, as needed.

4.4 Vacant Seats

The Board will utilize best efforts to ensure that a full Board complement is achieved and maintained. However, up to two seats may remain vacant, if the Board is unable to fill those seats.

4.5 Proposal to Remove Board Members by BC Hydro

At any time, BC Hydro may propose to the Board that a Board member be removed. Details to

support the request will be provided by BC Hydro at the time of the proposal. The Board will consider the request without delay and provide a decision to BC Hydro, along with reasons for the decision. The Board's discussion and vote on the request may occur in-camera.

In coming to a decision, the Board will follow the process in section 4.11. The Board member(s) proposed for removal are not part of the decision and cannot be counted as part of quorum for the decision. The Board member(s) proposed for removal may address the Board in writing or in person prior to a decision.

4.6 Removal of Board Members

Board member(s) may be removed by the Board upon a decision in accordance with section 4.11. The Board's discussion and vote on the request may occur in-camera. The Board member(s) proposed for removal are not part of the decision and cannot be counted as part of quorum for the decision. The Board member(s) proposed for removal may address the Board in writing or in person prior to a decision.

4.7 Dissolution of the Board

At any time, BC Hydro may dissolve the Board.

4.8 Role of the Board Chair

The Chair works with the Administrator to fulfill the direction as received from the Board and BC Hydro and to chair meetings. The Chair works and speaks on behalf of the Board as a whole.

4.9 Specific tasks of the Chair (supported by the Administrator)

1. Develop and oversee implementation of, and updates to, the annual Board calendar in consultation with the rest of the Board and the Fund Administrator.
2. Ensure that the Board member appointment process is carried out as needed.
3. Set meeting dates a minimum of 30 days prior to the meeting.
4. Ensure meeting agendas are prepared and distributed by the Administrator a minimum of two weeks prior to each Board meeting and ensure that draft meeting minutes are distributed within a maximum of two weeks after each Board meeting.
5. Chair the Board meetings and facilitate productive, respectful discussions that conform to the principles contained within these Terms of Reference.
6. Ensure the Board reviews and abides by a budget for Board work and expenses.
7. Ensure that information and analyses presented to the Board are focused on the Board mandate and the decisions to be made.
8. Represent Board views to stakeholders and the community, in consultation with BC Hydro.
9. Spokesperson for the Board unless otherwise designated by the Board.

4.10 Board Secretary

The Administrator will function as the secretary of the Board.

4.11 Mode of Operation

Quorum: A quorum is attained when two-thirds of all currently serving Board members are in attendance. Voting by proxy is not permitted. With a maximum of two vacant seats on a ten member Board, the minimum number of members for quorum at a meeting is six.

Meetings: The Board will meet at a minimum of two times a year, or more frequently as determined by the Board, in addition to the minimum one public meeting every 12 months.

Board members commit to:

1. Read the agenda and associated materials prior to the meeting. Requests for additional information should be made at least five business days prior to the meeting.
2. All Board members are expected to attend Board meetings to the best of their ability/availability. In situations where a Board member has missed three consecutive meetings, she/he can be removed by a majority vote of the Board and the Board can initiate actions for appointment of a replacement.
3. It will be the responsibility of absent or late-arriving members to ensure they are informed of any missed discussion or decisions without disrupting the meeting in order to make the most efficient use of time.
4. Participate constructively in discussions and encourage others to do the same. Listen with an open mind to the opinions of others, seek common ground and shared solutions (i.e., consensus) and be respectful to others at all times.
5. Respond to requests to review draft minutes and other action items in a timely way or accept their finalization without input.
6. Make decisions and provide input on Agricultural Fund activities which are consistent with the AMCP, EAC Condition 30 and in accordance with all finalized Agricultural Fund documents.

4.12 Decisions

Notwithstanding the ability of the Board to make decisions by way of a vote in accordance with these Terms of Reference, the Board will strive to fully explore all interests and options and to develop consensus decisions. Consensus is defined as a decision that all members can accept. Members may not agree with all the specific details of a decision reached by consensus, and it may not fully incorporate everyone's views, but it is a decision that members can and will support both within and outside the Board. When consensus cannot be achieved, differing views will be recorded in the meeting's minutes and other relevant documents.

If consensus is not possible, decisions will be made by a majority vote of two-thirds of the members in attendance at a meeting. A quorum is required for all decisions made by the Board and allowed for pursuant to these Terms of Reference.

- i. The Board is empowered to make decisions on the following: Appointment of Board members after initial appointment by BC Hydro

Appendix C: BC Hydro Peace Agricultural Compensation Fund Board Terms of Reference Agricultural Mitigation and Compensation Plan

- ii. Appointment of the Chair
- iii. Recommendations to the Administrator regarding regional and strategic priorities for distribution of the Agricultural Fund, for inclusion in the Agricultural Fund Five Year Plan, Annual Report and Long Term and Transition Plan
- iv. Recommendations to the Administrator regarding the Agricultural Fund procedures, application and proposal submission and review process, schedule and related matters
- v. Recommending the acceptance or rejection of applications for funding in accordance with the Agricultural Fund Five Year Plan
- vi. Administrative decisions with respect to operation of the Board, such as approval of minutes and proposed agendas
- vii. Removal of Board members

Where the Board is unable to reach a consensus decision, and the majority of members agree that a vote would not be appropriate, the matter will be elevated to BC Hydro for resolution.

4.13 Code of Conduct

All Board members agree to abide by the following:

1. Professional Conduct – Board members will conduct themselves in a professional manner which fosters confidence and reflects positively on the Board, the AMCP and BC Hydro.
2. Board members will follow the Agricultural Fund principles, the AMCP and EAC Condition 30 in making decisions. Members may bring perspectives of partner groups or communities that they are members of (or are familiar with) to discussions but do not act as advocates for a specific group when exercising their duties.
3. Staying informed – Board members will make every effort to become familiar with the AMCP and the Agricultural Fund principles, to understand the submissions of the applicants to the Agricultural Fund and to learn more about projects and issues with respect to agricultural land in and around the Site C Project.
4. Confidentiality – Board members in discussion with applicants, potential applicants, program contractors, potential program contractors, the general public, their own organizations, or other parties, will use the utmost professional judgment and discretion related to confidential and sensitive aspects of their position as Board member. Confidential matters include all personnel matters, Administrator matters, all Board and ad hoc committee discussions related to review of applications, including details of project proposals not selected by the Board for funding. All materials and documents provided to the Board members, whether in draft or final, are considered confidential. Legal issues, rationale for funding decisions and other issues designated by the Board are treated as confidential.
5. Conflict of Interest – All Board members will conduct themselves in a way so as to preserve and retain the confidence of stakeholders, First Nations and the public in the Board's ability to discharge its responsibilities properly, accomplish its purpose and carry out its functions in a fair, objective, and transparent manner, without actual or apparent conflict of interest. In particular, they will avoid any situation where they might be in a position of actual or apparent conflict of interest in relation to the AMCP and the Agricultural Fund. The Board member commits to immediately declare a conflict of

interest for any situation that arises where they might be in a position of actual or apparent conflict of interest in relation to the AMCP and/or the Agricultural Fund and absent themselves from further decision-making involvement with the particular issue.

6. Limits to Authority – Board members will recognize that they have no individual authority to direct Administrator staff, committees or contractors or to approve or disburse funds from the Agricultural Fund.
7. Respect – Board members will respect the rights of all members to be heard during discussions and decision processes given there are multiple, legitimate objectives for implementation of the Agricultural Fund.

4.14 Remuneration

The Board will develop a remuneration policy to reimburse Board members for time and reasonable and supported expenses related to travel costs in accordance with a travel policy, approved in advance by the Board, to attend Board meetings.

Appendix D

**Agricultural Fund Administrator Role
and draft Term Sheet**

BC Hydro Peace Agricultural Compensation Fund

Agricultural Mitigation and Compensation Plan

Revision 1: September 25, 2017

While being a separate document which outlines roles and responsibilities, this document is to be read and interpreted, in conjunction with the Agricultural Mitigation and Compensation Plan and its Appendices, including the Agricultural Fund Board Terms of Reference, BC Hydro Role and the Administrator Role and Draft Term Sheet. Where there is an inconsistency, the body of the Agricultural Mitigation and Compensation Plan shall govern with fulfillment of the requirements of EAC Condition 30 being the priority.

1.0 AGRICULTURAL FUND VISION STATEMENT AND PRINCIPLES

The vision statement for the Agricultural Fund establishes the purpose and intent of the Agricultural Fund. This vision is consistent with regulatory requirements and is aligned with feedback received through consultation. The vision statement is to:

“Support the Peace Region’s opportunity for agricultural production and agrifoods economic activity.”

Distribution of the Agricultural Fund will target activities that will enhance agricultural lands, operations or agrifoods economic activity in the B.C. Peace River Region.

The principles defined below provide guidance to BC Hydro, the BC Hydro Peace Agricultural Compensation Fund Board (Board) and the BC Hydro Peace Agricultural Compensation Fund Administrator (Administrator) contracted by BC Hydro to administer the Agricultural Fund:

- **Fairness and Transparency:** The Agricultural Fund will be governed in a fair and transparent manner so that all applications are reviewed on merit and given equitable consideration.
- **Regional Decision-Making:** Funding allocation decisions will be made in the region, benefiting from the best information available and knowledge on the Peace Region’s agricultural strengths, needs, challenges and opportunities.
- **Professional and Cost Effective:** The governance structure should facilitate timely funding allocation decisions, ensure diligence in document management, record keeping and reporting and have strong communication capabilities to interact with and support Agricultural Fund applicants. The structure must be cost-effective as administration costs must be covered internally by the Agricultural Fund budget.
- **Accountable:** The governance structure must ensure that the Agricultural Fund meets the regulatory requirements set out by the EAC Condition 30, that funding recipients and projects meet the eligibility and reporting requirements of the Agricultural Fund and that financial and other reporting is completed to acceptable standards.
- **Inclusive:** The Agricultural Fund must be administered in a manner that recognizes the diversity of agricultural sectors, interests and opportunities in the Peace Region.

2.0 GOVERNANCE

The Agricultural Mitigation and Compensation Plan (AMCP) establishes a governance structure for the Agricultural Fund with three entities being retained or involved in establishing and delivering processes and guidelines to meet Agricultural Fund principles and ensuring fulfillment of those principles in the distribution of the Agricultural Fund.

Appendix D: Agricultural Fund Administrator Role and draft Term Sheet Agricultural Mitigation and Compensation Plan

The governance structure is comprised of the Board, the Administrator and BC Hydro as set out below.

- BC Hydro will contract directly and manage the relationship with the Administrator. The Administrator's key roles include:
 - financial management of the Agricultural Fund
 - administration of the Agricultural Fund application and distribution processes
 - the provision of secretariat support to the Board
- The Board's role is to fulfill EAC Condition 30 by distributing the Agricultural Fund in accordance with the AMCP and its appendices and that the Agricultural Fund fairly reflects the region's diverse agricultural priorities, interests and opportunities. Please see Appendix C for further information on the Board's role.
- BC Hydro's role for the Agricultural Fund is to ensure the Agricultural Fund process is meeting the requirements of EAC Condition 30, by approving annual reports and plans and longer term plans for the Agricultural Fund, overseeing the contract for the Administrator, establishing a Board, and participating in annual reviews. Please see Appendix E for further information on BC Hydro's role.

The Board, BC Hydro and the Administrator will work cooperatively and diligently to achieve governance structure, while ensuring that the requirements in the AMCP and EAC Condition 30 are fulfilled and direction from the British Columbia Environmental Assessment Office (EAO) is followed. Changes to the Terms of Reference will be coordinated collaboratively with BC Hydro, the Board and the Administrator. The Board cannot change these Terms of Reference without approval from BC Hydro.

The ministries responsible for agriculture and BC Hydro may still be contacted for advice and consultation by BC Hydro, or may be part of a future committee. The Consultation Steering Committee will not be involved in the distribution of the Agricultural Fund and will cease when the final AMCP is submitted.

3.0 ROLE OF THE ADMINISTRATOR OVERVIEW

The Administrator will contract directly with BC Hydro and BC Hydro will manage the contractual relationship with the Administrator. The Administrator has several key roles, including financial management of the Agricultural Fund, administration of the Agricultural Fund application and distribution processes and the provision of secretariat support to the Board.

The Administrator will be responsible for submitting the documentation described in Appendix G including an initial Agricultural Fund Financial Management Plan, Five Year Plan, Annual Report and a Long Term and Transition Plan to BC Hydro and related implementation, operational and reporting procedures that meet the requirements of EAC Condition 30 and the AMCP. The Administrator will seek input from the Board and BC Hydro in development of plans and processes related to the Agricultural Fund.

The Administrator must plan and implement proper financial management of the Agricultural Fund, with the objective of minimizing expenses and maximizing the total amount of the Agricultural Fund available for distribution. Preservation of the initial \$20 million fund capital for the first five years of Agricultural Fund distribution is a required objective of the Five Year Plan.

Duties of the Administrator will include the following:

Appendix D: Agricultural Fund Administrator Role and draft Term Sheet
Agricultural Mitigation and Compensation Plan

1. Actively manage and invest the Agricultural Fund to maximize returns while preserving the capital for the first five years.
2. Develop, in consultation with the Board, the proposal process.
3. Develop, in consultation with the Board, eligibility criteria for proposals.
4. Provide for the intake and be the repository of proposals.
5. Implement eligibility criteria and processes established for securing eligible proposals.
6. Provide secretariat support to the Board.
7. Be the liaison between the Agricultural Fund applicants and the Board.
8. Prepare annual budgets and reports with respect to expenditures.
9. Prepare and implement annual and five year management and business plans for the Agricultural Fund.
10. Regularly report to BC Hydro, in accordance with the contract terms, and the Board, as directed.

The Administrator will provide secretariat and administration support to the Board for the Agricultural Fund application and distribution processes, as the Board fulfills one of its key objectives in evaluating proposals and making decisions regarding specific funding recommendations.

4.0 BC HYDRO PEACE AGRICULTURAL MITIGATION AND COMPENSATION PLAN – ADMINISTRATION AND MANAGEMENT AGREEMENT

Proposed Terms

These terms may be amended to ensure consistency with the final Agricultural Mitigation and Compensation Plan, and Board Terms of Reference, and will be used to form the basis of a contract with a Fund Administrator.

Term of Agreement: Initial five year term to coincide with anticipated review/audit, with two options to renew for two years each.

Services:

1. Administration of the Agricultural Fund by the Administrator will have two components:
 - Financial management of the Agricultural Fund
 - Management of Agricultural Fund application processes and secretariat support to the Board.
2. Financial Management of the Agricultural Fund

The Agricultural Fund is to be managed in a fiscally responsible manner consistent with the objectives to establish the Agricultural Fund as an endowment for long term benefit to agriculture in the Peace Region.

Appendix D: Agricultural Fund Administrator Role and draft Term Sheet
Agricultural Mitigation and Compensation Plan

The Administrator, with input from the Board, and in accordance with the AMCP, EAC Condition 30 and the Administrator's contract, will:

- Develop and submit an initial Five Year Financial and Operating Plan [Five Year Plan], Annual Report and a Long Term and Transition Plan to BC Hydro, along with related implementation, operational and reporting procedures, that meet the requirements of EAC Condition 30 and the AMCP. Please see Appendix G for further information about documentation. The Administrator will seek input from the Board and BC Hydro in development of plans and processes related to the Agricultural Fund. BC Hydro may seek advice from the BC Environmental Assessment Office (EAO), and the ministries responsible for agriculture and BC Hydro prior to issuing approval. The initial Five Year Plan must be approved by BC Hydro prior to BC Hydro's distribution of the \$20 million Agricultural Fund capital and must include the following:
 - A financial investment plan for the \$20 million Agricultural Fund capital, including a plan for engaging a financial investment manager and risk management
 - A plan that ensures low spending in the first five years to allow the Agricultural Fund to be established, to ensure the initial \$20 million capital is preserved for the first five years until a Long Term Plan is approved
 - Regional strategic agricultural priorities with respect to the Agricultural Fund based on input from the Board
 - An outline and a plan to develop the necessary procedures for operation of the Agricultural Fund
 - A process for the development and submission of an Annual Report and a Long Term and Transition Plan, with input from the Board, for submission to BC Hydro, including annual and long-term budgets
 - A process for ensuring ongoing engagement of the public and a transparent process for receiving and considering feedback from the public and agricultural stakeholders, with respect to the Agricultural Fund and the Administrator's performance, procedures or other related matters
- Manage the \$20 million Agricultural Fund in accordance with the approved Financial Management Plan and Five Year Plan and implement proper financial management of the Agricultural Fund, with the objective of minimizing expenses, managing risk, and maximizing the total amount of the Agricultural Fund available for distribution
- Participate in, and support as required, BC Hydro's planned review of the Agricultural Fund's performance and management, to be undertaken after the first five years by an independent third party retained by BC Hydro. The review may include, but not be limited to, the following:
 - Financial management and annual allocation approach
 - Metrics to meet the Agricultural Fund vision with consideration of the baseline and how success will be demonstrated relative to the vision
 - Agricultural Fund eligibility and evaluation criteria
 - Annual funding limits and priorities
 - Board and Administrator operations
 - Funded project audits

Appendix D: Agricultural Fund Administrator Role and draft Term Sheet Agricultural Mitigation and Compensation Plan

- Input from the EAO
- Public feedback
- Consider results from the comprehensive review and work with the Board and BC Hydro to ensure implementation of recommendations approved by BC Hydro.

3. Management of the Agricultural Fund application and distribution process

The Administrator will develop and maintain the following procedures and documents, with input from the Board, with respect to the operational management of the Agricultural Fund application process, Agricultural Fund distribution process and any required reporting by Agricultural Fund recipients:

- Agricultural Fund application and proposal process
- Agricultural Fund eligibility criteria for proposals
- Agricultural Fund application intake and record keeping processes
- Implement Agricultural Fund processes to seek eligible proposals
- Provide secretariat support to the Board
- Act as the liaison between the Agricultural Fund applicants and the Board
- Prepare annual budgets and reports with respect to Agricultural Fund expenditures
- Prepare and implement annual and five year management and business plans for the Agricultural Fund
- Report to the Board and BC Hydro in accordance with contract terms, the Board Terms of Reference and any established procedures with the Board

Compensation and Expenses: All fees, costs, administration expenses and Board expenses will be paid from the Agricultural Fund.

Transfer of Agreement: Agreement will be transferrable upon consent of both parties.

Changes to the Agreement: BC Hydro, at its sole discretion, may amend the Agricultural Fund Administration and Management Agreement, including the term, duties and scope. BC Hydro will notify the Board of its intent to make any such changes.

Appendix E

BC Hydro Role

BC Hydro Peace Agricultural Compensation Fund

Agricultural Mitigation and Compensation Plan

Revision 1: September 25, 2017

While being a separate document which outlines roles and responsibilities, this document is to be read and interpreted, in conjunction with the Agricultural Mitigation and Compensation Plan and its Appendices, including the Agricultural Fund Board Terms of Reference, BC Hydro Role and the Administrator Role and Draft Term Sheet. Where there is an inconsistency, the body of the Agricultural Mitigation and Compensation Plan shall govern with fulfillment of the requirements of EAC Condition 30 being the priority.

1.0 AGRICULTURAL FUND VISION STATEMENT AND PRINCIPLES

The vision statement for the Agricultural Fund establishes the purpose and intent of the Agricultural Fund. This vision is consistent with regulatory requirements and is aligned with feedback received through consultation. The vision statement is to:

“Support the Peace Region’s opportunity for agricultural production and agrifoods economic activity.”

Distribution of the Agricultural Fund will target activities that will enhance agricultural lands, operations or agrifoods economic activity in the B.C. Peace River Region.

The principles defined below provide guidance to BC Hydro, the BC Hydro Peace Agricultural Compensation Fund Board (Board) and the BC Hydro Peace Agricultural Compensation Fund Administrator (Administrator) contracted by BC Hydro to administer the Agricultural Fund:

- **Fairness and Transparency:** The Agricultural Fund will be governed in a fair and transparent manner so that all applications are reviewed on merit and given equitable consideration.
- **Regional Decision-Making:** Funding allocation decisions will be made in the region, benefiting from the best information available and knowledge on the Peace Region’s agricultural strengths, needs, challenges and opportunities.
- **Professional and Cost Effective:** The governance structure should facilitate timely funding allocation decisions, ensure diligence in document management, record keeping and reporting and have strong communication capabilities to interact with and support Agricultural Fund applicants. The structure must be cost-effective as administration costs must be covered internally by the Agricultural Fund budget.
- **Accountable:** The governance structure must ensure that the Agricultural Fund meets the regulatory requirements set out by the EAC Condition 30, that funding recipients and projects meet the eligibility and reporting requirements of the Agricultural Fund and that financial and other reporting is completed to acceptable standards.
- **Inclusive:** The Agricultural Fund must be administered in a manner that recognizes the diversity of agricultural sectors, interests and opportunities in the Peace Region.

2.0 FUND GOVERNANCE

The Agricultural Mitigation and Compensation Plan (AMCP) establishes a governance structure for the Agricultural Fund with three entities being retained or involved in establishing and delivering processes and guidelines to meet Agricultural Fund principles and ensuring fulfillment of those principles in the distribution of the Agricultural Fund.

Appendix E: BC Hydro Role Agricultural Mitigation and Compensation Plan

The governance structure is comprised of the Board, the Administrator and BC Hydro as set out below.

- BC Hydro will contract directly and manage the relationship with the Administrator. Please see Appendix D for further information on the role of the Administrator. The Administrator's key roles include:
 - financial management of the Agricultural Fund
 - administration of the Agricultural Fund application and distribution processes
 - the provision of secretariat support to the Board
- The Board's role is to fulfill EAC Condition 30 by distributing the Agricultural Fund in accordance with the AMCP and its appendices and that the Agricultural Fund fairly reflects the region's diverse agricultural priorities, interests and opportunities. Please see Appendix C for further information on the Board's role.
- BC Hydro's role for the Agricultural Fund is to ensure the Agricultural Fund process is meeting the requirements of EAC Condition 30, by approving annual reports and plans and longer term plans for the Agricultural Fund, overseeing the contract for the Administrator, establishing a Board, and participating in annual reviews.

The Board, BC Hydro and the Administrator will work cooperatively and diligently to achieve governance structure, while ensuring that the requirements in the AMCP and EAC Condition 30 are fulfilled and direction from the British Columbia Environmental Assessment Office (EAO) is followed. Changes to the Terms of Reference will be coordinated collaboratively with BC Hydro, the Board and the Administrator. The Board cannot change these Terms of Reference without approval from BC Hydro.

The ministries responsible for agriculture and BC Hydro may still be contacted for advice and consultation by BC Hydro, or may be part of a future committee. The Consultation Steering Committee will not be involved in the distribution of the Agricultural Fund and will cease when the final AMCP is submitted.

3.0 ROLE OF BC HYDRO

The purpose of this appendix is to further outline the responsibilities of BC Hydro, the Administrator and the Board with respect to the Agricultural Fund.

During year one through five of the Agricultural Fund, BC Hydro's role will be to ensure the Agricultural Fund process is meeting the requirements of EAC Condition 30. This includes but is not limited to:

- Finalizing annual and longer term plans for the Agricultural Fund
- \$20 million contribution to the Agricultural Fund
- Ensuring compliance with EAC Condition 30 and the AMCP in distribution of the Agricultural Fund
- Securing and managing the contract with the Administrator
- Establishing a Board
- Participating in annual reviews and longer term reviews/audits
- Liaising with the B.C. Environmental Assessment Office (EAO) to ensure any direction

Appendix E: BC Hydro Role Agricultural Mitigation and Compensation Plan

received from the EAO with respect to the Agricultural Fund is addressed and communicated to the Board and Administrator as required for action

- Seek the advice and assistance of the ministries responsible for agriculture and BC Hydro on Agricultural Fund operations as needed

It is BC Hydro's intent to be involved as minimally as necessary while ensuring that EAC Condition 30 is met and that the Agricultural Fund process is established and managed responsibly.

Subject to the approval of the EAO, BC Hydro's ultimate objective is to establish responsible and accountable Agricultural Fund governance that may allow BC Hydro to remove itself from the management and distribution of the Agricultural Fund, allowing the Board and Administrator to operate autonomously. In such an event, the AMCP would be amended to reflect the changes and ensure clarity.

Please see Appendix G for additional information about the documentation required for the Agricultural Fund.

3.1 Financial Management Plan

Prior to distribution of the \$20 million to the Administrator, BC Hydro will receive for approval from the Administrator, with input from the Board, a Financial Management Plan for the Agricultural Fund. The \$20 million will be transferred after the Financial Management Plan is approved by BC Hydro.

3.2 Application Process

Prior to implementation of the application process developed in accordance with the AMCP, BC Hydro will receive for approval from the Administrator, with input from the Board, the application process recommended by the Board and Administrator. The Administrator, with input from the Board, may from time to time, submit an updated process for approval by BC Hydro. The process or any future changes to the process cannot be implemented without BC Hydro's approval.

3.3 Five Year Plan

Prior to the distribution of the \$20 million to the Administrator, BC Hydro will receive for approval from the Administrator, with input from the Board, a Five Year Financial and Operating Plan ["**Five Year Plan**"] for the Agricultural Fund. The Five Year Plan will be updated annually and will be submitted to BC Hydro for approval on an annual basis.

3.4 Annual Report

BC Hydro will receive for approval, on an annual basis, an Annual Report including audited financial statements for the previous year, for the Agricultural Fund, consistent with the approved Five Year Plan. The Annual Report will be submitted to BC Hydro for approval by March 31 of the following year. For example, the Annual Report for 2018 is due to BC Hydro by March 31, 2019. BC Hydro's approval is required of the Annual Report each year.

3.5 Five Year Review

After five full years of operation, BC Hydro will undertake a comprehensive review of the Agricultural Fund's performance, including the performance of the Administrator and the Board and the Five Year Plan.

Stage 1: Five Year Review Terms of Reference

BC Hydro will establish a terms of reference for the Five Year Review and will fund and engage an independent consultant to complete the review. BC Hydro will invite the ministries responsible for agriculture and BC Hydro and the EAO to review the terms of reference and to participate in the process. For clarity, the Administrator and the Board must fully cooperate in the review process. The review and report may include:

1. Metrics to understand how the Agricultural Fund has achieved the Vision Statement and Principles.
2. Financial management and annual allocation approach.
3. Agricultural Fund eligibility and evaluation criteria.
4. Annual funding limits and priorities.
5. Board and Administrator operations.
6. Governance.
7. Funded project audits.
8. Review of all Annual Reports and Plans and Five Year Plans.
9. Other items as deemed appropriate.

Without limiting the scope, the review will focus on the following:

1. Is the Agricultural Fund functioning well and in accordance with the Fund Vision Statement and Principles as noted in Section 1 of this document?
2. Should a Long Term and Transition Plan be prepared by the Board and Administrator?
3. What improvements can be made to the Agricultural Fund governance, distribution or processes?

Stage 2: Review Results and Recommendations

The consultant will document the results of their review in the Five Year Review Report. The report's applicable recommendations will be shared with the Board, the Administrator, the ministries responsible for agriculture and BC Hydro and the EAO. BC Hydro will communicate with the EAO to assess the findings. With the EAO's approval, BC Hydro will request that the Board and the Administrator prepare a Long Term and Transition Plan.

Stage 3: Preparation of the Long Term and Transition Plan

After the Five Year Review is completed to the satisfaction of all parties, or after a subsequent period that may be determined by the review results, and with the EAO's approval, a Long Term and Transition Plan will be completed by the Board and Administrator, which will include at

Appendix E: BC Hydro Role
Agricultural Mitigation and Compensation Plan

minimum a timeline for change or removal of the BC Hydro role from Agricultural Fund governance structure, changes in approach to investment of the Agricultural Fund and any changes in the Fund principles and goals. BC Hydro would work with the Board and Administrator to determine the process for BC Hydro to transfer its roles to other entities.

Stage 4: Review and Approval of Long Term and Transition Plan

Once received, BC Hydro will review the Long Term and Transition Plan. This may include an iterative process working with the Board and Administrator until BC Hydro is ready to present the Long Term and Transition Plan to the EAO for approval. BC Hydro will also invite the ministries responsible for agriculture and BC Hydro to review and comment on the Long Term and Transition Plan.

With the EAO's approval, BC Hydro will approve the Long Term and Transition Plan and all parties will commence implementation.

Appendix F

Application Process and Eligibility Criteria

BC Hydro Peace Agricultural Compensation Fund

Agricultural Mitigation and Compensation Plan

Revision 1: September 25, 2017

While being a separate document which outlines roles and responsibilities, this document is to be read and interpreted, in conjunction with the Agricultural Mitigation and Compensation Plan and its Appendices, including the Agricultural Fund Board Terms of Reference, BC Hydro Role and the Administrator Role and Draft Term Sheet. Where there is an inconsistency, the body of the Agricultural Mitigation and Compensation Plan shall govern with fulfillment of the requirements of EAC Condition 30 being the priority.

1. AGRICULTURAL FUND VISION STATEMENT AND PRINCIPLES

The vision statement for the Agricultural Fund establishes the purpose and intent of the Agricultural Fund. This vision is consistent with regulatory requirements and is aligned with feedback received through consultation. The vision statement is to:

“Support the Peace Region’s opportunity for agricultural production and agrifoods economic activity.”

Distribution of the Agricultural Fund will target activities that will enhance agricultural lands, operations or agrifoods economic activity in the B.C. Peace River Region.

The principles defined below provide guidance to BC Hydro, the BC Hydro Peace Agricultural Compensation Fund Board (Board) and the BC Hydro Peace Agricultural Compensation Fund Administrator (Administrator) contracted by BC Hydro to administer the Agricultural Fund:

- **Fairness and Transparency:** The Agricultural Fund will be governed in a fair and transparent manner so that all applications are reviewed on merit and given equitable consideration.
- **Regional Decision-Making:** Funding allocation decisions will be made in the region, benefiting from the best information available and knowledge on the Peace Region’s agricultural strengths, needs, challenges and opportunities.
- **Professional and Cost Effective:** The governance structure should facilitate timely funding allocation decisions, ensure diligence in document management, record keeping and reporting and have strong communication capabilities to interact with and support Agricultural Fund applicants. The structure must be cost-effective as administration costs must be covered internally by the Agricultural Fund budget.
- **Accountable:** The governance structure must ensure that the Agricultural Fund meets the regulatory requirements set out by the EAC Condition 30, that funding recipients and projects meet the eligibility and reporting requirements of the Agricultural Fund and that financial and other reporting is completed to acceptable standards.
- **Inclusive:** The Agricultural Fund must be administered in a manner that recognizes the diversity of agricultural sectors, interests and opportunities in the Peace Region.

2. FUND GOVERNANCE

The Agricultural Mitigation and Compensation Plan (AMCP) establishes a governance structure for the Agricultural Fund with three entities being retained or involved in establishing and delivering processes and guidelines to meet Agricultural Fund principles and ensuring fulfillment of those principles in the distribution of the Agricultural Fund.

Appendix F: Application Process and Eligibility Criteria Agricultural Mitigation and Compensation Plan

The governance structure is comprised of the Board, the Administrator and BC Hydro as set out below.

- BC Hydro will contract directly and manage the relationship with the Administrator. The Administrator's key roles include:
 - financial management of the Agricultural Fund
 - administration of the Agricultural Fund application and distribution processes
 - the provision of secretariat support to the Board

Please see Appendix D for further information on the role of the Administrator.

- The Board's role is to fulfill EAC Condition 30 by distributing the Agricultural Fund in accordance with the AMCP and its appendices and that the Agricultural Fund fairly reflects the region's diverse agricultural priorities, interests and opportunities. Please see Appendix C for further information on the Board's role.
- BC Hydro's role for the Agricultural Fund is to ensure the Agricultural Fund process is meeting the requirements of EAC Condition 30, by approving annual reports and plans and longer term plans for the Agricultural Fund, overseeing the contract for the Administrator, establishing a Board, and participating in annual reviews. Please see Appendix E for further information on BC Hydro's role.

The Board, BC Hydro and the Administrator will work cooperatively and diligently to achieve governance structure, while ensuring that the requirements in the AMCP and EAC Condition 30 are fulfilled and direction from the British Columbia Environmental Assessment Office (EAO) is followed. Changes to the Terms of Reference will be coordinated collaboratively with BC Hydro, the Board and the Administrator. The Board cannot change these Terms of Reference without approval from BC Hydro.

The ministries responsible for agriculture and BC Hydro may still be contacted for advice and consultation by BC Hydro, or may be part of a future committee. The Consultation Steering Committee will not be involved in the distribution of the Agricultural Fund and will cease when the final AMCP is submitted.

Please see Appendix G: Agricultural Fund Documentation for further information about the development and approval process for the primary Agricultural Fund documentation including the Application Process.

3. APPLICATIONS FOR FUNDING: PROCESS

Annual intakes for applications requesting a larger amount of funding will assist in a fair and efficient review process by the Administrator and Board. Smaller funding applications may be considered on an ongoing basis.

The Board will set-up a schedule for application intakes. The Agricultural Fund Application Process will include the following stages and may happen on a continuous schedule or set calendar:

1. **Application Stage:** Administrator to review applications for completeness and eligibility and advance complete and eligible applications for Board evaluation.
2. **Evaluation Stage:** Board to review and compare all eligible applications and make final decisions on annual funding allocations using the evaluation process.

Appendix F: Application Process and Eligibility Criteria
Agricultural Mitigation and Compensation Plan

- a. If required, the Board may seek additional technical review from other experts, or follow up information, as may be required.
3. **Award Stage:** Administrator to review the decision-making process and Board recommendations for award, to ensure the evaluation process has been followed and that the process is fair and transparent. The Administrator notifies successful applicants, identifies any conditions of funding and issues funds.
4. **Reporting Stage:** Board to review reports from successful applicants on the results of their funded project and the results of any audits performed on any funded projects. Reporting results will be included in the Annual Report and may inform changes to the application process.

4. AGRICULTURAL FUND ELIGIBILITY

The Board will provide feedback to the Administrator to finalize the eligibility and criteria for projects which meet the minimum requirements described in this appendix, as well as establishing a scoring system and priorities through the development of an annual work plan. BC Hydro will approve the final documents and any amendments.

The list of eligible projects will be reviewed annually and updated as needed to ensure that it is current, comprehensive and distinct, while also being complementary to other funding programs available to the agriculture sector. Further, Agricultural Fund eligibility and project criteria will be reviewed five years after the establishment of the Agricultural Fund and at least every five years onwards to ensure relevance to the agricultural industry.

4.1 Applicant Eligibility

Eligibility will target agricultural organizations in the Peace Region or activities that will directly benefit agriculture in the Peace Region. The Agricultural Fund may be open to the following agricultural groups for use in the Peace Region:

- i. Corporations, cooperatives, individuals and/or partnerships active in agriculture in the Peace Region (including new agricultural industry entrants and young agricultural operators)
- ii. Non-profit agricultural organizations in the Peace Region
- iii. Peace Region industry associations, agencies, Boards and councils
- iv. Educational institutions undertaking research directly related to the Peace Region

4.2 Project Eligibility

The Agricultural Fund may consider a broad range of project categories to allow for consideration of projects that can provide maximum benefit to the agricultural sector in the Peace Region including:

- i. Research and development to directly benefit agriculture in the Peace Region
- ii. Market development for the agricultural sector
- iii. Training and education, used to engage youth and support new entrants into the

Appendix F: Application Process and Eligibility Criteria Agricultural Mitigation and Compensation Plan

- agricultural industry and new agricultural enterprises
- iv. Capital investment for agriculture industry infrastructure
- v. Transportation and supply chain improvements for agriculture

4.3 Project Activity Eligibility

Projects may address one or more of the following criteria related to agriculture in the Peace Region, and have demonstrated industry support, to be eligible:

- i. Land productivity (such as new crops and technology)
- ii. Land base management (such as shelterbelts or windbreaks, weed management programs and improvements to grazing capacity)
- iii. Land base improvements and infrastructure (such as livestock watering facilities, fencing for wildlife control and irrigation)
- iv. Market access and infrastructure (such as regional value-added initiatives, institutions and services)
- v. Infrastructure and transportation improvements (such as cleaning and packing, warehousing and storage and distribution facilities to support the vegetable industry and new agricultural commodities)
- vi. Sustainability (adoption of green and alternative technologies)
- vii. Climate change response (on-farm responses and adaptations)
- viii. New product and practice viability (studies, demonstrations to test new products and methods).

The following activities are proposed to be ineligible for funding:

- i. Core activities of government or non-government agencies or programs, including lobbying activities
- ii. Development of policy related to land or agricultural management
- iii. Administration of government regulations
- iv. Engagement in enforcement and compliance activities
- v. Costs incurred prior to formal notification of funding approval

Applications with a second contribution source will receive additional consideration within the evaluation process. A second contribution source, defined as in-kind contributions, government or private funding, provides external validation of project value and also creates a greater commitment by the project proponent to deliver the project.

The Agricultural Fund will allow multi-year project funding, with annual reporting requirements.

The Agricultural Fund will adopt application submission deadlines appropriate for the Peace Region agricultural sector. The Board will work with the Administrator and agricultural producer groups to determine the best approach for application deadlines and review processes.

Appendix G

Agricultural Fund Documentation

BC Hydro Peace Agricultural Compensation Fund

Agricultural Mitigation and Compensation Plan

Revision 1: September 25, 2017

1.0 AGRICULTURAL FUND DOCUMENTATION OVERVIEW

Table 1 provides an overview of the documents which are part of the administration of the Agricultural Fund. This table captures the documents which must be submitted to BC Hydro. The Board and the Administrator may also develop any additional management tools required for the Agricultural Fund. Additional detail on each plan or process is provided below the overview, along with a schedule.

Table 1 - Summary of Agricultural Fund Documentation

Document(s)	Accountability	Update Frequency	Due/Target Date ¹
Financial Management Plan	<p>Administrator: Prepare, review with Board, submit to BC Hydro</p> <p>Board: Provide input</p> <p>BC Hydro: Approve</p>	One time, rolled into Five Year Plan after first version	90 days after Contract with Fund Administrator completed (target date)
Application Process	<p>Ministries: BC Hydro will offer the ministry responsible for BC Hydro an opportunity to review the draft documents</p> <p>BC Hydro will provide copies of finalized documents to the ministry responsible for BC Hydro and Agriculture</p>	As needed	120 days after Contract with Fund Administrator completed (target date)
Five Year Plan		Annual	September 30 of each year ²
Annual Report		Annual	April 30 of each year, begins in 2019
Five Year Review of Terms of Reference	<p>BC Hydro and Independent Consultant: Prepare, review and finalize Terms of Reference</p> <p>Ministries: The EAO as well as the ministries responsible for BC Hydro and Agriculture will be offered the opportunity to review the draft Terms of Reference by BC Hydro</p> <p>Administrator: Provide input</p> <p>Board: Provide input</p>	One time	2022-2023
Five Year Review Report	<p>Independent Consultant: Prepare report</p> <p>BC Hydro: Approve</p>	One time	2023

Document(s)	Accountability	Update Frequency	Due/Target Date ¹
	<p>Ministries: BC Hydro will offer the ministry responsible for BC Hydro and agriculture the opportunity to review the draft document</p> <p>BC Hydro will offer the opportunity to review the results to the EAO and the ministries responsible for BC Hydro and agriculture, the Board and Administrator</p>		
Long Term and Transition Plan	<p>Administrator: Prepare, review with Board, submit to BC Hydro</p> <p>Board: Provide input</p> <p>BC Hydro: Approve</p> <p>Ministries: BC Hydro will offer the ministry responsible for BC Hydro an opportunity to review the draft documents</p> <p>BC Hydro will provide copies of finalized documents to the ministry responsible for BC Hydro and Agriculture</p>	One time	2023-2024

Note 1: A target date is flexible and can be adjusted. Due dates are final deadlines unless changed in writing with the approval of BC Hydro. These are the dates upon which the document must be submitted to BC Hydro.

Note 2: The Five Year Plan must be submitted to BC Hydro for approval a minimum of 90 days before the start of the year it covers, e.g. September 30, 2019 for the 2020-2024 period. The due date the first year will be determined based on the Fund establishment timeline.

2.0 FINANCIAL MANAGEMENT PLAN

Prior to the distribution of the Agricultural Fund to the Administrator, BC Hydro will receive for approval from the Administrator, with input from the Board, a Financial Management Plan for the Agricultural Fund. The \$20 million will be transferred after the Financial Management Plan is approved by BC Hydro. After the first year, all of the information required in the Financial Management Plan will be part of the Five Year Plan. The Financial Management Plan will include, at minimum, the following information:

- a. Agricultural Fund financial management structure
- b. Procedure for the completion of an independent, audited annual financial statement
- c. Budget for the Board and Administrator operations in 2018

- d. Credentials of financial management company, if not the Administrator, and personnel
- e. Process for BC Hydro to approve the Administrator's withdrawal of funds from the Agricultural Fund trust accounts
- f. Investment policy which describes the types of investments that the \$20 million will be invested in and their respective levels of risk

BC Hydro's anticipated date to transfer the \$20 million is March 31, 2018, after the approval of an acceptable Financial Management Plan.

3.0 APPLICATION PROCESS

Prior to implementation of the application process developed in accordance with the AMCP, BC Hydro will receive for approval from the Administrator, with input from the Board, the application process recommended by the Board and Administrator. The Administrator may, from time to time, submit an updated process for approval by BC Hydro. The process or any future changes to the process cannot be implemented without BC Hydro's approval.

4.0 FIVE YEAR PLAN

BC Hydro will receive for approval from the Administrator, with input from the Board, a Five Year Financial and Operating Plan [**"Five Year Plan"**] for the Agricultural Fund. The Five Year Plan will be updated annually and will be submitted to BC Hydro for approval by September 30 of the prior year, with the exception of the first Five Year Plan. For example, the Five Year Plan for 2019-2023 is due to BC Hydro by September 30, 2018.

BC Hydro's approval is required prior to the implementation of the Five Year Plan each year. The Five Year Plan will include at minimum the following:

- a. Agricultural Fund financial management structure
- b. Procedure for the completion of an independent, audited annual financial statement
- c. Budget for the Board and Administrator operations
- d. Credentials of financial management company, if not the Administrator, and personnel
- e. Process for BC Hydro to approve any withdrawal of funds from the Agricultural Fund accounts
- f. Investment policy which describes the types of investments that the \$20 million will be invested in and their respective levels of risk.
- g. Process and timing for audits and reviews of funded projects
- h. Procedure for the completion of an Annual Report and Annual Plan
- i. Procedure for the completion of an independent, audited financial statement
- j. Priorities and plan for Agricultural Fund activities by year
- k. Expense policy for the Board and the Administrator
- l. Budget for the Board and Administrator operations
- m. Estimate of total amount awarded to projects for the first three years of distribution of the Agricultural Fund

5.0 ANNUAL REPORT

BC Hydro will receive for approval, on an annual basis, an Annual Report for the Agricultural Fund, consistent with the approved Five Year Plan and including audited financial statements for the previous year. The Annual Report will be submitted to BC Hydro for approval by March 31 of the following year. For example the Annual Report for 2018 is due to BC Hydro by March 31, 2019.

BC Hydro's approval of the Annual Report is required each year, including:

- a. Results of audits and reviews of funded projects
- b. Independent audited financial statements
- c. Budget for the Board and Administrator operations
- d. Estimate of total amount awarded to projects
- e. Summary of the application process and projects funded in the previous year

6.0 FIVE YEAR REVIEW

After five full years of operation, BC Hydro will undertake a comprehensive review of the Agricultural Fund's performance, including the performance of the Administrator and the Board and the Five Year Plan.

Stage 1: Five Year Review Terms of Reference

BC Hydro will establish a terms of reference for the Five Year Review and will fund and engage an independent consultant to complete the review. BC Hydro will invite the ministries responsible for agriculture and BC Hydro and the EAO to review the terms of reference and to participate in the process. For clarity, the Administrator and the Board must fully cooperate in the review process. The review and report may include:

1. Metrics to understand how the Agricultural Fund has achieved the Vision Statement and Principles.
2. Financial management and annual allocation approach.
3. Agricultural Fund eligibility and evaluation criteria.
4. Annual funding limits and priorities.
5. Board and Administrator operations.
6. Governance.
7. Funded project audits.
8. Review of all Annual Reports and Plans and Five Year Plans.
9. Other items as deemed appropriate.

Without limiting the scope, the review will focus on the following:

1. Is the Fund functioning well and in accordance with the Fund Vision Statement and Principles as noted in Section 1 of the Board Terms of Reference?
2. Should a Long Term and Transition Plan be prepared by the Board and Administrator?

3. What improvements can be made to the Agricultural Fund governance, distribution or processes

Stage 2: Review Results and Recommendations

The consultant will document the results of their review in the Five Year Review Report. The report's applicable recommendations will be shared with the Board, the Administrator, the ministries responsible for agriculture and BC Hydro and the EAO. BC Hydro will communicate with the EAO to assess the findings. With the EAO's approval, BC Hydro will request that the Board and the Administrator prepare a Long Term and Transition Plan.

Stage 3: Preparation of the Long Term and Transition Plan

After the Five Year Review is completed, or after a subsequent period that may be determined by the review results, and with the EAO's approval, a Long Term and Transition Plan will be completed by the Board and Administrator, which will include at minimum a timeline for change or removal of the BC Hydro role from the Agricultural Fund governance structure, changes in approach to investment of the Agricultural Fund and any changes in the Fund principles and goals. BC Hydro would work with the Board and Administrator to determine the process for BC Hydro to transfer its roles to other entities.

Stage 4: Review and Approval of Long Term and Transition Plan

Once received, BC Hydro will review the Long Term and Transition Plan. This may include an iterative process working with the Board and Administrator until BC Hydro is ready to present the Long Term and Transition Plan to the EAO for approval. BC Hydro will also invite the ministries responsible for agriculture and BC Hydro to review and comment on the Long Term and Transition Plan.

With the EAO's approval, BC Hydro will approve the Long Term and Transition Plan and all parties will commence implementation.