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August 15, 2016

Ms. Laurel Ross
Acting Commission Secretary
British Columbia Utilities Commission
Sixth Floor – 900 Howe Street
Vancouver, BC V6Z 2N3

Dear Ms. Ross:

**RE: British Columbia Utilities Commission (BCUC or Commission)
British Columbia Hydro and Power Authority (BC Hydro)
Network Economy Quarterly Report - Second Quarter (Q2) 2016**

BC Hydro writes in compliance with Commission Order No. G-127-06 approving the British Columbia Transmission Corporation's Application for Network Economy and Open Access Transmission Tariff (October 19, 2006). Section 9 of the Settlement Agreement, attached to Order No. G-127-06 as Appendix 1, requires that BC Hydro prepare reports for each quarter of the calendar year containing the information as set out in section 9 of the Settlement Agreement and in BC Hydro Tariff Supplement 80 - Network Economy Service - section 4, page 2.

The Network Economy Quarterly Report for the second quarter of calendar year 2016 (**Q2 Quarterly Report**) is enclosed as Attachment 1.

Pursuant to Commission Order No. G-158-15, effective April 1, 2016, the Threshold Purchase Price became the Trigger Price for the Network Economy Economic Test under Tariff Supplement 80 at all times of the year, replacing a Trigger Price calculation based on the Burrard Heat Rate during the winter peak period. As such, the requirements in section 4 of TS 80 to include the Burrard Heat Rate and Burrard Thermal Generating Station volumes in the quarterly reports were eliminated, and are no longer included on the Network Economy Quarterly Report as of this Q2 Quarterly Report.

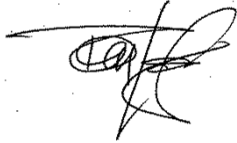
As required by subsection 9 (e) of the Settlement Agreement I attest that the information contained in the Q2 Quarterly Report is accurate.

BC Hydro will be posting this letter and the attached report on its website at https://www.bchydro.com/about/planning_regulatory/regulatory.html.

August 15, 2016
Ms. Laurel Ross
Acting Commission Secretary
British Columbia Utilities Commission

For further information, please contact the undersigned.

Yours sincerely,



Tom Loski
Chief Regulatory Officer

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Enclosure (1)

Copy to: **Powerex**
Attention: Mike MacDougall
mike.macdougall@powerex.com

BC Hydro Network Economy Quarterly Report – Q2 2016
(April 1, 2016 – June 30, 2016)

Pursuant to Commission Order No. G-127-06 and Tariff Supplement 80 - Network Economy Service – section 4, page 2:

Initial Threshold Purchase Price¹ on April 1, 2016²
-\$999/MWh

Date of Notification	Threshold Purchase Price Change
N/A	No Change

	April 2016	May 2016	June 2016
Net Domestic volumes (MWh)	(93,279) ³	(821,688) ³	(966,499) ³
Monthly System Peak for the integrated domestic system (MW)	7,054	6,792	7,203
Monthly Estimated Peak for the Lower Mainland (MW)	3,519	3,452	3,734
Monthly Estimated Peak for Vancouver Island (MW) ⁴	1,603	1,313	1,131

¹ Pricing is quoted in US\$. For the purpose of allocation of energy and cost of energy, price is converted to CAN\$ based on the Bank of Canada daily noon exchange rate.

² Pursuant to Commission Order No. G-158-15, effective April 1, 2016, the Threshold Purchase Price is the Trigger Price for the Network Economy Economic Test under Tariff Supplement 80 at all times of the year.

³ A positive volume indicates net domestic imports during the month.

⁴ Does not include the Gulf Islands.