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January 31, 2014

BC Hydro  
333 Dunsmuir Street  
Vancouver, BC  
V6B 5R3

Sent via Email to: bhydroregulatorygroup@bhydro.com

**Attention: Gordon Doyle, Regulatory Manager**

Dear Mr. Doyle:

**Re: BC Hydro  
Balancing Area Transmission Service (BATS) Workshop  
TransCanada Energy Ltd. (TCE)**

TCE appreciates the opportunity to provide the following comments on BC Hydro's January 20, 2014 workshop where it proposed a new tariff for transmission service.

TCE, as a BC Hydro Open Access Transmission Tariff (OATT) customer, supports BC Hydro's BATS initiative as a mechanism to “*compensate firm point-to-point customers that are interrupted due to the capacity reservation*”<sup>1</sup> and further confirmed in the workshop slide deck<sup>2</sup>. The current process of setting aside large volumes of BC Hydro transmission capacity displaces, in part, capacity available to firm OATT customers and, in TCE’s view, is inconsistent with the underlying principles of the OATT.

To be consistent with the principles of the OATT, it is TCE’s view that the allocation of the Interruption Rate revenue would be more appropriately allocated to the firm OATT customers prior to the conditional firm customers.<sup>3</sup>

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1 BC Hydro’s Letter dated January 10, 2014

2 Slide #21 of the January 20, 2014 Consultation Workshop

3 See Revenue Allocation section of the Proposed Rate Schedule “Balancing Area Transmission Service” attached to the letter dated January 10, 2014” which states that “Accordingly, BC Hydro will refund to its firm and conditional firm PTP transmission customers a *pro-rata* portion of the Interruption Rate revenue”

Finally, under the proposed BATS tariff, TCE believes that there may be an ability to arbitrage between paying for the Capacity Nomination and the charges that would be incurred under the UUC. Although this may not occur for the entire volume nominated in the Capacity Nomination, it could occur for a portion.

More specifically, the UUC would arise if the AESO under-nominated the volume of capacity it needs for the hour. The under-nomination will reduce the Interrupted Volume and the Interruption Rate revenue available to allocate to firm OATT customers for that hour. Should there be an occurrence of Unauthorized Use; BC Hydro proposes to impose the UUC. While the UUC would be appropriate in this circumstance, under BC Hydro's current proposal the UUC revenue would not be allocated back to the firm OATT customers since the UUC revenue is not Interruption Rate revenue. This, despite the underlying actions that gave rise to the Unauthorized Use, results in the firm OATT customer's transmission rights being interrupted.

Accordingly, TCE proposes that BC Hydro amend the UUC by replacing the Maximum Price for Hourly Delivery with the Interruption Rate.

If you have any questions with respect to TCE's comments, please contact the undersigned at (403) 920-2087 or vince\_kostesky@transcanada.com.

Yours truly,

**TransCanada Energy Ltd.**

*Original Signed by*

Vince Kostesky  
Director, Market Service and Environmental Policy

Cc: Darren Angerman – TCE  
Roger Williams – TCE