

Tom A. Loski

Chief Regulatory Officer

Phone: 604-623-4046

Fax: 604-623-4407

bchydroregulatorygroup@bchydro.com

September 18, 2015

Ms. Erica Hamilton
Commission Secretary
British Columbia Utilities Commission
Sixth Floor – 900 Howe Street
Vancouver, BC V6Z 2N3

Dear Ms. Hamilton:

**RE: British Columbia Utilities Commission (BCUC or Commission)
British Columbia Hydro and Power Authority (BC Hydro)
Open Access Transmission Tariff (OATT)
Tariff Supplement No. 80 Amendments Application**

BC Hydro writes pursuant to sections 58 to 61 of the *Utilities Commission Act* to submit an application for approval of amendments to the Network Economy Service provisions of Tariff Supplement No. 80 (**TS 80**) of the OATT (**Application**). The Network Economy Service provisions contained in TS 80 and Attachment Q-2 were established in 2006 through Commission approval of a Negotiated Settlement Agreement (**NSA**) under Commission Order No. G-127-06. The proposed amendments to TS 80 would replace the methodology used to determine the Trigger Price in the Network Economy Economic Test. Housekeeping amendments are also proposed which would improve BC Hydro's efficiency with respect to the determination of the Market Price for the Network Economy Economic Test, and would conform the style used in TS 80 with that of the OATT.

In addition, BC Hydro also requests additional housekeeping amendments that are not related to Network Economy Service but have been included in the Application for efficiency purposes. Specifically, BC Hydro seeks amendments to Rate Schedule (**RS**) 07 and RS 08 which relate to spinning and supplemental operating reserves offered by BC Hydro as ancillary services. Revenues generated under RS 07 and RS 08 are small and BC Hydro does not believe the proposed amendments warrant a separate application to the Commission.

Clean and black-lined copies of affected tariff pages are included in Appendix A of the Application.

TS 80 Trigger Price Amendments

The main impetus for the Application is BC Hydro's preparation for the impending decommissioning of the Burrard Generating Station (**BGS**) for generation purposes, as

envisioned in section 15 of Government Direction No. 7 to the Commission, issued on March 5, 2014 (**Direction 7**). Direction 7 requires the Commission to “grant permission to BC Hydro to cease operation of those portions of Burrard Thermal (**BGS**) that are not required for Transmission support services”. BGS decommissioning will be initiated at some point following energization of the Interior-Lower Mainland transmission line, currently scheduled for December 2015.

Of relevance to the Application is that the Network Economy Service Provisions of TS 80 currently define a methodology that is dependent on the Burrard Heat Rate (**BHR**) to establish the Trigger Price for the Economic Test for Network Economy imports on the BC-US Intertie from November 1 through February 28/29 of each winter (**Winter Peak Period**). Following decommissioning, BGS will no longer be dispatchable as a generating resource, and it will no longer be possible to use the BHR to determine the Trigger Price. In accordance with the provisions Attachment Q-2, a Trigger Price must be established in a form and at times approved by the Commission otherwise Network Economy Service cannot be used. Therefore, if the Trigger Price cannot be established, BC Hydro would be unable to import using Network Economy Service during the Winter Peak Period on the BC-US Intertie. This would be unacceptable to BC Hydro since the Winter Peak Period is the most challenging in terms of operation of its system.

The proposed amendments to TS 80 would set the Trigger Price for Network Economy imports on the BC-US Intertie during the Winter Peak Period equal to the Threshold Purchase Price that is defined in the Transfer Pricing Agreement between BC Hydro and Powerex Corp., and established by BC Hydro from time-to-time. These amendments would align the methodology used to determine the Trigger Price during the Winter Peak Period with that used to determine the Trigger Price at other times of the year for the BC-US Intertie, and at all times for the BC-AB Intertie.

TS 80 Market Price Housekeeping Amendments

BC Hydro also proposes to amend TS 80 to advance the time each day that data is extracted from external sources to establish the Market Price that is used in the Network Economy Economic Test from 17:00 to 16:00. These amendments would improve BC Hydro’s efficiency and reduce its costs since BC Hydro currently must undertake the Data Extracts after its normal close of business. This is particularly relevant due to scheduling challenges that occur in coverage situations caused by vacations, sickness, training or for other reasons, and can result in overtime costs being incurred.

Additional TS 80 Housekeeping Amendments

BC Hydro also proposes non-material housekeeping amendments to TS 80: to ensure that terms used are properly defined; to ensure that defined terms are used consistently throughout the document; and to align the style of TS 80 with that of the OATT.

RS 07 and RS 08 Housekeeping Amendments

In addition and unrelated to the TS 80 amendments, BC Hydro proposes to amend RS 07, OR – Spinning Reserve Service; and RS 08, OR – Supplemental Reserve Service to align them with the contingency reserve quantities established by reliability standard BAL-002-WECC-2, which was approved by the Commission through Order No. R-32-14 on July 17, 2014, and came into effect in B.C. on October 1, 2014.

Consultation

BC Hydro invited comments from NSA participants on proposed amendments to the Network Economy Service provisions of the OATT by way of an email letter issued on July 10, 2015. Comments from transmission customers and other interested parties were also invited by way of a transmission bulletin issued on the same date. A five-week comment period was established.

Comments were received from four NSA participants (the Alberta Electric System Operator; ENMAX Corporation; TransAlta Corporation; and TransCanada Energy Ltd.) and one Transmission Customer that did not participate in the NSA (NorthPoint Energy Solutions).

In general, commenters were supportive of BC Hydro's proposed amendment to TS 80. Commenters did not support additional amendments that BC Hydro proposed for Attachment Q-2, or felt that additional information and/or consultation was necessary in this respect. Commenters also were not supportive of a non-preferred option to entirely remove TS 80 and Attachment Q-2 from the OATT.

In alignment with comments received, BC Hydro determined that it would proceed with this Application as a TS 80 Amendments Application and would not include any Attachment Q-2 amendments at this time. BC Hydro issued a letter outlining this course of action to those parties that provided comments during the consultation, and the one additional NSA participant that did not provide comment, on September 11, 2015.

BC Hydro also consulted on the proposed amendments to RS 07 and RS 08 by way of a bulletin posted on BC Hydro's transmission website on May 1, 2015 with a two-week comment period. No comments were received during this consultation.

Copies of the consultation notices, comments received during consultation, and BC Hydro's response to comments received are included in Appendix B of the Application.

September 18, 2015
Ms. Erica Hamilton
Commission Secretary
British Columbia Utilities Commission
Open Access Transmission Tariff (OATT)
Tariff Supplement No. 80 Amendments Application

Proposed Process

Since commenters were supportive of, or did not comment on, the proposed amendments that are contained in the Application, BC Hydro believes that none of these proposed amendments are controversial and that the Commission can review the Application with minimal process. However, should the Commission determine that a regulatory process is required for it to consider the amendments proposed, BC Hydro believes that a written process, with a single round of information requests, is appropriate.

BC Hydro includes a draft Order in Appendix C of the Application.

For further information, please contact Gordon Doyle at 604-623-3815 or by email at bchydroregulatorygroup@bchydro.com.

Yours sincerely,

Original signed

Tom Loski
Chief Regulatory Officer

ch/rh

Enclosure

Copy to: **AESO**

Attention: Heidi Kirrmaier
Heidi.Kirrmaier@aeso.ca
Attention: Kevin Dawson
Kevin.Dawson@aeso.ca
Attention: Mike Law
Mike.Law@aeso.ca

Capital Power Corporation

Attention: Steve Kanerva
skanerva@capitalpower.com

Commercial Energy Consumers Association of BC

Attention: Christopher Weafer
cweafer@owenbird.com

NorthPoint Energy

Attention: Dean Jones
djones@northpointenergy.com

REMC Rainbow Energy Marketing Corporation

Attention: Bob Friessen
b.friessen@rainbowenergy.com

TransCanada Energy Ltd.

Attention: Regulatory Department
tce_regulatory@transcanada.com
Attention: Vince Kostaskey
vince_kostaskey@transcanada.com
Attention: Mark Thompson
markj_thompson@transcanada.com

AMPC

Attention: Richard Stout
roninconsult@live.com
Attention: Brian R. Wallace
rbw@bht.com

Cargill

Attention: Philip Pauls
Philip_Pauls@cargill.com
Attention: Robert Walker
Robert.Walker@cargill.com

Enmax

Attention: Darren Gogol
dgogol@enmax.com
Attention: Rob Hemstock
Rhemstock@enmax.com
Attention: Randy Stubbings
Rstubbings@enmax.com

Partner, The Progressive Group

Attention: Cynthia Burton
cynthia.burton@shaw.ca

Teck Metals Ltd

Attention: Richard Deane
Richard.Deane@teck.com

BCOAPO

Attention: Tannis Braithwaite
tbraithwaite@bcpiac.com

Clean Energy Association

Attention: David Austin
daa@cwilson.com

Morgan Stanley

Attention: Deborah Hart
deborah.hart@morganstanley.com
Attention: Jasper D Wright
Jasper.D.Wright@morganstanley.com
Attention: Murray Margolis
murray.margolis@morganstanley.com
Attention: Sabrina Kikkert
Sabrina.Kikkert@morganstanley.com
Attention: Steve Huhman
Steven.Huhman@morganstanley.com
Attention: Lisa Cherkas
Lisa.Cherkas@morganstanley.com

Powerex

Attention: Mike MacDougall
mike.macdougall@powerex.com
Attention: Michael McWilliams
michael.mcwilliams@powerex.com
Attention: Dan O'Hearn
dan.ohearn@powerex.com
Attention: Tom Bechard
tom.bechard@powerex.com

TransAlta Corporation

Attention: John Kousinioris
John_Kousinioris@Transalta.com
Attention: Chris Codd
chris_codd@transalta.com

**Open Access Transmission Tariff
Tariff Supplement No. 80 Amendments Application**

September 2015

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- Appendix A Black-lined and Clean Versions of Tariff Amendments
- Appendix B Consultation Materials
- Appendix C Draft Order

1 Introduction and Approvals Sought

2 British Columbia Hydro and Power Authority (**BC Hydro**) files this application
3 (**Application**) pursuant to sections 58 to 61 of the *Utilities Commission Act*,
4 R.S.B.C. 1996, c. 473 (**UCA**) to seek approval from the British Columbia Utilities
5 Commission (**BCUC** or **Commission**) to amend certain Network Economy Service
6 provisions contained in Tariff Supplement No. 80 (**TS 80**) of its Open Access
7 Transmission Tariff¹ (**OATT** or **Tariff**), and to make additional housekeeping
8 amendments to two OATT Rate Schedules.

9 Specifically, and as discussed in detail below, the Application seeks approval of the
10 following:

- 11 (a) Amendments to TS 80 to eliminate the use of the Burrard Heat Rate (**BHR**) in
12 the calculation of the “Trigger Price” that is used to establish the priority for
13 Network Economy imports on the B.C.-U.S. Intertie during the period from
14 November 1 of each year to February 28/29 of the following year (**Winter Peak**
15 **Period**). This proposed change is being proactively requested due to the
16 impending decommissioning of the Burrard Generating Station (**BGS**) for
17 generation purposes. BC Hydro proposes to amend TS 80 so that the Trigger
18 Price for Network Economy imports on the B.C.-U.S. Intertie for the Winter
19 Peak Period is equal to the Threshold Purchase Price (**TPP**) that is defined in
20 the Transfer Pricing Agreement (**TPA**) between BC Hydro and Powerex, and
21 established by BC Hydro from time-to-time. These amendments would align the
22 methodology used to determine the Trigger Price during the Winter Peak Period
23 for Network Economy imports on the B.C.-U.S. Intertie with that used to
24 determine the Trigger Price at other times of the year for this intertie, and at all
25 times of the year for Network Economy imports on the B.C.-AB Intertie;

¹ OATT available at: http://www.bchydro.com/about/planning_regulatory/tariff_filings/oatt.html.

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- 1 (b) Housekeeping amendments to section 2 of TS 80 to advance the time each day
2 from 17:00 to 16:00 that data is extracted from external sources (**Data**
3 **Extracts**) to establish the Market Price that is used in the Network Economy
4 Economic Test. This change would have little impact on the results of the
5 Economic Test since markets are closed by 16:00, but would improve
6 BC Hydro's efficiency and reduce its costs since BC Hydro currently must
7 currently undertake the Data Extracts after its normal close of business
- 8 (c) Additional housekeeping amendments to TS 80 of a non-material nature to
9 define terms used and align the style of TS 80 with that of the OATT; and
- 10 (d) In addition to the above TS 80 amendments, BC Hydro also proposes that two
11 additional OATT housekeeping amendments, not related to Network Economy
12 Service, be considered as part of this Application for efficiency purposes.
13 Specifically, BC Hydro seeks two minor amendments to Rate Schedule (**RS**) 07
14 and RS 08 which relate to spinning and supplemental operating reserves
15 offered as ancillary services by BC Hydro to align with changes to the
16 underlying reliability standard. Revenues generated under RS 07 and RS 08
17 are very small and, in BC Hydro's opinion, the proposed amendments do not
18 warrant a separate application to the Commission.

19 BC Hydro's proposed amendments are reflected in the clean and blackline versions
20 of affected tariff pages included in Appendix A. A draft Order sought is included in
21 Appendix C.

22 **2 Background**

23 The terms Secondary Service and Network Economy can be used interchangeably
24 and allow for the delivery of energy to the Transmission Provider's Network Loads
25 from resources that have not been designated as Network Resources. The relevant
26 OATT provisions also define how the transmission reservation priority for such
27 deliveries is established.

1 **2.1 Secondary Service**

2 For the purposes of this application, BC Hydro's reference to "Secondary Service" is
3 the service outlined in section 28.4 of the OATT. This provision is aligned with the
4 Federal Energy Regulatory Commission (**FERC**) *pro forma* OATT (**FERC pro**
5 **forma**).

6 Secondary Service was originally approved by the Commission as part of its
7 approval of BC Hydro's Wholesale Transmission Service (**WTS**) Tariff on
8 April 23, 1998, through Commission Order G-43-98 and its accompanying Decision.
9 These provisions were maintained through an Application by the British Columbia
10 Transmission Corporation (**BCTC**) to establish an OATT (**2004 OATT Application**)
11 as approved by the Commission on June 19, 2005 through
12 Commission Order No. G-58-05 and all subsequent OATT applications.

13 Under OATT section 28.4 and the FERC *pro forma*, Secondary Service reservations
14 always have a higher priority than Non-Firm Point-To-Point (**PTP**) Transmission
15 Service (**Non-Firm Service**) reservations.

16 **2.2 Network Economy Service**

17 During the regulatory proceeding that resulted from the 2004 OATT Application, the
18 Commission established a Panel to review BC Hydro's conduct regarding the use of
19 Network Economy Service (**Panel Review**). Specifically, the Panel was considering
20 whether scheduling behaviour inconsistent with the Commission approved
21 1999 Network Economy Purchasing with Alberta Exports Rule² (**1999 Rule**) had
22 occurred, and whether there should be a further proceeding. The concern was that
23 BC Hydro/Powerex could use the Secondary Service provisions of the OATT to
24 establish superior rights to Non-Firm Service for Network Economy imports on the
25 B.C.-U.S. Intertie while simultaneously exporting to Alberta, and could use those
26 superior rights to interrupt third-party Non-Firm Service reservations on the U.S.-AB

² Available at: http://www.bcuc.com/Documents/Proceedings/2005/DOC_7024_Exhibit-B1-29.pdf

1 Path. The 1999 Rule required that when BC Hydro reserved Network Economy
2 Service on the B.C.-U.S. Intertie and simultaneously exported energy to Alberta,
3 BC Hydro/ Powerex was required schedule as much or more PTP service and
4 energy from the U.S. to B.C. as is scheduled from B.C. to Alberta.

5 The Panel Review concluded that violations of the 1999 Rule had occurred and
6 continued to occur. Through Order No. G-127-05, the Commission ordered that a
7 formal process leading to an enforceable tariff provision to replace the 1999 Rule be
8 initiated. A Negotiated Settlement Agreement (**NSA**) was the outcome of this
9 process and it established the Network Economy Service provisions of TS 80 and
10 Attachment Q-2 to be incorporated into the OATT in addition to section 28.4 of the
11 OATT, as well as on-going operational aspects of Network Economy Service. The
12 NSA was approved by the Commission as forming the basis for Network Economy
13 Service under the OATT on October 19, 2006 through Commission
14 Order No. G-127-06.

15 The approved NSA established an “Economic Test” and a “Utilization Test” that are
16 used to establish the relative priority for scheduled Network Economy Service and
17 scheduled Non-Firm Service and effectively replaced the priority provisions of
18 section 28.4 for Network Economy imports over the interties between BC Hydro and
19 neighboring jurisdictions. The approved NSA also ensures that Network Economy
20 Service reservations are utilized and imposes penalties on BC Hydro if it fails to
21 maintain Network Economy utilization levels. It also establishes: scheduling
22 requirements; posting requirements; reporting requirements; and a Network
23 Economy annual meeting requirement.

24 Participants in the NSA considered that it represented “a pragmatic and cost
25 effective means of addressing objectives set out for the establishment of Network
26 Economy Service” (**Network Economy Objectives**), which were to:

27 (a) Permit the appropriate use of Network Economy Service;

-
- 1 (b) Preclude the inappropriate use of Network Economy Service;
 - 2 (c) Provide for open access and non-discriminatory transmission service;
 - 3 (d) Provide for the efficient use of the Transmission System;
 - 4 (e) Reduce the frequency of unnecessary service interruptions to PTP customers;
 - 5 (f) Provide for effective monitoring of Network Economy usage;
 - 6 (g) Provide transparency; and
 - 7 (h) Provide low-cost and reliable service for customers.

8 **3 Requested Amendments**

9 **3.1 TS 80 Network Economy Service Amendments**

10 Of relevance to this application is the Economic Test as established under the NSA
11 and incorporated in TS 80. BC Hydro believes that certain aspects of the Economic
12 Test require reconsideration by the Commission.

13 **3.1.1 Trigger Price Amendments**

14 The NSA participants recognized factors that might change the ability of the NSA to
15 achieve the Network Economy Objectives and one of these was the BGS ongoing
16 availability as a generation resource.

17 In accordance with the provisions of section 4 of Attachment Q-2, a Trigger Price
18 must be established by the Network Customer in a form and at times approved by
19 the Commission. If a Trigger Price is not so established, then Network Economy
20 Service may not be used.

21 The Trigger Price and Market Price are determined in accordance with section 2 of
22 TS 80. Under Attachment Q-2, the Trigger Price is compared to the Market Price to
23 determine the relative priority of Network Economy imports and Non-Firm Service
24 imports over the BC Hydro's interties with neighbouring jurisdictions.

1 Under section 2(a) of Attachment Q-2, if the Market Price is less than or equal to the
 2 established Trigger Price, then section 14.7 of the OATT applies and Network
 3 Economy has a higher reservation priority than Non-Firm Service. Under
 4 section 2(b), if the “Market Price” is greater than the “Trigger Price” then Network
 5 Economy reservations have the same priority as Non-Firm Service. This is referred
 6 to as the “Economic Test”, and is considered a “PASS” if the condition described in
 7 section 2(a) applies and a “FAIL” if the condition described in section 2(b) applies.

8 During the Winter Peak Period, the Trigger Price that is used to establish the
 9 reservation priority for Network Economy imports on the B.C.-U.S. Intertie is
 10 calculated as the Sumas 2 Gas Index (**SGI**) multiplied by the BHR multiplied by the
 11 US\$ Exchange Rate (**EXCH**) as follows:

12 Trigger Price [C\$/MWh] = SGI [US\$/MMBTU] * BHR [MMBTU/MWh] * EXCH
 13 [C\$/US\$].

14 At other times of the year on the B.C.-U.S. Intertie and at all times of the year on the
 15 B.C.-AB Intertie, the Trigger Price is equal to the TPP.

16 The Market Price is established for imports using Network Economy over the
 17 B.C.-U.S. Intertie using Mid-Columbia (**Mid-C**) electricity price indices published by
 18 Intercontinental Exchange Inc. (**ICE**) as specified in section 2(c) of TS 80.

19 The BHR, as used in the calculation of the Trigger Price, is dependent on the
 20 ongoing availability of BGS as a generation resource. Section 15 of Government
 21 Direction No. 7 to the Commission, issued on March 5, 2014³ (**Direction 7**), requires
 22 the Commission to “grant permission to BC Hydro to cease operation of those
 23 portions of BGS that are not required for Transmission support services”. Direction 7
 24 does not include any requirements with respect to the timing of such application.

³ Available at: http://www.bclaws.ca/civix/document/id/complete/statreg/28_2014

1 The Interior-Lower Mainland transmission line (**ILM**) project is under construction
2 and is currently scheduled to be energized in late 2015. It is currently expected that,
3 at some point after ILM is in-service, BC Hydro will decommission BGS so that it
4 provides only transmission support services.

5 The timeline for decommissioning and final configuration of BGS have not yet been
6 conclusively determined, however once BGS decommissioning is complete, all BGS
7 units will no longer be dispatchable as generating resources. As a result, it will no
8 longer be possible to use the BHR in the Trigger Price calculation for the Winter
9 Peak Period since BC Hydro will no longer have an option to make economic
10 decisions about whether to run BGS as envisioned in the BHR definition in section 1
11 of TS 80. At that point, BC Hydro believes that, under the current OATT provisions, it
12 would not be able to establish a Trigger Price as required by Section 4 of
13 Attachment Q-2 during the Winter Peak Period and, unless approval to amend the
14 methodology used to determine the Trigger Price is provided by the Commission,
15 BC Hydro believes that it will not be possible to use Network Economy Service on
16 the B.C.-U.S. Intertie during the Winter Peak Period. In BC Hydro's opinion this
17 would be unacceptable since the Winter Peak Period is the most challenging from
18 the perspective of operation of its system. This application therefore seeks approval
19 from the Commission to amend the methodology used to determine the Trigger
20 Price on the B.C.-U.S. Intertie during the Winter Peak Period.

21 BC Hydro's proposed amendments in TS 80 would remove all references to the
22 "Burrard Thermal Generating Station", the "Burrard Heat Rate" and the
23 "Sumas 2 Gas Index" and establish that the "Trigger Price" is the "Threshold
24 Purchase Price" for all periods on both the B.C.-U.S. Intertie, and the B.C.-AB
25 Intertie. This would be accomplished through amendments to section 1 and
26 section 2 of TS 80 to eliminate all such references. It would also require
27 amendments to the posting requirements established in section 3 to eliminate the

1 requirement to post the current BHR; and the reporting requirements established in
2 section 4 to eliminate the requirements to report on the BHR and on BGS volumes.

3 **3.1.2 Market Price Housekeeping Amendments**

4 Through its experience with the Network Economy Service provisions of the OATT,
5 BC Hydro has identified that there is a minor issue with the timing of the daily Data
6 Extracts that are required under section 2 of TS 80 in order to establish the Market
7 Price for use in the Economic Test. Specifically, TS 80 requires that the Data
8 Extracts be undertaken at 17:00:00, which requires BC Hydro staff to undertake the
9 Data Extracts after BC Hydro's normal close of business.

10 While it is usually possible to address this under normal circumstances through
11 staggered work scheduling, it becomes particularly challenging during coverage
12 situations that are required due to vacations, training, sick time or any other reason,
13 and can have cost implications to BC Hydro if overtime is required. Hence, for
14 efficiency purposes, this application seeks approval from the Commission to amend
15 the time of the daily Data Extracts from 17:00:00, to 16:00:00 so they occur within
16 the normal BC Hydro business day.

17 Under section 2c(i) of TS 80, BC Hydro proposes to alter the time of day that
18 BC Hydro extracts the ICE Mid-C Peak weighted average index price from 17:00:00
19 to 16:00:00. Under section 2c(ii) BC Hydro proposes to alter the time of day that
20 BC Hydro extracts the ICE Mid-C Off-Peak weighted average index price from
21 17:00:00 to 16:00:00. Under section 2c(iii) BC Hydro proposes to alter the time of
22 day that BC Hydro extracts the hourly pool price established by the Alberta Electric
23 System Operator from 17:00:00 to 16:00:00.

24 **3.1.3 Other TS 80 Housekeeping Amendments**

25 BC Hydro also proposes to make additional non-material amendments of a
26 housekeeping nature to TS 80. Several definitions would be added to section 1 to
27 ensure that all terms used in the document are defined in accordance with OATT

1 practices. Additional amendments would be made throughout TS 80 to ensure that
2 all defined terms are used consistently where appropriate. BC Hydro also proposes
3 to align the style of TS 80 with that of the OATT by using the OATT defined term
4 “Transmission Provider” instead of “BC Hydro” as appropriate within the document.

5 **3.2 RS 07 and RS 08 Housekeeping Amendments**

6 BC Hydro proposes to amend RS 07, OR – Spinning Reserve Service; and RS 08,
7 OR – Supplemental Reserve Service to align them with the contingency reserve
8 quantities established by the Western Electricity Coordinating Council (**WECC**). The
9 type and quantity of contingency reserves that must be maintained within
10 BC Hydro’s Balancing Authority Area (**BAA**) are established through reliability
11 standards approved by the Commission. Through its Order No. R-32-14 dated
12 July 17, 2014, the Commission adopted new reliability standard BAL-002-WECC-2
13 (**New Standard**), with an effective date in British Columbia (**B.C.**) of
14 October 1, 2014. The New Standard, among other things, revises the minimum
15 quantity of contingency reserves required to ensure reliability under normal and
16 abnormal conditions.

17 BC Hydro requires contingency reserves equivalent to those established by
18 approved reliability standards be maintained by Customers whose transmission
19 reservations are used to serve load in its BAA . This is done through the provisions
20 of: RS 07, OR – Spinning Reserve Service; and RS 08, OR – Supplemental Reserve
21 Service.

22 Accordingly, BC Hydro proposes to amend the second paragraph of the Rate
23 sections in both of RS 07 and RS 08 to replace the minimum reserve requirements
24 for each of spinning and supplemental reserves with: (i) 1.5 per cent of hourly
25 integrated load, plus (ii) 1.5 per cent of hourly integrated generation.

1 **4 Consultation**

2 **4.1 Network Economy Service Amendments**

3 On July 10, 2015, BC Hydro notified its OATT Customers, interested parties and
4 NSA participants, of its proposed filing of the amendments to the Network Economy
5 Service provision of the OATT with the Commission. NSA participants were notified
6 by a direct email letter and Transmission Customers and interested parties were
7 notified by way of a bulletin posted to on BC Hydro's transmission website (together
8 **Consultation Notice**). The Consultation Notice established a five-week comment
9 period and included BC Hydro's proposed amendments and options, and solicited
10 comments on these and any additional proposals that recipients felt should be
11 considered. A copy of the bulletin/ email is attached as Appendix B-1 to this
12 application.

13 Comments were received from four NSA participants (Alberta Electric System
14 Operator; ENMAX Corporation; TransAlta Corporation; and TransCanada Energy
15 Ltd.) and one Transmission Customer that did not participate in the NSA (NorthPoint
16 Energy Solutions). Comments received are attached as Appendix B-2.

17 BC Hydro responded to the parties that provided comments and outlining the
18 revisions it would make to the Application by way of an email letter issued on
19 September 11, 2015. BC Hydro's letter of response is attached as Appendix B-3.

20 **4.1.1 Proposed TS 80 Amendments**

21 In general, commenters were supportive of the proposed amendment to TS 80 to
22 use the TPP as the Trigger Price in the Economic Test for the B.C.-U.S. Intertie
23 during the Winter Peak Period. Commenters also supported the housekeeping
24 amendments to advance the time of the daily Data Extracts from 17:00 to 16:00.

4.1.2 Proposed Attachment Q-2 Amendments

1 In the Consultation Notice, BC Hydro also proposed an additional amendment that
2 would seek to remove the Network Economy Utilization Test as defined in Section 5
3 of Attachment Q-2. BC Hydro's concern is based on the potential for failure of the
4 Utilization Test when there is very low (but not zero) scheduled Non-Firm Service
5 with very high Non-Firm Service utilization (e.g., 100 per cent). This can result in
6 unwarranted failure of the Utilization Test, which would penalize BC Hydro by
7 restricting the priority of Network Economy Service to be equal to Non-Firm Service
8 for the entire month following. This in turn could impact BC Hydro's ability to serve
9 its domestic load, should such failure occur in certain months. No commenters were
10 supportive of this proposed amendment and several sought additional information to
11 demonstrate that there is a problem with the Utilization Test and/or additional
12 consultation on how the Utilization Test could be maintained but improved to
13 eliminate the issue. Based on feedback received, BC Hydro has decided not to seek
14 any amendments to Attachment Q-2 in this Application. BC Hydro will continue to
15 monitor the Utilization Test results, has suggested that a Network Economy Annual
16 Meeting may be an appropriate venue to discuss the issue if desired, and may seek
17 to amend Attachment Q-2 at a later date.
18

4.1.3 Non-Preferred Optional Amendments

19 BC Hydro also included in the Consultation Notice an alternative to eliminate the
20 Network Economy Service provisions of TS 80 and Attachment Q-2 from the OATT,
21 and rely on the FERC *pro forma* provisions of section 28.4. BC Hydro maintains
22 comparability between its OATT and the FERC *pro forma* and neither TS 80 nor
23 Attachment Q-2 are contemplated in the FERC *pro forma*. However, this alternative
24 was not identified as BC Hydro's preferred alternative because it felt stakeholders
25 would want TS 80 and Attachment Q-2 to remain in place to maintain the spirit of the
26 NSA. No commenters were supportive of this alternative and BC Hydro does not
27 seek to pursue the elimination of TS 80 and Attachment Q-2 at this time.
28

1 **4.2 RS 07 and RS 08 Housekeeping Amendments**

2 BC Hydro invited comments on the proposed amendments to RS 07 and RS 08 from
3 its OATT customers by way of a bulletin posted on BC Hydro's transmission website
4 on May 1, 2015 with a two-week comment period. A copy of this bulletin is included
5 as Appendix B-4. No comments were received during this consultation.

6 **5 Proposed Process**

7 Based on the comments received during consultation and BC Hydro's response to
8 these, BC Hydro believes that none of the proposed amendments to TS 80 that are
9 contained in the Application are controversial.

10 The contingency reserve requirements that are defined in the New Standard were
11 previously reviewed by the Commission as part of the regulatory process related to
12 MRS Report No. 7, which was submitted by BC Hydro to the Commission on
13 May 1, 2014 and approved through Commission Order No. R-32-14. Based on the
14 regulatory process that has already occurred and the lack of interest expressed
15 during consultation on these amendments, BC Hydro believes that the proposed
16 RS 07 and RS 08 amendments are also non-controversial.

17 Based on the above, BC Hydro believes that the Commission can review the
18 Application with minimal process. However, should the Commission determine that a
19 regulatory process is required for it to consider the amendments proposed,
20 BC Hydro believes that a written process, with a single round of information
21 requests, is appropriate.

22 **6 Implementation**

23 **6.1 TS 80 Network Economy Service Amendments**

24 The decommissioning of BGS will not be completed by the end of the 2015/2016
25 Winter Peak Period and so BC Hydro proposes that the revised TS 80 Tariff Pages

1 become effective on April 1, 2016. The Network Economy Quarterly report would
2 maintain its current format for Quarter 1, 2016. Starting with the Quarter 2, 2016
3 report, the Network Economy Quarterly report would not include any reporting on the
4 BHR or on BGS volumes. The use of the TPP as the Trigger Price for the Winter
5 Peak Period would commence on November 1, 2016 regardless of whether the
6 decommissioning of BGS is complete at that time or not.

7 **6.2 RS 07 and RS 08 Housekeeping Amendments**

8 Since the New Standard is already effective in B.C., BC Hydro proposes that the
9 RS 07 and RS 08 amendments become effective immediately on approval by the
10 Commission.

11 **7 Communications**

12 All communications regarding this proceeding are to be addressed to:

Tom Loski
Chief Regulatory Officer

BC Hydro
16th Floor
333 Dunsmuir Street
Vancouver, BC V6B 5R3

Telephone: (604) 623-4046

Fax No.: (604) 623-4407

e-mail: bchydroregulatorygroup@bchydro.com

**Open Access Transmission Tariff
Tariff Supplement No. 80 Amendments Application**

Appendix A

**Black-lined and Clean Versions of
Tariff Supplement No. 80, Rate Schedule 07 and
Rate Schedule 08**

BC Hydro

Tariff Supplements

Effective: ~~July 1, 2015~~ April 1, 2016

Tariff Supplement No. 80

~~Third-Fourth~~ Revision of Page 1 of 2**Network Economy Service**

1. In this Tariff Supplement:

~~“Burrard Heat Rate” means the heat rate used by British Columbia Hydro and Power Authority (BC Hydro) in making economic decisions about whether to run Burrard Thermal Generating Station.~~

~~“Sumas 2 Gas Index” means the “Midpoint Price” listed in Gas Daily for “Northwest, Canadian Border (Sumas)”.~~

~~“Alberta Pool Price” means the hourly pool price that is established for the Alberta real-time electricity market.~~

~~“BC-AB Intertie” means the transmission interconnection between the Transmission System and the Alberta Integrated Electric System.~~

~~“BC-US Intertie” means the transmission interconnection between the Transmission System and the Bonneville Power Authority transmission system.~~

~~“ICE” means Intercontinental Exchange Inc. or its successors~~

~~“Network Economy Service” is as defined in section 1 of Attachment Q-2.~~

~~“Tariff” means the Transmission Provider’s Open Access Transmission Tariff~~

~~“Threshold Purchase Price” means the Threshold Purchase Price, as defined, and as determined from time to time, in the Transfer Pricing Agreement for Electricity and Gas between BC Hydro and Powerex Corp, dated April 1, 2003, and as determined from time to time by the Transmission Provider.~~

~~“Transfer Pricing Agreement” means the current version of the Transfer Pricing Agreement for Electricity and Gas between BC Hydro and Powerex Corp.~~

~~“Network Economy Service” is as defined in section 1 of Attachment Q-2.~~

~~Other capitalized terms have the meaning ascribed to them in the Tariff~~

2. For the purposes of section 2 of Attachment Q-2 to the Tariff:

(a) ~~During the period from March 1 to October 31, At all times, in the case of imports using Network Economy Service, over the BC-US Intertie or the BC-AB Intertie, the Trigger Price is the Threshold Purchase Price.;~~

(b) ~~During the period from November 1 to February 28 or February 29, as applicable, the Trigger Price is:~~

(i) ~~for transactions at the BC-US intertie, the Sumas 2 Gas Index multiplied by the Burrard Heat Rate; and~~

(ii) ~~for transactions at the BC-Alberta intertie, the Threshold Purchase Price.~~

(b) Reserved

ACCEPTED: _____

ORDER NO. _____

COMMISSION SECRETARY

BC Hydro

Tariff Supplements

Effective: ~~July 1, 2015~~ April 1, 2016

Tariff Supplement No. 80

~~Third-Fourth~~ Revision of Page 2 of 2

- (c) At all times, in the case of imports using Network Economy Service over the ~~US-BC intertie~~ BC-US Intertie, the Market Price is:
- (i) for Hours Ending 07:00:00 to 22:00:00 (Monday to Saturday, excluding NERC Holidays) the ICE Mid-C Peak weighted average index price, as published by ICE in the ICE Day Ahead Power Price Report-, net of transmission losses, from the last day available as of ~~4716~~:00:00 of each current day; and
 - (ii) for Hours Ending 01:00:00 to 06:00:00, Hour Ending 23:00:00 and Hour Ending 24:00:00 (Monday to Saturday and all day Sunday and NERC Holidays) the ICE Mid-C Off-Peak weighted average index price, as published by ICE in the ICE Day Ahead Power Price Report-, net of transmission losses, from the last day available as of ~~4716~~:00:00 of each current day.

ACCEPTED: _____

ORDER NO. _____

COMMISSION SECRETARY

BC Hydro

Tariff Supplements

Effective: ~~April 18, 2013~~ April 1, 2016

Tariff Supplement No. 80

~~First Fourth~~ Revision of Page 3 of 2

(d) At all times, in the case of imports using Network Economy Service over the ~~BC-AB-BC Intertie~~ Intertie, the Market Price is, for each hour, the most recently available Alberta Pool Price for each hour posted as of 17:00:00.

~~3.~~ For the purposes of section 4 of Attachment Q-2, ~~BC Hydro~~ the Transmission Provider will, on a weekly basis, post the following data:

~~4.~~ (a) ~~the~~ date and time of any changes to the Threshold Purchase Price which ~~BC Hydro~~ the Transmission Provider communicates to Powerex; ~~and~~

~~5.3.~~ (b) ~~the current Burrard Heat Rate.~~

The Threshold Purchase Price is treated as confidential by ~~BC Hydro~~ the Transmission Provider.

~~6.4.~~ The Transmission Provider ~~BC Hydro~~ will prepare reports for each quarter of the calendar year, and post the reports on its website and file them with the Commission by the end of the following quarter. The quarterly reports will set out the following information:

(a) The Threshold Purchase Price, ~~and Burrard Heat Rate~~ at the start of the quarter; each change in the Threshold Purchase Price ~~and Burrard Heat Rate~~ during the quarter; the date of each change during the quarter; ~~and the reason for a change in the Burrard Heat Rate;~~

(b) Net domestic volumes allocated pursuant to the Transfer Pricing Agreement for each month of the quarter;

(c) ~~Burrard Thermal Generating Station volumes for each month in the quarter~~ Reserved;

(d) Monthly system peaks during the quarter for the integrated domestic system, and estimates for the Lower Mainland - Vancouver Island;

(e) A written attestation by an officer of ~~the Transmission Provider~~ ~~BC Hydro~~ to the veracity of the information: i) contained in the reports pursuant to sections 4(a) to (d), above, and ii) posted pursuant to section 3(a) above.

ACCEPTED: _____

ORDER NO. _____

COMMISSION SECRETARY

BC Hydro

Open Access Transmission Tariff

Effective: ~~09 December 2010~~

OATT Schedule 07 – First Revision of Page 1

Schedule 07

Operating Reserve (OR) – Spinning Reserve Service

Preamble	Spinning Reserve Service is needed to serve load immediately in the event of a system contingency. Spinning Reserve Service may be provided by generating units that are on-line and loaded at less than maximum output and by non-generation resources capable of providing this service. BC Hydro must offer this service when the transmission service is used to serve load within its Control Area. The Transmission Customer must either purchase this service from BC Hydro or make alternative comparable arrangements to satisfy its Spinning Reserve Service obligation. The amount of and charges for Spinning Reserve Service are set forth below.
Availability	In support of Network Integration Transmission Services, Long and Short-Term Firm Point-to-Point Transmission Service, and Non-Firm Point to Point Transmission Service.
Rate	<p>\$6.20 per MW per hour of generating Capacity requested for OR - Spinning.</p> <p>The required amount of Spinning Reserve Service, for a Customer's load located in BC Hydro's control area, depends upon the type of generation serving the load. When the load is served by hydro generation, the required amount of Spinning Reserve Service is a minimum of 2.5% of the Customer's load. When the load is served by thermal generation, the required amount of Spinning Reserve Service is a minimum of 3.5% of the Customer's load. The minimum spinning reserve requirement, determined in accordance with applicable reliability standards adopted by the Commission, equals to the sum of:</p> <p>1. 1.5 per cent of hourly integrated load; plus</p> <p>2. 1.5 per cent of hourly integrated generation.</p>
Taxes	The Rate and Charges contained herein are exclusive of applicable taxes.
Note	A description of the methodology for discounting Spinning Reserve Service provided under this Schedule is contained in Section 3 of the BC Hydro OATT.

ACCEPTED: _____

ORDER NO. _____

COMMISSION SECRETARY

BC Hydro

Open Access Transmission Tariff

Effective: ~~09 December 2010~~OATT Schedule 08 – First Revision of Page 1

Schedule 08

Operating Reserve (OR) – Supplemental Reserve Service

Preamble	Supplemental Reserve Service is needed to serve load in the event of a system contingency; however, it is not available immediately to serve load but rather within a short period of time. Supplemental Reserve Service may be provided by generating units that are on-line but unloaded, by quick-start generation or by interruptible load or other non-generation resources capable of providing this service. BC Hydro must offer this service when the transmission service is used to serve load within its Control Area. The Transmission Customer must either purchase this service from BC Hydro or make alternative comparable arrangements to satisfy its Supplemental Reserve Service obligation. The amount of and charges for Supplemental Reserve Service are set forth below.
Availability	In support of Network Integration Transmission Service, Long and Short-Term Firm Point-to-Point Transmission Service, and Non-Firm Point to Point Transmission Service.
Rate	<p>\$6.27 per MW per hour of generating Capacity requested for OR - Supplemental.</p> <p>The required amount of Supplemental Reserve Service, for a Customer's load located in BC Hydro's control area, depends upon the type of generation serving the load. When the load is served by hydro generation, the required amount of Supplemental Reserve Service is a minimum of 2.5% of the Customer's load. When the load is served by thermal generation, the required amount of Supplemental Reserve Service is a minimum of 3.5% of the Customer's load. The minimum supplemental reserve requirement, determined in accordance with applicable reliability standards adopted by the Commission, equals to the sum of:</p> <p>1. 1.5 per cent of hourly integrated load; plus</p> <p>1.2. 1.5 per cent of hourly integrated generation.</p>
Taxes	The Rate and Charges contained herein are exclusive of applicable taxes.
Note	A description of the methodology for discounting Operating Reserve (OR) - Supplemental Reserve Services provided under this Schedule is contained in Section 3 of the BC Hydro OATT.

ACCEPTED: _____

ORDER NO. _____

COMMISSION SECRETARY

BC Hydro

Tariff Supplements

Effective: April 1, 2016

Tariff Supplement No. 80

Fourth Revision of Page 1 of 2

Network Economy Service

1. In this Tariff Supplement:

“**Alberta Pool Price**” means the hourly pool price that is established for the Alberta real-time electricity market.

“**BC-AB Intertie**” means the transmission interconnection between the Transmission System and the Alberta Integrated Electric System.

“**BC-US Intertie**” means the transmission interconnection between the Transmission System and the Bonneville Power Authority transmission system.

“**ICE**” means Intercontinental Exchange Inc. or its successors

“**Network Economy Service**” is as defined in section 1 of Attachment Q-2.

“**Tariff**” means the Transmission Provider’s Open Access Transmission Tariff

“**Threshold Purchase Price**” means the Threshold Purchase Price, as defined in the Transfer Pricing Agreement, and as determined from time to time by the Transmission Provider.

“**Transfer Pricing Agreement**” means the current version of the Transfer Pricing Agreement for Electricity and Gas between BC Hydro and Powerex Corp.

Other capitalized terms have the meaning ascribed to them in the Tariff

2. For the purposes of section 2 of Attachment Q-2 to the Tariff:

(a) At all times, in the case of imports using Network Economy Service over the BC-US Intertie or the BC-AB Intertie, the Trigger Price is the Threshold Purchase Price.

(b) Reserved

(c) At all times, in the case of imports using Network Economy Service over the BC-US Intertie, the Market Price is:

(i) for Hours Ending 07:00:00 to 22:00:00 (Monday to Saturday, excluding NERC Holidays) the ICE Mid-C Peak weighted average index price, as published by ICE in the ICE Day Ahead Power Price Report, net of transmission losses, from the last day available as of 16:00:00 of each current day; and

(ii) for Hours Ending 01:00:00 to 06:00:00, Hour Ending 23:00:00 and Hour Ending 24:00:00 (Monday to Saturday and all day Sunday and NERC Holidays) the ICE Mid-C Off-Peak weighted average index price, as published by ICE in the ICE Day Ahead Power Price Report, net of transmission losses, from the last day available as of 16:00:00 of each current day.

ACCEPTED: _____

ORDER NO. _____

COMMISSION SECRETARY

BC Hydro

Tariff Supplements

Effective: April 1, 2016

Tariff Supplement No. 80

Fourth Revision of Page 2 of 2

- (d) At all times, in the case of imports using Network Economy Service over the BC-AB Intertie, the Market Price is, for each hour, the most recently available Alberta Pool Price for each hour posted as of 16:00:00.
- 3. For the purposes of section 4 of Attachment Q-2, the Transmission Provider will, on a weekly basis, post the date and time of any changes to the Threshold Purchase Price which the Transmission Provider communicates to Powerex.

The Threshold Purchase Price is treated as confidential by the Transmission Provider.

- 4. The Transmission Provider will prepare reports for each quarter of the calendar year, and post the reports on its website and file them with the Commission by the end of the following quarter. The quarterly reports will set out the following information:
 - (a) The Threshold Purchase Price at the start of the quarter; each change in the Threshold Purchase Price during the quarter; the date of each change during the quarter;
 - (b) Net domestic volumes allocated pursuant to the Transfer Pricing Agreement for each month of the quarter;
 - (c) Reserved;
 - (d) Monthly system peaks during the quarter for the integrated domestic system, and estimates for the Lower Mainland - Vancouver Island;
 - (e) A written attestation by an officer of the Transmission Provider to the veracity of the information: i) contained in the reports pursuant to sections 4(a) to (d), above, and ii) posted pursuant to section 3 above.

ACCEPTED: _____

ORDER NO. _____

COMMISSION SECRETARY

BC Hydro

Open Access Transmission Tariff
Effective:

OATT Schedule 07 – First Revision of Page 1

Schedule 07

Operating Reserve (OR) – Spinning Reserve Service

Preamble	Spinning Reserve Service is needed to serve load immediately in the event of a system contingency. Spinning Reserve Service may be provided by generating units that are on-line and loaded at less than maximum output and by non-generation resources capable of providing this service. BC Hydro must offer this service when the transmission service is used to serve load within its Control Area. The Transmission Customer must either purchase this service from BC Hydro or make alternative comparable arrangements to satisfy its Spinning Reserve Service obligation. The amount of and charges for Spinning Reserve Service are set forth below.
Availability	In support of Network Integration Transmission Services, Long and Short-Term Firm Point-to-Point Transmission Service, and Non-Firm Point to Point Transmission Service.
Rate	<p>\$6.20 per MW per hour of generating Capacity requested for OR - Spinning.</p> <p>The minimum spinning reserve requirement, determined in accordance with applicable reliability standards adopted by the Commission, equals to the sum of:</p> <ol style="list-style-type: none"> 1. 1.5 per cent of hourly integrated load; plus 2. 1.5 per cent of hourly integrated generation.
Taxes	The Rate and Charges contained herein are exclusive of applicable taxes.
Note	A description of the methodology for discounting Spinning Reserve Service provided under this Schedule is contained in Section 3 of the BC Hydro OATT.

ACCEPTED: _____

ORDER NO. _____

COMMISSION SECRETARY

BC Hydro

Open Access Transmission Tariff
Effective:

OATT Schedule 08 – First Revision of Page 1

Schedule 08

Operating Reserve (OR) – Supplemental Reserve Service

Preamble	Supplemental Reserve Service is needed to serve load in the event of a system contingency; however, it is not available immediately to serve load but rather within a short period of time. Supplemental Reserve Service may be provided by generating units that are on-line but unloaded, by quick-start generation or by interruptible load or other non-generation resources capable of providing this service. BC Hydro must offer this service when the transmission service is used to serve load within its Control Area. The Transmission Customer must either purchase this service from BC Hydro or make alternative comparable arrangements to satisfy its Supplemental Reserve Service obligation. The amount of and charges for Supplemental Reserve Service are set forth below.
Availability	In support of Network Integration Transmission Service, Long and Short-Term Firm Point-to-Point Transmission Service, and Non-Firm Point to Point Transmission Service.
Rate	<p>\$6.27 per MW per hour of generating Capacity requested for OR - Supplemental.</p> <p>The minimum supplemental reserve requirement, determined in accordance with applicable reliability standards adopted by the Commission, equals to the sum of:</p> <ol style="list-style-type: none"> 1. 1.5 per cent of hourly integrated load; plus 2. 1.5 per cent of hourly integrated generation.
Taxes	The Rate and Charges contained herein are exclusive of applicable taxes.
Note	A description of the methodology for discounting Operating Reserve (OR) - Supplemental Reserve Services provided under this Schedule is contained in Section 3 of the BC Hydro OATT.

ACCEPTED: _____

ORDER NO. _____

COMMISSION SECRETARY

**Open Access Transmission Tariff
Tariff Supplement No. 80 Amendments Application**

Appendix B

Consultation Materials

Tom A. Loski

Chief Regulatory Officer

Phone: 604-623-4046

Fax: 604-623-4407

bchydroregulatorygroup@bchydro.com

Via email: Network Economy Negotiated Settlement Agreement (**NSA**) Participants
Per Distribution List

July 10, 2015

Dear NSA Participant:

**RE: British Columbia Hydro and Power Authority (BC Hydro)
Open Access Transmission Tariff (OATT)
Network Economy Amendments Application**

BC Hydro is writing to participants in the Network Economy Negotiated Settlement that formed the basis for the British Columbia Transmission Corporation's [Application for Network Economy and Open Access Transmission Tariff](#), submitted to the British Columbia Utilities Commission (**Commission**) on March 1, 2006. The NSA was approved by the Commission and was attached as Appendix 1 to Order No. [G-127-06 \(Order\)](#). The Order established the Network Economy Provisions of the [OATT](#) as Tariff Supplement No. 80 – Network Economy Service (**TS 80**); and Attachment Q-2 – Network Economy Service.

BC Hydro advises that it intends to file an Application with the Commission to amend certain provisions of TS 80 and Attachment Q-2 as discussed below, and is seeking feedback from NSA participants and other stakeholders. BC Hydro has also posted a [bulletin](#) regarding the proposed network economy amendments on its transmission website.

The main impetus for the Application is the impending decommissioning of the Burrard Generating Station (**BGS**) for generation purposes. BGS availability as a non-network generating resource that can be dispatched when economically advantageous is integral to the network economy provisions of the OATT. BC Hydro has identified two options to address this issue, along with other network economy issues it has identified, that it believes could be implemented in a reasonable timeframe, all as set out below.

Proposed Network Economy Amendments

1 **Preferred: Maintain TS 80 and Attachment Q-2, with the following Amendments**

1.1 **TS 80 Amendments**

BC Hydro proposes that it would apply to amend TS 80 in response to the impending retirement of BGS as contemplated in section 15 of Government [Direction No.7 to the Commission](#), dated February 18, 2014. BC Hydro proposes to amend section 2 of TS 80 so that the Threshold Purchase Price is used as the Trigger Price for all periods on the import paths for both the BC-US Intertie and the BC-AB Intertie and to eliminate the use of a different methodology that uses the Burrard Heat Rate and Sumas Gas Index to calculate a Trigger Price during the winter peak period (from November 1 to

February 28/29 of each year) on the BC-US Intertie. Additional amendments would also be required to conform the remainder of TS 80 to reflect this change.

1.2 Attachment Q-2 Amendments

BC Hydro proposes to apply to remove section 5 of Attachment Q-2 on the basis that BC Hydro believes that the Network Economy Utilization Test is not working in practice as intended. Specifically, the intention behind the Utilization Test was to ensure that BC Hydro used the Network Economy service that it reserved. However, when there is very low (but not zero) scheduled Non-Firm Service with very high Non-Firm Service utilization (e.g., 100 per cent), it can be difficult to maintain Network Economy utilization at 95 per cent of this value, as is required to avoid a failure of the Network Economy Utilization Test. For example, in 2012 during the period from June 24 to July 21: total Non-Firm Service scheduled was 610 MWh and utilization was 100 per cent; and total Network Economy scheduled was 219,374 MWh and utilization was 94.68 per cent. As a result, the Utilization Test failed. Failure of a Utilization Test results in a restriction on the priority of Network Economy for the entire month following such that Network Economy reservations have the same priority as Non-Firm Service reservations, which may impact BC Hydro's ability to serve its domestic load in certain months.

1.3 Housekeeping Amendments

BC Hydro proposes that, under sections 2c(i), 2c(ii) and 2c(iii) of TS 80, it would apply to amend the time of day that it is required to extract the relevant Market Price data from 17:00:00 to 16:00:00. BC Hydro believes that this change would have no impact on the results of the Economic Test since the markets are closed by 16:00:00, but it would allow BC Hydro to extract the necessary data during normal business hours.

In addition, BC Hydro proposes to apply for non-material housekeeping amendments to define terms and formalize the language used in TS 80 and Attachment Q-2 and make them consistent with the OATT and BC Hydro's business practices.

2 Not Preferred: Remove TS 80 and Attachment Q-2

As an alternative, BC Hydro could apply to amend the OATT by entirely removing TS 80 and Attachment Q-2 and rely solely on the provisions of section 28.4, which, per FERC *pro forma*, gives priority to Network Economy reservations over Non-Firm Service reservations at all times. BC Hydro maintains comparability between its OATT and the FERC *pro forma* and neither TS 80 nor Attachment Q-2 are contemplated in the FERC *pro forma*. This is not BC Hydro's preferred solution because it would be a significant departure from the provisions established through the NSA and BC Hydro believes stakeholders still want the TS 80 and Attachment Q-2 terms of the OATT to be in place to maintain the spirit of the NSA. BC Hydro is presenting this as an option because it is possible that the policy drivers that led to the NSA may have changed and affected stakeholders may no longer see the need for these non-*pro forma* tariff provisions. Removal of the requirements of TS 80 and Attachment Q-2 would have efficiency and cost reduction benefits to BC Hydro.

BC Hydro attaches black-lined versions of the proposed changes to TS 80 and Attachment Q-2 that correspond to the preferred option.



July 10, 2015

Input Requested

BC Hydro is seeking input on the alternatives proposed and/or any additional options for it to consider. BC Hydro would also appreciate comments on what further consultation may be required, if any. BC Hydro will consider feedback received up to close of business on August 14, 2015. Depending on the nature of the feedback received, BC Hydro may use it to inform the Application or initiate additional consultation. Comments can be submitted by email to bchydroregulatorygroup@bchydro.com.

For further information, please contact the undersigned.

Yours sincerely,

Original signed

Tom Loski
Chief Regulatory Officer

ch/ma

Enclosures (2)

Distribution
List

AESO

Attention: Heidi Kirmaier
Vice-President, Regulatory
Heidi.Kirmaier@aeso.ca

Capital Power Corporation

Attention: Steve Kanerva
Director, Regulatory Canada
skanerva@capitalpower.com

ENMAX Corporation

Attention: Rob Hemstock
EVP Regulatory and Legal
Services
Rhemstock@enmax.com

Attention: Randy Stubbings
Director, Regulatory Policy
Rstubbings@enmax.com

TransAlta Corporation

Attention: John Kousinioris
Chief Legal and Compliance Officer
John.Kousinioris@Transalta.com

TransCanada Energy Ltd.

Attention: Vince Kostesky
Director, Market Services
vince_kostesky@transcanada.com

Attention: Cameron Stonestreet
Sr Regulatory Advisor, US West
Cameron.Stonestreet@Transalta.com

Attention: Mark Thompson
Manager, Market Services
mark_thompson@transcanada.com

BC Hydro

Tariff Supplements

Effective: _____, 2015

Tariff Supplement No. 80

~~Third~~Fourth Revision of Page 1 of 2

Network Economy Service

1. In this Tariff Supplement:

~~“Burrard Heat Rate” means the heat rate used by British Columbia Hydro and Power Authority (BC Hydro) in making economic decisions about whether to run Burrard Thermal Generating Station.~~

~~“Sumas 2 Gas Index” means the “Midpoint Price” listed in Gas Daily for “Northwest, Canadian Border (Sumas)”.~~

~~“Alberta Pool Price” means the hourly pool price that is established for the Alberta real-time electricity market.~~

~~“BC-AB Intertie” means the transmission interconnection between the Transmission System and the Alberta Integrated Electric System.~~

~~“BC-US Intertie” means the transmission interconnection between the Transmission System and the Bonneville Power Authority transmission system.~~

~~“ICE” means Intercontinental Exchange Inc. or its successors~~

~~“Network Economy Service” is as defined in section 1 of Attachment Q-2.~~

~~“Tariff” means the Transmission Provider’s Open Access Transmission Tariff~~

~~“Threshold Purchase Price” means the Threshold Purchase Price, as defined, and as determined from time to time, in the Transfer Pricing Agreement for Electricity and Gas between BC Hydro and Powerex Corp, dated April 1, 2003, and as determined from time to time by the Transmission Provider.~~

~~“Transfer Pricing Agreement” means the Transfer Pricing Agreement for Electricity and Gas between BC Hydro and Powerex Corp, dated April 1, 2003.~~

~~“Network Economy Service” is as defined in section 1 of Attachment Q-2~~

~~Other capitalized terms have the meaning ascribed to them in the Tariff~~

2. For the purposes of section 2 of Attachment Q-2 to the Tariff:

(a) ~~During the period from March 1 to October 31, At all times, in the case of imports using Network Economy Service, over the BC-US Intertie or the BC-AB Intertie, the Trigger Price is the Threshold Purchase Price.;~~

~~(b) During the period from November 1 to February 28 or February 29, as applicable, the Trigger Price is:~~

~~(i) for transactions at the BC-US intertie, the Sumas 2 Gas Index multiplied by the Burrard Heat Rate; and~~

~~(ii) for transactions at the BC-Alberta intertie, the Threshold Purchase Price.~~

~~(b) Not Used~~

(c) At all times, in the case of imports using Network Economy Service over the ~~US-BC intertie~~BC-US Intertie, the Market Price is:

ACCEPTED: _____

ORDER NO. _____

COMMISSION SECRETARY

BC Hydro

Tariff Supplements

Effective: _____, 2015

Tariff Supplement No. 80

~~Third~~Fourth Revision of Page 2 of 2

- (i) for Hours Ending 07:00:00 to 22:00:00 (Monday to Saturday, excluding NERC Holidays) the ICE Mid-C Peak weighted average index price, as published by ICE in the ICE Day Ahead Power Price Report-, net of transmission losses, from the last day available as of ~~4716~~:00:00 of each current day; and
- (ii) for Hours Ending 01:00:00 to 06:00:00, Hour Ending 23:00:00 and Hour Ending 24:00:00 (Monday to Saturday and all day Sunday and NERC Holidays) the ICE Mid-C Off-Peak weighted average index price, as published by ICE in the ICE Day Ahead Power Price Report-, net of transmission losses, from the last day available as of ~~4716~~:00:00 of each current day.

ACCEPTED: _____

ORDER NO. _____

COMMISSION SECRETARY

BC Hydro

Tariff Supplements

Effective: April 18, 2015

Tariff Supplement No. 80

First Second Revision of Page 3 of 2

(d) At all times, in the case of imports using Network Economy Service over the BC-AB-BC Intertie Intertie, the Market Price is, for each hour, the most recently available Alberta Pool Price for each hour posted as of 17:00:00.

3. For the purposes of section 4 of Attachment Q-2, BC Hydro the Transmission Provider will, on a weekly basis, post the following data:

4. (a) the date and time of any changes to the Threshold Purchase Price which BC Hydro the Transmission Provider communicates to Powerex; and

5.3. (b) the current Burrard Heat Rate.

The Threshold Purchase Price is treated as confidential by BC Hydro the Transmission Provider.

6.4. The Transmission Provider BC Hydro will prepare reports for each quarter of the calendar year, and post the reports on its website and file them with the Commission by the end of the following quarter. The quarterly reports will set out the following information:

(a) The Threshold Purchase Price, and Burrard Heat Rate at the start of the quarter; each change in the Threshold Purchase Price and Burrard Heat Rate during the quarter; the date of each change during the quarter; and the reason for a change in the Burrard Heat Rate;

(b) Net domestic volumes allocated pursuant to the Transfer Pricing Agreement for each month of the quarter;

(c) Burrard Thermal Generating Station volumes for each month in the quarter Not Used;

(d) Monthly system peaks during the quarter for the integrated domestic system, and estimates for the Lower Mainland - Vancouver Island;

(e) A written attestation by an officer of the Transmission Provider, BC Hydro to the veracity of the information: i) contained in the reports pursuant to sections 4(a) to (d), above, and ii) posted pursuant to section 3(a) above.

ACCEPTED: _____

ORDER NO. _____

COMMISSION SECRETARY

ATTACHMENT Q-2

Network Economy Service

1. In this Attachment:

“Market Price” means the market price for energy as determined by the Transmission Provider in a manner approved by the Commission.

“Network Economy Service” means the use of the Transmission Provider’s transmission system, pursuant to section 28.4 of the Tariff, to deliver energy to its Network Loads from resources that have not been designated as Network Resources.

“Trigger Price” means the Trigger Price as determined by the Transmission Provider in a manner approved by the Commission.

2. Notwithstanding section 14.7 of the ~~Open Access Transmission~~ Tariff, for each hour in the delivery day:

(a) Network Economy reservations will have the priority and rights provided in section 14.7 of the ~~Open Access Transmission~~ Tariff only if the Market Price is less than or equal to the Trigger Price for the delivery hour; and

(b) If the Market Price is greater than the Trigger Price for the delivery hour, Network Economy reservations will have the same priority as Non-Firm Point-To-Point service, with the exception that the provisions of section 14.2 of the ~~Open Access Transmission~~ Tariff providing for reservation priority based on price shall not apply.

The Transmission Provider will post each day on its website or OASIS by 23:59:00, whether Network Economy for each hour in the delivery day will have the priority as set out in (a) or (b).

ACCEPTED: _____

ORDER NO. _____

COMMISSION SECRETARY

BC Hydro

Open Access Transmission Tariff

Effective: ~~09 December~~ 2010~~2015~~

First Revision of OATT Attachment Q-2 Page 2

- 3. Where a single Network Economy reservation spans multiple delivery hours, the priority assigned to the whole reservation will be that of the lowest priority hour, as determined in section 2 of this Attachment.
- 4. The Network Customer must provide the Transmission Provider with its Trigger Price in a form and at times required by the Transmission Provider, and approved by the Commission. The Network Customer may not use Network Economy service for the period in which it is reserved if the Network Customer has failed to comply with this section.

~~5. The Network Customer must, for the entirety of the reporting period, each reporting period to commence on the day after the last day of the previous reporting period and to include all full weekly reporting periods up to and including the last day of the full weekly reporting period immediately prior to the last day of the calendar month, maintain an average utilization rate of all Network Economy reservations of at least 95% of the average utilization of Daily and Hourly Non-Firm Point-To-Point service by customers, other than the Network Customer or its marketing affiliates, in pre-schedule and Real-Time, over the same reporting period. If the Network Customer's average utilization rate for Network Economy Service over the entirety of the reporting period is below 95% of that level, the Transmission Provider, commencing on the first day of the following calendar month, will curtail all unused Network Economy reservations at thirty minutes prior to the delivery hour. The Network Customer may subsequently reserve additional Network Economy service. These new reservations will have the same priority as provided in section 2(b) of this Attachment. If the average utilization of all Network Economy reservations over the entirety of the reporting period, each reporting period to commence on the day after the last day of the previous reporting period and to include all full weekly reporting periods up to and including the last day of the full weekly reporting period immediately prior to the last day of the calendar month, increases to at least 95% of the average utilization of Daily and Hourly Non-Firm Point-To-Point service by customers, other than the Network Customer or its marketing affiliates, in pre-schedule and Real-Time for the same reporting period, then commencing on the first day~~

ACCEPTED: _____

ORDER NO. _____

COMMISSION SECRETARY

BC Hydro

Open Access Transmission Tariff

Effective: ~~09 December~~ 2010~~2015~~

First Revision of OATT Attachment Q-2 Page 3

~~of the following calendar month the Transmission Provider will curtail all unused Network Economy reservations in accordance with the Transmission Provider's Business Practices.~~

ACCEPTED: _____

ORDER NO. _____

COMMISSION SECRETARY

Network Economy Amendments Application

Posted on July 10, 2:29 p.m.

BC Hydro advises that it intends to file an Application with the British Columbia Utilities Commission (BCUC or Commission) to amend certain Network Economy provisions of its Open Access Transmission Tariff (OATT). The Network Economy provisions of the OATT are included as: section 28.4 – Secondary Service (S28.4); Tariff Supplement No. 80 – Network Economy Service (TS 80); and Attachment Q-2 – Network Economy Service (Attachment Q-2). S28.4 is aligned with the Federal Energy Regulatory Commission pro forma OATT, while TS 80 and Attachment Q-2 resulted from a Negotiated Settlement Agreement (NSA) that was approved by the Commission and attached as Appendix 1 to its Order G-127-06. BC Hydro proposes to make amendments to TS 80 and Attachment Q-2. The attached document discusses the options under consideration by BC Hydro and identifies the preferred option. Black-lined versions of the affected tariff pages for the preferred option are also attached.

The main impetus for the Application is the impending decommissioning of the Burrard Generating Station (BGS) for generation purposes. BGS availability as a non-network generating resource that can be dispatched when economically advantageous is integral to the network economy provisions of the OATT. BC Hydro has identified two options to address this issue, along with other network economy issues it has identified, that it believes could be implemented in a reasonable timeframe, all as set out in the Proposed Network Economy Amendments.

BC Hydro is seeking input on the alternatives proposed and/or any additional options for it to consider. BC Hydro would also appreciate comments on what further consultation may be required. BC Hydro will consider feedback received up to close of business on August 14, 2015. Depending on the nature of the feedback received, BC Hydro may use it to inform the Application or initiate additional consultation. Comments can be submitted by email to bhydroregulatorygroup@bhydro.com.

Attachments:

- [Proposed Network Economy Amendments](#) [PDF, 69 KB]

Black-lined versions of affected tariff pages for the preferred option:

1. [TS 80](#) [PDF, 135 KB]
2. [Attachment Q-2](#) [PDF, 78 KB]

Links:

- [Application for Network Economy and Open Access Transmission Tariff](#)
- [Commission Order No. G-127-06](#) [PDF, 709 KB]
- [BC Hydro's OATT](#)
- [Government Direction No. 7 to the Commission](#) [PDF, 2.1 MB]

Network Economy Amendments Application

BC Hydro intends to file an application with the British Columbia Utilities Commission (**BCUC or Commission**) to amend the Network Economy provisions of Tariff Supplement No. 80 (**TS 80**) and Attachment Q-2 (**Attachment Q-2**) of its Open Access Transmission Tariff (OATT). BC Hydro proposes two alternatives:

1. Preferred: Maintain TS 80 and Attachment Q-2, with the following amendments:

1.1 TS 80 Amendments

BC Hydro proposes that it would apply to amend TS 80 in response to the impending retirement of the Burrard Generating Station (**BGS**) as contemplated in section 15 of Government Direction No.7 to the Commission, dated February 18, 2014. BC Hydro proposes to amend section 2 of TS 80 so that the Threshold Purchase Price is used as the Trigger Price for all periods on the import paths for both the BC-US Intertie and the B.C.-AB Intertie and to eliminate the use of a different methodology that uses the Burrard Heat Rate and Sumas Gas Index to calculate a Trigger Price during the winter peak period (from November 1 to February 28/29 of each year) on the B.C.-US Intertie. Additional amendments would also be required to conform the remainder of TS 80 to reflect this change.

1.2 Attachment Q-2 Amendments

BC Hydro proposes to apply to remove section 5 of Attachment Q-2 on the basis that BC Hydro believes that the Network Economy Utilization Test is not working in practice as intended. Specifically, the intention behind the Utilization Test was to ensure that BC Hydro used the Network Economy service that it reserved. However, when there is very low (but not zero) scheduled Non-Firm Service with very high Non-Firm Service utilization (e.g., 100 per cent), it can be difficult to maintain Network Economy utilization at 95 per cent of this value, as is required to avoid a failure of the Network Economy Utilization Test. For example, in 2012 during the period from June 24 to July 21: total Non-Firm Service scheduled was 610 MWh and utilization was 100 per cent; and total Network Economy scheduled was 219,374 MWh and utilization was 94.68 per cent. As a result, the Utilization Test failed. Failure of a Utilization Test results in a restriction on the priority of Network Economy for the entire month following such that Network Economy reservations have the same priority as Non-Firm Service reservations, which may impact BC Hydro's ability to serve its domestic load in certain months.

1.3 Housekeeping Amendments

BC Hydro proposes that, under sections 2c(i), 2c(ii) and 2c(iii) of TS 80, it would apply to amend the time of day that it is required to extract the relevant Market Price data from 17:00:00 to 16:00:00. BC Hydro believes that this change would have no impact on the results of the Economic Test since the markets are closed by 16:00:00, but it would allow BC Hydro to extract the necessary data during normal business hours.

In addition, BC Hydro proposes to apply for non-material housekeeping amendments to define terms and formalize the language used in TS 80 and Attachment Q-2 and make them consistent with the OATT and BC Hydro's business practices.

2. Not Preferred: Remove TS 80 and Attachment Q-2

As an alternative, BC Hydro could apply to amend the OATT by entirely removing TS 80 and Attachment Q-2 and rely solely on the provisions of section 28.4, which, per FERC *pro forma*, gives priority to Network Economy reservations over Non-Firm Service reservations at all times.

BC Hydro maintains comparability between its OATT and the FERC *pro forma* and neither TS 80 nor Attachment Q-2 are contemplated in the FERC *pro forma*. This is not BC Hydro's preferred solution because it would be a significant departure from the provisions established through the NSA and BC Hydro believes stakeholders still want the TS 80 and Attachment Q-2 terms of the OATT to be in place to maintain the spirit of the NSA. BC Hydro is presenting this as an option because it is possible that the policy drivers that led to the NSA may have changed and affected stakeholders may no longer see the need for these non-*pro forma* tariff provisions. Removal of the requirements of TS 80 and Attachment Q-2 would have efficiency and cost reduction benefits to BC Hydro.

Please review the proposed amendments and alternative presented and provide your comments on them and/or any additional options you may wish BC Hydro to consider. BC Hydro would also appreciate comments on what further consultation may be required, if any. BC Hydro will consider feedback received up to close of business on August 14, 2015. Depending on the nature of the feedback received, BC Hydro may use it to inform the Application or initiate additional consultation. Comments can be submitted by email to bchydroregulatorygroup@bchydro.com.

BC Hydro

Tariff Supplements

Effective: _____, 2015

Tariff Supplement No. 80

~~Third~~Fourth Revision of Page 1 of 2

Network Economy Service

1. In this Tariff Supplement:

~~“Burrard Heat Rate” means the heat rate used by British Columbia Hydro and Power Authority (BC Hydro) in making economic decisions about whether to run Burrard Thermal Generating Station.~~

~~“Sumas 2 Gas Index” means the “Midpoint Price” listed in Gas Daily for “Northwest, Canadian Border (Sumas)”.~~

~~“Alberta Pool Price” means the hourly pool price that is established for the Alberta real-time electricity market.~~

~~“BC-AB Intertie” means the transmission interconnection between the Transmission System and the Alberta Integrated Electric System.~~

~~“BC-US Intertie” means the transmission interconnection between the Transmission System and the Bonneville Power Authority transmission system.~~

~~“ICE” means Intercontinental Exchange Inc. or its successors~~

~~“Network Economy Service” is as defined in section 1 of Attachment Q-2.~~

~~“Tariff” means the Transmission Provider’s Open Access Transmission Tariff~~

~~“Threshold Purchase Price” means the Threshold Purchase Price, as defined, and as determined from time to time, in the Transfer Pricing Agreement for Electricity and Gas between BC Hydro and Powerex Corp, dated April 1, 2003, and as determined from time to time by the Transmission Provider.~~

~~“Transfer Pricing Agreement” means the Transfer Pricing Agreement for Electricity and Gas between BC Hydro and Powerex Corp, dated April 1, 2003.~~

~~“Network Economy Service” is as defined in section 1 of Attachment Q-2~~

~~Other capitalized terms have the meaning ascribed to them in the Tariff~~

2. For the purposes of section 2 of Attachment Q-2 to the Tariff:

(a) ~~During the period from March 1 to October 31, At all times, in the case of imports using Network Economy Service, over the BC-US Intertie or the BC-AB Intertie, the Trigger Price is the Threshold Purchase Price.~~

~~(b) During the period from November 1 to February 28 or February 29, as applicable, the Trigger Price is:~~

~~(i) for transactions at the BC-US intertie, the Sumas 2 Gas Index multiplied by the Burrard Heat Rate; and~~

~~(ii) for transactions at the BC-Alberta intertie, the Threshold Purchase Price.~~

~~(b) Not Used~~

(c) At all times, in the case of imports using Network Economy Service over the ~~US-BC intertie~~BC-US Intertie, the Market Price is:

ACCEPTED: _____

ORDER NO. _____

COMMISSION SECRETARY

BC Hydro

Tariff Supplements

Effective: _____, 2015

Tariff Supplement No. 80

~~Third~~Fourth Revision of Page 2 of 2

- (i) for Hours Ending 07:00:00 to 22:00:00 (Monday to Saturday, excluding NERC Holidays) the ICE Mid-C Peak weighted average index price, as published by ICE in the ICE Day Ahead Power Price Report-, net of transmission losses, from the last day available as of ~~4716~~4716:00:00 of each current day; and
- (ii) for Hours Ending 01:00:00 to 06:00:00, Hour Ending 23:00:00 and Hour Ending 24:00:00 (Monday to Saturday and all day Sunday and NERC Holidays) the ICE Mid-C Off-Peak weighted average index price, as published by ICE in the ICE Day Ahead Power Price Report-, net of transmission losses, from the last day available as of ~~4716~~4716:00:00 of each current day.

ACCEPTED: _____

ORDER NO. _____

COMMISSION SECRETARY

BC Hydro

Tariff Supplements

Effective: April 18, 2013

Tariff Supplement No. 80

First Second Revision of Page 3 of 2

(d) At all times, in the case of imports using Network Economy Service over the BC-AB-BC Intertie Intertie, the Market Price is, for each hour, the most recently available Alberta Pool Price for each hour posted as of 17:00:00.

3. For the purposes of section 4 of Attachment Q-2, BC Hydro the Transmission Provider will, on a weekly basis, post the following data:

4. (a) the date and time of any changes to the Threshold Purchase Price which BC Hydro the Transmission Provider communicates to Powerex; and

5.3. (b) the current Burrard Heat Rate.

The Threshold Purchase Price is treated as confidential by BC Hydro the Transmission Provider.

6.4. The Transmission Provider BC Hydro will prepare reports for each quarter of the calendar year, and post the reports on its website and file them with the Commission by the end of the following quarter. The quarterly reports will set out the following information:

(a) The Threshold Purchase Price, and Burrard Heat Rate at the start of the quarter; each change in the Threshold Purchase Price and Burrard Heat Rate during the quarter; the date of each change during the quarter; and the reason for a change in the Burrard Heat Rate;

(b) Net domestic volumes allocated pursuant to the Transfer Pricing Agreement for each month of the quarter;

(c) Burrard Thermal Generating Station volumes for each month in the quarter Not Used;

(d) Monthly system peaks during the quarter for the integrated domestic system, and estimates for the Lower Mainland - Vancouver Island;

(e) A written attestation by an officer of the Transmission Provider BC Hydro to the veracity of the information: i) contained in the reports pursuant to sections 4(a) to (d), above, and ii) posted pursuant to section 3(a) above.

ACCEPTED: _____

ORDER NO. _____

COMMISSION SECRETARY

ATTACHMENT Q-2

Network Economy Service

1. In this Attachment:

“Market Price” means the market price for energy as determined by the Transmission Provider in a manner approved by the Commission.

“Network Economy Service” means the use of the Transmission Provider’s transmission system, pursuant to section 28.4 of the Tariff, to deliver energy to its Network Loads from resources that have not been designated as Network Resources.

“Trigger Price” means the Trigger Price as determined by the Transmission Provider in a manner approved by the Commission.

2. Notwithstanding section 14.7 of the ~~Open Access Transmission~~ Tariff, for each hour in the delivery day:

(a) Network Economy reservations will have the priority and rights provided in section 14.7 of the ~~Open Access Transmission~~ Tariff only if the Market Price is less than or equal to the Trigger Price for the delivery hour; and

(b) If the Market Price is greater than the Trigger Price for the delivery hour, Network Economy reservations will have the same priority as Non-Firm Point-To-Point service, with the exception that the provisions of section 14.2 of the ~~Open Access Transmission~~ Tariff providing for reservation priority based on price shall not apply.

The Transmission Provider will post each day on its website or OASIS by 23:59:00, whether Network Economy for each hour in the delivery day will have the priority as set out in (a) or (b).

ACCEPTED: _____

ORDER NO. _____

COMMISSION SECRETARY

BC Hydro

Open Access Transmission Tariff

Effective: ~~09 December~~ 2010~~2015~~

First Revision of OATT Attachment Q-2 Page 2

- 3. Where a single Network Economy reservation spans multiple delivery hours, the priority assigned to the whole reservation will be that of the lowest priority hour, as determined in section 2 of this Attachment.
- 4. The Network Customer must provide the Transmission Provider with its Trigger Price in a form and at times required by the Transmission Provider, and approved by the Commission. The Network Customer may not use Network Economy service for the period in which it is reserved if the Network Customer has failed to comply with this section.

~~5. The Network Customer must, for the entirety of the reporting period, each reporting period to commence on the day after the last day of the previous reporting period and to include all full weekly reporting periods up to and including the last day of the full weekly reporting period immediately prior to the last day of the calendar month, maintain an average utilization rate of all Network Economy reservations of at least 95% of the average utilization of Daily and Hourly Non-Firm Point-To-Point service by customers, other than the Network Customer or its marketing affiliates, in pre-schedule and Real-Time, over the same reporting period. If the Network Customer's average utilization rate for Network Economy Service over the entirety of the reporting period is below 95% of that level, the Transmission Provider, commencing on the first day of the following calendar month, will curtail all unused Network Economy reservations at thirty minutes prior to the delivery hour. The Network Customer may subsequently reserve additional Network Economy service. These new reservations will have the same priority as provided in section 2(b) of this Attachment. If the average utilization of all Network Economy reservations over the entirety of the reporting period, each reporting period to commence on the day after the last day of the previous reporting period and to include all full weekly reporting periods up to and including the last day of the full weekly reporting period immediately prior to the last day of the calendar month, increases to at least 95% of the average utilization of Daily and Hourly Non-Firm Point-To-Point service by customers, other than the Network Customer or its marketing affiliates, in pre-schedule and Real-Time for the same reporting period, then commencing on the first day~~

ACCEPTED: _____

ORDER NO. _____

COMMISSION SECRETARY

BC Hydro

Open Access Transmission Tariff

Effective: ~~09 December~~ 2010 ~~2015~~

First Revision of OATT Attachment Q-2 Page 3

~~of the following calendar month the Transmission Provider will curtail all unused Network Economy reservations in accordance with the Transmission Provider's Business Practices.~~

ACCEPTED: _____

ORDER NO. _____

COMMISSION SECRETARY



August 14, 2015

Mr. Tom A. Loski
Chief Regulatory Officer
British Columbia Hydro and Power Authority (BC Hydro)
333 Dunsmuir Street
Vancouver, B.C., V6B 5R3

Dear Mr. Loski

Re: **BC Hydro Open Access Transmission Tariff (“OATT”) Network Economy Amendments Application**

The Alberta Electric System Operator (“AESO”) appreciates the opportunity to provide comments regarding BC Hydro’s proposed Network Economy Amendments as described in your letter of July 10, 2015.

The AESO agrees with BC Hydro that the preferred form of the amendments should be maintaining Tariff Supplement No. 80 – Network Economy Service (“TS 80”) and Attachment Q-2 – Network Economy Service (“Attachment Q-2”) rather than the alternative, not preferred option of removing TS 80 and Attachment Q-2. The AESO agrees that removal of TS 80 and Attachment Q-2 would not maintain the spirit of the Negotiated Settlement Agreement (“NSA”).

With regard to proposed amendment numbered 1.1, the AESO believes that elimination of the use of the Burrard Heat Rate and Sumas Gas Index is a reasonable amendment in light of the retirement of Burrard Generation Station. The AESO does not request additional consultation on this amendment.

Regarding proposed amendment numbered 1.2, the AESO does not support the proposed removal of the Network Economy Utilization Test contained in section 5 of Attachment Q-2. The AESO believes that the goal of ensuring that BC Hydro uses the Network Economy service it reserves is still relevant and may be undermined by the proposed removal. In the AESO’s view, additional consultation is warranted on this issue to ensure the original intention of the Network Economy Utilization Test is maintained while also addressing potential shortcomings of the measure under certain, limited circumstances.

The AESO does not view additional consultation regarding the housekeeping amendments proposed under section 1.3 as being required.

Yours truly,

<Original signed>

Kevin Dawson
Director, Market Design

cc: Heidi Kirmaier, Vice President, Regulatory (AESO)
Mike Law, Vice President, Market Services (AESO)

Page 1

2500, 330-5th Avenue SW, Calgary, Alberta T2P 0L4 Phone: 403-539-2450 Fax: 403-539-2949
www.aeso.ca www.poweringalberta.com

**Open Access Transmission Tariff
Tariff Supplement No. 80 Amendments Application**

August 14, 2015

British Columbia Hydro and Power Authority
333 Dunsmuir Street
Vancouver, British Columbia V6B 5R3

Attention: Mr. Tom Loski, Chief Regulatory Officer

Dear Mr. Loski:

Re: British Columbia Hydro and Power Authority (“BC Hydro”) Open Access Transmission Tariff Network Economy Amendments Application

ENMAX Corporation (“ENMAX”) writes in response to BC Hydro’s request for input with respect to its July 10, 2015 Network Economy Amendments Application bulletin. ENMAX appreciates the opportunity to provide comments.

With regards to the two alternatives proposed by BC Hydro, ENMAX believes the provisions contained within TS 80 and Attachment Q-2 are working as intended, and as such, we do not believe the impending decommissioning of the Burrard Generating Station (“BGS”) for generating purposes warrants consideration of Alternative 2.

With respect to Alternative 1, ENMAX believes that in light of the decommissioning of BGS, the amendment to replace the Burrard Heat Rate/Sumas Gas Index with a Threshold Purchase Price as the trigger price seems reasonable. In addition, for efficiency reasons, ENMAX does not oppose the housekeeping amendment which proposes to amend the time of day it is required to extract the relevant market price data from 17:00 to 16:00.

With respect to the proposed changes to the Utilization Test (“UT”) in Alternative 1, BC Hydro has not provided enough information as to ascertain whether changes to the Negotiated Settlement and/or UT are warranted. From ENMAX’s point of view, the UT is working exactly as was intended and agreed to by BC Hydro. If material problems with the formula do exist, ENMAX believes the solution is not to remove the UT, but rather, through consultation, amend the UT to address the problem. ENMAX believes the UT serves a valuable purpose to ensure that BC Hydro uses the Network Economy service that it reserves.

With regards to the need for further consultation, if BC Hydro seeks only to amend the Trigger Price and the housekeeping amendment (17:00 to 16:00), then ENMAX believes no further consultation is required. If BC Hydro feels that there is a material problem with the UT and continues to seek amendments, then ENMAX believes further consultation would be required.

Yours Truly,

(Original signed by)

Darren Gogol
Manager, Market Policy & Asset Evaluation
ENMAX Corporation



450 - 1 Street, S.W.
Calgary, Alberta, Canada T2P 5H1

Tel: (403) 920-5005
Fax: (403) 920-2464
Email: markj_thompson@transcanada.com

August 14, 2015

Filed electronically

BC Hydro
333 Dunsmuir Street
Vancouver, BC V6B 5R3

Attention: Mr. Calvin Hastings, Senior Regulatory Specialist

Dear Calvin:

**Re: BC Hydro Network Economy Amendments Application Bulletin
TransCanada Energy Ltd. (TCE) Comments**

TCE writes in response to BC Hydro's request for input with respect to its July 10, 2015 Network Economy Amendments Application bulletin ("Bulletin"). In the Bulletin, BC Hydro presented two alternatives to amend the Network Economy provisions of its Open Access Transmission Tariff ("Tariff") as a result of the impending decommissioning of the Burrard Generating Station ("BGS") for generation purposes. TCE appreciates the opportunity to provide its comments, which are presented below.

As between the two alternatives, TCE's preference is similar to that of BC Hydro's – Alternative 1, which would amend TS 80 and Attachment Q-2, is preferred over Alternative 2, which would remove TS 80 and Attachment Q-2 from the Tariff. TCE is generally of the view that the Network Economy provisions contained in TS 80 and Attachment Q-2 are working as intended and does not consider the decommissioning of BGS to warrant the removal of these provisions.

With respect to Alternative 1, TCE does not oppose BC Hydro's proposed amendment that would use the Threshold Purchase Price as the Trigger Price for all periods over the AB-BC and BC-US Interties. In light of the impending BGS decommissioning, this amendment appears reasonable. TCE also does not oppose BC Hydro's proposed housekeeping amendment that would move the time at which BC Hydro extracts data to establish the following day's Market Price from 17:00:00 to 16:00:00.

TCE, however, does not support BC Hydro's proposal to remove the Utilization Test from the Network Economy provisions. The Utilization Test, established by way of a Negotiated Settlement Agreement, serves a valuable purpose by imposing discipline upon BC Hydro to ensure it uses the Network Economy service it reserved. TCE does not consider the evidence provided in the Bulletin to be sufficient to determine that the Utilization Test is not working as intended. Even so, if BC Hydro were to demonstrate that there is a problem with the Utilization Test, TCE submits that the appropriate solution would be to fix the test to address this problem rather than removing the test altogether.

With respect to the need for further consultation, TCE submits that should BC Hydro continue to seek amendments to the Utilization Text in Attachment Q-2, further consultation would be required to address the need for the amendment and to explore options outside of a formal regulatory process. Otherwise, TCE does not require further consultation on this matter.

Yours truly,

TransCanada Energy Ltd.

Original Signed by

Mark Thompson
Manager, Market Service

August 14, 2015

Tom A. Loski
Chief Regulatory Officer
British Columbia Hydro and Power Authority
333 Dunsmuir St.
Vancouver, B.C.
V6B 5R3

Dear Mr. Loski,

**Re: British Columbia Hydro and Power Authority (BC Hydro)
Open Access Transmission Tariff (OATT)
Network Economy Amendments Application**

TransAlta Corporation ("TransAlta") is writing in regards to BC Hydro's letter of July 10, 2015, announcing BC Hydro's intention to file an application with the British Columbia Utilities Commission ("BCUC") to amend certain parts of TS 80 and Attachment Q-2.

TransAlta appreciates the opportunity to provide input on the options considered and what further consultation could be required regarding the proposed application.

TransAlta recognizes that the availability of the Burrard Generating Station ("BGS") was listed in the 2006 Negotiated Settlement Agreement ("2006 NSA") as a factor that could affect the ability of the 2006 NSA to meet its objectives. TransAlta recognizes that some changes to BC Hydro's OATT are required since the BGS is being retired.

TransAlta is concerned that the removal of the sections in Attachment Q-2 that impose utilization thresholds on network economy utilization undermine the objective of the 2006 NSA to "preclude the inappropriate use of Network Economy".¹ TransAlta submits that it would be appropriate to consider a different utilization threshold rather than removing the utilization threshold altogether. TransAlta requests that consultation take place on the development of an appropriate threshold.

TransAlta submits that in addition to the proposed amendments, it may be possible to:

1. improve the processes around the release of unused network economy reservations;
2. improve the processes around the curtailments to unused network economy reservations at XX:40; and
3. improve coordination between BC Hydro, BPA and AESO scheduling processes.

¹ Order G-127-06, Appendix 1, Recital F, clause (b).

TransAlta submits that further consultation on the above three issues would further the objectives in the 2006 NSA, specifically:²

- Provide for open access and non-discriminatory transmission service;
- Provide for the efficient use of the transmission system;
- Reduce the frequency of unnecessary service interruptions to PTP customers; and
- Provide low-cost and reliable service for customers.

TransAlta requests that consultation be initiated as a review of current processes listed above to further the objectives of the 2006 NSA. Please contact me, if you have any questions regarding this letter.

Sincerely,



Glenn MacIntyre
Senior Regulatory Advisor

² Order G-127-06, Appendix 1, Recital F, clauses (c), (d), (e) and (h).



2025 Victoria Avenue
Regina, SK S4P 0S1
Canada

Dean Jones
Manager, Electricity Trading
Phone: 306.566.3323
Fax: 306.566.3364
Email: djones@northpointenergy.com

August 18, 2015

BC Hydro
333 Dunsmuir Street
Vancouver, BC V6B 5R3

Subject: NorthPoint Energy Solution's comments on BC Hydro Network Economy Amendments Application

NorthPoint is writing in response to the Network Economy Amendments Application bulletin. Between the two alternatives, NorthPoint prefers Alternative 1 to amend TS80 and Attachment Q-2. The changes to the Trigger Price as well as the time of day Market Price data change are both warranted with the retirement of the Burrard Generating Station.

However, with respect to the Network Economy Utilization Test, NorthPoint does not support the removal of this provision. NorthPoint believes it provides a level of regulation to the use of network within British Columbia. Perhaps an alternative method for the test can be established

As far as further consultation, NorthPoint believes that changes to the Utilization Test may warrant further dialogue.

Yours truly,

Dean Jones

www.northpointenergy.com

Tom A. Loski
Chief Regulatory Officer
Phone: 604-623-4046
Fax: 604-623-4407
bhydroregulatorygroup@bchydro.com

Via email: Commenters on Proposed Network Economy Amendments Application
Per Distribution List

September 11, 2015

Dear Commenter:

**RE: British Columbia Hydro and Power Authority (BC Hydro)
Open Access Transmission Tariff (OATT)
Network Economy Amendments Application
Consultation Comments Received**

BC Hydro writes to acknowledge receipt of your letter of comment received in response to BC Hydro's consultation notice, issued on July 10, 2015, regarding its proposed Network Economy Amendments Application (**Application**) to the British Columbia Utilities Commission (**Commission**). Comments received on BC Hydro's proposed amendments have been considered by BC Hydro as follows:

- Since no commenter identified any concerns with BC Hydro's proposed amendments to Tariff Supplement No. 80 (**TS 80**), including revision to the Trigger Price, advancement of the time of the daily market data extracts or other housekeeping amendments, BC Hydro plans to seek Commission approval of these amendments in the Application without further consultation;
- Since all commenters were not supportive of BC Hydro's proposed amendments to eliminate the Network Economy Utilization Test by deleting section 5 of Attachment Q-2, or requested additional information and/or consultation, BC Hydro will not seek Commission approval of amendments to Attachment Q-2 in the Application. BC Hydro proposes that a Network Economy Annual Meeting may be an appropriate forum to discuss alternatives to address the Utilization Test issue, if desired;
- Since all commenters agreed with BC Hydro that the alternative to eliminate the Network Economy provisions of TS 80 and Attachment Q-2 from the OATT and instead rely on the provisions of section 28.4 – Secondary Service should not be pursued, BC Hydro will not seek Commission approval of this alternative in the Application;
- With respect to additional comments received that sought consultation on issues not directly related to the proposed Network Economy amendments, BC Hydro has discussed with commenters their comments and suggested that a Network Economy Annual Meeting may be a more appropriate venue to raise specific concerns about how the Network Economy processes are operating in practice.

September 11, 2015
 Commenters on Proposed Network Economy Amendments Application
 Per Distribution List

As a result of the above, BC Hydro plans to submit the Application to the Commission as a TS 80 Amendments Application, which will contain only the proposed amendments to TS 80, none of which are believed by BC Hydro to be controversial. BC Hydro thanks all commenters for providing input that has been helpful in finalizing the materials to be included in the Application.

Yours sincerely,

Original signed

Tom Loski
 Chief Regulatory Officer

ch/rh

Copy to: **Commenter:**

AESO

- Attention: Heidi Kirrmaier
 Vice-President, Regulatory
Heidi.Kirrmaier@aeso.ca
- Attention: Kevin Dawson
 Director, Market Design
Kevin.Dawson@aeso.ca
- Attention: Mike Law
 Vice President, Market Services
Mike.Law@aeso.ca

TransAlta Corporation

- Attention: John Kousiniotis
 Chief Legal and Compliance Officer
John_Kousiniotis@Transalta.com
- Attention: Chris Codd
 Sr Regulatory Advisor
chris_codd@transalta.com

NorthPoint Energy Solutions

- Attention: Dean Jones
 Manager Electricity Trading
djones@northpoinenergy.com

Other NSA Participant:

Capital Power Corporation

- Attention: Steve Kanerva
 Director, Regulatory Canada
skanerva@capitalpower.com

ENMAX Corporation

- Attention: Rob Hemstock
 EVP Regulatory and Legal Services
Rhemstock@enmax.com
- Attention: Randy Stubbings
 Director, Regulatory Policy
Rstubbings@enmax.com
- Attention: Darren Gogol
 Manager, Market Policy and Asset
 Evaluation
Dgogol@enmax.com

TransCanada Energy Ltd.

- Attention: Vince Kostaskey
 Director, Market Services
vince_kostaskey@transcanada.com
- Attention: Mark Thompson
 Manager, Market Services
mark_thompson@transcanada.com

Application to Amend OATT Rate Schedules 07 and 08

Posted on May 1 , 1:17 p.m.

BC Hydro advises that it intends to file an Application with the British Columbia Utilities Commission (Commission) for approval of amendments to Rate Schedules 07 and 08 of BC Hydro's Open Access Transmission Tariff (Application) to align the rate schedules with reliability standard BAL-002-WECC-2 (New Standard) as approved by the Commission through Order No. R-32-14 on July 17, 2014 with an effective date of October 1, 2014. In the Application, BC Hydro proposes to change the minimum amount of Spinning and Supplemental Reserves that transmission customers must maintain where their transmission reservations are serving load in BC Hydro's control area (Customers) from 2.5% when the load is served by hydro generation and from 3.5% when the load is served by thermal generation, to the minimum spinning reserve requirement determined in accordance with the New Standard, which equals to the sum of 1.5% of hourly integrated load plus 1.5% of hourly integrated generation. Customers will continue to have the option to acquire the required Spinning and Supplemental Reserve Services from BC Hydro under Rate Schedules 07 and 08, or make alternative equivalent arrangements to maintain these reserves.

Black lined versions of BC Hydro's proposed amendments to Rates Schedules 07 and 08 are as follows:

RS 07 – [Operating Reserve \(OR\) – Spinning Reserve Service](#)

RS 08 – [Operating Reserve \(OR\) – Supplemental Reserve Service](#)

BC Hydro will endeavor to address any comments received from interested parties up to close of business on May 15, 2015. Comments can be submitted by email to bchydroregulatorygroup@bchydro.com

BC Hydro

Open Access Transmission Tariff

Effective: ~~09 December 2010-~~

First Revision of OATT Schedule 07 Page 1

Schedule 07

Operating Reserve (OR) – Spinning Reserve Service

Preamble	Spinning Reserve Service is needed to serve load immediately in the event of a system contingency. Spinning Reserve Service may be provided by generating units that are on-line and loaded at less than maximum output and by non-generation resources capable of providing this service. BC Hydro must offer this service when the transmission service is used to serve load within its Control Area. The Transmission Customer must either purchase this service from BC Hydro or make alternative comparable arrangements to satisfy its Spinning Reserve Service obligation. The amount of and charges for Spinning Reserve Service are set forth below.
Availability	In support of Network Integration Transmission Services, Long and Short-Term Firm Point-to-Point Transmission Service, and Non-Firm Point to Point Transmission Service.
Rate	<p>\$6.20 per MW per hour of generating Capacity requested for OR - Spinning.</p> <p>The required amount of Spinning Reserve Service, for a Customer's load located in BC Hydro's control area, depends upon the type of generation serving the load. When the load is served by hydro generation, the required amount of Spinning Reserve Service is a minimum of 2.5% of the Customer's load. When the load is served by thermal generation, the required amount of Spinning Reserve Service is a minimum of 3.5% of the Customer's load. The minimum spinning reserve requirement, determined in accordance with applicable reliability standards adopted by the Commission, equals to the sum of:</p> <ul style="list-style-type: none"> (i) One and one half percent (1.5 per cent) of hourly integrated load, plus (ii) One and one half percent (1.5 per cent) of hourly integrated generation.
Taxes	The Rate and Charges contained herein are exclusive of applicable taxes.
Note	A description of the methodology for discounting Spinning Reserve Service provided under this Schedule is contained in Section 3 of the BC Hydro OATT.

ACCEPTED: _____

ORDER NO. _____

COMMISSION SECRETARY

BC Hydro

Open Access Transmission Tariff

Effective: ~~09 December 2010-~~

First Revision of OATT Schedule 08 Page 1

Schedule 08

Operating Reserve (OR) – Supplemental Reserve Service

<p>Preamble</p>	<p>Supplemental Reserve Service is needed to serve load in the event of a system contingency; however, it is not available immediately to serve load but rather within a short period of time. Supplemental Reserve Service may be provided by generating units that are on-line but unloaded, by quick-start generation or by interruptible load or other non-generation resources capable of providing this service. BC Hydro must offer this service when the transmission service is used to serve load within its Control Area. The Transmission Customer must either purchase this service from BC Hydro or make alternative comparable arrangements to satisfy its Supplemental Reserve Service obligation. The amount of and charges for Supplemental Reserve Service are set forth below.</p>
<p>Availability</p>	<p>In support of Network Integration Transmission Service, Long and Short-Term Firm Point-to-Point Transmission Service, and Non-Firm Point to Point Transmission Service.</p>
<p>Rate</p>	<p>\$6.27 per MW per hour of generating Capacity requested for OR - Supplemental.</p> <p>The required amount of Supplemental Reserve Service, for a Customer's load located in BC Hydro's control area, depends upon the type of generation serving the load. When the load is served by hydro generation, the required amount of Supplemental Reserve Service is a minimum of 2.5% of the Customer's load. When the load is served by thermal generation, the required amount of Supplemental Reserve Service is a minimum of 3.5% of the Customer's load. The minimum supplemental reserve requirement, determined in accordance with applicable reliability standards adopted by the Commission, equals the sum of:</p> <ul style="list-style-type: none"> (i) <u>One and one half percent (1.5 per cent) of hourly integrated load, plus</u> (ii) <u>One and one half percent (1.5 per cent) of hourly integrated generation.</u>
<p>Taxes</p>	<p>The Rate and Charges contained herein are exclusive of applicable taxes.</p>

ACCEPTED: _____

ORDER NO. _____

COMMISSION SECRETARY

**Open Access Transmission Tariff
Tariff Supplement No. 80 Amendments Application**

Appendix C

Draft Order

**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-**



SIXTH FLOOR, 900 HOWE STREET, BOX 250
VANCOUVER, BC V6Z 2N3 CANADA
web site: <http://www.bcuc.com>

TELEPHONE: (604) 660-4700
BC TOLL FREE: 1-800-663-1385
FACSIMILE: (604) 660-1102

IN THE MATTER OF
the Utilities Commission Act, R.S.B.C. 1996, Chapter 473

and

Application by British Columbia Hydro and Power Authority (BC Hydro)
Open Access Transmission Tariff (OATT)
Tariff Supplement No. 80 Amendments Application

BEFORE:

, 2015

ORDER

WHEREAS:

- A. October 19, 2006 through Order No. G-127-06, the British Columbia Utilities Commission (Commission) approved a Negotiated Settlement Agreement (NSA) that established the Network Economy Service provisions contained in the OATT as Tariff Supplement No. 80 (TS 80) and Attachment Q-2, as well as on-going operational requirements for Network Economy Service.
- B. On July 17, 2014, the Commission, through Order No. R-32-14, approved reliability standard BAL-002-WECC-2 (New Standard) with an effective date of October 1, 2014. The New Standard revised the specification of the type and quantity of contingency reserves that must be maintained within BC Hydro's Balancing Authority Area.
- C. On September 18, 2015, BC Hydro, pursuant to sections 58 to 61 of the *Utilities Commission Act*, submitted an application (Application) to the Commission seeking approval to amend the OATT by:
 - amending TS 80 to replace the methodology used to determine the Trigger Price that is used in the Network Economy Economic Test to establish the priority for Network Economy imports on the B.C.-U.S. Intertie during the period from November 1 of each year to February 28/29 of the following year, so that the Trigger Price is equal to the Threshold Purchase Price as defined in the Transfer Pricing Agreement between BC Hydro and Powerex and established by BC Hydro from time-to-time;
 - amending TS 80 to advance the time each day that data must be extracted from external sources to establish the Market Price that is used in the Network Economy Economic Test from 17:00 to 16:00;
 - making additional housekeeping amendments to TS 80 of a non-material nature to define terms used and align the style of TS 80 with that of the OATT; and

BRITISH COLUMBIA UTILITIES COMMISSION	
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2

- making housekeeping amendments to Rate Schedule 07, Operating Reserve (OR) – Spinning Reserve Service, and Rate Schedule 08, OR – Supplemental Reserve Service to align the minimum reserve requirements with those established by the New Standard.

D. The Commission has reviewed the Application and finds approval of the Application is warranted.

NOW THEREFORE pursuant to sections 58 to 61 of the *Utilities Commission Act* the Commission, orders as follows:

1. The amendments to the OATT as described in BC Hydro's Application dated September 18, 2015 are approved.
2. The effective date of the approved amendments to TS 80 is April 1, 2016.
3. The effective date of the approved amendments to RS 07 and RS 08 is _____ xx, 2015
4. BC Hydro must post a bulletin of this Order on its transmission website and must send a copy of this Order to all participants in the NSA within 30 days.
5. BC Hydro must file the amended tariff pages with the Commission, in accordance with the terms of this Order, within 30 days.

DATED at the City of Vancouver, in the Province of British Columbia, this day of , 2015.

BY ORDER