

## Network Economy Business Practices BCTC Response to Customer Comments

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In support of implementation of the Network Economy Settlement Agreement (NSA) and the associated tariff, BCTC drafted Network Economy (NE) Business Practices and presented them to customers and interested parties on April 4, 2007 in Vancouver. BCTC sought questions and comments on its proposed NE Business Practices by April 13, 2007. BCTC received comments from the Alberta Coalition (Enmax, TransAlta and TransCanada), EPCOR, the AESO, and BC Hydro.

### Customer Comments

BC Hydro is generally supportive of the proposed Business Practices, but is opposed to BCTC's proposed method to calculate average utilization rates in support of implementation of the Utilization Test. BC Hydro states that the "average utilization of all Network Economy reservations over the entirety of the reporting period", as set out in Attachment Q, Section 5 of the NSA, "is not the simple average of the weekly utilization rates, but rather determined by dividing the sum of all schedules by the sum of all reservations for the reporting period."

In addition to the concern above, BC Hydro also requests that BCTC add to its Business Practices the clarification that the utilization calculation will reflect ATC curtailments and bumping by higher priority transmission service. BC Hydro requests that the Business Practices include an example of how this clarification impacts the utilization calculation.

All customers other than BC Hydro support implementation of the Business Practices as proposed and without delay. In particular, these customers support BCTC's proposed methodology for calculating the utilization test and consider it to be consistent with the language set out in Attachment Q, Section 5.

### BCTC Response

BCTC believes that its proposed methodology for calculating the utilization test is consistent with the language set out in Attachment Q, Section 5. BCTC plans to proceed with Network Economy implementation on this basis. BC Hydro's proposal calculates a utilization rate for the reporting period, but not the average utilization rate, as required. Attachment Q is intended to foster a high level of utilization throughout the reporting period. BCTC's approach accomplishes this, whereas BC Hydro's approach could allow a single large transaction to skew the results.

BCTC also believes that, consistent with the spirit and intent of the NSA, the alignment of its proposed method with the weekly reporting requirements of the NSA provides an appropriately flexible and transparent means for a Network Customer to take corrective action if warranted by a comparison of NE and Non-Firm PTP utilization within a reporting period.

BCTC clarifies that under its proposed method, any week in a reporting period that has zero reservations in sum will be excluded from the calculation of the average utilization rate.

In regards to the point that the utilization calculation will reflect ATC curtailments and bumping by higher priority transmission service, BCTC notes that Section 7(d) of the NSA and the matching reporting requirement of the NE Business Practices account for this in the calculation of Unused Network Economy, and correspondingly in the utilization test calculation.