

## Short-term Rate Design Proposal – Questionnaire

**Proposal:** Eliminate the \$55 Minimum Scheduling Fee and institute a minimum charge (price floor) of \$1/MWh.

**Name:** Tom Rudd - Candela Energy Corporation

1. Do you regard BCTC's proposal as inconsistent with any particular rate design principles? If so, please explain.

Response: No.

2. Do you regard BCTC's proposal as causing undue discrimination or preference to any particular class or group of customers? If so, please explain.

Response: No. Larger users may argue that they will incur higher costs relative to the current rate design, but the current design favoured larger users in the first place.

3. What impact will BCTC's proposal have on your ability to reserve transmission, as compared to the status quo? Please explain.

Response: It may increase our ability to reserve transmission, as large reservations will incur as large a proportional cost as smaller reservations. Currently, it's possible that larger users may choose to reserve larger blocks of transmission simply because it doesn't cost them any more than smaller blocks under the current regime. If certain users simply reserve what they need, rather than padding their reservations, additional ATC may be available.

4. Are you generally supportive of, indifferent to, or unsupportive of BCTC's proposal? Please explain.

Response: Candela Energy Corporation is supportive of the proposal, as it reduces the burden smaller users of the transmission system bear under the current rate design.

5. BCTC's proposed price floor of \$1/MWh is intended, in part, to address the issues with directional pricing and the ability to reserve multi-day transmission. Do you agree that a \$1/MWh price floor is a fair reflection of the value inherent in directional pricing and the ability to reserve multi-day transmission? If not, please explain and propose an alternative for determining such value.

Response: Although \$1 seems quite arbitrary, it should function adequately as a price floor.

6. Would you prefer or are you indifferent to an alternative to maintain the status quo in the interim? Please explain.

Response:

## Short-term Rate Design Proposal – Questionnaire

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**Proposal:** Eliminate the \$55 Minimum Scheduling Fee and institute a minimum charge (price floor) of \$1/MWh.

**Name:** ENMAX Corporation

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1. Do you regard BCTC's proposal as inconsistent with any particular rate design principles? If so, please explain.

Response:

No, the proposal appears to improve efficiency by more closely reflecting the value inherent in reserving discounted multi-day transmission.

2. Do you regard BCTC's proposal as causing undue discrimination or preference to any particular class or group of customers? If so, please explain.

Response:

No, the proposal appears to reduce discrimination by mitigating the disproportionate impact of the minimum scheduling fee on small transmission users and the incentive to overbook discounted transmission as a result of the fixed cost approach.

3. What impact will BCTC's proposal have on your ability to reserve transmission, as compared to the status quo? Please explain.

Response:

ENMAX is of the view that the proposal will improve our ability to reserve transmission compared to the status quo. ENMAX understands that the use of the Minimum Scheduling Fee approach has led to an increase in the volume of discounted multi-day transmission reservations, but a decrease in reservation utilization. Unscheduled transmission reservations are then released at T-50 for the next hour. This means that the reservation timeline for other users is shortened to the real-time window as a result of the low cost (\$55) to reserve multi-day transmission blocks. Imposing a \$1/MWh minimum charge should reduce the incident of unutilized transmission reservations.

4. Are you generally supportive of, indifferent to, or unsupportive of BCTC's proposal? Please explain.

Response:

ENMAX is supportive of this proposal. It mitigates the impact of the Minimum Scheduling Fee on small transmission users and reduces the incentive to over-reserve discounted transmission.

5. BCTC's proposed price floor of \$1/MWh is intended, in part, to address the issues with directional pricing and the ability to reserve multi-day transmission. Do you agree that a \$1/MWh price floor is a fair reflection of the value inherent in directional pricing and the ability to reserve multi-day transmission? If not, please explain and propose an alternative for determining such value.

Response:

ENMAX has no alternative proposal at this time.

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6. Would you prefer or are you indifferent to an alternative to maintain the status quo in the interim? Please explain.

Response:

ENMAX would support maintaining the status quo until such time that the BCUC approves the proposed change.

----- Original Message -----

From: Lail, Kelly <KLail@epcor.ca>

To: Ambrosi, Brenda

Cc: wendell\_klassen@transcanada.com <wendell\_klassen@transcanada.com>;

CJoy@enmax.com <CJoy@enmax.com>; cheryl\_terry@transcanada.com  
<cheryl\_terry@transcanada.com>

Sent: Thu Apr 05 13:19:47 2007

Subject: RE: Request for Comments - ST Rate Design

We would support BCTC proceeding with an application to replace the Fixed Charge of \$55 per transaction with a variable minimum charge. It should be structured so that it resolves the issue of blocking small reservations, have no or minimal adverse impact on the remaining reservations and be revenue neutral.

The analysis and information presented at the consultation is insufficient to comment on each of the specific questions in the questionnaire. We have the following comments:

\* The impact analysis covered the period from April to September. As commented at the session this may not be representative of the impact over a water year or a comparable 12 month period.

\* As suggested at the session an alternative rate structure with a variable charge of \$1/MWh up to the current minimum of \$55 / reservation would remove the barrier to small reservations with have no adverse impact on larger transactions. It would also be revenue neutral. It is worth examining.

\* Proposed minimum of \$1/MWh may prevent some opposite to the normal flow transactions from occurring and decrease the throughput and would make the system less efficient.

It would be better to make this change as part of the comprehensive review of all BCTC rates and implementation of 890 but if the current fixed charge is in fact blocking a material number of small reservations then an alternative structure should be examined or at the very least addressed and any application supported with full analysis.

Regards,

Kelly

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## Short-term Rate Design Proposal – Questionnaire

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**Proposal:** Eliminate the \$55 Minimum Scheduling Fee and institute a minimum charge (price floor) of \$1/MWh.

**Name:** **Dennis Slade – NorthPoint Energy Solutions**

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1. Do you regard BCTC's proposal as inconsistent with any particular rate design principles? If so, please explain.

Response:  
No

2. Do you regard BCTC's proposal as causing undue discrimination or preference to any particular class or group of customers? If so, please explain.

Response:  
Definitely not.

3. What impact will BCTC's proposal have on your ability to reserve transmission, as compared to the status quo? Please explain.

Response:  
None whatsoever.

4. Are you generally supportive of, indifferent to, or unsupportive of BCTC's proposal? Please explain.

Response:  
Very supportive

5. BCTC's proposed price floor of \$1/MWh is intended, in part, to address the issues with directional pricing and the ability to reserve multi-day transmission. Do you agree that a \$1/MWh price floor is a fair reflection of the value inherent in directional pricing and the ability to reserve multi-day transmission? If not, please explain and propose an alternative for determining such value.

Response:  
I agree that a \$1 floor price is reflective of the value and it prevents transmission hoarding for no cost.

6. Would you prefer or are you indifferent to an alternative to maintain the status quo in the interim? Please explain.

Response:  
In different.

## Short-term Rate Design Proposal – Questionnaire

**Proposal:** Eliminate the \$55 Minimum Scheduling Fee and institute a minimum charge (price floor) of \$1/MWh.

**Name:** Gifford Jung, Powerex

1. Do you regard BCTC's proposal as inconsistent with any particular rate design principles? If so, please explain.

Response:

From a rate design perspective, Powerex does not view the setting of the price floor of \$1/MWh for both Firm and Non-Firm PTP as fair or efficient. The relative scheduling priority of Firm versus Non-Firm transmission would in Powerex's opinion support a lower price floor for Non-Firm relative to Firm from a fairness perspective.

Also, in Powerex's opinion imposing a minimum charge that incrementally increases the number of blocked transactions does not seem efficient.

Finally from a fairness and effectiveness perspective, Powerex is concerned that the proposed change shifts costs between customers, and potentially, the proposed minimum floor charge over-collects relative to the existing minimum scheduling fee.

2. Do you regard BCTC's proposal as causing undue discrimination or preference to any particular class or group of customers? If so, please explain.

Response:

The shift in costs from small customers to large customers is of concern to Powerex.

3. What impact will BCTC's proposal have on your ability to reserve transmission, as compared to the status quo? Please explain.

Response:

BCTC's proposal will potentially increase transmission costs and reduce the volume of PTP transactions conducted on the BCTC system compared to the status quo. Based on the information provided by BCTC, average costs for transmission will increase by about 33% and number of hours blocked will increase by about 33% relative to the current formula (ref. Table 6.14).

4. Are you generally supportive of, indifferent to, or unsupportive of BCTC's proposal? Please explain.

Response:

Powerex supports the principle of discounting and supports BCTC in this regard.

5. BCTC's proposed price floor of \$1/MWh is intended, in part, to address the issues with directional pricing and the ability to reserve multi-day transmission. Do you agree that a \$1/MWh price floor is a fair reflection of the value inherent in directional pricing and the ability to reserve multi-day transmission? If not, please explain and propose an alternative for determining such value.

Response:

Powerex supports BCTC's desire to address the issues with directional pricing and the ability to reserve multi-day

transmission but doesn't agree that these issues are linked. Powerex does not agree that an arbitrary price floor for Firm PTP transmission necessarily reflects the inherent value in directional pricing and the ability to reserve multi-day transmission as they are not linked. However if BCTC proceeds, Powerex believes setting a price floor of \$0.50/MWh for Firm PTP and a price floor of \$0.25/MWh or lower for Non-Firm PTP would be an alternative that could reduce the number of blocked transactions and reduce the shift in costs between customers.

6. Would you prefer or are you indifferent to an alternative to maintain the status quo in the interim? Please explain.

Response:

Powerex would prefer to maintain the status quo.

## Short-term Rate Design Proposal – Questionnaire

**Proposal:** Eliminate the \$55 Minimum Scheduling Fee and institute a minimum charge (price floor) of \$1/MWh.

**Name:** TransCanada Energy

1. Do you regard BCTC's proposal as inconsistent with any particular rate design principles? If so, please explain.

Response: TransCanada views BCTC's proposal as consistent with existing rate design principles and prior regulatory approvals.

2. Do you regard BCTC's proposal as causing undue discrimination or preference to any particular class or group of customers? If so, please explain.

Response: BCTC's proposal does not cause undue discrimination. In fact, TransCanada would suggest that it creates a level playing field among all participants regardless of size and frequency of usage. In addition, this proposal also reduces the potential of individual parties reserving transmission at no financial obligation which may cause underutilization of the transmission system and blocking.

3. What impact will BCTC's proposal have on your ability to reserve transmission, as compared to the status quo? Please explain.

Response: BCTC's proposal will have a positive impact with respect to the ability of reserving transmission. By charging a minimum \$1/MWh, additional energy will be available for TransCanada and other third party users to reserve.

4. Are you generally supportive of, indifferent to, or unsupportive of BCTC's proposal? Please explain.

Response: TransCanada is in support of BCTC's proposal. The suggested short-term rate design change will distribute the financial obligations of the user on a more unified basis as opposed to a flat one time cost. This also promotes fair contribution costs to all players while achieving BCTC's goal of cost recovery.

5. BCTC's proposed price floor of \$1/MWh is intended, in part, to address the issues with directional pricing and the ability to reserve multi-day transmission. Do you agree that a \$1/MWh price floor is a fair reflection of the value inherent in directional pricing and the ability to reserve multi-day transmission? If not, please explain and propose an alternative for determining such value.

Response: TransCanada agrees that the floor price suggested is a fair reflection of directional pricing. In fact, the ability to reserve multi-day transmission enhances and stabilizes longer term planning with more financial stability and certainty.

6. Would you prefer or are you indifferent to an alternative to maintain the status quo in the interim? Please explain.

Response: TransCanada supports the status quo as an interim solution however strongly encourages BCTC to implement the new proposal as soon as possible. We do not promote waiting for any FERC decisions on this topic.



## Short-term Rate Design Proposal – Questionnaire

**Proposal:** Eliminate the \$55 Minimum Scheduling Fee and institute a minimum charge (price floor) of \$1/MWh.

**Name:** **Brian Wallace (on behalf of the Joint Industry Electricity Steering Committee)**

1. Do you regard BCTC's proposal as inconsistent with any particular rate design principles? If so, please explain.

Response:

The JIESC is of the view that ST PTP rates should recover transaction costs and make some contribution to the fixed costs of the transmission system. While it appears the proposed formula will increase recoveries beyond those currently experienced, it is not clear that ST PTP revenues will cover costs and make a contribution to fixed costs under the proposed changes.

2. Do you regard BCTC's proposal as causing undue discrimination or preference to any particular class or group of customers? If so, please explain.

Response:

There is not sufficient information available to determine if there is undue discrimination or undue preference. The JIESC is concerned that under the current OATT formula, while throughput and transactions have increased, total revenue and per unit revenue decreased from levels experienced under WTS, with no evidence of offsetting benefits such as lower market prices for BC Hydro customers. Promoting throughput must be balanced with revenues and costs and the current OATT approach appears to have incited higher throughput while reducing revenue.

3. What impact will BCTC's proposal have on your ability to reserve transmission, as compared to the status quo? Please explain.

Response:

It will not have any impact at this time as the JIESC members are not currently active users of the ST PTP rate.

4. Are you generally supportive of, indifferent to, or unsupportive of BCTC's proposal? Please explain.

Response:

The JIESC questions the desirability of putting this proposal forward on an individual basis rather than as part of a package of Rate Design changes. Proceeding in this manner makes it difficult for stakeholders who may only be indirectly impacted to participate, even though they may be affected to some degree. The end result of splitting off small issues for individual determination is that these smaller issues may not get the attention they otherwise would, and may deserve, in a more comprehensive context.

5. BCTC's proposed price floor of \$1/MWh is intended, in part, to address the issues with directional pricing and the ability to reserve multi-day transmission. Do you agree that a \$1/MWh price floor is a fair reflection of the value inherent in directional pricing and the ability to reserve multi-day transmission? If not, please explain and propose an alternative for determining such value.

Response:

It is clear from the BCTC material that a substantial number of transactions proceed at \$0 under current OATT rates. The proposal is an improvement, however, the relationship between cost, rates, volume and revenue has not been addressed.

6. Would you prefer or are you indifferent to an alternative to maintain the status quo in the interim? Please explain.

Response:

The JIESC notes that users want stability. It would appear to run counter to that desire to implement interim or temporary changes in rate structures, absent clear reasons.

## Short-term Rate Design Proposal – Questionnaire

**Proposal:** Eliminate the \$55 Minimum Scheduling Fee and institute a minimum charge (price floor) of \$1/MWh.

Proposal 2 – Eliminate “same price” for different length LT/ST and daily/weekly/monthly reservations.

Proposal 3 – Institute a “profit sharing” tariff for trades that make “windfall” profits from arbitrage

**Name:** **Cascade Pacific Power Corporation**

1. Do you regard BCTC’s proposal as inconsistent with any particular rate design principles? If so, please explain.

Response: Proposals 2 and 3 are more effective.

2. Do you regard BCTC’s proposal as causing undue discrimination or preference to any particular class or group of customers? If so, please explain.

Response: Since BCH was allowed to “negotiate” pricing, so too, should BCTC, so that small customers are not disadvantaged.

3. What impact will BCTC’s proposal have on your ability to reserve transmission, as compared to the status quo? Please explain.

Response: Why are you only addressing the \$55 fee here? Why not ask the same question for all the other rate design changes?

4. Are you generally supportive of, indifferent to, or unsupportive of BCTC’s proposal? Please explain.

Response: Supportive – but it is a little late for Cascade.

5. BCTC’s proposed price floor of \$1/MWh is intended, in part, to address the issues with directional pricing and the ability to reserve multi-day transmission. Do you agree that a \$1/MWh price floor is a fair reflection of the value inherent in directional pricing and the ability to reserve multi-day transmission? If not, please explain and propose an alternative for determining such value.

Response: Why do you not propose a tariff where transactions (arbitrage) with large price differences between BC, Mid-C, and Alberta would “share” some of the “price difference” with BCTC – profit sharing? If a

6. Would you prefer or are you indifferent to an alternative to maintain the status quo in the interim? Please explain.

Response: What alternative (other alternatives) are there?

## SCHEDULE 01

### LONG AND SHORT-TERM FIRM POINT-TO-POINT TRANSMISSION SERVICE

Availability: For transmission of electricity on a firm basis from one or more Point(s) of Receipt (POR) to one or more Point(s) of Delivery (POD).

Rate for Long-Term Firm Service: The Reserved Capacity Charge for the Long-Term Firm Service Rate will be up to a maximum price as set out below except where the POD is a point of interconnection between the Transmission System and the transmission system of FortisBC Inc., in which case the rate shall be zero (\$0.00).

The Reserved Capacity Charge is billed on the sum of the maximum non-coincident POR or POD Requirements.

The Maximum \$/kW of Reserved Capacity Billing Demand per month is \$3.829

Why is there no change from daily or weekly or monthly to annual reserved capacity?

Reserved Capacity Billing Demand:

The Reserved Capacity Billing Demand is determined for each POR(s), POD(s) pair. The Reserved Capacity for each pair of POR(s) and POD(s) will be the maximum non-coincident sum of the designated POR(s) and POD(s) included in the pair.

Penalty Charge:

A penalty charge will be applied at the rate of 125 percent of the Reserved Capacity Charge for all unauthorized usage, including all demand in excess of the Reserved Capacity Billing Demand.

SCHEDULE 01

LONG AND SHORT-TERM FIRM POINT-TO-POINT TRANSMISSION SERVICE

(Cont'd)

Rate for Short-  
Term Firm  
Service:

The posted prices will be less than or equal to a maximum price (\$/MWh) as set out below, except where the POD is a point of interconnection between the Transmission System and the transmission system of FortisBC Inc., in which case the rate shall be zero (\$0.00). In no case shall this rate produce a price per transaction below the Minimum Price.

Minimum Price: ~~\$0/kW~~ **\$1/MW**

Maximum Price: The Transmission Customer shall pay each month for Reserved Capacity Billing Demand at rates not to exceed the applicable charges set forth below:

- 1) Yearly delivery: one-twelfth of the demand charge of \$45.948/kW of Reserved Capacity per year. **Is this correct? Why is it 1/12?**
- 2) Monthly delivery: \$3.829/kW of Reserved Capacity per month.
- 3) Weekly delivery: \$0.884/kW of Reserved Capacity per week.
- 4) Daily delivery: \$0.126/kW of Reserved Capacity per day.

5) Hourly delivery: \$0.0053/kW of Reserved Capacity per hour.  
**There appears to be no (little) savings by reserving further ahead. This does not promote "early booking" of the system, or "better use" of it. What it does accomplish, is "status quo", where the larger, well financed or public/crown corporations with deep pockets can "reserve" capacity a year ahead, and foreclose options for smaller traders to participate, since this "already reserved" capacity is not released until the last minute.**

SCHEDULE 01

LONG AND SHORT-TERM FIRM POINT-TO-POINT TRANSMISSION SERVICE

(Cont'd)

Rate for Short-Term Firm Service:  
(Cont'd)

The total demand charge in any week, pursuant to a reservation for Daily delivery, shall not exceed the rate specified in section (3) above times the highest amount in kilowatts of Reserved Capacity in any day during such week.

The rate for Short-Term Firm Service is the **price per kW of Reserved Capacity per hour that will be posted each working day on OASIS.**  
**How will this be determined?**

Reserved Capacity for Short-Term Firm Services:

The Reserved Capacity shall be the maximum of the sum of non-coincident POD(s) Capacity Reservations or sum of non-coincident POR(s) Capacity Reservations.

Penalty Charge:

A penalty charge will be applied at a rate of 125 percent of the Reserved Capacity Charge for all unauthorized usage.

Special Conditions:

Discounts:

The following conditions apply to discounts for transmission service as follows:

- 1) any offer of a discount made by BCTC must be announced to all Eligible Customers **solely by posting on the OASIS, This prevents prospective users of BCTC from knowing the discounts, unless they have registered and paid for OASIS service. It does not promote an open and inclusive attitude for smaller / newer companies. Discounts should be publicly accessible.**
- 2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an affiliate's use) must occur solely by posting on the OASIS,

SCHEDULE 01

LONG AND SHORT-TERM FIRM POINT-TO-POINT TRANSMISSION SERVICE

(Cont'd)

Special  
Conditions:  
(Contd)

- 3) once a discount is negotiated, details must be immediately posted on the OASIS, and
- 4) for any discount agreed upon for service on a path, from POR(s) POD(s), BCTC must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same POD(s) on the Transmission System, and
- ~~5) for discounted Short Term Service the minimum charge per transaction excluding taxes is \$55.~~

Taxes:

The Rate and Charges contained herein are exclusive of the Goods and Services Tax and Social Service Tax.

Note:

The terms and conditions under which Transmission Service is supplied are contained in British Columbia Transmission Corporation's Open Access Transmission Tariff. The rates in this Schedule combine the rates of the Transmission Provider in its Rate Schedule 101 and the Transmission Owner in its Rate Schedule 3001. Capitalized terms appearing in this Rate Schedule, unless otherwise noted, shall have the meaning ascribed to them therein.

## SCHEDULE 02

### NON-FIRM POINT-TO-POINT TRANSMISSION SERVICE

Availability: For wholesale transmission of electricity on a Non-Firm basis from one or more Point(s) of Receipt (POR) to one or more Point(s) of Delivery (POD).

Rate for Short-Term Non-Firm Service: The Transmission Customer shall pay each month for Reserved Capacity designated at the POR(s) at the posted prices which will be less than or equal to a maximum price (\$/MWh) as set out below, except where the POD(s) is a point of interconnection between the Transmission System and the transmission system of FortisBC Inc., in which case the rate shall be zero (\$0.00). In no case shall this rate produce a price per transaction below the Minimum Price.

**Why is short-term non-firm the same as firm Pricing?**

Minimum Price: ~~\$0/kW~~-\$1/MW

Maximum Price: The Transmission Customer shall pay for Non-Firm Point-to-Point Transmission Service at rates not to exceed the applicable charges set forth below.

**No \$ advantage to pre-booking & filling system w longer term reservations.**

1) Monthly delivery: \$3.829/kW of Reserved Capacity per month.

2) Weekly delivery: \$0.884/kW of Reserved Capacity per week.

3) Daily delivery: \$0.126/kW of Reserved Capacity per day. The total demand charge in any week, pursuant to a reservation for Daily delivery, shall not exceed the rate specified in section (2) above times the highest amount in kilowatts of Reserved Capacity in any day during such week.

4) Hourly Delivery: The basic charge **shall be agreed upon by the Parties at the time this service is reserved** and in no event shall exceed \$0.0053/kW.h. The total demand charge in any day, pursuant to a reservation for Hourly delivery, shall not exceed the rate specified in section (3) above times the highest amount in kilowatts of Reserved Capacity in any hour during such day.**How will this be determined? Sounds arbitrary.**



## SCHEDULE 02

### NON-FIRM POINT-TO-POINT TRANSMISSION SERVICE (Cont'd)

Rate for Short-Term Non-Firm Service: (Cont'd) In addition, the total demand charge in any week, pursuant to a reservation for Hourly or Daily delivery, shall not exceed the rate specified in section (2) above times the highest amount in kilowatts of Reserved Capacity in any hour during such week.

Penalty Charge: A penalty charge will be applied to all unauthorized usage at a rate of 125 percent of the maximum monthly delivery charge.

Special Conditions:

1. Discounts

The following conditions apply to discounts for transmission service as follows:

- (1) any offer of a discount made by BCTC must be announced to all Eligible Customers solely by posting on the OASIS,
- (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an affiliate's use) must occur solely by posting on the OASIS, ~~and~~
- (3) once a discount is negotiated, details must be immediately posted on the OASIS,
- (4) for any discount agreed upon for service on a path, from POR(s) to POD(s), BCTC must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same POD(s) on the Transmission System; ~~and~~.

SCHEDULE 02

NON-FIRM POINT-TO-POINT TRANSMISSION SERVICE (Cont'd)

Special  
Conditions:  
(Cont'd)

(5) information regarding any non-firm transmission discounts must be posted on the OASIS. In addition, discounts to non-affiliates must be offered in a not unduly discriminatory manner. ~~and~~

~~(6) for discounted Short Term Service, the minimum charge per transaction for Transmission Service is \$55.~~

2. Customers taking Non-Firm Service will only be billed for the time for which service is available. All bills will be prorated to the nearest hour.

Taxes:

The Rate and Charges contained herein are exclusive of the Goods and Services Tax and Social Service Tax.

Note:

The terms and conditions under which Non-Firm Transmission Service is supplied are contained in the British Columbia Transmission Corporation OATT. Capitalized terms appearing in this Rate Schedule, unless otherwise noted, shall have the meaning ascribed to them therein.

### 3.0 PRICING METHODOLOGIES for SHORT TERM (ST) SERVICE

*In this section:*

[Hourly Firm and Non-firm Service](#)

[Daily Firm and Non-Firm Service](#)

[Weekly Firm and Non Firm Service](#)

The price for ST PTP transmission service to a load serving points within BC will not be discounted.

For export and wheel-through transmission services, the following calculations are used to calculate the prices for discounted short-term services.

All prices are in CDN \$/MWh, rounded to 1 decimal place.

Cascade Pacific Power submits that the pricing methodology needs to be re-examined and restructured so that large and small players are treated equally, without huge deposits and security requirements far in advance.

Cascade submits that where there are significant price discrepancies between Mid-C prices and Alberta prices, that some of the difference should be recovered under the transmission tariff in place, to benefit all users of the system, not just the participants in a particular trade. This would apply in either direction. One mechanism would be to charge a percentage of the value of the trade, thus when great profit opportunities exist ("windfall"), that some significant percentage of the "windfall" revenue will be retained by BCTC, perhaps 50% or more.

Where an agency has booked longer term transmission, and will in all likelihood be the primary beneficiary of a trade, there is additional merit to the argument that BCTC should retain a significant portion of the "windfall" revenue.

#### 3.1 Hourly Firm and Non-firm Service

##### A. Firm Service Price **What is the basis for determining a ¼ ratio?**

For transactions delivering to US, the Discounted ST Firm Hourly Service Price for Hourly Service is:

$$(1) \quad \frac{[(\text{Mid-C Price} * \text{exchange rate}) - (\text{AESO Price} * \text{Loss Factor for AB} * \text{Loss Factor for BPA})]}{4}$$

For transactions delivering to Alberta, the Discounted ST Firm Hourly Service Price for Hourly service is:

$$(2) \quad \frac{[\text{AESO Price} - (\text{Mid-C} * \text{exchange rate} * \text{Loss Factors for AB} * \text{Loss Factor for BPA})]}{4}$$

The Discounted ST Firm Hourly Service Prices from equations (1) and (2) above are bounded by a minimum of \$0.1 and a maximum equals to the non-discounted hourly price for ST Service.

Where:

Exchange rate is the daily Bank of Canada exchange rate for converting Mid-C price to the Canadian equivalent.

AESO price is a volume-weighted average of hourly prices for each previous day's HLH and LLH period.

Since it is hourly trades and pricing which are involved, particularly for Alberta (AESO) this should probably be based on the previous hour's price.

Mid-C price would be based on the published firm index provided by Dow Jones for each previous day's HLH and LLH period.

Loss Factor for BPA is determined by BPAT's loss factor to Mid-C.

Loss Factor for AB is determined by the loss factors provided by AESO at <http://www.aeso.ca/transmission/144.html>.

All inputs to calculate the Day +1 (delivery) price are taken from Day -1, unless Day -1 data points are absent, in which case the last available values are used.

## **B. Non-Firm Service Price**

For transactions delivering to US, the Discounted ST Non-Firm Hourly Service Price for Hourly Service is :

$$(3) \quad [(\text{Mid-C Price} * \text{exchange rate}) - (\text{AESO Price} * \text{Loss Factor for AB} * \text{Loss Factor for BPA})] / 4 - \$1/\text{MW}$$

For transactions delivering to Alberta, the Discounted ST Non-Firm Hourly Service Price for Hourly Service is :

$$(4) \quad [\text{AESO Price} - (\text{Mid-C} * \text{exchange rate} * \text{Loss Factors for AB} * \text{Loss Factor for BPA})] / 4 - \$1/\text{MW}$$

The Discounted ST Non-Firm Hourly Service Prices from equations (3) and (4) above are bounded by a minimum of \$0.1 and a maximum equals to the non-discounted hourly price for ST Service.

## **3.2 Daily Firm and Non-Firm Service**

The Discounted ST Firm Hourly Price for Daily Service is equal to the average of the 24 Discounted ST Firm Hourly Prices for Hourly Service.

The Discounted ST Non-Firm Hourly Price for Daily Service is equal to the Discounted ST Firm Hourly Price for Daily Service minus \$1/MW.

### **3.3 Weekly Firm and Non-Firm Formulae**

- A. For reservation of one week of service from the day of reservation.
  - i). The Discounted ST Firm Hourly Price for Weekly Service for Week One is equal to  
  
$$\text{Discounted ST Firm Hourly Price for Daily Service} + \frac{1}{2}(\text{non-discounted hourly price for ST Service} - \text{Discounted ST Firm Hourly Price for Daily Service})$$
  - ii). The Discounted ST Non-Firm Hourly Price for Weekly Service Price for Week One is equal to the Discounted ST Hourly Firm Price for Daily Service minus \$1/MW.
- B. For reservation of service beyond Week One and not including Week One, both the Discounted ST Firm Hourly Price for Weekly Service and the Discounted ST Non-Firm Hourly Price for Weekly Service are equal to the non-discounted hourly price for ST Service.
- C. For reservation of more than one week duration of service, including week one, from the day of reservation,
  - i). the Discounted ST Firm Hourly Price for Weekly Service is equal to the weighed average of the Discounted Short-Term Firm Hourly Price for Week One and the non-discounted hourly price for ST Service for the weeks of service requested beyond Week One.
  - ii). the Discounted ST Non-Firm Hourly Price for Weekly Price is equal to the Discount ST Firm Hourly Price for Weekly Service Price minus \$1/MW.

[Back to Top of Section](#)