

Janet Fraser

Chief Regulatory Officer

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September 30, 2011

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

Dear Ms. Gillis:

**RE: British Columbia Utilities Commission (BCUC)
British Columbia Hydro and Power Authority (BC Hydro)
Network Economy Quarterly Report - Second Quarter (Q2) 2011**

BC Hydro is writing to the BCUC in compliance with BCUC Order No. G-127-06 in connection with the British Columbia Transmission Corporation (**BCTC**) Application for Network Economy and Open Access Transmission Tariff (October 19, 2006). Section 9 of the Settlement Agreement, attached to Order No. G-127-06 as Appendix 1, requires that BC Hydro prepare reports for each quarter of the calendar year containing the information as set out in section 9 of the Settlement Agreement and in BC Hydro Tariff Supplement 80 - Network Economy Service – section 2, page 2¹.

Attachment 1 is the Q2 Quarterly Report related to the second quarter of calendar 2011.

As required by subsection 9 (e) of the Settlement Agreement I attest that the information contained in the Q2 Quarterly Report is accurate and changes to the Threshold Purchase Price were provided to staff in BC Hydro's Market Policy and Operations group within the Transmission and Distribution Business Group no later than they were provided to Powerex.

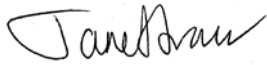
BC Hydro will be posting this letter and the attached report on its website at http://www.bchydro.com/planning_regulatory/regulatory.html.

¹ BC Hydro Tariff Supplement 80 - Network Economy Service – section 2, page 2 replaced section 3 of BCTC's Tariff Supplement 3 – Network Economy Service which was referenced in previous quarterly reports.

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Acting Commission Secretary
British Columbia Utilities Commission
Network Economy Quarterly Report - Second Quarter (Q2) 2011

For further information, please contact the undersigned.

Yours sincerely,



Janet Fraser
Chief Regulatory Officer

jm/ma

Enclosure (1)

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

BC Hydro Network Economy Quarterly Report – Q2 (April 1, 2011 – June 30, 2011)

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

Initial Threshold Purchase Price ¹ at April 1, 2011	Burrard Heat Rate at April 1, 2011
US \$17/MWh	10.0 MMBTU/MWh

Date of Notification	Threshold Purchase Price Change	Burrard Heat Rate Change	Reason for Burrard Heat Rate Change
April 1, 2011	Effective April 1, 2011 Change to Threshold Purchase Price US \$999/MWh ² (Up to 20 GWh in HLH and 10 GWh in LLH on both April 5, 2011 and April 6, 2011) US \$17/MWh (for additional volumes)	No Change	N/A
April 5, 2011	Effective April 5, 2011 Change to Threshold Purchase Price US \$999/MWh ² (Up to 15 GWh in HLH on April 7, 2011 Up to 30 GWh in HLH on April 8 and April 9, 2011 (total across both days)) US \$17/MWh (for additional volumes)	No Change	N/A

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

Date of Notification	Threshold Purchase Price Change	Burrard Heat Rate Change	Reason for Burrard Heat Rate Change
April 6, 2011	Effective April 6, 2011 Change to Threshold Purchase Price US \$999/MWh ² (Up to 20 GWh in HLH on April 8 and April 9, 2011 (total across both days) Up to 10 GWh in HLH on April 10 and April 11, 2011 (total across both days)) US \$17/MWh (for additional volumes)	No Change	N/A
April 7, 2011	Effective April 7, 2011 Change to Threshold Purchase Price US \$999/MWh ² (Up to 30 GWh in HLH on April 8 and April 9, 2011 (total across both days) Up to 10 GWh in HLH on both April 11, 2011 and April 12, 2011) US \$17/MWh (for additional volumes)	No Change	N/A
April 11, 2011	Effective April 12, 2011 Change to Threshold Purchase Price US \$999/MWh ² (Up to 7 GWh in HLH on both April 13, 2011 and April 14, 2011 Up to 6 GWh in HLH on April 15, 2011) US \$17/MWh (for additional volumes)	No Change	N/A
April 13, 2011	Effective April 13, 2011 Change to Threshold Purchase Price US \$999/MWh ² (Up to 14 GWh in HLH on April 15 and April 16, 2011 (total across both days) Up to 12 GWh in HLH on April 18, 2011) US \$17/MWh (for additional volumes)	No Change	N/A

Date of Notification	Threshold Purchase Price Change	Burrard Heat Rate Change	Reason for Burrard Heat Rate Change
April 15, 2011	<p>Effective April 15, 2011 Change to Threshold Purchase Price US \$999/MWh² (Up to 22 GWh in LLH on April 17 and April 18, 2011 (total across both days) Up to 10 GWh in HLH on April 18, 2011 Up to 7 GWh in HLH and 7 GWh in LLH on April 19, 2011)</p> <p>US \$17/MWh (for additional volumes)</p>	No Change	N/A
April 18, 2011	<p>Effective April 18, 2011 Change to Threshold Purchase Price US \$999/MWh² (Up to 2 GWh in HLH and 20 GWh in LLH on April 20 and April 21, 2011 (total across two days) Up to 16 GWh in HLH and 20 GWh in LLH on April 22 and April 23, 2011 (total across two days))</p> <p>US \$17/MWh (for additional volumes)</p>	No Change	N/A
April 20, 2011	<p>Effective April 20, 2011 Change to Threshold Purchase Price US \$999/MWh² (Up to 2 GWh in HLH and 2 GWh in LLH on April 26, 2011 Up to 4 GWh in HLH and 9 GWh in LLH on April 27, 2011)</p> <p>US \$17/MWh (for additional volumes)</p>	No Change	N/A

Date of Notification	Threshold Purchase Price Change	Burrard Heat Rate Change	Reason for Burrard Heat Rate Change
April 26, 2011	Effective April 26, 2011 Change to Threshold Purchase Price US \$999/MWh ² (Up to 6 GWh in HLH on April 28, 2011 Up to 8 GWh in HLH on April 29 and April 30, 2011 (total across both days)) US \$17/MWh (for additional volumes)	No Change	N/A
April 28, 2011	Effective April 28, 2011 Change to Threshold Purchase Price US \$999/MWh ² (Up to 14 GWh in LLH on May 1 and May 2, 2011 (total across both days) Up to 3 GWh in HLH on May 2, 2011) US \$17/MWh (for additional volumes)	No Change	N/A
April 29, 2011	Effective April 29, 2011 Change to Threshold Purchase Price US \$999/MWh ² (Up to 14 GWh in LLH on May 1 and May 2, 2011 (total across both days) Up to 3 GWh in HLH on May 2, 2011 Up to 12 GWh in LLH on May 3, 2011) US \$17/MWh (for additional volumes)	No Change	N/A
May 13, 2011	Effective May 13, 2011 Change to Threshold Purchase Price US \$17/MWh (for additional volumes)	No Change	N/A

Date of Notification	Threshold Purchase Price Change	Burrard Heat Rate Change	Reason for Burrard Heat Rate Change
May 24, 2011	Effective May 24, 2011 Change to Threshold Purchase Price US \$14/MWh (for additional volumes)	No Change	N/A
June 20, 2011	Effective June 20, 2011 Change to Threshold Purchase Price US \$10/MWh (for additional volumes)	No Change	N/A
June 24, 2011	Effective June 24, 2011 Change to Threshold Purchase Price US \$.999/MWh (for additional volumes)	No Change	N/A

² BC Hydro was required to import electricity to meet domestic load due to system conditions. In order to maintain transmission priority for imports that were required to meet load, BC Hydro adopted a two tiered pricing structure. A Threshold Purchase Price was specified for imports up to a GWh/day import limit (required to meet current load), and a separate Threshold Purchase Price was set for any additional energy after the import limit had been reached.

	April 2011	May 2011	June 2011
Net Domestic volumes (MWh)	205,277	96,129	71,161
Burrard Thermal Generating Station volumes (MWh)	1,128	230	663
Monthly System Peak for the integrated domestic system (MW)	7,540	6,974	6,207
Monthly Estimated Peak for the Lower Mainland (MW)	3,602	3,807	3,505
Monthly Estimated Peak for Vancouver Island (MW) ³	1,672	1,379	1,156

³ Does not include the Gulf Islands.