

BCTC suspends funding for next phase of Grid West development

The British Columbia Transmission Corporation (BCTC) announced today that it will suspend funding for the next phase of Grid West's development. BCTC continues to support Grid West as a vehicle for regional integration in the Pacific Northwest, but the benefits that have been identified for British Columbia in the Grid West proposal do not justify the cost of participation in the next development phase. BCTC has led the province's participation in the development of Grid West and this involvement has been critical to ensuring BC is aware of and able to influence how the interconnected transmission system develops.

BCTC's decision is supported by the province's Grid West Steering Committee, which includes representatives from BC Hydro, Powerex and Fortis and is chaired by the BC Ministry of Energy, Mines and Petroleum Resources. The BC Utilities Commission, also a member of the Steering Committee, did not participate in the decision to terminate Grid West funding, as it is the quasi-judicial body responsible for evaluating utility rates.

Late last year, Grid West participant, Bonneville Power Administration (BPA) of Portland, Oregon, decided to withdraw from the Grid West initiative. Following this, Grid West, along with active involvement from BCTC, completed a cost-benefit analysis to assess the feasibility of a Grid West structure without the involvement of BPA. Although the analysis showed that overall benefits to the Northwest region were still possible, BCTC believes the net benefits to BC were not sufficient to warrant ongoing funding of the development of Grid West. Had BC continued to fund Grid West at this stage, it would have been required to loan Grid West approximately \$3.2 million over the next 18-month period, with repayment beginning once the entity became a functioning and revenue producing utility. In addition, BCTC expects it would have spent roughly \$1.5 million per year on its own costs related to Grid West development.

British Columbia's high-voltage electricity grid has been interconnected to the western US grid for over three decades and BCTC continues to support coordination in this region. BCTC will continue to work to find better, more efficient ways of using and expanding the regional transmission system by pursuing such regional initiatives as: harmonizing commercial business practices; improving system planning and expansion procedures to reduce seams and increase the capacity of the grid; developing new services to efficiently move and sell electricity across the systems of adjacent utilities; and coordinating system outages between utilities.

Grid West is a not-for-profit membership organization that was created to establish an independent, regional transmission operator and planner for the western US grid. BC has participated in Grid West development activities (previously known as RTO West) since 2000.

The British Columbia Transmission Corporation is a Crown corporation that began operations in August 2003. It is an independent electric transmission company that operates, maintains and plans BC Hydro's high-voltage electric transmission system. BCTC ensures fair and open access to the electricity grid, and creates value and new opportunities for our customers and stakeholders by providing safe, reliable and cost-effective transmission services.

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