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March 2, 2004

Via Email and Courier

Richard Stout
British Columbia Hydro and Power Authority
Regulatory Group
333 Dunsmuir Street
Vancouver, BC
V6B 5R3

**Re: British Columbia Hydro and Power Authority (“BC Hydro”)
Revenue Requirements 2004/05 and 2005/06 Application**

Please find enclosed TransCanada Energy Ltd.’s Information Requests with respect to this matter.

Sincerely,

Alan Ross
Senior Legal Counsel

Enclosure

cc: Mr. Robert J. Pellatt
Commission Secretary
British Columbia Utilities Commission
P.O. Box 250
600 – 900 Howe Street
Vancouver, BC V6Z 2N3

cc: Interested Parties

BRITISH COLUMBIA HYDRO AND POWER AUTHORITY
2004/05 AND 2005/06 REVENUE REQUIREMENT AUTHORITY
BRITISH COLUMBIA UTILITIES COMMISSION

TRANSCANADA ENERGY LTD.
INFORMATION REQUESTS TO BC HYDRO

- 1. Preamble:** Reference Volume 2, Appendix G, 2004 Integrated Electricity Plan Draft Action Plan, page 5. “The B.C. Energy Plan requires BC Hydro to move from building generation resources to meeting its future energy and capacity needs predominately through purchases from the private sector.”

Question:

 - (a) Please explain in more detail what is meant by “predominantly”. What is the maximum capacity that BC Hydro may choose to self-supply over an annual, five and ten year horizon? Would any of this capacity be intended for export purposes?
 - (b) Does BC Hydro consider that any of its “future energy and capacity needs” go beyond domestic requirements? Would any of the capacity from purchases from the private sector be intended for export purposes?

- 2. Preamble:** Reference Electric Load Forecast 2003/04 to 2023/24, Table A7.2, Table A7.4 and Table A7.6. In the referenced tables, BC Hydro forecasts firm exports in the reference load forecast, the low scenario load forecast and the high scenario load forecast at 321 to 323 GWh from 2003/04 to 2023/24.

Question:

 - (a) Please provide details supporting this forecast amount.
 - (b) Under what conditions, if any, would BC Hydro increase its exports to the US or Alberta?
 - (c) Under what conditions, if any, would BC Hydro decrease its exports to the US or Alberta?
 - (d) Does BC Hydro see it has any role in facilitating, opposing or remaining neutral with respect to: (1) IPP developers in BC seeking opportunities to export energy to Alberta or the U.S. (2) marketers or generators in Alberta seeking opportunities to access U.S. markets (3) B.C. Hydro participating in opportunities designed to expand its exports of firm energy.

- (e) Is there any reason, either in BC Hydro executive policy or in direction from the Government of B.C., which would preclude BC Hydro from participating in a transmission project designed to increase firm exports from B.C. to U.S. markets? Please respond in terms of committing to long-term contracts or to investing capital that could be expended outside of B.C.
- (f) Please provide a forecast in a similar format to Table A7.2 of BC Hydro forecasts of energy related to non-firm sales. Also, include the revenues associated with both firm exports forecast in Table A7.2 and those associated with non-firm exports.
- (g) What is BC Hydro's understanding of government policy and its own policy towards encouraging exports of electricity from B.C. from IPPs? Are the rates of BC Hydro designed to facilitate such exports or are changes in the tariffs required? Does BC Hydro see any benefits to the customers of BC Hydro if there was a significant IPP market with capacity in excess of BC's domestic requirements? Does BC Hydro have a provision to attribute the benefit of the deferral of transmission capital to an IPP?
- (h) Please provide an estimate of the additional amount of energy and the value of the energy that could be sold to Alberta and U.S. markets if transmission capacity constraints were removed. Provide separate responses for Alberta and U.S. markets and provide a 10 year forecast.

3. **Preamble:** Reference Volume 2, Appendix J, Page 4, Table 6

- Question:**
- (a) Please provide more details on the \$896 million of "Other Energy Purchases", including a description of who these other purchases were from and the related amounts.
 - (b) Please explain the "Net Purchase from Powerex" of 1,113 GWh. Include in your explanation the nature of this transaction and a forecast of how this amount will change over the next ten years. Also include the aggregate value of this energy.
 - (c) Please explain the "Net Storage Returns (Exchange Net)" of 1,605 GWh. Include in your explanation the nature of this transaction and a forecast of how this amount will change

over the next ten years. Also include the aggregate value of this energy.

- (d) Please indicate if the amounts provided in response to (b) and (c) above total to the \$50 million of “Net Purchases from Powerex” on Table 7. Comparison of Energy Costs. If not, please provide a full explanation and a reconciliation between the amounts.