

British Columbia Utilities Commission Re-issued Information Request No. 1.24.6 Dated: 01 December 2004 BC Hydro Response issued 17 December 2004	Page 1
British Columbia Hydro and Power Authority Call for Tenders for Capacity on Vancouver Island Review of Electricity Purchase Agreement	

24.0 Reference: CFT Report, Sections 3.3 and 3.4, p. 6-12; Appendix H

1.24.6 Consistent with the request for a corresponding gas price forecast in a subsequent question in this Information Request, please provide a schedule showing both of the electricity price forecasts that would be calculated according to the Quantitative Evaluation Methodology assuming a gas price forecast that is based on a current NYMEX forward price strip for 2007 and an assumption that the 2007 price at Huntington maintains its value in real terms (zero percent increase) after 2007.

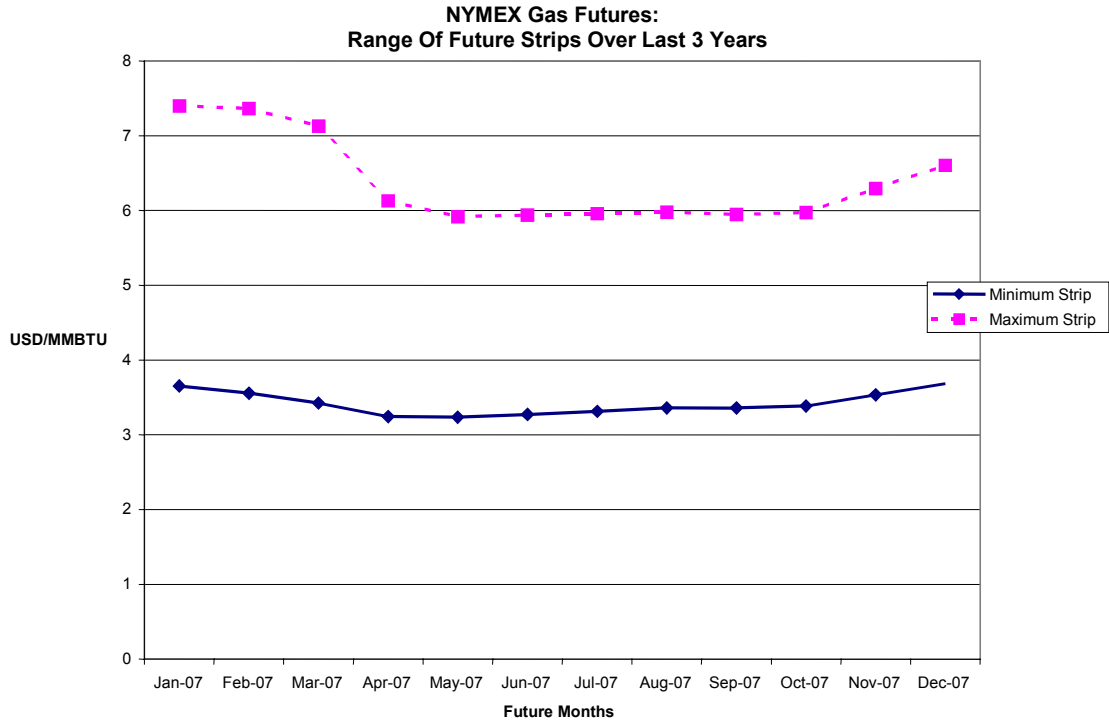
RESPONSE:

The NYMEX gas market is highly volatile; thus the response to this IR would vary significantly with the trading day in which the numbers are obtained. The NYMEX market beyond two years is also thinly traded. Prices may be quoted beyond this time frame, but are typically based on very small trade volumes and stale-dated transactions. See the response to BCUC IR 1.26.6.

Figure IR 1.24.6 shows the range of NYMEX futures prices for calendar year 2007, as settled on every trading day since January 2002. This figure shows the envelope within which 2007 NYMEX futures were transacted over this period. This is a very wide range, demonstrating that even for a period as far out as 2007, there is considerable volatility and market uncertainty.

Please also see the response to BCUC IR 1.14.6.

Figure IR 1.24.6



Forecasts based on the NYMEX futures on 07 December 2004 are provided in Table IR 1.24.6(a) (100% Capital Recovery) and Table IR 1.24.6(b) (25% Capital Recovery).

Table IR 1.24.6(a) NYMEX 2007 – 100% Capital Recovery (\$/MWh)

HLH																				Trend of Past 5 years of forecast						
Month	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
1	61.64	66.07	74.57	79.85	85.00	88.23	97.47	99.51	101.59	103.72	105.90	108.12	110.39	112.71	115.08	117.50	119.96	122.48	125.06	127.50	130.03	132.55	135.05	137.55	140.07	142.58
2	60.35	64.09	68.30	73.47	77.27	83.14	93.99	95.95	97.96	100.02	102.12	104.26	106.45	108.69	110.97	113.30	115.68	118.11	120.59	122.94	125.38	127.81	130.23	132.64	135.07	137.48
3	60.02	63.02	67.47	72.56	76.36	80.42	90.73	92.63	94.56	96.55	98.58	100.65	102.76	104.92	107.12	109.37	111.67	114.01	116.41	118.68	121.03	123.38	125.71	128.03	130.38	132.72
4	59.46	62.50	68.43	72.58	74.74	79.16	87.32	89.15	91.01	92.92	94.88	96.87	98.90	100.98	103.10	105.26	107.48	109.73	112.04	114.22	116.49	118.75	120.99	123.23	125.49	127.73
5	58.62	61.92	67.30	71.47	75.91	80.97	89.35	91.22	93.13	95.08	97.08	99.12	101.20	103.33	105.50	107.71	109.97	112.28	114.64	116.88	119.20	121.51	123.81	126.09	128.41	130.70
6	59.00	62.26	66.32	71.78	76.09	80.65	89.00	90.85	92.75	94.70	96.69	98.72	100.79	102.91	105.07	107.28	109.53	111.83	114.18	116.41	118.72	121.02	123.31	125.59	127.89	130.18
7	59.22	63.04	67.47	71.83	77.85	81.26	91.51	93.43	95.38	97.38	99.43	101.51	103.65	105.82	108.04	110.31	112.63	114.99	117.41	119.70	122.08	124.44	126.80	129.14	131.51	133.86
8	59.75	63.68	67.58	72.74	77.81	83.13	90.64	92.53	94.46	96.45	98.47	100.54	102.65	104.81	107.01	109.26	111.55	113.89	116.28	118.55	120.91	123.25	125.58	127.90	130.25	132.58
9	59.92	62.32	67.39	72.80	76.44	80.63	89.97	91.85	93.77	95.73	97.75	99.80	101.89	104.03	106.22	108.45	110.73	113.05	115.43	117.68	120.01	122.34	124.65	126.96	129.29	131.60
10	59.81	62.94	66.67	71.29	75.59	80.01	88.76	90.61	92.51	94.45	96.43	98.46	100.53	102.64	104.79	106.99	109.24	111.53	113.88	116.10	118.40	120.70	122.98	125.25	127.55	129.83
11	60.05	62.78	66.57	72.70	76.55	80.78	91.04	92.94	94.88	96.88	98.91	100.99	103.11	105.27	107.48	109.74	112.05	114.40	116.80	119.08	121.44	123.80	126.14	128.47	130.83	133.17
12	61.67	68.01	75.03	81.93	88.27	93.37	100.12	102.21	104.34	106.53	108.77	111.06	113.39	115.77	118.20	120.68	123.22	125.81	128.45	130.95	133.55	136.14	138.71	141.28	143.87	146.44

LLH																				Trend of Past 5 years of forecast						
Month	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
1	53.95	55.52	63.62	68.89	70.20	74.39	82.11	83.82	85.58	87.37	89.21	91.08	92.99	94.95	96.94	98.98	101.05	103.18	105.34	107.40	109.53	111.65	113.76	115.87	117.99	120.10
2	58.03	61.15	65.89	69.64	72.96	76.91	87.33	89.15	91.02	92.93	94.88	96.87	98.90	100.98	103.10	105.27	107.48	109.74	112.04	114.23	116.49	118.75	121.00	123.23	125.49	127.74
3	54.96	58.45	64.96	67.35	71.27	75.01	85.58	87.37	89.19	91.07	92.98	94.93	96.92	98.96	101.04	103.16	105.33	107.54	109.80	111.94	114.16	116.37	118.57	120.77	122.98	125.18
4	51.23	51.94	57.72	60.47	64.57	68.44	75.48	77.06	78.67	80.32	82.01	83.73	85.49	87.28	89.12	90.99	92.90	94.85	96.84	98.73	100.69	102.64	104.58	106.52	108.47	110.41
5	38.77	40.75	45.24	49.40	50.39	54.14	62.42	63.72	65.05	66.42	67.82	69.24	70.69	72.18	73.69	75.24	76.82	78.43	80.08	81.65	83.27	84.88	86.48	88.08	89.70	91.30
6	38.07	41.25	46.11	49.16	54.16	56.90	60.78	62.05	63.34	64.67	66.03	67.42	68.83	70.28	71.76	73.26	74.80	76.37	77.98	79.50	81.08	82.65	84.21	85.77	87.34	88.90
7	40.64	44.14	47.79	51.64	56.01	59.26	65.66	67.03	68.43	69.87	71.34	72.84	74.37	75.93	77.52	79.15	80.81	82.51	84.24	85.89	87.59	89.29	90.98	92.66	94.36	96.05
8	53.75	60.77	61.93	68.85	71.34	74.02	83.54	85.29	87.07	88.90	90.77	92.67	94.62	96.61	98.63	100.71	102.82	104.98	107.18	109.28	111.45	113.61	115.75	117.89	120.06	122.20
9	56.29	59.92	65.16	67.40	71.71	74.23	83.17	84.90	86.68	88.50	90.36	92.25	94.19	96.17	98.19	100.25	102.36	104.51	106.70	108.78	110.94	113.09	115.23	117.36	119.51	121.65
10	49.62	54.67	58.86	62.02	65.72	69.35	75.92	77.51	79.13	80.79	82.49	84.22	85.99	87.80	89.64	91.52	93.44	95.41	97.41	99.31	101.28	103.25	105.20	107.14	109.11	111.06
11	59.26	63.41	67.03	69.65	76.96	79.74	88.84	90.70	92.60	94.54	96.53	98.55	100.62	102.74	104.89	107.10	109.35	111.64	113.99	116.21	118.52	120.82	123.10	125.37	127.67	129.96
12	56.87	62.16	66.52	71.59	75.55	79.67	85.24	87.02	88.84	90.70	92.61	94.55	96.54	98.57	100.63	102.75	104.91	107.11	109.36	111.49	113.71	115.91	118.10	120.28	122.49	124.68

Table IR 1.24.6(b) NYMEX 2007 – 25% Capital Recovery (\$/MWh)

HLH																				Trend of Past 5 years of forecast						
Month	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
1	61.64	66.07	74.57	79.85	83.36	83.72	85.09	86.87	88.68	90.55	92.45	94.39	96.37	98.39	100.46	102.57	104.72	106.92	109.17	111.30	113.51	115.71	117.90	120.08	122.28	124.47
2	60.35	64.09	68.30	73.47	75.78	78.89	82.05	83.77	85.52	87.31	89.14	91.02	92.93	94.88	96.87	98.91	100.98	103.10	105.27	107.32	109.45	111.58	113.68	115.79	117.91	120.02
3	60.02	63.02	67.47	72.56	74.88	76.31	79.21	80.86	82.55	84.28	86.05	87.86	89.70	91.59	93.51	95.48	97.48	99.53	101.62	103.60	105.66	107.71	109.74	111.77	113.82	115.86
4	59.46	62.50	68.43	72.58	73.29	75.12	76.23	77.83	79.45	81.12	82.82	84.56	86.34	88.15	90.00	91.89	93.82	95.79	97.80	99.71	101.69	103.66	105.62	107.57	109.55	111.51
5	58.62	61.92	67.30	71.47	74.44	76.83	78.01	79.63	81.30	83.01	84.75	86.53	88.35	90.20	92.09	94.03	96.00	98.02	100.08	102.03	104.06	106.07	108.08	110.08	112.10	114.10
6	59.00	62.26	66.32	71.78	74.61	76.53	77.69	79.31	80.97	82.67	84.41	86.18	87.99	89.84	91.72	93.65	95.62	97.62	99.67	101.62	103.64	105.65	107.64	109.63	111.64	113.64
7	59.22	63.04	67.47	71.83	76.34	77.10	79.89	81.56	83.26	85.01	86.79	88.62	90.48	92.38	94.32	96.30	98.32	100.39	102.49	104.50	106.57	108.63	110.69	112.73	114.80	116.86
8	59.75	63.68	67.58	72.74	76.31	78.88	79.12	80.78	82.46	84.19	85.96	87.77	89.61	91.49	93.41	95.38	97.38	99.42	101.51	103.49	105.55	107.59	109.63	111.65	113.70	115.73
9	59.92	62.32	67.39	72.80	74.96	76.51	78.54	80.18	81.85	83.57	85.33	87.12	88.95	90.82	92.72	94.67	96.66	98.69	100.76	102.73	104.77	106.80	108.82	110.83	112.86	114.88
10	59.81	62.94	66.67	71.29	74.13	75.92	77.48	79.10	80.76	82.45	84.18	85.95	87.76	89.60	91.48	93.40	95.36	97.36	99.41	101.35	103.36	105.36	107.36	109.34	111.35	113.34
11	60.05	62.78	66.57	72.70	75.07	76.65	79.48	81.13	82.83	84.57	86.34	88.16	90.01	91.90	93.83	95.80	97.81	99.87	101.96	103.95	106.02	108.07	110.11	112.15	114.21	116.25
12	61.67	68.01	75.03	81.93	86.56	88.60	87.40	89.22	91.09	93.00	94.95	96.95	98.98	101.06	103.19	105.35	107.56	109.82	112.13	114.32	116.59	118.85	121.09	123.33	125.59	127.84

LLH																				Trend of Past 5 years of forecast						
Month	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
1	53.95	55.52	63.62	68.89	68.84	70.58	71.68	73.18	74.70	76.27	77.87	79.51	81.18	82.88	84.63	86.40	88.22	90.07	91.96	93.76	95.62	97.47	99.31	101.15	103.00	104.85
2	58.03	61.15	65.89	69.64	71.54	72.98	76.24	77.83	79.45	81.12	82.83	84.56	86.34	88.15	90.00	91.89	93.82	95.79	97.81	99.72	101.69	103.67	105.62	107.58	109.55	111.51
3	54.96	58.45	64.96	67.35	69.89	71.17	74.71	76.27	77.86	79.50	81.17	82.87	84.61	86.39	88.20	90.06	91.95	93.88	95.85	97.72	99.66	101.59	103.51	105.42	107.36	109.28
4	51.23	51.94	57.72	60.47	63.32	64.94	65.89	67.27	68.68	70.12	71.59	73.09	74.63	76.20	77.80	79.43	81.10	82.80	84.54	86.19	87.90	89.60	91.30	92.99	94.69	96.39
5	38.77	40.75	45.24	49.40	49.42	51.37	54.49	55.63	56.79	57.98	59.20	60.44	61.71	63.01	64.33	65.68	67.06	68.47	69.91	71.27	72.69	74.10	75.50	76.89	78.30	79.70
6	38.07	41.25	46.11	49.16	53.11	53.99	53.06	54.17	55.30	56.46	57.64	58.85	60.09	61.35	62.64	63.96	65.30	66.67	68.07	69.40	70.78	72.15	73.51	74.87	76.24	77.61
7	40.64	44.14	47.79	51.64	54.92	56.23	57.32	58.52	59.74	61.00	62.28	63.58	64.92	66.28	67.67	69.10	70.55	72.03	73.54	74.98	76.46	77.95	79.42	80.89	82.37	83.84
8	53.75	60.77	61.93	68.85	69.96	70.24	72.93	74.45	76.01	77.61	79.24	80.90	82.60	84.33	86.10	87.91	89.76	91.64	93.57	95.39	97.29	99.17	101.05	102.92	104.80	106.68
9	56.29	59.92	65.16	67.40	70.32	70.44	72.60	74.12	75.67	77.26	78.88	80.53	82.23	83.95	85.72	87.52	89.35	91.23	93.15	94.96	96.85	98.73	100.59	102.45	104.33	106.20
10	49.62	54.67	58.86	62.02	64.45	65.81	66.28	67.67	69.08	70.53	72.01	73.52	75.07	76.64	78.25	79.90	81.57	83.29	85.04	86.70	88.42	90.13	91.83	93.53	95.25	96.95
11	59.26	63.41	67.03	69.65	75.47	75.67	77.56	79.18	80.83	82.53	84.26	86.03	87.84	89.69	91.57	93.49	95.45	97.46	99.51	101.45	103.46	105.47	107.46	109.45	111.46	113.45
12	56.87	62.16	66.52	71.59	74.08	75.60	74.41	75.97	77.55	79.18	80.84	82.54	84.27	86.04	87.85	89.70	91.58	93.50	95.47	97.33	99.26	101.19	103.10	105.00	106.93	108.84

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***All prices in current (nominal) Canadian dollars.**

***Forecast developed with same models, databases, inputs, etc. as June 2004 forecasts included in the Tendersheet with the exception of the Henry Hub gas price inputs. The Henry Hub NYMEX futures quote was retrieved on December 7, 2004. The average price for 2007 was used as basis for the gas price forecast. 2007 prices were projected forward in constant real dollars.**