

British Columbia Utilities Commission Re-issued Information Request No. 1.44.1 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	

44.0 Reference: CFT Report, Appendix B – Call for Tenders issued October 31, 2003, Appendix 1

1.44.1 Please explain the rationale for assigning a guaranteed availability of 97% to Dependable Capacity during the period of October to March.

RESPONSE:

BC Hydro has consistently said that the 97% availability criterion is required because of the critical need for reliable new generation capacity on Vancouver Island to replace the dependable capacity from HVDC system by 2007. For the purpose of calculating a plant's monthly availability, properly scheduled maintenance is excluded. The 97% threshold is reasonable for all proven technologies and was developed based on BC Hydro's requirements rather than any particular generating technology.

The 97% availability threshold prescribed in the CFT equates to an annual availability factor of about 92%. During the VIGP hearing, BC Hydro indicated that it typically required an availability level of 92% from IPPs for dependable capacity purposes. The 92% factor is an annual average that assumes outage rates of 5% for planned maintenance and 3% for unplanned maintenance. The 97% availability factor used for CFT excludes planned maintenance and provides for a maximum forced outage rate of 3%.

The EPA contains a number of ways for a Seller to mitigate the impacts of the failure to achieve the 97% availability requirement, which is measured on a monthly basis (availability is calculated based on Bid Capacity and not nameplate capacity). Also, the EPA allows a Seller to generate surplus energy of up to 5% per hour, which can be used to offset some of the energy shortfalls during other hours.