

<b>TYPE OF MEETING</b>	Topic Specific 1:1 Canadian Association of Petroleum Producers (CAPP) – 2015 RDA Transmission Service Rate (TSR) Structures and Transmission Extension Policy
<b>FACILITATOR</b>	Sam Jones, BC Hydro
<b>PARTICIPANTS</b>	CAPP, ARC Resources, Vallard, Encana, Progress Energy, Shell
<b>BC HYDRO ATTENDEES</b>	Sam Jones, Frank Lin, Kathy Lee, Gordon Doyle, Chris Roberts
<b>AGENDA</b>	<ol style="list-style-type: none"> <li>Welcome &amp; Introductions</li> <li>Transmission Extension Policy Update</li> <li>TSR Structures</li> </ol>

MEETING MINUTES		
<b>ABBREVIATIONS</b>	Commission - BC Utilities Commission CAPP - Canadian Association of Petroleum Producers CBL - Customer Baseline IEPR - Industrial Electricity Policy Review	NTL - Northwest Transmission Line RDA - Rate Design Application RS - Rate Schedule TSR - Transmission Service Rate TS 6 - Tariff Supplement No.6
<b>1. Welcome and Introductions SUMMARY</b>		
<b>Sam Jones</b> outlined that the purpose of the presentation was to seek initial feedback from CAPP on Transmission Extension Policy issues and provide CAPP an opportunity to comment on the items BC Hydro has identified for the October 22' 2014 TSR Structure workshop.		
<b>2. Presentation: Transmission Extension Policy Update</b>		
<b>Sam Jones</b> described the current utility contribution (offset) calculation and walked through other options for calculating BC Hydro's contribution.		
<b>FEEDBACK</b>		<b>RESPONSE</b>
1.	Will BC Hydro extend its jurisdictional review of transmission extension policies beyond Canada?	Yes. BC Hydro is focusing on hydro based jurisdictions including Bonneville Power Authority and Puget Sound Energy.
2.	BC Hydro system should be designed to meet aggregate demand and funded accordingly rather than the customer who triggers the upgrade because they connected later be responsible for the upgrade costs.	BC Hydro will consider alternatives that may address the issue of the customer who triggers the need for upgrades is responsible for the costs while those who connected while there was surplus capacity were not required to make a contribution.
3.	Is there a precedent for transition tariffs as is being discussed for TS 6?	Yes. When BC Transmission Corporation (now BC Hydro) moved to a new Generator Interconnection Tariff in 2006, there was a transition period from the previous tariff to the new tariff.
4.	CAPP is interested in where BC Hydro believes the cut-off point in the process is for being "grandfathered" under the current TS 6. CAPP notes that companies have likely made their financial investment decision prior to the Facilities Study.	BC Hydro is seeking feedback on the appropriate cut-off point in the process is for "grandfathering". BC Hydro also acknowledges that the point companies make their financial investment decision is an important consideration and that the timing of the financial investment decision happens at different points for each company.

5.	What doe BC Hydro mean when it refers to “shovel ready projects”	Shovel ready means a customer has all permitting, financing, and internal approvals in place and are ready to start construction.
6.	Is BC Hydro reviewing the security provisions of TS#6	Yes. BC Hydro will be examining the security provisions and how they may interact with the contribution policy of TS#6.
7.	Does the Williams decision. <sup>1</sup> impact line transfers?	<p>BC Hydro is reviewing the Williams decision but notes that the decision applies to areas of the province where Aboriginal title has been established; this is not the case for most of BC Hydro's service area.</p> <p>As part of a line transfer, BC Hydro would assess the adequacy of consultation to the date of the contemplated transfer with potentially impacted First Nations.</p>
8.	How do the pioneer rights work and how do they compare to those of NTL?	<p>For System reinforcements (SR) where a customer has made a payment towards the SR and a second customer connects within the first 5 years, BC Hydro will recalculate the customer's payment based on the combined load and refund an appropriate amount to the first customer.</p> <p>Where a new customer connects to a customer built line transferred to BC Hydro and the Basic Transmission Extension (BTE), BC Hydro will charge the new customer a payment towards the shared facilities based on the replacement cost of the shared facilities and prorate these costs based on the new customers contract demand over the total of the customer's contract demands. The first customer will be reimbursed based on the depreciated value of the same shared facilities and the new customers contract demand over the total of the customer's contract demands.</p> <p>For NTL, BC Hydro determined a utility cost (total cost of the line minus the Federal Government and Coast Mountain Hydro's contributions) and charges each new customer connecting a portion of the utility cost based on a proration of the new customers contract demand over the NTL capacity of 375 MW. Since each customer pays for what they need, there are no future pioneer provisions.</p>

<sup>1</sup> *Tsilhqot'in Nation v. British Columbia*, 2014 SCC 44, June 26, 2014.

<b>3. Presentation: Transmission Service Rates – RS 1823 – Potential Areas of Review</b>		
<b>Gord Doyle</b> described the potential areas of review for RS 1823: (1) looking at the definition of revenue neutrality (the TSR class has a unique revenue neutral definition – it is designed to be revenue neutral for individual customers assuming they consume their entire CBL load) ; (2) options for the application of General Rate Increases as the current pricing principles expire after F2016; (3) the 90/10 Tier 1/Tier 2 split, although this would require amending section 3 of Direction No. 7 to the BCUC, which requires the BCUC to set RS 1823 consistent with the Heritage Contract Inquiry Report and Recommendations #8 to #15; and (4) definition of billing demand (Slides 21-28).		
FEEDBACK		RESPONSE
1.	CAPP does not see a need for significant change to RS 1823.	Noted.
<b>4. Presentation: Transmission Rates – Flexible Options</b>		
<b>Kathy Lee</b> described the objectives of a load curtailment and Freshet programs, what resource characteristics would influence pricing, as well as providing some high level information on other jurisdictions' load curtailment programs. Gord Doyle spoke to the use of RS 1852 as an option for dealing with regional constraints.		
FEEDBACK		RESPONSE
1.	Would a Freshet rate just be available to TSR customers?	Yes. At this time BC Hydro is only contemplating a Freshet rate for TSR tariff.
2.	It would be difficult for Oil and Gas customers to participate in a load curtailment program given the continuous operation characteristics of many of the facilities.	Noted.
<b>5. Closing Comments</b>		
<b>Gord Doyle</b> expressed that BC Hydro would appreciate CAPP's feedback and that further feedback can be provided following the TSR Rate Structure workshop on 22 October 2014 and the Transmission extension policy workshop on November 18, 2014.		