

Transmission Voltage Customer - Extension Policy



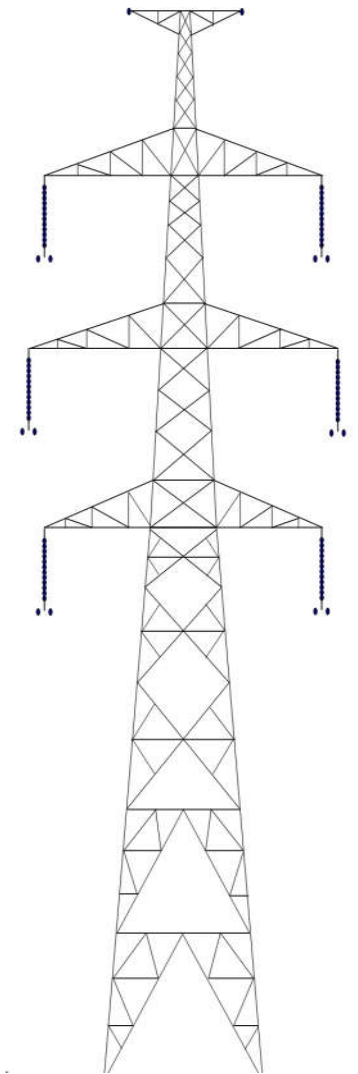
July 25, 2016

BC hydro 

FOR GENERATIONS

AGENDA

- Overview of Existing Tariffs
- Revised / New Tariffs
 - Proposed Structural Changes
 - Tariff Supplement No. 6
 - Tariff Supplement No. 5
 - Load Interconnection Tariff
- Next steps



Existing Tariffs

Tariff Supplement No. 6 (Facilities Agreement)

- stipulates the terms and conditions for the construction of new facilities to add new load;
- continues in force until all payments have been made and security returned.

Tariff Supplement No. 5 (Electricity Supply Agreement)

- sets out the terms and conditions on which BC Hydro will provide electricity to transmission voltage load customers;
- becomes operative at the time of energization of the transmission line serving the Customer; and
- includes basic provisions relating to the technical aspects of the interconnection of BC Hydro's transmission system and the customer's facilities.

Proposed Structural Changes

Neither Tariff Supplement No. 5 nor Tariff Supplement No. 6 adequately address the operation of the ongoing interconnection of the customer and BC Hydro systems.

BC Hydro is considering adding a new tariff / agreement to deal with ongoing interconnections matters that will be separate from the supply agreement and which would include terms such as:

- General operating commitments, including adherence to technical requirements and standards;
- Disconnection and suspension rights;
- System modifications;
- Operating Order commitments.

Proposed Structural Changes

Form Simplification

- Existing tariff supplements embed both standard boilerplate terms and conditions and site / customer specific information in one document.
- BC Hydro is considering simplifying the form of the tariffs, e.g. to keep terms and conditions common to all connections in the standard portion of the tariff and to have a separate form that the customer signs that contains customer / site specific information.

Thoughts?

Tariff Supplement No.6

1991 Overarching Objectives:

BC Hydro's current transmission extension policy as reflected in Tariff Supplement No. 6 was approved by the Commission in 1991 based on the following overarching objectives:

- that the tariff did not create any significant new financial impacts when compared to the arrangements which were then in place;
- that the tariff would not result in significant adverse impacts on BC Hydro's revenue requirements; and
- that there would be a balance of impacts as between rate classes - the Commission in its decision specifically noted "the lack of inter-class financial impact had been the most persuasive in convincing the Commission to accept the negotiated document".

Tariff Supplement No.6

2016 Overarching Objectives:

BC Hydro proposes that the 1991 objectives for BC Hydro's extension policy are still valid because they:

- Align with 10 year rate plan – BC Hydro contribution to every extension would result in a upward rate impact;
- Provide a balance between new and existing customers; and
- Minimize interclass financial impacts.

Tariff Supplement No. 6

Broad approach for the new **Tariff Supplement No. 6**:

- The new form of Tariff Supplement No. 6 will continue to address issues relating to the construction of new BC Hydro facilities, including Basic Transmission Extensions and System Reinforcement, as well as associated costs, customer contributions and security, and will terminate when all obligations are complete and security is returned.
 - Proposed extension contribution terms and security policy are informed by a jurisdictional review.
- In addition to the policy changes, BC Hydro proposes to modernize the terms and conditions of Tariff Supplement No. 6 to provide greater clarity.

Tariff Supplement No. 6

Other **Tariff Supplement No. 6** policy issues identified and previously discussed included:

- System Reinforcements vs Extensions
- Contribution policy
- Security policy
- 150 MVA threshold
- Line Transfer provisions
- Pioneer Rights provisions
- Transition Rules

Other issues?

We will reopen these discussion in the Fall 2016 workshop and any other items you wish to bring forward regarding Tariff Supplement No. 6.

Tariff Supplement No. 5

The broad approach for the new **Tariff Supplement No. 5**:

- The new form of Tariff Supplement No. 5 will continue to set out the terms and conditions on which BC Hydro provides electricity to the Customer (including, for example, setting of Contract Demand, billing and metering provisions).
- Provisions relating to the ongoing operation of the interconnection between BC Hydro's transmission system and the Customer's system will move to a new **Load Interconnection Tariff**.

Tariff Supplement No. 5

We are proposing to review the following topics with respect to **Tariff Supplement No. 5**:

- Terms regarding the management of Contract Demand, including:
 - Potential incorporation of new terms to allow for customer initiated reductions of Contract Demand; and
 - Potential incorporation of new terms to allow BC Hydro to reduce Contract Demand to reflect actual usage;
- Timing for execution of Tariff Supplement No. 5; and
- Transition Requirements.

In addition, BC Hydro proposes to modernize of the existing general terms and conditions to provide greater clarity.

Other Topics?

Options for consideration will presented at the September workshop.

Load Interconnections Tariff

The broad approach for the proposed new **Load Interconnection Tariff**:

- This tariff will be effective at the time of energization and will govern the relationship between BC Hydro and the Customer in respect of the ongoing operation of the interconnection between the BC Hydro and customer systems and will continue in effect for as long as the systems remain interconnected.
- The tariff will cover all interconnection-related matters including terms regarding:
 - General operating commitments, including adherence to technical requirements and standards;
 - Disconnection and suspension rights;
 - System modifications;
 - Commitments to create, modify and adhere to the Operating Order which exists as a separate operating protocol.

Next Steps

Summer 2016 - continue engagement with industry advocacy groups

Sept 2016 - workshop on Transmission Voltage Customer Tariff -
discussion of high level options

Nov/Dec 2016 - workshop on Transmission Voltage Customer Tariffs -
analysis of options

Feb 2017 - final workshops on Transmission Voltage Customer Tariffs

Written comments welcome throughout this process