



July 15, 2014

Dear Interested Stakeholders and Market Participants

Re: **Joint Update on Status of BC Hydro Headroom Tariff Proposal**

BC Hydro and the Alberta Electric System Operator would like to announce that they have signed an Intertie Restoration Agreement in June 2014. Under this agreement, the parties will work jointly to identify and implement initiatives that are intended to restore transfer capacity and capability of the BC-AB Intertie.

The scope of this long term agreement includes potential operational solutions and infrastructure investments that both parties will be committed to pursue for the purpose of increasing overall system reliability and commercial availability of the BC-AB Intertie over time.

Going forward, both parties will continue to work together to develop further details of potential solutions, including timelines and expected outcomes. Where appropriate, the parties will work together to implement solutions in a coordinated manner. Further information will be made available to stakeholders as work progresses.

Given this agreement, BC Hydro will continue to put its Enforcement Mechanism and Balancing Area Transmission Service rate schedule ("Headroom Tariff") application in abeyance.

Yours truly,

Greg Reimer,
Executive Vice President,
Transmission and Distribution
BC Hydro

Mike Law,
Vice President,
Market Services
Alberta Electric System Operator