

## **Network Economy Amendments Application**

BC Hydro intends to file an application with the British Columbia Utilities Commission (**BCUC or Commission**) to amend the Network Economy provisions of Tariff Supplement No. 80 (**TS 80**) and Attachment Q-2 (**Attachment Q-2**) of its Open Access Transmission Tariff (OATT). BC Hydro proposes two alternatives:

### **1. Preferred: Maintain TS 80 and Attachment Q-2, with the following amendments:**

#### **1.1 TS 80 Amendments**

BC Hydro proposes that it would apply to amend TS 80 in response to the impending retirement of the Burrard Generating Station (**BGS**) as contemplated in section 15 of Government Direction No.7 to the Commission, dated February 18, 2014. BC Hydro proposes to amend section 2 of TS 80 so that the Threshold Purchase Price is used as the Trigger Price for all periods on the import paths for both the BC-US Intertie and the B.C.-AB Intertie and to eliminate the use of a different methodology that uses the Burrard Heat Rate and Sumas Gas Index to calculate a Trigger Price during the winter peak period (from November 1 to February 28/29 of each year) on the B.C.-US Intertie. Additional amendments would also be required to conform the remainder of TS 80 to reflect this change.

#### **1.2 Attachment Q-2 Amendments**

BC Hydro proposes to apply to remove section 5 of Attachment Q-2 on the basis that BC Hydro believes that the Network Economy Utilization Test is not working in practice as intended. Specifically, the intention behind the Utilization Test was to ensure that BC Hydro used the Network Economy service that it reserved. However, when there is very low (but not zero) scheduled Non-Firm Service with very high Non-Firm Service utilization (e.g., 100 per cent), it can be difficult to maintain Network Economy utilization at 95 per cent of this value, as is required to avoid a failure of the Network Economy Utilization Test. For example, in 2012 during the period from June 24 to July 21: total Non-Firm Service scheduled was 610 MWh and utilization was 100 per cent; and total Network Economy scheduled was 219,374 MWh and utilization was 94.68 per cent. As a result, the Utilization Test failed. Failure of a Utilization Test results in a restriction on the priority of Network Economy for the entire month following such that Network Economy reservations have the same priority as Non-Firm Service reservations, which may impact BC Hydro's ability to serve its domestic load in certain months.

#### **1.3 Housekeeping Amendments**

BC Hydro proposes that, under sections 2c(i), 2c(ii) and 2c(iii) of TS 80, it would apply to amend the time of day that it is required to extract the relevant Market Price data from 17:00:00 to 16:00:00. BC Hydro believes that this change would have no impact on the results of the Economic Test since the markets are closed by 16:00:00, but it would allow BC Hydro to extract the necessary data during normal business hours.

In addition, BC Hydro proposes to apply for non-material housekeeping amendments to define terms and formalize the language used in TS 80 and Attachment Q-2 and make them consistent with the OATT and BC Hydro's business practices.

### **2. Not Preferred: Remove TS 80 and Attachment Q-2**

As an alternative, BC Hydro could apply to amend the OATT by entirely removing TS 80 and Attachment Q-2 and rely solely on the provisions of section 28.4, which, per FERC *pro forma*, gives priority to Network Economy reservations over Non-Firm Service reservations at all times.

BC Hydro maintains comparability between its OATT and the FERC *pro forma* and neither TS 80 nor Attachment Q-2 are contemplated in the FERC *pro forma*. This is not BC Hydro's preferred solution because it would be a significant departure from the provisions established through the NSA and BC Hydro believes stakeholders still want the TS 80 and Attachment Q-2 terms of the OATT to be in place to maintain the spirit of the NSA. BC Hydro is presenting this as an option because it is possible that the policy drivers that led to the NSA may have changed and affected stakeholders may no longer see the need for these non-*pro forma* tariff provisions. Removal of the requirements of TS 80 and Attachment Q-2 would have efficiency and cost reduction benefits to BC Hydro.

Please review the proposed amendments and alternative presented and provide your comments on them and/or any additional options you may wish BC Hydro to consider. BC Hydro would also appreciate comments on what further consultation may be required, if any. BC Hydro will consider feedback received up to close of business on August 14, 2015. Depending on the nature of the feedback received, BC Hydro may use it to inform the Application or initiate additional consultation. Comments can be submitted by email to [bchydroregulatorygroup@bchydro.com](mailto:bchydroregulatorygroup@bchydro.com).