

SETTLEMENTS & BILLING BUSINESS PRACTICE

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1.0 OVERVIEW

This Business Practice outlines the BC Hydro settlements and billing procedures for its Transmission Customers. BC Hydro settles Transmission Customers' transactions according to Rate Schedules 01 – 10 of BC Hydro's [Open Access Transmission Tariff](#) (OATT). This Business Practice outlines the daily settlement and billing reports available on the Transmission Customer's account on the BC Hydro portal; the settlement of transmission services like Resales, Transfers and Redirects; payment options available to Transmission Customers; and how the GST, and where applicable, the PST will be applied to transmission reservations and ancillary services.

These Business Practices provide clarification of the rules, standards and practices used by BC Hydro to implement its OATT. While the terms of BC Hydro's OATT and these Business Practices govern, customers should also refer to the NAESB WEQ Business Standards and WECC Regional Criteria, which BC Hydro has followed in most, but not all, respects. BC Hydro also complies with the Mandatory Reliability Standards adopted by the BCUC.

2.0 DAILY SETTLEMENT REPORTS

BC Hydro Transmission Customers will have access to Daily Settlement Reports (the Reports) through their account on the BC Hydro portal.

The Reports contain the following information for services implemented the day before:

- Charges for transmission service contracts and associated Ancillary Services per Rate Schedules 01 – 10 of the OATT;

- Energy schedules implemented;
- Transmission reservations and curtailed energy schedules; and
- Any adjustments to previously reported transactions.

BC Hydro shall post reports each day on the Transmission Customer's account on the BC Hydro portal on or after 9 AM. These Reports are estimated charges from the previous day; actual charges are finalized on the Transmission Customer's monthly invoice and settlement details.

Transmission Customers are responsible for the regular review of their Reports to verify the accuracy of their settlement data. Inquiries and/or discrepancies regarding specific transactions should be brought to BC Hydro's attention immediately. Transmission Customers should address inquiries to BC Hydro Grid Ops at go.atf@bchydro.com or by phoning (604) 455-1926. Refer to Section 13.0 of this Business Practice, for further information.

3.0 MONTHLY INVOICE AND PAYMENT TERMS

The monthly invoice details the actual transaction charges, per Rates Schedules 01 – 10 of the OATT, incurred by the Transmission Customer for the calendar month, including the settlement for Resales. The estimated transmission and ancillary service charges reported in the Transmission Customer's Daily Settlement Reports, including adjustments processed during the month, are finalized and settled in the monthly invoice and settlement details. Transactions that may be in dispute will be included in the monthly invoice; credits, if required, will be applied when the dispute is resolved.

Transmission Customers are advised to review the Tax section below as it contains important information regarding the application of taxes to Rate Schedules 01 – 10. In cases where the Transmission Customer has made a supply of energy to BC Hydro under Rate Schedule 06 Energy Imbalance, and the customer is registered for the GST, the GST payable by BC Hydro will appear as a separate item on the monthly invoice. Transmission Customer is obligated to account for the GST collected on supplies to BC Hydro on its GST return.

An email notification will be sent to Transmission Customers once their monthly invoices have been posted to their accounts on the BC Hydro Transmission Customer portal, which will be on or before the fifth business day of the month. The invoice shall be deemed as received by the Transmission Customer on the day notification was sent and payment is due twenty (20) calendar days from this day. In the event the due date falls on a weekend or British Columbia Statutory Holiday, the due date shall be the first business day before the weekend or Statutory Holiday.

Transmission Customers will be billed in Canadian dollars or in U.S. dollars, as specified by the Transmission Customer during the registration process. Charges will be converted to U.S. dollars using the U.S. exchange rate set by Bank of Canada rate on the last business day of the month for that month's invoice.

All payments are to be made in immediately available funds payable to BC Hydro, by wire transfer or electronic funds transfer to BC Hydro's bank. Wire payment instructions for Canadian and US Transmission Customers are detailed in Section 11.0 below.

Transmission Customers are required to make payment in full for all charges stated on their invoice including any disputed charges. The Transmission Customer may request BC Hydro to deposit the payment for the disputed amount into an independent escrow account pending resolution of the dispute. Interest may be charged by BC Hydro on any amounts placed in escrow.

3.1 Interest on Unpaid Balances

A late payment charge will be applied on any overdue invoiced amount. A late payment charge may be applied to amounts placed in escrow. The late payment charge will be equal to the sum of the average prime rate of BC Hydro's leading bank during the overdue period plus two (2) percent applied to the unpaid balance. Interest on overdue amounts will be calculated from the due date of the bill to the date of payment. The late payment charge for the previous month will appear on the current month's invoice.

If a dispute is not resolved in favour of the Transmission Customer, a late payment charge will be applied on the unpaid amount calculated from the due date to the date of payment release from escrow.

If a dispute is resolved in favour of the Transmission Customer, a late payment charge will not be applied.

In the event of default, BC Hydro may take any or all of the following actions against the defaulting party:

- Enforcement of security provided by the defaulting party;
- Offset against amounts owed to the defaulting party by BC Hydro;
- Suspension of service in accordance with Section 7.3, Customer Default, of BC Hydro's OATT.

4.0 RESALE OF TRANSMISSION RIGHTS

As outlined in BC Hydro's OATT Business Practice on *Resale & Transfer of Transmission Rights*, a Transmission Customer may sell, assign or transfer all or a portion of its rights under its Service Agreement or Umbrella Agreement, to another Transmission Customer of BC Hydro at a mutually agreed upon rate. The price must be in \$/MW-hour.

The financial settlement for Resales will be as follows:

1. BC Hydro shall charge the Reseller, as appropriate, for transmission service reserved for the Parent Reservation at the rate stated in the Reseller's Umbrella

Agreement or Service Agreement with BC Hydro or the OASIS transmission reservation.

2. BC Hydro shall charge the Assignee for transmission service reserved for the Resale at the rate reflected in the Assignee's Service Agreement with BC Hydro plus any usage-based charge and overuse penalties resulting from its subsequent use of the Resale.
3. BC Hydro shall credit the Reseller for transmission service reserved for the Resale at the rate reflected in the Assignee's Service Agreement with BC Hydro. Such credit will be reversed in the event of non-payment by the Assignee.

5.0 TRANSFER OF TRANSMISSION RIGHTS

As outlined in BC Hydro's OATT Business Practice on *Resale & Transfer of Transmission Rights*, a Transmission Customer has the right to Transfer all or part of its rights and obligations under an existing Long-Term Firm Point-to-Point and Firm, and Firm and Non-Firm Monthly Point-to-Point transmission reservation to another BC Hydro Transmission Customer.

The financial settlement for Transfers will be as follows:

1. BC Hydro shall charge the Reseller, as appropriate, for the amended transmission service at the rate stated in the Reseller's Service Agreement or Umbrella Agreement with BC Hydro.
2. BC Hydro shall charge the Assignee for transmission service transferred as described in its Service Agreement with BC Hydro.

6.0 REDIRECT OF TRANSMISSION RESERVATION

As detailed in BC Hydro's OATT Business Practice on *Redirect of a Transmission Reservation*, a Transmission Customer can Redirect on a Firm or Non-Firm basis.

If a Transmission Customer Redirects on a Non-Firm basis, the applicable transmission cost per its Service Agreement or Umbrella Agreement, remain with the Parent Reservation. The Secondary service is charged applicable Ancillary Services per Rate Schedule 03 - 10.

If a Transmission Customer Redirects on a Firm basis, the Redirected transmission shall be settled as follows:

- At the Maximum Tariff price (per Rate Schedule 01) if the Parent Reservation was a Yearly, Monthly or Weekly service; and
- Per Tables 1 and 2 in Section 4 of BC Hydro's OATT Business Practice on *Redirect of a Transmission Reservation* if the Parent Reservation was a Daily or Hourly service.

If a Transmission Customer Redirects on a Firm basis the transmission rights it acquired on a Resale, the Redirected transmission shall be settled as follows:

- At the higher of the Resale rate or the Maximum Tariff price (per Rate Schedule 01) if the Parent Reservation was a Yearly, Monthly or Weekly service¹; and
- The higher of the Resale rate or Tables 1 and 2 in Section 4 of BC Hydro's OATT Business Practice on *Redirect of a Transmission Reservation* if the Parent Reservation was a Daily or Hourly service.

GST for Ancillary Service charges related to the redirect of transmission services is determined by place-of-supply rules for the transmission service (Refer to 12.1 and 12.2 for more details). The service is zero-rated for GST purposes if it is part of a continuous inbound freight movement (originates outside Canada) or a continuous outbound freight movement (destination outside Canada). If the transmission service is redirected domestically, GST is applied.

7.0 WHEELTHROUGH TRANSMISSION SERVICE

For Mixed Class Wheelthrough service, as defined in Attachment Q-4 of the OATT, the Transmission Customer will be settled on the rate of the Firm Path.

For Wheelthrough service posted by BC Hydro on OASIS, the Transmission Customer will be settled on the higher of the Offer Price or Bid Price. (Example – W/BCHA/BPAT – AESO/BC.US.BORDER – AB.BC)

Transmission Customers creating a Wheelthrough service with two (2) separate transmission service reservations will be charged for two (2) separate transmission contracts.

8.0 UNAUTHORIZED USAGE CHARGE

Pursuant to Rate Schedule 01 of the OATT, BC Hydro will charge the Transmission Customer a penalty (Unauthorized Usage Charge) if it:

- schedules energy on another Transmission Customer's transmission reservation without approval from that transmission reservation owner; and
- does not have sufficient transmission capacity for its energy schedules.

The Unauthorized Usage Charge will be as follows:

- The applicable rate for transmission service and associated Ancillary Services charges;
plus
- 125% of the maximum hourly delivery charge per Rate Schedule 01.

9.0 ECONOMIC INTERRUPTIONS

¹ A credit for Rate Schedule 01 will not be provided to the customer when the customer amalgamates contracts into a Resale TSR at \$0 and then Redirects the MW on a firm basis. Rather, the original charge will remain and a Redirect charge will also apply.

Transmission Customers do not pay for economic interruptions. Refer to BC Hydro’s OATT Business Practice on *Curtailments* for more information on economic interruptions.

10.0 TRANSMISSION CURTAILMENTS

If a Transmission Customer’s transmission reservation is curtailed continuously for a period of two (2) days (48 hours) because of a Force Majeure event as defined in Section 10.1 of the OATT, the Transmission Customer will not be charged for the transmission reservation or the associated Ancillary Services. Otherwise, the transmission service is “take or pay” and there will be no credits for curtailment to transmission service.

11.0 WIRE PAYMENT INSTRUCTIONS

11.1 Canadian Transmission Customers

Transmission Customers using Canadian financial institutions to pay their invoice should use the following wire payment instructions. These instructions should be communicated directly to the **Bank of Montreal, International Banking, Head Office, Montreal.**

Payment Routing Instructions:

Pay through: Receiving Bank	Bank of Montreal International Banking, Head Office, Montreal <u>S.W.I.F.T. BIC CODE: BOFMCAM2</u>
Account With Institution (Beneficiary’s Bank)	Bank of Montreal 595 Burrard St. Vancouver, BC <u>Transit Number: 00040</u>
Beneficiary Customer: (BNF field or SWIFT field 59)	00041771207 (for Canadian dollar payments) 00044636173 (for U.S. dollar payments) BC Hydro – Grid Operations Vancouver, BC, Canada

11.2 U.S. Customers

U.S. customers can use the U.S. Payment Networks (Fedwire or CHIPS) to pay their invoice through **Wells Fargo Bank, N.A. (formerly known as Wachovia Bank, N.A.)**, New York (**PNBPUS3NNYC**).

All Fedwire and CHIPS payments require the following:

- **Bank of Montreal, International Banking, Head Office, Montreal** to be recorded in the Beneficiary's Bank (BBK) field; and
- **BC Hydro** along with the 11-digit Account Number ID: **00044636173** recorded in the Beneficiary Customer (BNF) field.

Please do not record Beneficiary's name and Account Number identifier as free format text in the Details of Payment (OBI) field.

Payment Routing Instructions:

Pay through: (Destination Bank)	Wells Fargo Bank, N.A. (formerly known as Wachovia Bank, N.A.), New York S.W.I.F.T. CODE: PNBUS3NNYC Fedwire ABA # 026005092
Beneficiary's Bank: (BBK field or SWIFT Field 57a)	Bank of Montreal, Intl Banking H.O. Montreal S.W.I.F.T. CODE: BOFMCAM2
Beneficiary Customer: (BNF field or SWIFT Field 59)	00044636173 BC Hydro Vancouver, BC, Canada

12.0 TAXES

GST is a 5% tax on the supply of most goods and services in Canada. BC Hydro is required to collect GST on the supply of all transmission services (charged under Rate Schedules 01 – 10 of the OATT) based on the place-of-supply rules in the *Excise Tax Act* (Canada). In certain cases the GST rate is 0%, also referred to as a zero-rated supply – refer to Sections 6.0 above and 12.2, 12.4 below.

BC Hydro's GST Registration Number is 121454151.

The rules set out below apply to Transmission Customers who are resident in Canada or the USA. Transmission Customers who are GST registrants can generally recover all or part of the GST paid by claiming an input tax credit.

12.1 Domestic Import/Export

In cases where the transmission service is used by the Transmission Customer to import electricity into BC that originates in Canada or transmit electricity that originates in BC for delivery in BC, the supply of these transmission services is subject to GST.

12.2 Exceptions

In the following cases GST calculated at 0% (referred to as a “zero-rated supply”) will apply to the supply of transmission services charged per Rate Schedules 01 of the OATT.

1. International Imports - Zero Rated Supply

The electricity supply is zero-rated for GST purposes in cases where the transmission service is used by the Transmission Customer to import electricity that originates outside Canada and its being shipped by BC Hydro from the international border to a destination in Canada, and transmission is part of a “continuous freight movement” that originated outside Canada.

2. International Exports – Zero-rated Supply

The electricity supply is zero-rated for GST purposes, provided that BC Hydro has documentation on file, in cases where the transmission service is used by the Transmission Customer to export electricity that originates in Canada and is being shipped by BC Hydro to the international border for export to a destination outside Canada as part of a “continuous outbound freight movement”. Refer to Additional Requirements below.

12.3 Additional Requirements

Documentary evidence must exist as to origin and destination of, as well as the path used to transmit the energy on the transmission system. It is BC Hydro’s opinion that OASIS transmission reservations and associated energy schedules (eTags) submitted by the Transmission Customer that show the transmission path from an origin outside Canada to a destination in Canada will suffice as documentary evidence for electricity imports.

In order to qualify for a zero-rating on transmission service relating to the export of electricity the Transmission Customer is required to provide a Shipper’s Declaration, to confirm the property is being shipped for export and transmission service supplied by BC Hydro is part of a “continuous outbound freight movement” as defined in Section 1 of Part VII of Schedule VI to the *Excise Tax Act* (Canada). The Shipper’s Declaration must be submitted to BC Hydro Grid Ops - Settlements & Billing.

BC Hydro will apply the 0% GST on the transmission services for Transmission Customers who have supplied a Shipper’s Declaration Form to BC Hydro.

Transmission Customers are only required to submit one Shipper’s Declaration Form to BC Hydro. It will be kept on file as documentation to support all future export transmission reservations submitted by the Transmission Customer.

12.4 Ancillary Services

The supply of ancillary services are subject to 5% GST unless a zero-rating is available.

The following ancillary services when supplied to a Transmission Customer in relation to electricity imports/exports to/from Canada are zero-rated:

- Rate Schedule 03 (Scheduling, System Control and Dispatch Service),
- Rate Schedule 04 (Reactive Supply and Voltage Control from Generation or Other Sources Services), and
- Rate Schedule 05 (Regulation and Frequency Response Service).

The following ancillary services may result in the supply of electricity to the Transmission Customer. These services when supplied to a Transmission Customer, whether or not registered for the GST, are zero-rated if the customer provides a declaration that the electricity will be exported from Canada, the energy is exported within a reasonable time, and the energy is not for use or supply in Canada. The default position for these supplies is to collect GST at 5%.

- Rate Schedule 06 (Energy Imbalance), and
- Rate Schedule 09² (Loss Compensation Service)

The GST zero-rated rules set out above do not apply to the Ancillary Services purchased under Rate Schedules 07 and 08 (Operating Reserve Services) as these services are used in whole or in part in Canada and therefore, are defined as domestic import/export as set out above.

12.5 Supplies to BC Hydro

The supply of Energy Imbalance Services may result in the supply of electricity by the Transmission Customer to BC Hydro. If the customer is registered for the GST, and BC Hydro has the registration number on file, GST will be calculated on the net amount payable for the supply on the monthly invoice and credited to the customer's account. Where GST is paid by BC Hydro on the purchase of electricity, the Transmission Customer is obligated to account for the tax on its GST return for the period in which the supply of electricity was made, and the tax was collectible.

12.6 Provincial Sales Tax (PST)

The only supply made under the OATT that will attract PST is Loss Compensation acquired by a BC based load customer when this energy is for use in BC rather than resale. In such a case, BC Hydro must collect PST on the amount of Loss Compensation Service provided. Customers who acquire Loss Compensation Service and use the energy in BC must contact BC Hydro and request a change to their account status so that PST is collected accordingly.

13.0 CUSTOMER INQUIRIES AND DISPUTES

Transmission Customers with questions regarding their Daily Settlement Reports, monthly invoice or settlements of their transmission service, should contact:

BC Hydro Grid Operations
6911 Southpoint Drive
Burnaby, BC V3N 4X8
Email: go.atf@bchydro.com
Phone: (604) 455-1926

BC Hydro expects most inquiries regarding daily transmission settlement data can be answered and/or resolved in less than two (2) business days.

Transmission Customers may formally dispute items or calculations on their monthly invoice by providing written notice of dispute to BC Hydro Grid Operations – Settlements & Billing via e-mail or post. The notice of dispute should contain the following information:

- (1) Transmission Customer;
- (2) Contact person and information for the dispute;
- (3) Operating day in dispute;
- (4) Monthly Invoice number;
- (5) Time period in dispute;
- (6) Amount in dispute; and
- (7) Reason(s) for the dispute.

The dispute should be submitted to BC Hydro with all available evidence reasonably required to support the claim.

BC Hydro will determine if the billing dispute is complete by verifying that the dispute contains at least the minimum required information to process the dispute. BC Hydro will make reasonable attempts to remedy any informational deficiencies by working with the Transmission Customer.

Transmission Customers are expected to submit their notice of dispute to BC Hydro when a discrepancy is identified. BC Hydro will process disputes in the order received. BC Hydro will provide the Transmission Customer a settlement and billing dispute resolution report containing all information related to the dispute.

BC Hydro may determine a settlement and billing dispute is granted in whole or in part wherein it will notify the Transmission Customer of the resolution and will document the basis for resolution. Upon resolution of the dispute, any required adjustment to charges will be processed.

BC Hydro will make all reasonable attempts to resolve disputes relating to the monthly invoice within ten (10) business days after receipt. BC Hydro will notify the Transmission Customer of

the length of time expected to research and resolve complex settlement and billing disputes that can be reasonably processed.

If the Transmission Customer is still not satisfied with the result of a settlement and billing dispute, the Transmission Customer may proceed to Dispute Resolution Procedures as contained in Section 12 of BC Hydro's [Open Access Transmission Tariff](#).

Document Change History

Issue	Reason for Issue	Date
7	Updated OATT USD wire payment instructions.	November 29, 2017
6	Corrected typo, updated and corrected language.	January 27, 2016
5	Updated hyperlinks to OATT under bchydro.com	July 23, 2015
4	Corrected typos	June 10, 2014
3	Update tax information, change HST to GST	August 13, 2013
2	Update contact information, correct typos and clarify Section 6.0 via footnote.	November 1, 2011
1	Updated procedures. Previously Business Practice 14.	December 1, 2010

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