

ORDER NO. 890 IMPLEMENTATION

Welcome, Introduction & Overview

Stakeholder Consultation

April 30, 2008

Agenda for Today

Time	Items	Presenter
8:00 - 8:30	Breakfast	
8:30 - 9:00	Welcome, Introduction & Overview	Rohan Soulsby
9:00 - 11:00	Planning Process (including Break)	Peter Chow
11:00- 12:00	Conditional Firm Service	Stephen Tran
12:00 - 12:45	Lunch	
12:45 - 13:45	Conditional Firm Service	Stephen Tran
13:45 - 16:15	Other Modifications (including Break)	Rob Gorter
16:15 – 16:30	Wrap Up	Rob Gorter

Purpose of Today's Workshop

- **To review BCTC's proposal on the implementation of Order 890 and 890-A**
- **To provide details on the consultation and application process**
- **To obtain your feedback and determine if additional meetings are required**
- **PLEASE FEEL FREE TO ASK QUESTIONS.**

Consultation and Application Process

- We will post draft filing materials on our website on Friday, May 2, 2008 for your review
- Please provide written comments on the materials presented today and on the draft filing materials by May 14, 2008. Please also indicate if you require further discussion any of the topics.
- Please email your written comments to Brenda Ambrosi, brenda.ambrosi@bctc.com.
- Based on your comments we will determine if a 2nd consultation will be required by May 16.
- The 2nd consultation, if required, will be topic specific.
- The date for the 2nd consultation is tentatively set for May 29, 2008.
- We target to file the OATT changes with BCUC by the end of June, 2008.

History and Context

- BCTC offers transmission services pursuant to an Open Access Transmission Tariff (OATT).
- B.C. has had an OATT for wholesale electricity since 1997, first with BC Hydro's wholesale transmission tariff, replaced with BCTC's OATT filed with the BCUC in 2004 and approved in June 2005.
- BCTC's OATT is modeled on the FERC Order 888 Pro-Forma Tariff
- On February 16, 2007 FERC issued Order No. 890, refining the open access rules implemented in Order No. 888.
- Order No. 890 requires modifications to specific provisions of the Pro Forma OATT, while preserving the overall tariff framework.
- On December 28, 2007, FERC issued Order No. 890-A, the Order on Rehearing and Clarification of its Final Rule (Order No. 890), that largely affirms Order No. 890.

Why BCTC adopts FERC Pro-forma Tariff

- **The use of a tariff that is used widely throughout North America provides more certainty and efficiency in application.**
- **The use of a tariff that is familiar to customers reduces seams between jurisdictions to the benefit of open access.**

Objectives of Order 890

Order 890 Objectives	Order 890 Measures
Increase non-discriminatory access to the grid	<ul style="list-style-type: none"> ➤ Consistent ATC methodology ➤ Post ATC data and models
Increase access to new generation & promote utilization of transmission	<ul style="list-style-type: none"> ➤ Provide opportunities for stakeholders and customers to participate in an open and transparent planning process and require transmission providers to describe that process in an Attachment K to OATT
Increase the efficient use of transmission	<ul style="list-style-type: none"> ➤ Economic re-dispatch ➤ Conditional firm service
Facilitates the use of clean energy resources	<ul style="list-style-type: none"> ➤ Economic re-dispatch ➤ Conditional firm service ➤ Generator & Energy Imbalance Service ➤ Non-generating resources to supply Ancillary Services
Strengthen compliance & enforcement efforts	<ul style="list-style-type: none"> ➤ Operating penalties ➤ Performance metrics ➤ Tying compliance to market based rate authority
Modify, improve and clarify existing provisions	<ul style="list-style-type: none"> ➤ Misc. amendments

Order 890 Implementation Approach

- **Evaluate Order 890 changes with respect to**
 - BCTC current service offerings
 - Infra-structure requirements.
- **Adopt a “wait and see” approach with respect to the development of Attachment K to learn through the experience of other utilities.**
- **Participate in WECC work group to develop business practice for conditional firm service.**
- **Will not adopt economic re-dispatch since BCTC does not own any generation and BC Hydro cannot identify any surplus generation which could be used for long term redispatch.**
- **Participate in NERC/NAESB work group on the development of ATC methodology.**
 - Will conduct another information session on ATC methodology when this work is finalized



BC Transmission
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Building Connections

Today's Workshop

- **Topics are grouped into three main areas**
 - **Planning Process/ Attachment K**
 - **Conditional Firm Service**
 - **OATT Terms and Conditions**
 - Modifications and clarifications
 - Compliance and enforcement

ORDER NO. 890 IMPLEMENTATION

Planning Process

Stakeholder Consultation

April 30, 2008

Requirement

- **Order No. 890 requires a transmission provider to document its planning process in a new Attachment K to the OATT**

- **The planning process shall be open, transparent and inclusive with 9 planning principles for:**
 - promoting regional coordination
 - removing congestion
 - planning to meet anticipated needs

Proposed Planning Tariff

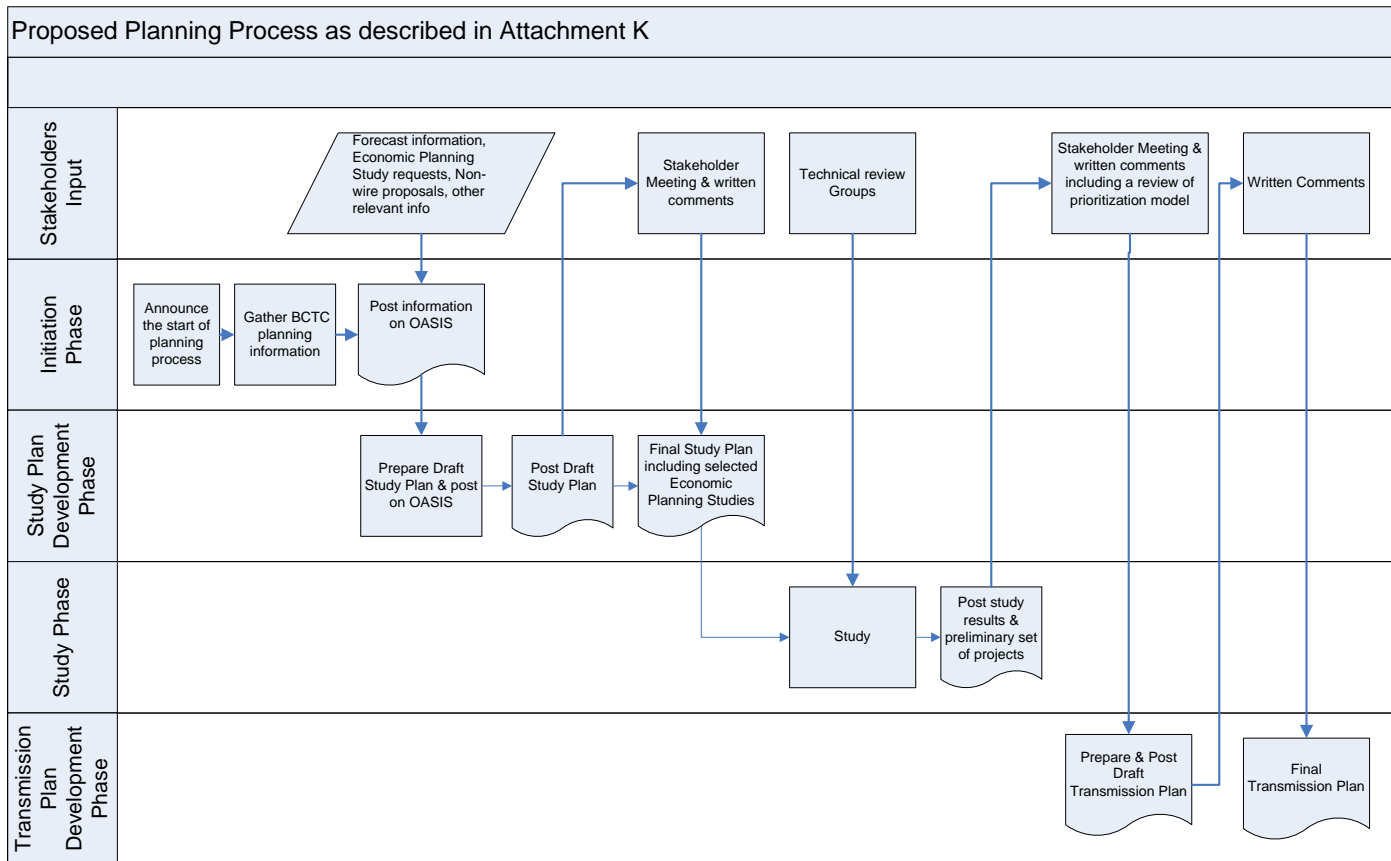
➤ Attachment K

- Describes BCTC planning process in a step by step fashion
- Specifies obligations and responsibilities of Stakeholders and BCTC in the planning process.

➤ Business Practice

- BCTC proposes to include planning criteria in a Planning Manual.

Process Flowchart



Order 890 Planning Principles

The 9 Planning Principles are:

1. Coordination
2. Openness
3. Transparency
4. Information Exchange
5. Comparability
6. Dispute Resolution
7. Regional Participation
8. Economic Planning Studies
9. Cost Allocation for New Projects

Planning Principles - Coordination

➤ Order 890 Requirements

- Provide stakeholders the opportunity to participate fully in the development of the transmission plan, in the early stages of the planning process.
- Transmission provider can determine the number of meetings, scope and format
- Customers are given an opportunity to participate in the planning process to voice their concerns, not a formal “vote” on the transmission plan.

➤ Proposed BCTC Process

- Point of Contact to address all enquiries from Stakeholders
- Provide milestones and anticipated schedule at the beginning of the planning process
- Invite Stakeholders to participate in the planning process via announcement on BCTC webpage and individual e-mails.
- Include 2 consultation meetings and opportunities for written comments at various stages of the planning process

Planning Principles - Openness

➤ Order 890 Requirements

- Transmission planning meetings must be open to all affected parties including, but not limited to, all transmission and interconnection customers, BCUC staff and other stakeholders.
- It may be appropriate in certain circumstances to limit participation to a relevant subset of these entities. Such limitations must be documented.
- confidential and security sensitive information must be managed through the use of confidentiality agreements or password protected access.

➤ Proposed BCTC Process

- Planning meetings are open to all, including transmission and interconnection customers, stakeholders, neighbouring utilities, BCUC staff and other interested parties
- Protect confidential and security sensitive information through the use of confidentiality agreement

Planning Principles - Transparency

➤ Order 890 Requirements

- Transmission providers must disclose to all customers and other stakeholders the basic criteria, assumptions, and data that underlie their transmission system plans.
- This information should enable customers, other stakeholders, or an independent third party to replicate the results of planning studies.
- Transmission providers are required to make information available regarding the status of upgrades identified in their transmission plans in addition to the underlying plans and related studies.

➤ Proposed BCTC Process

- Post available information on BCTC's website while maintaining confidentiality
- Review posted planning information in consultation meetings
- Engage interested parties as part of a Technical Review Group so that interested parties have full knowledge of how BCTC arrives at the study results

Planning Principles - Information Exchange

➤ Order 890 Requirements

- Transmission providers must develop guidelines and a schedule for the submittal of information in consultation with their network, point-to-point and interconnection customers.
- Information collected by transmission providers to provide transmission service to their native load customers must be transparent
- Equivalent information must be provided by other transmission customers to ensure effective planning and comparability.
- Point-to-point and interconnection customers are required to submit projections of their need for service over the planning horizon and to specify receipt and delivery points for that service.
- The information exchanged should be with respect to system planning, and is not limited to studies in response to interconnection or transmission service requests.

➤ Proposed BCTC Process

- Requires network, point-to-point and interconnection customers to submit forecast information in specified procedure and schedule
- Encourages customers to submit non-wire ideas and information
- Incorporates as part of Economic Planning Study requests

Planning Principles - Comparability

➤ Order 890 Requirements

- Transmission provider must develop a transmission system plan that meets the specific service requests of its transmission customers and otherwise treats similarly-situated customers (e.g., network and retail native load) comparably in transmission system planning.
- Customer demand resources are to be considered on a comparable basis to the service provided by comparable generation resources where appropriate.

➤ Proposed BCTC Process

- All similarly situated customers are required to provide forecast information over the same planning horizon
- All customers are provided the same opportunities in participating in the planning process
- Non-wire solutions will be considered on the same basis to service provided by comparable generation resources

Planning Principles - Dispute Resolution

➤ **Order 890 Requirements**

- The dispute resolution process must address both procedural and substantive planning issues
- Existing dispute resolution procedures may be relied upon and used if appropriate
- A three step dispute resolution process, including: 1) Negotiation, 2) Mediation, and 3) Arbitration.

➤ **Proposed BCTC Process**

- The dispute resolution process is tailored to fit BCUC process and involves the following steps
 1. Customer to make the complaint in writing to the Point of Contact
 2. The Point of Contact will arrange a meeting between the stakeholder and a senior executive of BCTC within 7 days to negotiate a solution to the dispute
 3. Failing to reach a solution, the disputing party may bring a complaint to BCUC for resolution

Planning Principles - Regional Participation

➤ Order 890 Requirements

- Transmission providers must coordinate with interconnected systems to (1) share system plans to ensure that they are simultaneously feasible and otherwise use consistent assumptions and data and (2) identify system enhancements that could relieve congestion or integrate new resources.
- The specific features of the regional planning effort should take account of and accommodate, where appropriate, existing institutions, as well as physical characteristics of the region and historical practices.

➤ Proposed BCTC Process

- Participate in Western Electricity Coordinating Council and Northwest Transmission Assessment Committee (NTAC) of Northwest PowerPool
- Seek opportunities to improve the overall efficiency and economic savings from increased inter-regional cooperation and integration through bilateral arrangements.

Planning Principles - Economic Planning Studies

➤ Order 890 Requirements

- Customers should be permitted to choose the studies that are of the greatest value to them, and be given the right to request a defined number of high priority studies annually, the cost of which would be recovered as a part of the overall pro forma OATT cost of service.
- A customer requesting the study must provide economic data in its possession
- Transmission providers are not obliged to implement or fund economic projects

➤ Proposed BCTC Process

- Identifies and informs stakeholders of the number of studies that can be done in the current planning cycle based on available resources
- Develops criteria for selecting requests to be studied in consultation with stakeholders
- Economic Planning Studies will be performed on the same basis as other planning studies

Planning Principles – Cost Allocation for New Projects

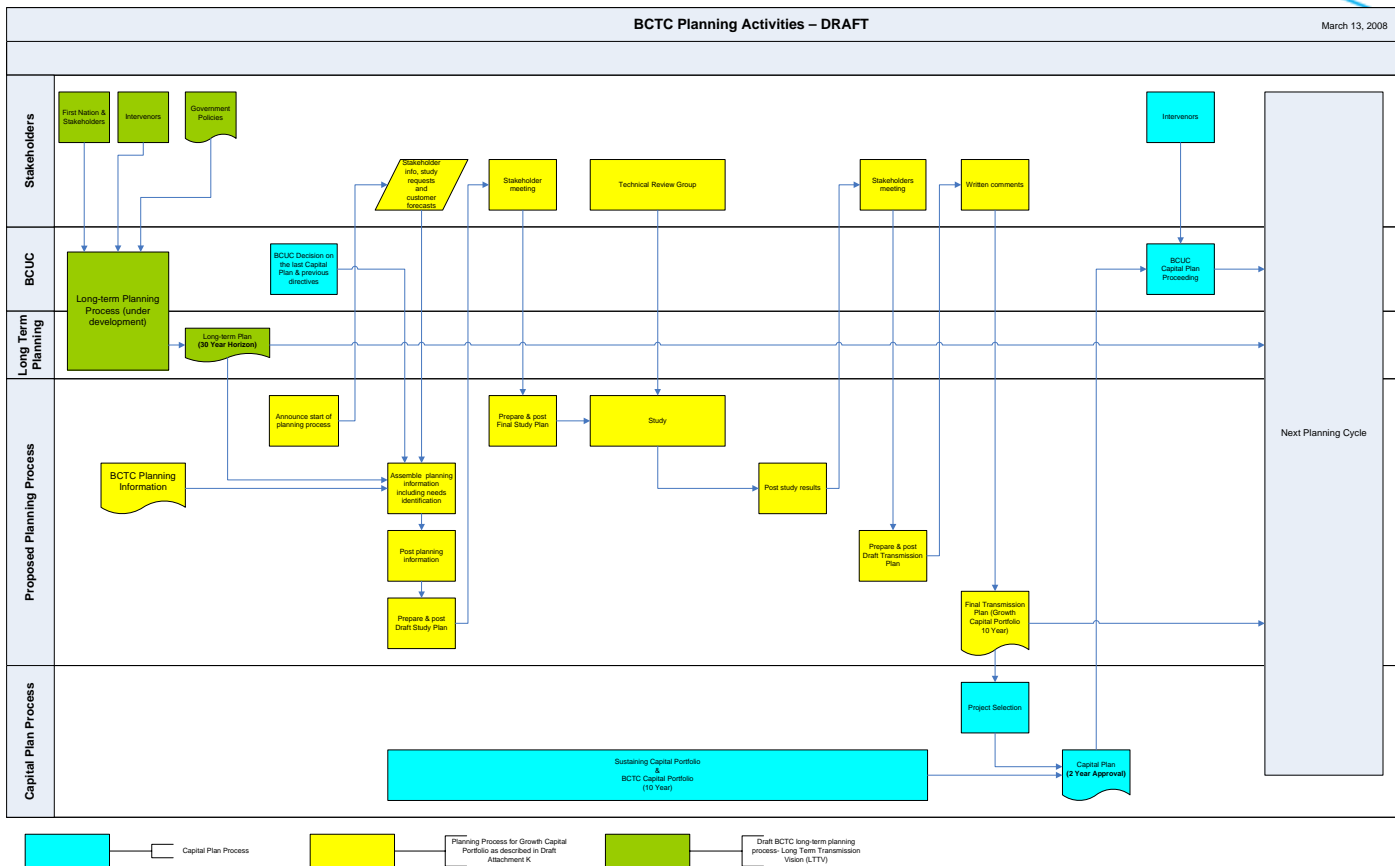
➤ **Order 890 Requirements**

- Cost allocation methodologies are intended to apply to projects that do not fit under existing rate structures,
- Factors to be considered upon review of cost allocation proposals are:
 - whether a cost allocation proposal fairly assigns costs among participants, including those who cause them to be incurred and those who otherwise benefit from them;
 - whether a cost allocation proposal provides adequate incentives to construct new transmission; and
 - whether the proposal is generally supported by provincial and state authorities and participants across the region.

➤ **Proposed BCTC Process**

- Develop cost allocation methodology on a case by case basis as required, in consultation with Stakeholders
- Submit resulting methodology to BCUC for approval

Coordination with Other Planning Activities



Questions?

ORDER NO. 890 IMPLEMENTATION

Conditional Firm Service (CFS)

Stakeholder Consultation

April 30, 2008

Background

- **Order 890 requires transmission provider to offer economic redispatch and conditional firm service to address system conditions that occur infrequently but prevent granting long term service.**

- **Redispatch**
 - BCTC proposes to not adopt economic re-dispatch since BCTC does not own any generation and BC Hydro cannot identify any surplus generation which could be used for long term redispatch.

- **Conditional Firm Service**
 - BCTC proposes to adopt Conditional Firm Service

Rationale & Definition

- **CFS is a modified form of LTFPTP service that is offered when there is insufficient ATC to meet the full request.**

- **CFS includes less-than-firm service in a *defined numbers of hours* of the year or during *defined system conditions* when firm PTP service is not available.**

- **CFS is the same as other firm services when:**
 - The *defined number of hours* for curtailment is used up;
 - The *defined system condition* is not occurring or is not anticipated to occur.

Service Attributes

- **Availability**
- **Study requirement**
- **Curtailment**
- **As a bridge to full service**
 - Service reassessment
 - Termination of service
- **Rollover rights**
- **Termination of CFS**
- **Other Terms and Conditions**

Service Attribute: Availability

BCTC will offer CFS if:

- a customer has requested in its application for service that BCTC includes, in the System Impact Study, curtailment options as an alternative to network upgrades, and

- system reliability would not be adversely impacted by offering CFS, e.g.
 - Violation of one or more of NERC or WECC reliability Standards
 - Violation of TP's written reliability requirement
 - Creation of unscheduled flow that cannot be predicted on a long term basis

Service Attribute: Study Requirements

- **The System Impact Study (“SIS”) must identify**
 - system constraints by transmission facilities;
 - additional direct assignment facilities or network upgrades to provide the requested service;
 - if customer has chosen to include curtailment options, conditions under which the service may be curtailed to maintain reliability:
 - specific system condition(s) when conditional curtailment may apply and
 - annual number of hours when conditional curtailment may apply.

- **The SIS will follow existing study milestones regardless of whether the study for curtailment options is chosen**

Service Attribute: Curtailment

- **CFS can be curtailed on the same priority as secondary network service under one of the following conditions:**

1. annual number of hours

- TP can add risk factor to the calculation of curtailment hours to account for forecasting risk
- TP has the flexibility to conditionally curtail the customer for any reliability reason during those hours, including but not limited to, the system condition(s) identified in the system impact study; or

2. specific system conditions.

- e.g. limiting transmission elements and the load level that is linked to a specific constraint

Service Attribute: As a bridge to full service

- **At the completion of the study process, if the customer is unwilling to commit to network upgrade costs, the TP shall identify and provide CFS subject to a biennial reassessment of the conditions or number of hours under which the TP may conditionally curtail the service**
 - If TP foregoes any biennial assessment, the conditional curtailment conditions will remain unchanged for another 2 years
 - If a TP proposes to change the conditional curtailment conditions due to a reassessment, the TP must provide the reassessment study to the customer along with a narrative statement describing the study and reasons for changes to the curtailment conditions requirements no later than 90 days prior to the date for imposition of these new conditions or requirements.

- **If the Customer is willing to support network upgrades, curtailment conditions are fixed until the construction of network upgrades is completed and full service is commenced.**
 - **COMMENT:** For network upgrades with long construction periods, the inability to reassess curtailment conditions may result in overly stringent curtailment conditions. May want to consider to allow re-assessment.

Service Attribute: Rollover Right

- **A customer taking CFS as a less than firm service with a term of 5 years or more can roll over its CFS.**

- **For CFS with reassessment date coincides with its rollover deadline:**
 - **BCTC will provide information on reassessed curtailment conditions at least 30 calendar days prior to rollover deadline**
 - **BCTC may reassess curtailment conditions at the end of the 1st year of service that has been rolled-over**

- **For CFS with reassessment date not coincides with its rollover deadline:**
 - **BCTC will provide information on the new curtailment conditions to be effective when the service is rolled-over at least 30 days prior to rollover deadline**

Service Attribute: Termination of Service

- **Applies only to a customer not willing to support network upgrade**
 - TP can terminate CFS if the results of the biennial reassessment indicate that CFS can no longer be reliably provided
 - Customer may terminate CFS if the curtailment conditions become more onerous as a result of reassessment

Service Attribute: Other Terms & Conditions

➤ **Assignment of ST Firm capacity**

- In the periods where Short-term firm ATC was available subsequent to CFS, CFS has the same priority as other long-term firm service

➤ **Pricing**

- CFS will be priced at LTFPTP rate

➤ **Can be used for out of area Designated Network Resources**

Shaped Service vs. CFS

- **The Shaped Service product is based on forecast of committed use**
 - It is less certain and less available
- **CFS can be applied to more situations/scenarios**
- **CFS may increase the availability of long-term service**
- **BCTC proposes to adopt CFS and remove Shaped Service from OATT**

ATC Methodologies

➤ ATC for CFS may be based on

➤ Forecast of committed use

- Use a combination of load level and available coastal generations as curtailment condition
- Higher forecast uncertainty due to the uncertainty in the availability of coastal generations and load level in the 2-year period
- Will reduce the availability of Short-Term Firm Service

➤ Outage of specific facilities

- Use facility outage as curtailment condition
- Need to estimate outage frequencies
- Will reduce the availability of non-firm service

➤ Transmission Reserve Margin (TRM)

- Sell TRM associated with certain facilities as CFS e.g. 50 MW of TRM associated with the BC-US path
- Use facility outage as curtailment condition

ATC Methodologies for CFS Implementation

- **BCTC proposes to use the above methods in the System Impact Study and select the curtailment conditions on case specific basis in consultation with customer**
- **BCTC will document these methods in Attachment C of its OATT**

Questions ?

Comments?

ORDER NO. 890 IMPLEMENTATION

Other Modifications

Stakeholder Consultation

April 30, 2008

'Other Modifications' – BCTC defined

Order 890 reforms to the Transmission Pricing provisions and Non-Rate Terms and Conditions of the OATT, excluding the modifications to Long-Term Firm PTP Service (i.e. Planning Redispatch & Conditional Firm Service)

Transmission Pricing	Non-Rate Terms & Conditions
Energy & Generator Imbalances Credits for Network Customers Capacity Reassignment Unreserved Use Penalties	Rollover Rights Modification of Receipt & Delivery Points Acquisition of Service – Processing Metrics & Penalties Acquisition of Service – Queue Processing / Reservation Priority Designation of Network Resources Standardization of Business Practices OATT Definitions

Other Modifications – Implementation Overview

ADOPT nearly all Order 890 reforms:

1. Maintain comparability to FERC's pro forma OATT
2. Facilitate a seamless market

REQUIRES, as applicable to specific provisions:

1. Amended or new tariff language as per Order 890 pro forma OATT
2. New or revised Business Practices
3. Reporting framework
4. OASIS and BCTC Systems modifications

DEFER consultation and implementation of:

1. Energy & Generator Imbalance reforms
2. Other Ancillary Services reforms

Credits for Network Customers

ADOPT

Order 890	<ol style="list-style-type: none"> 1. New test severs link between joint planning and credits for new facilities. New facilities must be integrated into the operations of the transmission provider's facilities 2. Network customer's transmission facilities will be presumed to be integrated if the facilities, if owned by the transmission provider, would be eligible for inclusion in the transmission provider's annual transmission revenue requirement as specified in Attachment H of the pro forma OATT. 3. Costs associated with the transmission credits will not be automatically recovered in the transmission provider's cost of service. 4. Transmission providers may propose an automatic adjustment clause under their rates to address the "lag time" between the costs incurred and the transmission provider's next rate case. 								
Discussion	<ul style="list-style-type: none"> • BCTC has only one network customer, BC Hydro, that is also the owner of BCTC's transmission facilities. • The application of credits to new BCTC transmission facilities owned by BC Hydro are not applicable • Therefore unnecessary at this time to propose an automatic adjustment clause to provide for the recovery of credit costs in BCTC's revenue requirement applications. 								
Implementation	<table style="width: 100%; border: none;"> <tr> <td style="width: 30%;">OATT:</td> <td>Amend Section 30.9, notwithstanding that credits are not applicable at this time.</td> </tr> <tr> <td>Business Practice:</td> <td>n/a</td> </tr> <tr> <td>Reporting:</td> <td>n/a</td> </tr> <tr> <td>BCTC Systems / OASIS:</td> <td>n/a</td> </tr> </table>	OATT:	Amend Section 30.9, notwithstanding that credits are not applicable at this time.	Business Practice:	n/a	Reporting:	n/a	BCTC Systems / OASIS:	n/a
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Business Practice:	n/a								
Reporting:	n/a								
BCTC Systems / OASIS:	n/a								

Capacity Reassignments

ADOPT

<p>Order 890</p>	<ol style="list-style-type: none"> 1. Lift Price Cap on assignments 2. Require a service agreement for assignments prior to date on which the reassigned service commences <ul style="list-style-type: none"> • Sufficient for assignee to exercise service agreement generally and to complete a particular assignment through OASIS 3. Requires Transmission Providers to credit or charge reseller for difference in price in the respective service agreements of the reseller and assignee. 4. Limits the applicability of lifting the price cap until October 1, 2010; subject to FERC review of a scheduled staff report on the development of the secondary market under the new rules.
<p>Discussion</p>	<ul style="list-style-type: none"> • Execution of service agreement by the assignee does not terminate reseller's SA. • Reseller will continue to be billed; the assignment of service simply transfers to the assignee some or all of the reseller's scheduling rights for the period of the reassignment and, in return, obligates the assignee to pay BCTC the negotiated rate. • In order to prevent over-recovery, BCTC must therefore credit the reseller the reassignment rate, which leaves the reseller with the net difference between the resale rate and the reseller's original rate. • BCTC will only credit reseller upon receipt of payment from Assignee. • If the reseller and assignee agree to a full transfer of the reseller's rights and obligations, the reseller would only make payments to the extent the transfer is executed at a lower rate than the rate agreed to between the reseller and BCTC, to ensure that BCTC receives the full contract price agreed to by the reseller. • If the full transfer is executed at a rate in excess of the reseller's contract with BCTC, BCTC must credit the reseller with the additional revenue as a result of the transfer. • If the assignee defaults and fails to pay for the reassigned capacity, BCTC will reverse the credit to the reseller to reflect the lack of payment by the assignee.

Capacity Reassignments - *continued*

Implementation	<p>OATT: Amend Sections 23.1, 23.2 and 23.3, New Service Agreement for LT Reassignments: Attachment A-1</p> <p>Business Practice: Required</p> <p>Reporting: n/a</p> <p>BCTC Systems / OASIS: All sales or assignments of capacity are to be posted on OASIS before the reassigned service commences. Resellers may also use BCTC's OASIS to post transmission capacity available for resale. BCTC systems changes to administer charges and credits.</p>
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Unreserved Use Penalties

ADOPT

Order 890

1. Transmission Provider discretion for level of penalties up to 2x the standard rate, based on period of unreserved use
2. Principles
 - UUP for single hour of unreserved use based on the rate for daily firm PTP
 - > 1 assessment for a given duration (e.g., daily) increases penalty period to next longest duration (e.g., weekly).
3. UUPs distributed to non-offending transmission customers – TPs to propose mechanism to identify non-offending customers and to allocate UUP among them. And flexibility to establish minimum threshold for distributions to avoid administrative burden for small amounts of penalty revenue.
4. All unreserved uses of host TP system to be considered firm PTP uses, even if the customer is taking network service or non-firm PTP service.
5. Charges for ancillary services costs to support unreserved use should be based on actual cost, and not subject to the penalty rate

Example

Penalty Charge Escalation

25 MW of unreserved use: 2 hours on 1 day during the first week of the month

50 MW of unreserved use: 2 hours on 1 day during the last week of the month:

- UUP based on the rate for 25 MW of daily firm PTP and 50 MW of daily firm PTP.

25 MW of unreserved use: 2 separate days during the first week of the month

50 MW of unreserved use: 2 hours on 1 day during the last week of the month

- UUP based on the rate for 25 MW of weekly firm PTP and 50 MW of daily firm PTP

Unreserved Use Penalties *continued*

<p>Discussion</p>	<ol style="list-style-type: none"> 1. BCTC proposes to maintain current penalty charge = 125% of reserved capacity charge at the maximum rate for service. 2. Penalty charge escalation not applicable as penalty rates are applied at the maximum rate and all maximum rates for service in BCTC's OATT are equivalent on an hourly basis. 3. Unreserved use is discovered after the fact on the basis of a customer complaint that its reservation was scheduled upon by another party or through BCTC's own internal checks. 4. If unreserved use occurs and enough time remains in real-time, BCTC will notify offending customer and request that customer withdraw its e-Tag to allow affected customer to resubmit e-Tag. 5. BCTC proposes to distribute unreserved use penalties pro rata (MW reservations) to non-offending PTP customers with reservations in the same monthly billing cycle under which the unreserved use occurred. 6. BCTC proposes to establish a minimum threshold penalty amount of \$1,000 for distribution. 								
<p>Implementation</p>	<table border="0"> <tr> <td>OATT:</td> <td>Required – Section 3.0, 13.4 and 30.4</td> </tr> <tr> <td>Business Practice:</td> <td>Required - Procedure and obligation for calculating, recovering and allocating penalties.</td> </tr> <tr> <td>Reporting:</td> <td>n/a</td> </tr> <tr> <td>BCTC Systems / OASIS:</td> <td>n/a</td> </tr> </table>	OATT:	Required – Section 3.0, 13.4 and 30.4	Business Practice:	Required - Procedure and obligation for calculating, recovering and allocating penalties.	Reporting:	n/a	BCTC Systems / OASIS:	n/a
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BCTC Systems / OASIS:	n/a								

Rollover Rights

ADOPT

<p>Order 890</p>	<ol style="list-style-type: none"> 1. Request term must be at least 5 years to be eligible for rollover rights 2. One year's notice to exercise priority 3. Matching term and rate policy continues as the mechanism to award capacity to those who value it most, as well as tie-breaking mechanism.
<p>Discussion</p>	<p>Implementation Transition</p> <ul style="list-style-type: none"> • Requests in the transmission queue as of the effective date of BCUC approval of BCTC's OATT. <ul style="list-style-type: none"> • Subject to existing rules until first rollover after execution of contract and effectiveness of new rules. • Current one-year contract commitment requirement will continue to apply • Five-year contract commitment requirement will not apply until the first rollover date • Existing customer <ul style="list-style-type: none"> • Must comply with the new rollover reforms at the time of the first rollover of its contract occurring after the effectiveness of the rollover reforms. • Current 60-day notice rule will continue to apply only to those existing contracts that have less than five years left in their terms at the time of effectiveness of rollover reform • A customer with an existing contract with five or more years left in its term at the time of effectiveness of rollover reform for its transmission provider will be required to give one-year notice of whether it intends to exercise its rollover right.

Rollover Rights - *continued*

Implementation		
	OATT:	Amend Section 2.2
	Business Practice:	Required – Amend existing business practice, implementation transition
	Reporting:	n/a
	BCTC Systems / OASIS:	n/a



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Building Connections

Modification of Receipt & Delivery Points

ADOPT

Order 890	<ol style="list-style-type: none"> 1. Order 890 clarifies that rollover rights follow redirects, regardless of the duration of the redirect (even if, for example, the redirect is requested for a shorter period). 2. Any change to a delivery point is treated as a new request for service for the purpose of determining ATC 3. Each redirect is therefore subject to availability of capacity and subject to the possibility that the Transmission Provider may not be able to provide rollover rights on the redirected path. If a customer has not been granted rollover rights for a redirect that extends to the end of its contract, the redirected service will terminate on the same date as the parent service. 4. Order 890 also concludes that NAESB WEQ is the appropriate body to develop Business Practices to implement its redirect policy 								
Discussion	<ul style="list-style-type: none"> • If the redirect ends before the end of the contract term the customer does not have rollover rights on the redirect path but retains any rollover rights on the original path. • If the redirect extends to the end of the contract term and it has rollover rights, the rollover rights apply only to the redirect path • A redirect request will be evaluated in accordance with Section 17 of the OATT using the same system assumptions and analysis applicable to any other new request for service, including whether sufficient ATC exists to accommodate the request. 								
Implementation	<table style="width: 100%; border: none;"> <tr> <td style="width: 30%;">OATT:</td> <td>n/a</td> </tr> <tr> <td>Business Practice:</td> <td>Required - Participate in NAESB WEQ discussions to develop revised standards consistent with FERC policy</td> </tr> <tr> <td>Reporting:</td> <td>n/a</td> </tr> <tr> <td>BCTC Systems / OASIS:</td> <td>n/a</td> </tr> </table>	OATT:	n/a	Business Practice:	Required - Participate in NAESB WEQ discussions to develop revised standards consistent with FERC policy	Reporting:	n/a	BCTC Systems / OASIS:	n/a
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Business Practice:	Required - Participate in NAESB WEQ discussions to develop revised standards consistent with FERC policy								
Reporting:	n/a								
BCTC Systems / OASIS:	n/a								

Performance Metrics & Penalties

ADOPT

<p>Order 890</p>	<ol style="list-style-type: none"> 1. Quarterly posting of performance metrics – Long-Term Transmission Requests Only 2. Notification and additional metrics filed with Commission 3. No revenue requirement recovery allowed - allocation to all non-affiliate customers. 4. Processing time is measured from the point that the customer returns its executed study agreement unless (as clarified by Order 890-A) the Transmission Provider and the customer agree on an alternate day for the Transmission Provider to begin the study.
<p>Discussion</p>	<p>Aggregate all transmission service request studies completed during each quarter <u>for non-affiliates</u>.</p> <p>IF: > 20% of studies are completed outside of the 60-day due-diligence deadlines in OATT Sections 19.3, 19.4, 32.3 and 32.4 <u>for 2 consecutive quarters</u></p> <p>THEN: BCTC must file a Notification Filing with the BCUC within 30 days of the end of the 2nd quarter</p> <p>IF: A Notification Filing is made and there are no extenuating circumstances that excuse BCTC's non-compliance</p> <p>AND IF: In <u>each of the two quarters following</u> the Notification Filing (the 3rd & 4th quarter in sequence), BCTC completes > 10% of non-affiliates system impact and facilities studies outside of the 60 days due-diligence guidelines</p> <p>THEN: BCTC will be assessed a <u>penalty of \$500 for each day</u> it took to complete any study beyond 60-days (or for each day the study has been in the study queue beyond 60 days), starting with the quarter following the Notification Filing (penalty applied beginning in the 3rd Quarter). The penalties will continue to be assessed until BCTC completes at least 90% of all studies in the quarter following the assessment of the penalty.</p>

Performance Metrics & Penalties – *continued*

Allocation of Penalties	<p>Allocate penalties by customer, and only to non-affiliate customers that:</p> <ul style="list-style-type: none"> • Had studies completed late under the trigger for the Notification Filing; • Had studies completed late under the trigger of the Penalty Assessment; or • Had studies in the queue beyond 60 Calendar days that were included in the assessment of the penalty. 								
Implementation	<table> <tr> <td>OATT:</td> <td>Required – New Section 19.9 & 32.5</td> </tr> <tr> <td>Business Practice:</td> <td>Required – Metrics and posting requirements, penalty assessment and distribution</td> </tr> <tr> <td>Reporting:</td> <td>Required – Consistent with Business Practice</td> </tr> <tr> <td>BCTC Systems / OASIS:</td> <td>Required –BCTC systems and OASIS functionality in support of posting requirements</td> </tr> </table>	OATT:	Required – New Section 19.9 & 32.5	Business Practice:	Required – Metrics and posting requirements, penalty assessment and distribution	Reporting:	Required – Consistent with Business Practice	BCTC Systems / OASIS:	Required –BCTC systems and OASIS functionality in support of posting requirements
OATT:	Required – New Section 19.9 & 32.5								
Business Practice:	Required – Metrics and posting requirements, penalty assessment and distribution								
Reporting:	Required – Consistent with Business Practice								
BCTC Systems / OASIS:	Required –BCTC systems and OASIS functionality in support of posting requirements								

Performance Metrics & Penalties - Illustration 1

End of Quarter	New Study	Q1	Q2	Q3	Q4	Q5	Q6
Q0	1	✓					
	2	✓					
	3	✓					
	4	x	✓				
	5	x	✓				
Q1	1		✓				
	2		✓				
	3		✓				
	4		x	✓			
	5		x	✓			
Q2	1			✓			
	2			✓			
	3			✓			
	4			✓			
	5			✓			
Q3	1				✓		
	2				✓		
	3				✓		
	4				✓		
	5				✓		
Q4	1					✓	
	2					✓	
	3					✓	
	4					✓	
	5					x	✓
Q5	1						✓
	2						✓
	3						✓
	4						x
	5						x
Total Completed		3	5	7	5	4	4
Completed On-time		3	3	5	5	4	3
Completed Late		0	2	2	0	0	1
% Completed Late		0%	40%	29%	0%	0%	25%
End of Quarter Notification Filing?		No	No	Yes	n/a	n/a	No
End of Quarter Penalty trigger?		n/a	n/a	n/a	n/a	No	No
Penalty assessed end of Q?		n/a	n/a	n/a	n/a	n/a	n/a

Performance Metrics & Penalties – Illustration 2

End of Quarter	New Study	Q1	Q2	Q3	Q4	Q5	Q6
Q0	1	✓					
	2	✓					
	3	✓					
	4	x	✓				
	5	x	✓				
Q1	1		✓				
	2		✓				
	3		✓				
	4		x	✓			
	5		x	✓			
Q2	1			✓			
	2			✓			
	3			✓			
	4			✓			
	5			x	✓		
Q3	1				✓		
	2				✓		
	3				✓		
	4				✓		
	5				x	✓	
Q4	1					✓	
	2					✓	
	3					✓	
	4					✓	
	5					✓	
Q5	1						✓
	2						✓
	3						✓
	4						x
	5						x
Total Completed		3	5	6	5	6	3
Completed On-time		3	3	4	4	5	3
Completed Late		0	2	2	1	1	0
% Completed Late		0%	40%	33%	20%	17%	0%
End of Quarter Notification Filing?		No	No	Yes	n/a	n/a	No
End of Quarter Penalty trigger?		n/a	n/a	n/a	n/a	Yes	n/a
Penalty assessed end of Q?		n/a	n/a	n/a	Yes	Yes	No

Extension of Commencement of Service

ADOPT

<p>Order 890</p>	<ol style="list-style-type: none"> 1. Amends Section 17.7 of the OATT to require a transmission customer that is extending the commencement of service to pay the required annual reservation fee within 15 days of notifying the Transmission Provider that it would like to extend the commencement of service. Otherwise, the customer will lose its option to extend its transmission service start date. 2. Amends Section 17.7 of the OATT to allow the Transmission Provider the opportunity to consider the ability to provide service in the event of an extension of service. 								
<p>Implementation</p>	<table> <tr> <td>OATT:</td> <td>Amend Section 17.7 in respect of the 15-day payment deadline after notification to extend the commencement of service.</td> </tr> <tr> <td>Business Practice:</td> <td>n/a</td> </tr> <tr> <td>Reporting:</td> <td>n/a</td> </tr> <tr> <td>BCTC Systems / OASIS:</td> <td>n/a</td> </tr> </table>	OATT:	Amend Section 17.7 in respect of the 15-day payment deadline after notification to extend the commencement of service.	Business Practice:	n/a	Reporting:	n/a	BCTC Systems / OASIS:	n/a
OATT:	Amend Section 17.7 in respect of the 15-day payment deadline after notification to extend the commencement of service.								
Business Practice:	n/a								
Reporting:	n/a								
BCTC Systems / OASIS:	n/a								

Designation of Network Resources – Qualification

ADOPT

Order 890

1. A PPA with a “make whole” Liquidated Damages provision that reimburses for replacement power can qualify for network designation.
2. Transmission Providers to develop OASIS functionality to:
 - allow all of the information required for a request to designate network resources to be provided electronically;
 - mask information about operating restrictions and generating cost on OASIS; and
 - allow for queries of all information provided with designation requests.
3. Transmission Providers to work in conjunction with NAESB to develop business practice standards on procedural requirements for submitting designations over any new OASIS functionality.

Discussion

Network Customer obligations

Provide and post on OASIS when designating an off-system resource (intended to improve determining effects on ATC):

1. identification of the resource as an off-system resource;
2. amount of power to which the customer has rights;
3. identification of the control area(s) from which the power will originate;
4. delivery point(s) to the transmission provider’s transmission system; and
5. transmission arrangements on the external transmission system(s)

Section 29.2(v)e revised to require following information be provided with such designation, but masked on OASIS:

1. any operating restrictions (periods of restricted operation, maintenance schedules, minimum loading level of resource, normal operating level of resource); and
2. approximate variable generating cost (\$/MWH) for redispatch computations.

Designation of Network Resources – Qualification - *continued*

Implementation	<p>OATT: Required – Amend Section 29.2 and 30.2</p> <p>Business Practice: Required - Process and Network customer obligations for designating off-system resources over OASIS (NAESB)</p> <p>Reporting: n/a</p> <p>BCTC Systems / OASIS: Required - Functionality in support of posting requirements and processing</p>
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Designation of Network Resources – Documentation

ADOPT

<p>Order 890</p>	<ol style="list-style-type: none"> 1. Verification <ul style="list-style-type: none"> • Transmission Providers are not responsible for verifying that the generating units and power purchase agreements that network customers designate as network resources satisfy the requirements in Sections 30.1 and 30.7. • But, Transmission Providers continue to be responsible for verifying that third-party transmission arrangements to deliver the purchase to the transmission provider's system are firm 2. Network customers to include a statement that: <ul style="list-style-type: none"> • The transmission customer owns or has committed to purchase the designated network resource and • The designated network resource comports with the requirements for designated network resources pro forma OATT Section 29.2 , and Section 30.2 3. Transmission Provider must notify network customer within 15 days of confirmation if its request is deficient in this regard (in accordance with the procedures in section 29.2).
<p>Discussion</p>	<ul style="list-style-type: none"> • Business Practice that identifies the process and obligations regarding the network customer's attestation and BCTC's notification and response to deficiencies. <ol style="list-style-type: none"> i. Notify network customer within 15 days of confirmation if its request is deficient in reference to section 29.2. ii. Remedy deficiencies through informal communications, but if unsuccessful, annul or displace the network customer's request and change the status of the request on OASIS to "retracted." iii. Attestations not required until service request confirmed, but required at the same time as pre-confirmed applications.

Designation of Network Resources – Documentation - *continued*

Implementation	OATT:	n/a
	Business Practice:	Required - Process and obligations for Network customer attestation over OASIS.
	Reporting:	n/a
	BCTC Systems / OASIS:	Functionality in support of Network customer requirement to include a statement attesting to network resources.

Undesignation of Network Resources

ADOPT

<p>Order 890</p>	<p>1. Temporary and Indefinite Terminations</p> <ul style="list-style-type: none"> • A request to undesignate that is submitted concurrently with a request to redesignate at a specific point is considered a temporary termination - no forfeiture of rights. • Transmission Provider must post change in ATC on OASIS. • A requests to undesignate without any concurrent request to redesignate is considered a request for indefinite termination - no continuing rights. • Transmission Provider must develop OASIS functionality and, working through NAESB, business practice standards describing the procedural requirements for submitting both temporary and indefinite terminations. <p>2. Other Provisions</p> <ul style="list-style-type: none"> • Network customers not permitted to make firm third-party sales from any designated network resource without: <ul style="list-style-type: none"> • undesignating that resource for the period of the third-party sale pursuant to pro forma OATT section 30.3 and • providing notice of such undesignation before the firm scheduling deadline 								
<p>Discussion</p>	<ul style="list-style-type: none"> • Awaiting further FERC ruling with respect to minimum lead-time requirement for undesignations • BCTC Proposal: <ul style="list-style-type: none"> • Minimum lead-time for undesignations - no later than XX:40 prior to the scheduling hour. • Would allow BCTC a 20 minute window to update its ATC and post any freed-up ATC on OASIS by the top of the scheduling hour, and would provide a window for customers to submit bids on freed-up ATC prior to the delivery hour 								
<p>Implementation</p>	<table border="0"> <tr> <td>OATT:</td> <td>Required – Amend Section 30.3</td> </tr> <tr> <td>Business Practice:</td> <td>Required – Subject to BCTC Proposal/FERC ruling on minimum lead-time</td> </tr> <tr> <td>Reporting:</td> <td>n/a</td> </tr> <tr> <td>BCTC Systems / OASIS:</td> <td>Follow development of industry standards, ATC tracking and posting.</td> </tr> </table>	OATT:	Required – Amend Section 30.3	Business Practice:	Required – Subject to BCTC Proposal/FERC ruling on minimum lead-time	Reporting:	n/a	BCTC Systems / OASIS:	Follow development of industry standards, ATC tracking and posting.
OATT:	Required – Amend Section 30.3								
Business Practice:	Required – Subject to BCTC Proposal/FERC ruling on minimum lead-time								
Reporting:	n/a								
BCTC Systems / OASIS:	Follow development of industry standards, ATC tracking and posting.								

Transmission Curtailments

ADOPT

<p>Order 890</p>	<p>Posting of additional curtailment information is necessary to provide transparency.</p> <ul style="list-style-type: none"> • Transmission providers, working through NAESB, are to develop a detailed template for the posting of additional information on OASIS regarding firm transmission curtailments. • Transmission providers are not required to implement OASIS modifications until NAESB develops appropriate standards.
<p>Discussion</p>	<ul style="list-style-type: none"> • No need to amend the OATT to address these aspects. • Participate with NAESB as applicable.
<p>Implementation</p>	<p>OATT: n/a</p> <p>Business Practice: Required - Update business practice subject to NAESB standards development</p> <p>Reporting: n/a</p> <p>BCTC Systems / OASIS: Required – Functionality to follow development of industry standards, as necessary</p>

Standardization of Business Practices

ADOPT

Order 890	<p>Continuation of Rule of Reason Test</p> <ul style="list-style-type: none"> • Only those rules, standards, and practices that significantly affect transmission service are to be incorporated into the transmission provider's OATT under the "rule of reason" test. • But a transmission provider must post on its public website a statement of the process by which it will amend its rules, standards, and practices, including a mechanism to provide reasonable notice of any proposed changes to a posted business practice and the respective effective date of such change. 								
Discussion	<ul style="list-style-type: none"> • BCTC does not specifically apply FERC's "rule of reason" test. However, BCTC's Business Practices set out the business rules and procedures to implement the Terms and Conditions of the OATT in a manner consistent with the BCUC's June 20, 2005 OATT decision at pages 93-95. In that decision, the BCUC concluded that BCTC should endeavour to put as much specificity in the tariff as practicable, without being so prescriptive that the tariff becomes unworkable, and that it must have the authority and latitude to make decisions regarding the implementation of the tariff and the appropriate Business Practices to do so. 								
Implementation	<table> <tr> <td>Tariff:</td> <td>Required – Amend Section 4</td> </tr> <tr> <td>Business Practice:</td> <td>Required - Business practice specifying the process by which BCTC will amend its rules, standards and business practices and notification procedure.</td> </tr> <tr> <td>Reporting:</td> <td>n/a</td> </tr> <tr> <td>BCTC Systems / OASIS:</td> <td>n/a</td> </tr> </table>	Tariff:	Required – Amend Section 4	Business Practice:	Required - Business practice specifying the process by which BCTC will amend its rules, standards and business practices and notification procedure.	Reporting:	n/a	BCTC Systems / OASIS:	n/a
Tariff:	Required – Amend Section 4								
Business Practice:	Required - Business practice specifying the process by which BCTC will amend its rules, standards and business practices and notification procedure.								
Reporting:	n/a								
BCTC Systems / OASIS:	n/a								

Creditworthiness

ADOPT

<p>Order 890</p>	<ul style="list-style-type: none"> • Include an Attachment L to the OATT that describes the transmission provider's basic credit standards. • To include the quantitative and qualitative criteria to be utilized by the transmission provider to determine the level of credit extended to customers, including: <ol style="list-style-type: none"> 1. summary of the procedure for determining the level of secured and unsecured credit; 2. a list of the acceptable types of collateral/security; 3. a procedure for providing customers with reasonable notice of changes in credit levels and collateral requirements; 4. a procedure for providing customers, upon request, a written explanation for any change in credit levels or collateral requirements; 5. a reasonable opportunity to contest determinations of credit levels or collateral requirements; and 6. a reasonable opportunity to post additional collateral, including curing any non-creditworthy determination. 								
<p>Discussion</p>	<ul style="list-style-type: none"> • BCTC proposes to address these criteria in a new Attachment L, supplemented by its existing Credit Policy, already posted on its website. • BCTC proposes to preserve the pertinent sections of Section 11 that are otherwise struck from the Tariff in Order 890. 								
<p>Implementation</p>	<table border="0"> <tr> <td>Tariff:</td> <td>Required – Amend Section 11, Add new Attachment L</td> </tr> <tr> <td>Business Practice:</td> <td>n/a</td> </tr> <tr> <td>Reporting:</td> <td>n/a</td> </tr> <tr> <td>BCTC Systems / OASIS:</td> <td>Required – Supplement Attachment L with a credit guide or manual, or other more detailed information to be posted on website and/or OASIS.</td> </tr> </table>	Tariff:	Required – Amend Section 11, Add new Attachment L	Business Practice:	n/a	Reporting:	n/a	BCTC Systems / OASIS:	Required – Supplement Attachment L with a credit guide or manual, or other more detailed information to be posted on website and/or OASIS.
Tariff:	Required – Amend Section 11, Add new Attachment L								
Business Practice:	n/a								
Reporting:	n/a								
BCTC Systems / OASIS:	Required – Supplement Attachment L with a credit guide or manual, or other more detailed information to be posted on website and/or OASIS.								

OATT Definitions

ADOPT

Order 890

1. Affiliate
 - Supports the reforms associated with the distribution of operational penalties, and is also referenced as an exception to penalties for late study of requests
 - *“With respect to a corporation, partnership or other entity, each such other corporation, partnership or other entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such corporation, partnership or other entity.”*
2. Non-Firm Sale
 - Creation of definition of “non-firm sale” to clarify the treatment of such sales under section 30.4 of the pro forma OATT.
3. Pre-Confirmed Application
 - Adopts the NOPR proposed definition of “pre-confirmed application” in order to implement the reforms adopted regarding the priority of transmission service requests.
4. Good Utility Practice
 - Order 890 incorporates the definition of reliable operation from FPA section 215 into the definition of “good utility practice” in the pro forma OATT - to ensure that reliability standards ultimately developed by the ERO and approved by FERC are reflected in the OATT
 - N/A to BCTC at this time. BCTC proposes to incorporate a similar provision at a later date that reflects British Columbia’s approach to the adoption of Mandatory Reliability Standards

OATT Definitions - *continued*

Discussion	<ul style="list-style-type: none"> Adopt new Order 890 definitions as a matter of course to the extent they support the pro forma tariff reforms in Order No. 890 that BCTC is implementing. 								
Implementation	<table> <tr> <td>OATT:</td> <td>Required – Insert new definitions</td> </tr> <tr> <td>Business Practice:</td> <td>n/a</td> </tr> <tr> <td>Reporting:</td> <td>n/a</td> </tr> <tr> <td>BCTC Systems / OASIS:</td> <td>n/a</td> </tr> </table>	OATT:	Required – Insert new definitions	Business Practice:	n/a	Reporting:	n/a	BCTC Systems / OASIS:	n/a
OATT:	Required – Insert new definitions								
Business Practice:	n/a								
Reporting:	n/a								
BCTC Systems / OASIS:	n/a								

Reservation Priority – Pre-confirmed Requests

ADOPT

Order 890	<ol style="list-style-type: none"> 1. Longer duration requests for transmission service will continue to have priority over shorter duration requests for transmission service, with pre-confirmation serving as a tie-breaker for requests of equal duration 2. A pre-confirmed request for transmission service will not pre-empt an equal duration request that has already been confirmed. 3. Pre-confirmed requests for short-term service will not have priority over long-term service requests that have not been confirmed. 4. Transmission Providers are allowed to invalidate a pre-confirmed request at the request of the transmission customer in the very near term following submittal of the request, in the event the transmission customer makes an inadvertent error in submitting its request. 5. Transmission Provider's are to log such occurrences as an act of discretion so that potential abuses of this flexibility can be monitored. 								
Discussion	<ul style="list-style-type: none"> • Subject to ongoing business practice development of the requirements above. 								
Implementation	<table border="0"> <tr> <td>OATT:</td> <td>Required - Amend Section 13.2, 14.2, 17.2, 18.2</td> </tr> <tr> <td>Business Practice:</td> <td>Required – Subject to industry standards development - Process and obligations in accordance with new pre-emption rules and prohibitions on withdrawing pre-confirmed non-firm and short-term firm point-to-point transmission service requests prior to when the transmission customer is offered service or a system impact study</td> </tr> <tr> <td>Reporting:</td> <td>n/a</td> </tr> <tr> <td>BCTC Systems / OASIS:</td> <td>Follow development of industry standards</td> </tr> </table>	OATT:	Required - Amend Section 13.2, 14.2, 17.2, 18.2	Business Practice:	Required – Subject to industry standards development - Process and obligations in accordance with new pre-emption rules and prohibitions on withdrawing pre-confirmed non-firm and short-term firm point-to-point transmission service requests prior to when the transmission customer is offered service or a system impact study	Reporting:	n/a	BCTC Systems / OASIS:	Follow development of industry standards
OATT:	Required - Amend Section 13.2, 14.2, 17.2, 18.2								
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Reporting:	n/a								
BCTC Systems / OASIS:	Follow development of industry standards								

Reservation Priority – Price as a Tiebreaker

ADOPT

<p>Order 890</p>	<p>Clarifications</p> <ul style="list-style-type: none"> • Price will serve as a tie-breaker after pre-confirmation for those requests that have not yet been confirmed by customer or evaluated by the Transmission Provider. • In the event a later queued short-term request for transmission service preempts a conditional confirmed short-term request for transmission service based on price, then the conditional confirmed request has a right to match the price offer of the later queued request.
<p>Implementation</p>	<p>OATT: n/a</p> <p>Business Practice: Required - Subject to industry standards development</p> <p>Reporting: n/a</p> <p>BCTC Systems / OASIS: Required - Follow development of industry standards</p>

Reservation Priority – Administration of ROFR

ADOPT

<p>Order 890</p>	<ol style="list-style-type: none"> 1. When a longer-term request seeks capacity allocated to multiple shorter term requests, the shorter-term customers should have simultaneous opportunities to exercise the right of first refusal. 2. Duration, price, and time of response would then be used to determine which of the shorter term requests will be able to exercise the right of first refusal. 3. A competing request for these purposes includes one that overlaps with only part of another existing request since both requests cannot be granted simultaneously. It may therefore also include a request for which transmission capacity cannot be accommodated without pre-empting one or more existing transmission reservations.
<p>Example Scenario</p>	<p>50 MW ATC available all 3 months Customer A = 50 MW 1 month, then Customer B = 50 MW 2 months, then Customer C = 50 MW 3 months</p> <p>Scenario:</p> <ul style="list-style-type: none"> • Customer A would have the right to match Customer B duration. The customer that wins that competition would then have the right to match Customer C duration. • But if Customer A matches Customer B, but then refuses to match Customer C, while Customer B would have matched Customer C, it would no longer have the opportunity to do so. <p>Interpretation:</p> <ul style="list-style-type: none"> • Through its simultaneous administration rule, Order 890 contemplates that Customer B should retain the opportunity to match Customer C in the above scenario, rather than be excluded from the opportunity created by Customer A not matching Customer C duration.

Reservation Priority – Administration of ROFR - *continued*

<p>Discussion</p>	<ul style="list-style-type: none"> • This will be a subject of debate in the NAESB process regarding pre-emption and competition of Short-Term Firm and Non-Firm services. • Submittal time for new competing matching requests must be equal in order to facilitate simultaneous ROFR (BCTC cannot notify customers simultaneously) • Requires design of window for “simultaneous” new matching requests • To only apply to primary transmission service, not the reassignment of scheduling rights.
<p>Implementation</p>	<p>OATT: Required – Amend Section 13.2</p> <p>Business Practice: Required – Subject to NAESB business practices and industry standards development</p> <p>Reporting: n/a</p> <p>BCTC Systems / OASIS: Required - Follow development of industry standards.</p>

Reservation Priority – Simultaneous Submission Window (SSW) **ADOPT**

Order 890

1. Transmission Providers to propose a window within which all transmission service requests the transmission provider received will be deemed to have been submitted simultaneously
 - A change to the current first-come, first-served policy to ensure that service is not awarded in an arbitrary fashion, and that less sophisticated customers with fewer financial resources have equal access.
2. Discretion to determine which transmission services subject to window
3. Propose a method for allocating transmission capacity if sufficient capacity is not available to meet all requests submitted within the specified time period
4. Transmission Providers that set a “no earlier than” time for request submittal (BCTC does) must treat all transmission service requests received within a specified period of time as having been received simultaneously.
5. Transmission Providers to propose the period of time within which all requests would be deemed to have been submitted simultaneously, but Order 890 expects that window to be open for at least 5 minutes and considers it logical that the window begin on the first minute of the “no earlier than” time period for each service.
6. Requests submitted within a specified window should not be publicly available until the window has closed in order to prevent competitors from requesting the same service simply to disrupt the transmission service procurement process.

Discussion

- BCTC proposes to use a 5 minute window, beginning at start of service request period, pre-schedule only, excluding LTF PTP
- Allocation method options

Reservation Priority – SSW *continued*

Allocation Method - Option 1

1. Sort all requests into priority buckets (by duration, then pre-confirmation status, then price).
2. Randomly assign customer pick-order for repeated draws
3. Conduct iterative customer pick based on pick-order for each priority bucket until bucket is empty
4. Proceed to next bucket using the same pick-order in sequence
5. Allocate ATC based on the resulting priority sequence of requests
6. Counteroffer the request in the sequence for which remaining ATC would be insufficient, given the prior allocations to requests with a higher priority sequence.

RECOMMENDED: Fair to all customers, no disproportionate allocation of ATC, consistent with principle that requires a SSW, consistent priority sequence remains subsequent to the 5-minute window closing.

Reservation Priority – SSW *continued*

<p>Other Possible Allocation Methods</p>	<p>If the applicable priority determinants (duration, then pre-confirmation status, price) do not apply and would otherwise require allocation based on time of submittal:</p> <p>Option 2</p> <ul style="list-style-type: none"> • Allocate in equal proportion to all applicable requests (<i>pro rata by request</i>), without exceeding the request amount of any one request. • NOT RECOMMENDED – could result in allocation of partial MW if # requests > total MW of ATC; disproportionate allocation amounts relative to request amounts <p>Option 3</p> <ul style="list-style-type: none"> • Allocate <i>pro rata</i> by MW volume to all applicable requests • NOT RECOMMENDED - May diverge from the principle underlying establishment of SSW (improving the fairness in transmission access across customers that differ in size and sophistication in market access). May result in inflated request amounts or redundant requests. 								
<p>Implementation</p>	<table border="0"> <tr> <td>OATT:</td> <td>Required</td> </tr> <tr> <td>Business Practice:</td> <td>Required</td> </tr> <tr> <td>Reporting:</td> <td>n/a</td> </tr> <tr> <td>BCTC Systems / OASIS:</td> <td>Required - Monitor development of industry standards to minimize seams with other jurisdictions.</td> </tr> </table>	OATT:	Required	Business Practice:	Required	Reporting:	n/a	BCTC Systems / OASIS:	Required - Monitor development of industry standards to minimize seams with other jurisdictions.
OATT:	Required								
Business Practice:	Required								
Reporting:	n/a								
BCTC Systems / OASIS:	Required - Monitor development of industry standards to minimize seams with other jurisdictions.								

SSW Option 1 Example - *continued*

Stage 3: Establish Random Customer Pick Order

Using computerized random number generator: **B - A - C**

Stage 4: Establish Priority Sequence of Requests for ATC allocation using Customer Pick Order, for each Bucket in sequence

Method required to pick between Multiple Requests of the Same Customer in One Priority Bucket

Option 1a: Order multiple requests from one customer in one bucket by MW from Small to Large

Option 1b: Order multiple requests from one customer in one bucket by MW from Large to Small

Option 1c: Randomly select between multiple requests from one customer in one bucket (**RECOMMENDED**)

Option 1a (Small to Large)			Option 1b (Large to Small)			Option 1c (Random) [n! possibilities]		
Request #	Customer	MW	Request #	Customer	MW	Request #	Customer	MW
7	B	100	7	B	100	7	B	100
1	A	50	3	A	150	6	A	100
11	C	25	11	C	25	11	C	25
6	A	100	6	A	100	1	A	50
3	A	150	1	A	50	3	A	150
10	C	25	10	C	25	10	C	25
9	B	100	9	B	100	9	B	100
2	A	50	2	A	50	2	A	50
12	C	25	12	C	25	12	C	25
4	A	50	4	A	50	4	A	50
8	B	100	8	B	100	8	B	100
5	A	50	5	A	50	5	A	50

SSW Option 1 Example - *continued*

Stage 5: Allocate ATC to requests - (Assumes Option 1c from Stage 4)

Scenario	1			2			3		
Total ATC (MW)	850			650			450		
Allocation (in Priority Sequence)	Request #	Customer	MW	Request #	Customer	MW	Request #	Customer	MW
	7	B	100	7	B	100	7	B	100
	6	A	100	6	A	100	6	A	100
	11	C	25	11	C	25	11	C	25
	1	A	50	1	A	50	1	A	50
	3	A	150	3	A	150	3	A	150
	10	C	25	10	C	25	10	C	25
	9	B	100	9	B	100			
	2	A	50	2	A	50			
	12	C	25	12	C	25			
	4	A	50	4	A	25			
	8	B	100						
	5	A	50						
Total			825			650			450

Scenario	4a - Option 1a			4b - Option 1b			4c - Option 1c		
Total ATC (MW)	250			250			250		
Allocation (in Priority Sequence)	Request #	Customer	MW	Request #	Customer	MW	Request #	Customer	MW
	7	B	100	7	B	100	7	B	100
	1	A	50	3	A	150	6	A	100
	11	C	25				11	C	25
	6	A	75				1	A	25
Total			250			250			250

Note: CounterOffer - shaded blue

Energy & Generator Imbalance Service

DEFER

Order 890	<p>Separate but standardized services for Energy & Generator imbalances - Three Principles:</p> <ol style="list-style-type: none"> 1. Imbalance charges based on incremental cost 2. Three graduated deviation bands to provide incentive for accurate scheduling 3. Account for the limited ability of intermittent generators to precisely forecast or control generation
Discussion	<ul style="list-style-type: none"> • Defer discussion of and consultation on (and implementation of) Order 890 requirements. • BCTC proposes to coordinate review and implementation of energy and generator imbalance service with the review of IOS supply in advance of expiry of BC Hydro's IOS tariff on March 1, 2009, including Schedule 3011 – Energy Service Available to BCTC as IOS. <p>Other Supporting Points</p> <ul style="list-style-type: none"> • Current design provides a similar 3-tiered approach to provide an incentive for accurate scheduling • Consistent with each of Order 890's three imbalance principles (although Order 890's means of meeting principle #3 (i.e. exemption from 3rd tier charges) is a unique solution. • Zero energy imbalance service purchased in F2007 and F2008.
Implementation	<p>OATT: n/a at this time</p> <p>Business Practice: n/a at this time</p> <p>Reporting: n/a at this time</p> <p>BCTC Systems / OASIS: n/a at this time</p>

Ancillary Services

DEFER

Order 890	<p>Schedules 2 – 6 and Schedule 9 of the pro forma OATT</p> <ul style="list-style-type: none"> Amended to state that Reactive Supply and Voltage Control, Regulation and Frequency Response, Energy Imbalance, Spinning Reserves, Supplemental Reserves, and Generator Imbalance, may be provided by generating units <u>or non-generating resources, such as demand resources where appropriate.</u> Sales of energy imbalance and operating reserves, for example, should be permitted where appropriate on a comparable basis from those provided by generating resources Transmission Provider may impose technical criteria in order to reliably allow load resources to provide such Ancillary Services (to be developed and imposed on a non-discriminatory basis)
Discussion	<ul style="list-style-type: none"> BCTC proposes to defer discussion, consultation and implementation of Order 890 requirements in order to coordinate review and implementation of Ancillary Services requirements with BCTC review of IOS supply in advance of expiry of BC Hydro's IOS tariff on March 1, 2009.
Implementation	<p>OATT: n/a at this time Business Practice: n/a at this time Reporting: n/a at this time BCTC Systems / OASIS: n/a at this time</p>

Other Modifications – Excluded

Provisions in Order 890 where BCTC already provides for service in the manner contemplated by Order 890, or NOPR proposals that FERC declined to adopt under Order 890.

Exclusion	Reason
Higher-of Pricing Policy	No changes to existing policy required at this time
Hourly Firm Service	Mandatory hourly firm not required; BCTC already provides
Fee for Multiple Self-Competing Transactions	Not required in light of NAESB queue flooding & hoarding business practices
Clustering TSR studies	BCTC provides for clustering through its Open Season provisions.
BP Standardization - Study queue processing	No OATT changes required; ongoing NAESB business practice development
Secondary Service (Network Economy)	BCTC has an approved Network Economy tariff
Behind the meter generation	Declines to require TP to allow netting of behind-the-meter generation
Enforcement	Reforms driven by legislative framework in United States; n/a to BCTC

Other Modifications

Implementation Summary

Modification	Position	Implementation			
		Order 890	OATT	Business Practice	Reporting
Credits for Network Customers	Adopt	●	n/a	n/a	n/a
Capacity Reassignment	Adopt	●	●	n/a	●
Unreserved Use Penalties	Adopt	●	●	n/a	n/a
Rollover Rights (& Redirects)	Adopt	●	●	n/a	n/a
Performance Metrics and Operational Penalties	Adopt	●	●	●	●
Designation of Network Resources	Adopt	●	▼	n/a	●
Transmission Curtailments	Adopt	n/a	●	n/a	●
Standardization of Business Practices / Creditworthiness	Adopt	●	●	n/a	●
Queue Processing	Adopt	●	▼	n/a	▼
Energy & Generator Imbalance Charges	Defer	▼	▼	n/a	n/a
Other Ancillary Services	Defer	▼	▼	n/a	n/a

Key: ● Clear or self-evident ▼ Some uncertainty

Questions ?

Comments?

ORDER NO. 890 IMPLEMENTATION

Wrap-Up

Stakeholder Consultation

April 30, 2008

Wrap-Up

- Thank you for your attention and consideration today.
- We very much value the comments we have received thus far and we look forward to reviewing any further comments as we resolve outstanding issues and finalize our draft regulatory filing materials.
- **Please remember that:**
 - We will post draft filing materials on our website on Friday, May 2, 2008 for your review
 - Please provide written comments on the materials presented today and on the draft filing materials by May 14, 2008. Please also indicate if you require further discussion any of the topics.
 - Please email your written comments to Brenda Ambrosi
 - Based on your comments we will determine by May 16 if a 2nd consultation will be required (scheduled for May 29th)
- **Additional Questions?**

Please contact:

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