



February 18, 2011

Brenda Ambrosi
Wholesale Market Services Manager
BC Hydro
6911 Southpoint Drive
Burnaby, B.C., V3N 4X8

TransCanada Energy Ltd.
450 - 1st Street S.W.
Calgary, Alberta, Canada T2P 5H1

tel 403.920.2081
fax 403.920.2362
email chris_best@transcanada.com
web www.transcanada.com

Sent Via Email To brenda.ambrosi@bhydro.com

Re: Conditional Firm Service (“CFS”) Business Practice

Dear Brenda,

TransCanada Energy Ltd. (“TCE”) appreciates BC Hydro posting the draft Conditional Firm Service (“CFS”) Business Practice and hosting the stakeholder consultation on CFS on February 4, 2011. TCE offers the following comments on this issue.

TCE reiterates its position to support the offering of CFS to meet FERC Order No. 890 requirements, but it should not be at the expense of existing Long Term Firm Point-to-Point (“LTFPTP”) customers. Any degradation or impairment of reliable service to existing LTFPTP customers is neither the intention of FERC’s conditional firm service established in FERC Order No. 890 nor the Business Practice Standards of the North American Energy Standards Board, Wholesale Electric Quadrant (“WEC”).¹ Although BC Hydro proposes to offer CFS only if there is available transmission capacity (“ATC”), there is still concern that policies, actions and practices outside of British Columbia may change over time and result in a degradation of the value, quality and reliability of existing LTFPTP service rights.

As discussed at the stakeholder session, TCE is concerned with the proposed practice of offering CFS on any path which has no firm capacity available.² In essence, this is simply converting non-firm capacity to firm capacity. This is not the intent of CFS envisioned in FERC Order No. 890 or BC Hydro’s (formerly British Columbia Transmission Corporation) OATT application in 2008/2009. CFS was intended to replace “Shaped Service” in order to satisfy a customer’s request when there is insufficient ATC to fulfill the entire request. When absolutely none of the customer’s request can be fulfilled, the customer should wait until the appropriate network upgrades are in place before it is granted firm capacity. CFS should not be substituted in these instances, but rather, CFS should only be offered when there is at least some firm capacity available.³

TCE is also concerned with further consultation on CFS and is opposed to the finalization of the CFS Business Practice while BC Hydro is in the midst of consultation on OATT Requirements and Business Practices (“ORBP”). This ORBP consultation is in response to certain allegations raised with the British Columbia Utilities Commission (“BCUC”) about practices which result in an unlevel playing field and

¹ See FERC Order No. 890 at P 73 and 1043; NAESB WEQ Standards – Version 002.1, Standard WEQ-001-21.1.1.

² BC Hydro CFS Business Practice at sections 2.0 and 6.3.

³ See FERC Order No. 890 at P 1043.

February 18, 2011
Page 2 of 2
B. Ambrosi

benefit BC Hydro/Powerex to the detriment of other OATT customers.⁴ CFS will further complicate and exacerbate many of these ORBP concerns and should not be finalized until such time as these other overarching ORBP concerns are acceptably resolved in the market.

Should you wish to discuss any of this further, I can be reached at (403) 920-2081 or via e-mail (chris_best@transcanada.com).

Regards

[sent electronically]

Chris Best
Manager, Market Services,

cc: Steven Quehl, TransCanada
Frank Karabetsos, TransCanada

⁴ BCUC Order No. G-192-10 (Dec. 9, 2010) at Appendix A, p.5, sec.6.0 (stating that “the Commission encourages BC Hydro to hold open stakeholder meetings with its OATT customers and other interested parties to discuss the issues raised by stakeholders”).