

The following information request was submitted by Mr. Mike Guthrie behalf of the Iskut First Nation. As directed by the Commission in Exhibit A-5 of the Transmission System Capital Plan proceeding, BCTC is responding to this information request in the context of its Open Access Transmission Tariff. BCTC responses are included below.

BCTC - 2005 TSCP F2006 to F2015

We submit this information request as part of the British Columbia Utilities Commission (BCUC) written public hearing with respect to Project No. 3698387.

1.0 Reference Exhibit B-1, 3.2.4, p.49.

Explanation

With significant northern development activities currently undergoing environmental assessments (ie. Red Chris Mine– bcMetals; Galore Creek Mine – Nova Gold), an extensive transmission grid will be required to facilitate development in the north. Much of the proposed development is based on the completion of the Forrest Kerr Project.

A review of the Independent Power Producer (IPP) Interconnections indicates that the \$25,756 Forrest Kerr Project is set for completion by 2008. The Coast Mountain Hydro project (a.k.a. the Forrest Kerr Project) is north of the Meziadin Junction and requires an extension of the B.C. Hydro grid on behalf of Coast Mountain Hydro. While we recognize that “IPP connections typically include direct assignment facilities which are fully paid for by the IPP and Network Upgrades which are funded in accordance with the WTS/OATT tariff”, we request more information with respect to how this particular IPP interconnects with future transmission line expansion in the BC Hydro 2005 Integrated Electricity Plan.

REQUESTS

- 1a. Is the Coast Mountain proponent totally responsible for the development and building of that transmission line from the project to Meziadin Junction?

RESPONSE:

The Coast Mountain proponent would be responsible for the development and building of their proposed transmission line from their generation project to Meziadin Junction.

- 1b. Is Coast Mountain required only to build to the capacity that is being generated by their hydroelectric system or are they going to have to look at a larger capacity on the transmission line than is actually being generated because of the fact that there is no hydroelectric power in the northern part of the province?

RESPONSE:

BCTC has not imposed any requirements on Coast Mountain to build transmission to any other capacity than they have proposed. BCTC cannot comment on whether or not Coast Mountain is “going to have a look at larger capacity on the transmission line...”

- 1c. Is Coast Mountain being restricted to the actual capacity, or do they have to build it to be able to expand the capacity of the transmission lines?

RESPONSE:

BCTC has not imposed restrictions on the proposed capacity nor any requirements to expand the capacity of Coast Mountain’s proposed transmission line.

- 1d. Considering the amount of development planned for the north, has the BCTC or BC Hydro entered into negotiations with Coast Mountain to build a line larger than the 100 megawatts that is presently being built, for future generation?

RESPONSE:

BCTC has not entered into negotiations with Coast Mountain to build a line larger than that proposed by Coast Mountain.

- 1e. If yes, wouldn’t this type of discussion be something that would have to be discussed with the BCUC?

RESPONSE:

Please see the response to 1d.

- 1f. Is there a possibility that the contract between BC Hydro and Coast Mountain would be renegotiated should there be some money spent on increasing the line capacity from Bob Quinn?

RESPONSE:

BCTC cannot comment on any contractual arrangements between BC Hydro and Coast Mountain.

- 1g. When an IPP puts a call in, B.C. Hydro must determine how much it is willing to pay a proponent to build an IPP. Is this correct?

RESPONSE:

BCTC cannot comment on BC Hydro's energy procurement policies and suggests this question be directed to BC Hydro.

- 1h. What is the process BC Hydro uses to determine how much they will pay an IPP? Is it influenced by the relative proximity of electricity demand? (For example, would Coast Mountain be paid more if there was a demand by mining companies for electricity up north?) How would this difference (if there is any) influence rate payers in BC?

RESPONSE:

BCTC cannot comment on BC Hydro's energy procurement policies and suggests this question be directed to BC Hydro.

- 1i. The power produced by Coast Mountain is to be transmitted over a DC rather than an AC line. Was there any consideration of transmitting it over an AC so it could readily tie into mining operations for the future?

RESPONSE:

Public statements from Coast Mountain indicate that the power produced by Coast Mountain would be transmitted over a 138 kV AC transmission line to Meziadin Junction. This information should be confirmed with Coast Mountain.

- 1j. If in fact Red Chris decides they want to build a transmission line from Bob Quinn on Highway 37 up to Red Chris mines, who is going to build the transmission line? Will it be BCTC/BC Hydro or the proponent of the project?

RESPONSE:

Should Red Chris decide they want to build a line they could engage the services of BC Hydro or another company capable of building a transmission line.

- 1k. Can a mining operator (ie. Red Chris) buy electricity directly from an IPP, or does it have to negotiate with BC Hydro and BCTC? If so, could Coast Mountain break its contact with BC Hydro and sell its electricity to northern mining companies?

RESPONSE:

A mining operator such as Red Chris could purchase electricity directly from an IPP. Should the delivery of that electricity take place over portions of the BC Hydro transmission system, the mining operator would have to purchase transmission services from BCTC. BCTC cannot comment on contractual arrangements between Coast Mountain and BC Hydro.

11. If Red Chris decides they want to buy power from B.C. Hydro as opposed to the power producer, who is going to pay? Is Hydro going to pay a wheeling charge on that line, which is owned by the power producer that brought the power from Bob Quinn down to Meziadin Junction?

RESPONSE:

BCTC is not in the position to comment as to how energy might be transmitted and paid for under potential arrangements between BC Hydro and their customers using third party transmission lines. BCTC suggests that this question be referred to BC Hydro.

2.0 Reference: Exhibit B-1, 3.2.4, p.49.

Explanation

The following information was obtained via the Galore Creek Project CEAA Project Description Update - June 2005. The Galore Creek Mine is currently under environmental review.

The power requirement for the Galore Creek operation is approximately 82 MW. Power loads of this size can only be supplied cost-effectively from the BC Hydro grid. Site diesel generation would render the Galore Project uneconomic. It was assumed in the Preliminary Economic Assessment analysis that a 138 kV transmission line would be constructed parallel to the preferred access corridor joining the BC Hydro grid around the Bob Quinn Lake area.

Currently, the closest point on the BC Hydro grid is approximately 135 km south of Bob Quinn Lake. However, Forrest Kerr hydroelectric power has obtained regulatory approval and is being developed as part of the BC Hydro Independent Power Producer's initiative. The development of Forrest Kerr will advance the BC Hydro grid northward along Highway #37 and significantly reduce line construction distance for Galore.

Again, it appears as though pending development activity will require expansion of the northern grid. Prudent mining companies are usually reluctant to absorb environmental assessment costs unless they are reasonably certain that they will be able to power their projects. We request additional information as to the impact the Forrest Kerr Project will have on development activity in the north.

REQUESTS

- 2a. We request a documented record of any and all business scenarios that have been presented to BCTC and in turn to provincial Cabinet with respect to the expansion of the BC Hydro grid past Meziadin Junction.

RESPONSE:

A report on the BCTC website

http://www.bctc.com/the_transmission_system/engineering_reports_studies/ entitled "North West Area Transmission Options" provides a record of various reinforcement options that have been considered for the reinforcement of the grid past Meziadin Junction.

Business scenarios, if any, discussed by prospective transmission customers are confidential to those prospective customers. BCTC is not at liberty to disclose any such scenarios.

- 2b. We request a map detailing proposed potential transmission line activity that would expand the northern grid from Meziadin Junction.

RESPONSE:

The report referenced in the response to 2a also includes semi-geographical maps for each of the possible transmission reinforcement alternatives.

- 2c. The map should also indicate all potential and contemplated transmission line routes anticipated for use by hydroelectric, mining and oil & gas developments.

RESPONSE:

Detailed route selection for possible transmission reinforcements has not been performed at this stage nor has detailed analysis of potential energy, mining and oil and gas developments been included in the report. The transmission options were considered primarily based on their power transfer capabilities. Therefore, the maps in the report are only semi geographical and indicate approximate locations and distances.