

ATTACHMENT N

**Deferral Credits for Long Term Point-To-Point Customers
Who Participate in a Dispatch Option During Critical Peak Periods**

1. Eligibility

This Deferral Credit only applies to an Interconnection Customer (Customer) that: (i) applies for interconnection of a new or refurbished Generating Facility that has not achieved Commercial Operation prior to the effective date of this Attachment, and that results in net generating capacity in excess of the highest net generating capacity provided by existing facilities at that location in the most recent five years; and (ii) enters into a Dispatch Option with the Transmission Provider with respect to that Generating Facility.

2. Definitions

- (a) System Plan Network Upgrade has the same meaning as in Attachment O.
- (b) Dispatch Option is an agreement between BC Hydro and the Customer, under which the Transmission Provider may dispatch a Generating Facility during critical peak periods to provide additional capacity on the transmission system

3. Deferral Credit Calculation

- (a) The Deferral Credit is the larger of zero or:

$$DC = 0.75 \times (O - N - E)$$

Where

DC = Deferral Credit

O = the present value of the estimated cost of the Transmission Provider's System Plan Network Upgrades including the Customer's PTP service without a Dispatch Option.

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- N = the present value of the estimated cost of the Transmission Provider's System Plan Network Upgrades that, in the judgment of the Transmission Provider acting reasonably, would be required with the Customer's Dispatch Option.
- E = the present value of any incremental operating and maintenance expenses occasioned by the change in the System Impact Study due to Customer's PTP service.


The interest rate used for discounting costs will be the prevailing discount rate used in the Transmission Provider's most recent System Plan.

- (b) The calculations in section 3(a) shall be conducted with the following conditions.
- i. The present value for N and O are calculated over the term of the Dispatch Option, except where the deferral of System Plan Network Upgrades results in deferred expenditures beyond the Dispatch Option's term, in which case the present value period shall be extended until the date the System Plan indicates those deferred expenditures will be incurred.
 - ii. The timing of the construction of System Plan Network Upgrades used for O shall reflect the timing of construction contemplated by the Transmission Provider's System Plan but adjusted for the impacts of any PTP contracts that the Transmission Provider has issued since the date of the last System Plan.

4. Deferral Credit Payments

- (a) Customer will receive a monthly Deferral Credit equal to its bill for PTP transmission services in connection with the output of the Generating Facility that is the subject of the Dispatch Option on the LTF PTP rate schedule excluding the costs of scheduling, losses and ancillary services.

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- (b) The Transmission Provider will reduce the balance of the outstanding Deferral Credit by the amount credited to the Customer on its bill.
- (c) As long as the Customer continues to take LTF PTP service in connection with the output of the Generating Facility that is the subject of the Dispatch Option, the Customer will continue to receive a Deferral Credit until the balance of the Deferral Credit is reduced to zero.
- (d) The Transmission Provider will compute and provide an initial forecast of the time required to amortize and reduce the entire amount of the Deferral Credit as provided for herein to zero. The Transmission Provider will track remaining credit balances for all Customers and notify them of material changes in the amortization period due to LTF PTP rate changes.
- (e) If a Customer is entitled to Deferral Credits and has provided the Transmission Provider security for Network Upgrades in connection with Attachment O, the Transmission Provider will apply the Deferral Credits against the Customer's transmission service bill, and reduce amount of the Security by an equivalent amount. That reduction is in addition to any reduction in the amount of the Security that the Customer is entitled to pursuant Section III.D.3 of Attachment O for any portion of the Customer's transmission service bill actually paid by the Customer.
- (f) If the Transmission Provider determines, through its sole judgment, that the Customer does not meet the operating characteristics or fails to meet performance requirements necessary to support the deferral of System Plan Network Upgrades, the Transmission Provider may suspend or cancel the application of the monthly Deferral Credit.

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