Overview of 2008 Long-Term Acquisition Plan (LTAP) Components

The following sets out the expected 2008 LTAP components, divided between:

- Components for which BC Hydro is seeking an expenditure determination pursuant to section 45(6.2)(b) of the Utilities Commission Act (UCA), and
- Components which form part of the justification for the expenditure determination requests and which support the requested British Columbia Utilities Commission (BCUC) Order that the 2008 LTAP meets the requirements of section 45(6.1) of the UCA.

Expenditure Determinations

1. Demand Side Management (DSM) Implementation Plan
   - **Expenditure Size and Time Period:** The years of expenditures for which BC Hydro is requesting a determination needs to be determined, i.e. the Revenue Requirement Application test period, the ten year LTAP period or something in between
   - **Content:**
     i. Identify specific rate structures, legislative changes and programs that will be used to achieve the target
     ii. Revisit the 2.5 cent per kilowatt hour guideline
     iii. Assess proposed DSM programs using the three cost-effectiveness test

2. Mica Unit 5/Mica Unit 6 and Revelstoke Unit 6
   - **Mica Units 5/6: Expenditure Size and Time Period:** Likely a “CPCN-like” determination request for all expenditures for Definition and Implementation phase work for Mica Unit 5 and Mica Unit 6
   - **Content:** This would likely be a “CPCN-like” application:
     i. *Project Description and Impacts:* Project location and components, cost estimates (P50 and P90); project timetable; transmission requirements; brief description of the anticipated environmental impacts/construction-phase impacts; a complete list of all government agency approvals required
     ii. *Project Justification:* The need for capacity based on a base plan (load/resource balance) and a contingency plan (if other resources do not show up) basis; quantification of the impact of Mica Units 5/6 on customers’ rates; and the benefits, costs and risk analysis of alternatives to Mica Units 5/6
     iii. *First Nation and Public Consultation*

   - **Revelstoke Unit 6:** Likely a determination request for Investigation and Definition phase work for Revelstoke Unit 6. Content would be similar to what was provided in the 2006 LTAP for Revelstoke Unit 5.

3. Site C
   - **Expenditure Size and Time Period:** Justification for the increase in Phase 2 expenditures (largely because more is being done as part of Phase 2).
   - **Content:** As part of the justification for the Phase 2 expenditures, there will be two Site C-related LTAP content items:
     i. *Resource Option/Portfolio Analysis*
     ii. *Stakeholder Engagement Plan:* Lay out the First Nation/stakeholder engagement plan for moving Site C forward.
4. **Maintain Burrard**
   - **Expenditure Size and Time Period:** Review upgrade and maintenance expenditures for Burrard as currently configured, especially for operating Burrard past F2014 if Interior-to-Lower Mainland (ILM) transmission reinforcement is delayed. There will also be greenhouse gas (GHG) offset costs pursuant to Policy Action No. 19 of the 2007 Energy Plan
   - **Content:** Note any changes to Burrard’s capacity and energy contribution will be examined as part of the load resource balance analysis.

5. **Demolish and Replace Burrard**
   - **Content:** Repowering Burrard as a simple cycle gas turbine or combined cycle gas turbine will be portfolios, and permitting and high-level capital cost information will be filed.

**Justification for Expenditure Determinations**

1. **Load/Resource Gap**
   - 2007 Load Forecast to incorporate BCUC 2006 LTAP Decision directions
   - Burrard’s energy contribution
   - Impact of Special Direction 10

2. **Risk Framework**
   - The Risk Framework will address BCUC criticism in the 2006 LTAP Decision concerning the objectivity of our risk analysis
   - It encompasses quantifiable stochastic risks such as industrial loads, natural gas price and electricity price; scenario risks (GHG emission allowance charges); and those risks which are assessed qualitatively such as comparing DSM, independent power producer, Resource Smart and ILM deliverability risk

3. **2007 Electricity and Gas Price Forecasts**
   - Updated gas price scenarios
   - GHG adders to be included in Electricity Price Forecast for first time

4. **GHG Price Forecast**
   - Updated GHG Price Forecast

5. **Resource Options Update**
   - Current status of coal sequestration technology
   - Wind jurisdictional/integration assessment
   - Waneta Expansion and Jordan River
   - Complete list of Resource Smart projects (divided into energy and capacity)

6. **Portfolio Analysis**

7. **Contingency Resource Plans**
   - Transmission contingency plans if ILM is delayed