

SIXTH FLOOR, 900 HOWE STREET, BOX 250
VANCOUVER, B.C. V6Z 2N3
CANADA



BRITISH COLUMBIA
UTILITIES COMMISSION

ORDER
NUMBER G-20-95

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AN ORDER IN THE MATTER OF the Utilities Commission
Act, S.B.C. 1980, c. 60, as amended

and

British Columbia Hydro and Power Authority
Application for Approval of Industrial Service Options/Rate Design and
Commission Review into Electricity Markets and the Unbundling of Services

BEFORE: M.K. Jaccard, Chairperson;)
L.R. Barr, Deputy Chairperson; and) February 24, 1995
K.L. Hall Commissioner)

O R D E R

WHEREAS:

- A. On September 20, 1994 British Columbia Hydro and Power Authority ("B.C. Hydro") applied to the Commission for approval of an Application with respect to short-term and standard Generation Standby Service; and
- B. On October 14, 1994 the Power Exchange Operation ("PEO") applied to the Commission for approval of an Application with respect to Access to the PEO; and
- C. On January 3, 1995 B.C. Hydro applied to the Commission for approval of an Application with respect to Industrial Service Options/Rate Design ("ISO/RD"); and
- D. On December 16, 1994 the Lieutenant Governor in Council ordered the Commission to hold a public review of British Columbia's electricity market structure and issued Order in Council No. 1536, 1994 ("OIC 1536") and Terms of Reference pursuant to Section 6 of the Utilities Commission Act ("the Act"). A panel consisting of Dr. Mark K. Jaccard, Chair, Ms. Lorna Barr, Deputy Chair and Mr. Kenneth Hall, Commissioner were appointed for the review; and
- E. The Terms of Reference, attached as Appendix A to this Order, requires the Commission to submit the report by April 30, 1995; and
- F. On January 20, 1995 the Commission held a workshop attended by parties interested in the ISO/RD Applications and the Commission review into Electricity Market Structure ("the Review"). At the workshop, several parties expressed the view that the hearing into the Applications should not proceed until after the Review was completed and no party expressed interest in proceeding with the Applications at this time. In addition, all parties which spoke at the workshop expressed the view that an extension of time for conducting the Review was desirable; and
- G. On January 23, 1995 the Commission asked the Lieutenant Governor in Council for an extension with respect to the Review to May 31, 1995, or as soon thereafter as may be practical; and
- H. On February 23, 1995 the Lieutenant Governor in Council issued Order in Council No. 0169, 1995 approving the extension.

NOW THEREFORE the Commission orders as follows:

1. A public hearing, under OIC 1536, 1994 and OIC 0169, 1995 and the Terms of Reference, is set down for Monday, May 8, 1995 at 8:30 a.m. in the Commission's Hearing Room, 6th Floor, 900 Howe Street, Vancouver, B.C.
2. The Commission will hold a series of Town Hall Meetings as follows:

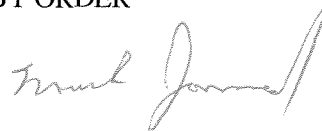
City	Location	Date
Prince George	Inn of the North	March 13, 1995
Victoria	Coast Harbourside	March 14, 1995
Cranbrook	Town and Country	March 15, 1995
Kelowna	Royal Ann Hotel	March 16, 1995

All meetings will run from 2:00 p.m. to 5:00 p.m. and from 7:00 p.m. to 9:00 p.m.

3. Parties intending to make information requests from other parties to the proceeding should do so by March 6, 1995. Information Requests made by March 6 shall be responded to by the parties to whom they are made on or before March 27, 1995. Information Requests will be vetted by the Commission, for applicability to the proceeding and level of effort required to respond, upon complaint by the party receiving the request.
4. Parties intending to file written submissions must do so by April 18, 1995, with copies to the Commission and all Registered Parties. Any Information Requests made regarding written submissions shall be made by April 24, 1995. Information Requests made by that date are to be responded to by May 1, 1995.
5. The Commission will hold Workshops, during the week of April 24 - 28, 1995, aimed at determining those issues on which consensus has or can be reached and those which need a fuller exploration through a hearing process.
6. The Commission will schedule one or a series of Hearings into the various B.C. Hydro Applications following the completion of the Review. The Commission will consider advancing the processing of filings related to specific tariffs if there is substantial interest and sufficient information on which to proceed.

DATED at the City of Vancouver, in the Province of British Columbia, this 28th day of February, 1995.

BY ORDER



Dr. Mark K. Jaccard
Chairperson

Attachments

PROVINCE OF BRITISH COLUMBIA
ORDER OF THE LIEUTENANT GOVERNOR IN COUNCIL

Order in Council No. **1536**, Approved and Ordered **DEC 15 1994**



Lieutenant Governor

Executive Council Chambers, Victoria

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and consent of the Executive Council, orders that

1. the British Columbia Utilities Commission is requested to undertake a public review of wheeling in British Columbia and the Terms of Reference attached to this order are specified to require and empower the Commission under section 6 of the Utilities Commission Act,
2. Dr. Mark K. Jaccard, Chair and Chief Executive Officer of the British Columbia Utilities Commission, Ms. Lorna Barr, Deputy Chair and Mr. Kenneth L. Hall, temporary Commissioner; are Commissioners for this review.



Minister of Energy, Mines
and Petroleum Resources



Presiding Member of
Executive Council

(This part is for administrative purposes only and is not part of the Order.)

Authority under which Order is made:
Utilities Commission Act, section 6

Act and section:

Other (specify):

TERMS OF REFERENCE
IN THE MATTER OF THE UTILITIES COMMISSION ACT (the Act)
S.B.C. 1980, C.60

and

**IN THE MATTER OF A PUBLIC REVIEW OF ELECTRICITY DEREGULATION IN
BRITISH COLUMBIA**

WHEREAS, the electricity industry is becoming subject to competitive forces throughout North America, and these developments could have implications for utilities, regulators, electricity consumers and other stakeholders in British Columbia;

and

WHEREAS, the province wishes to ensure that British Columbians continue to be served with adequate supplies of low cost and reliable electricity, carefully balancing other social and environmental objectives;

and

WHEREAS, B.C. Utilities Commission (the Commission) has directed B.C. Hydro to file proposals for industrial service options and wheeling by January 3, 1995;

and

WHEREAS, B.C. Hydro has filed proposals for new industrial services and access to the Power Exchange Operation (PEO) and B.C. Hydro plans to file a wholesale wheeling application early in 1995 but will not file a retail wheeling proposal until after the province's electricity policy allows retail wheeling;

and

WHEREAS, the province has a desire to consult with various interest groups in the electricity industry (including but not limited to B.C. utilities, independent power producers, self generators, the Commission, and industrial, commercial and residential electricity consumers) to clarify and define the implications of and the appropriate pricing structure for wheeling and power service to best serve the electricity needs of British Columbia in the future;

and

WHEREAS, wheeling is the transmission of electric energy generated by one party to another party using the transmission system of a third party that may have implications for the whole electric system;

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NOW THEREFORE, the Commission shall conduct a public review in accordance with the following Terms of Reference.

1. The general purpose of the public review is to assist the province in the development of electricity policy by continuing the process of obtaining informed public input on the goals and objectives of British Columbians for their electricity industry. The specific purpose of this review is to canvass the public and interest groups on unbundled transmission or wheeling services and its implications, more diversified services or unbundled services and the appropriate rate setting for such services and its implications.
2. Without limiting the generality of the foregoing, but as an aid, the Commission is directed to review and report on the implications of retail wheeling in the context of the current and future competitive position of electricity services in British Columbia from the following points of view:
 - a) the needs of each customer class and what new services are desirable to meet their needs;
 - b) wheeling rates that promote efficiency within the electricity markets and associated implications and distributional effects;
 - c) rate design (encompassing rates based upon geographic differentiation and services such as backup and standby) and its effect on efficiency within the electricity market, the pricing of these services, and associated implications and distributional effects;
 - d) the role of the PEO in relationship to domestic wheeling;
 - e) the potential effect of retail wheeling on recovery of stranded costs and other social, uneconomic and public interest investments;
 - f) the appropriateness of the utility's traditional obligation to serve;
 - g) integrated resource planning, including demand-side management and accounting for environmental externalities; and
 - h) further policy or regulatory steps including the appropriate regulatory regime that should be considered in the future;
3. The Commission shall consider all available current and historical information that it considers relevant to these proceedings.
4. The Commission may wish to seek public input through workshops to limit or clarify issues in advance of public hearings and in other ways supplement the review process.
5. In its review, the Commission shall give due consideration for the following
 - a) ensuring a safe, secure, reliable and efficient system;
 - b) ensuring a clean and environmentally acceptable supply;
 - c) providing provincial economic development benefits;

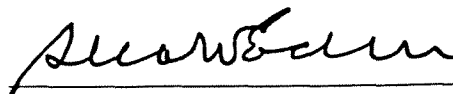
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- d) fair and competitive products and services;
- e) balancing the interests of and effects on existing customers' historical positions;
- f) maintaining and protecting electric utilities' financial performance.

-
6. The Commission shall invite written and oral comments from all interested parties.
 7. The Commission shall determine:
 - a) the appropriate forum to consult with the public;
 - b) where and when public consultation shall take place; and
 - c) in which order the issues before the Commission shall be considered.
 8. In its review the Commission shall consider any other matters that may be specified in supplementary Terms of Reference by the Lieutenant Governor in Council (LGIC).
 9. During the review, the Commission shall not suspend or otherwise delay initiatives undertaken under its existing regulatory mandate, notably with respect to the rates and services offered and any applications filed by the province's electric utilities, including B.C. Hydro's anticipated wholesale wheeling application.
 10. On conclusion of the review the Commission shall submit a report and recommendations to the LGIC by April 30, 1995.

PROVINCE OF BRITISH COLUMBIA
ORDER OF THE LIEUTENANT GOVERNOR IN COUNCIL

Order in Council No. **0169**, Approved and Ordered FEB. 23, 1995



~~Lieutenant Governor~~
Administrator

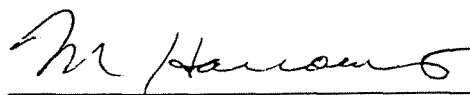
Executive Council Chambers, Victoria

On the recommendation of the undersigned, the ~~Lieutenant Governor~~ ^{Administrator}, by and with the advice and consent of the Executive Council, orders that

section 10 of the Terms of Reference for the public review of wheeling in British Columbia established by order in council 1536 is amended by striking out "April 30, 1995" and substituting "May 31, 1995 or as soon thereafter as may be practical".



Minister of Energy, Mines and Petroleum Resources



Presiding Member of Executive Council

(This part is for administrative purposes only and is not part of the Order.)

Authority under which Order is made:

Act and section: Utilities Commission Act, section 6

Other (specify): dc 1536/94



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NOTICE OF PUBLIC HEARING

COMMISSION REVIEW INTO ELECTRICITY MARKETS AND THE UNBUNDLING OF SERVICES

Date: Monday, May 8, 1995
Time: 8:30 a.m.
Location: British Columbia Utilities Commission
Hearing Room
6th Floor, 900 Howe Street
Vancouver, B.C.

THE REVIEW

By Orders in Council No. 1536, 1994 and 0169, 1995 the Minister of Energy, Mines and Petroleum Resources ordered the Commission to undertake a public review of electricity markets and wheeling in the Province ("the Review").

The issues identified in the Terms of Reference are:

- (a) development of electricity policy;
- (b) unbundling of transmission or wheeling services; and
- (c) retail wheeling and the future competitive position of electricity services.

THE PUBLIC HEARING

The public hearing into the Review of Electricity Markets will commence at the above-noted location, at 8:30 a.m. on Monday, May 8, 1995.

TOWN HALL MEETINGS

The Commission will hold a series of Town Hall Meetings as follows:

City	Location	Date
Prince George	Inn of the North	March 13, 1995
Victoria	Coast Harbourside	March 14, 1995
Cranbrook	Town and Country	March 15, 1995
Kelowna	Royal Ann Hotel	March 16, 1995

All meetings will run from 2:00 p.m. to 5:00 p.m. and from 7:00 p.m. to 9:00 p.m.

PUBLIC INSPECTION OF MATERIALS

The Terms of Reference, supporting material, submissions and Order No. G-20-95 are available for inspection at the following locations:

- British Columbia Hydro and Power Authority
Head Office Information Centre
333 Dunsmuir Street
Vancouver, B.C.
- Local District Offices located in B.C.
Hydro's and West Kootenay Power's service areas
- West Kootenay Power Ltd.
1290 Esplanade Street
Trail, B.C.
- British Columbia Utilities Commission
6th Floor, 900 Howe Street
Vancouver, B.C.

INFORMATION REQUESTS

Registered Parties requesting additional information from the any other party to the Review should do so as soon as possible, but not later than Monday, March 6, 1995. Information Requests shall be responded to by the parties before Monday, March 27, 1995.

SUBMISSIONS BY PARTIES/INFORMATION REQUESTS

Written evidence and submissions from Parties are required to be filed, one copy each, with the Commission Secretary and other Registered Parties by April 18, 1995. Information Requests regarding written submissions shall be made by April 24, 1995 and are to be responded to by May 1, 1995.

CLARIFICATION

Persons intending to participate in the public hearing and who are uncertain as to the manner in which to proceed, may contact Mr. Robert J. Pellatt, Commission Secretary or Ms. Deborah Emes, Manager, Strategic Services; by telephone at (604) 660-4700, or B.C. Toll Free: 1-800-663-1385, or in writing to the above address or by fax at (604) 660-1102. The Commission can also be reached on the Internet at RPELLAT@GALAXY.GOV.BC.CA or on the Government Electronic Mail System ("GEMS") at RPELLAT@BCSC.

BY ORDER



Robert J. Pellatt
Commission Secretary