



LETTER NO. L-35-01

ROBERT J. PELLATT
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Log No. 7063

VIA FACSIMILE

October 23, 2001

Mr. Ray Aldeguer
Senior Vice President
Legal and Regulatory Affairs and General Counsel
British Columbia Hydro and Power Authority
333 Dunsmuir Street
Vancouver, B.C. V6B 5R3

Dear Mr. Aldeguer:

Re: British Columbia Hydro and Power Authority ("B.C. Hydro")
Distribution Transportation Access Rate for Independent Power Producers
and Station Service for Maintenance and Black-Starts for
Independent Power Producers Connected Through the Distribution System

The Commission approved the rate and conditions for access to B.C. Hydro's distribution system by independent power producers ("IPPs") by way of Order No. G-52-01 and the concurrent Decision ("the Decision"). B.C. Hydro submitted its proposed Rate Schedule 1268 ("RS 1268"), General Service – Distribution Transportation Access Rate for IPPs, to the Commission in a letter dated September 14, 2001. B.C. Hydro also requested approval of its proposed Rate Schedule 1253 ("RS 1253"), Distribution Service – Station Service for Maintenance and Black-Starts for IPPs.

The Commission forwarded B.C. Hydro's September 14, 2001 letter to registered intervenors from the Hothouse/Distribution Access Hearing and asked parties for their comments. The Commission received the attached response from the Joint Industry Electricity Steering Council ("JIESC") on October 10, 2001.

Rate Schedule 1268

B.C. Hydro's September 14, 2001 letter indicated that B.C. Hydro would welcome the removal of the separate connection requirement from RS 1268 if other anti-arbitrage provisions similar to those in Order No. G-38-01 were extended to RS 1268 customers. The Commission is prepared to consider replacing the separate connection requirement with anti-arbitrage provisions, but notes that B.C. Hydro has not yet proposed anti-arbitrage clauses specific to RS 1268. The Commission asks B.C. Hydro to propose specific wording changes to RS 1268 that it believes would obviate the need for the separate connection requirement. The Commission also asks that B.C. Hydro discuss how the proposed clauses would prevent arbitrage and describe how B.C. Hydro would monitor IPP compliance to ensure that arbitrage does not occur.

Page 10 of the Commission's Decision addressed concerns that IPPs could invest in distributed generation based on the then current tariff, only to have a higher rate subsequently approved by the Commission. In order to alleviate this concern, the Commission indicated that the distribution access rate could be fixed at the current level for the defined term of the contract between the IPP and B.C. Hydro. This aspect of the Decision is not explicit in the proposed RS 1268. The Commission asks B.C. Hydro to suggest modifications to RS 1268 that will make it clear that the current rate may be fixed for the duration of the contract with IPPs.

The Commission asks that B.C. Hydro submit the above modifications to the proposed RS 1268 and the other requested information to the Commission by November 1, 2001.

Rate Schedule 1253

Commission Order No. G-111-01, attached, approves RS 1253 as filed with B.C. Hydro's letter dated September 14, 2001.

Yours truly,

Original signed by:

Robert J. Pellatt

MAG/cms
Attachment

cc: Mr. R. Brian Wallace
Bull Housser and Tupper
BCHHGA Intervenors
(BCH-BCHHG/DA-RI)

BULL, HOUSSER & TUPPER

BARRISTERS & SOLICITORS
Patent & Trade-Mark Agents

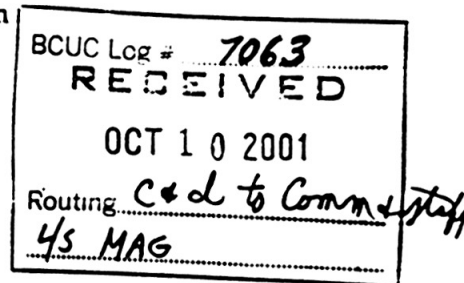
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Reply Attention of: R. Brian Wallace
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Direct Fax: (604) 646-2506
e-mail: RBW@bht.com
Our File No.: 01-1710
Date: October 8, 2001

British Columbia Utilities Commission
6th Floor, 900 Howe Street
Vancouver, B.C.
V6Z 2N3

Attention: Mr. Robert J. Pellatt

Dear Sirs/Mesdames:



Re: B. C. Hydro Distribution Transportation Access Rate for Independent Power Producers and Station Service for Maintenance and Black-Starts for Independent Power Producers Connected Through the Distribution System

We refer to your letter of September 21, 2001 and reply on behalf of the Joint Industry Electricity Steering Committee (the "JIESC") as follows:

RS 1268: Distribution System Access for IPPs, Requirement for a Separate Connection

The JIESC supports the removal of the separate connection requirements from RS 1268 and the inclusion in their place of anti-arbitrage conditions similar to those utilized with respect to RS 1821 customers.

RS 1268: Distribution Transportation Access for IPPs, Fixed Rate for Contract Duration

The JIESC agrees in principle with fixing of the tariff rate for the duration of the contract between the IPP and BC Hydro.

BULL, HOUSSEY & TUPPER

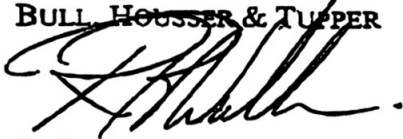
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RS 1253: Station Service for Maintenance and Black-Starts for IPPs

The JIESC supports the provision of the services covered by Rate Schedule 1253 but makes no comment with respect to the appropriateness of the proposed charges.

Yours truly,

BULL, HOUSSEY & TUPPER

A handwritten signature in black ink, appearing to read "R. Brian Wallace", is written over the typed name.

R. Brian Wallace

RBW/sg/964439



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BRITISH COLUMBIA
UTILITIES COMMISSION

ORDER
NUMBER G-111-01

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IN THE MATTER OF
the Utilities Commission Act, R.S.B.C. 1996, Chapter 473

and

an Application by British Columbia Hydro and Power Authority
for Approval of Rate Schedule 1253, Distribution Service –
Station Service for Maintenance and Black-Starts for Independent Power Producers

BEFORE: P. Ostergaard, Chair)
P.G. Bradley, Commissioner)
B.L. Clemenhagen, Commissioner) October 18, 2001
R.D. Deane, Commissioner)
K.L. Hall, Commissioner)
N.F. Nicholls, Commissioner)

O R D E R

WHEREAS:

- A. The British Columbia Hydro and Power Authority (“B.C. Hydro”) applied to the Commission for approval of Rate Schedule 1253, Distribution Service – Station Service for Maintenance and Black-Starts for Independent Power Producers (“RS 1253”) by way of a letter dated September 14, 2001; and
- B. In a letter dated September 21, 2001, the Commission circulated B.C. Hydro’s application to registered intervenors from the Hothouse/Distribution Access Hearing and requested comments on the proposed RS 1253; and
- C. In a letter dated October 8, 2001, the Joint Industry Electricity Steering Committee (“JIESC”) indicated that it supports the services covered by RS 1253 but made no comment with respect to the appropriateness of the proposed charges; and
- D. Station service for maintenance and black-starts is currently available to Independent Power Producers (“IPPs”) connected to B.C. Hydro’s transmission system through the existing Rate Schedule 1853. RS 1253 would extend this service to IPPs connected to the distribution system; and
- E. The Commission has considered B.C. Hydro’s application and the JIESC’s comments and finds that approval of RS 1253 is in the public interest.

BRITISH COLUMBIA
UTILITIES COMMISSION

ORDER
NUMBER G-111-01

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NOW THEREFORE the Commission approves RS 1253, as submitted in B.C. Hydro's letter dated September 14, 2001, effective the date of this order.

DATED at the City of Vancouver, in the Province of British Columbia, this 23rd day of October 2001.

BY ORDER

Original signed by:

Peter Ostergaard
Chair