

SIXTH FLOOR, 900 HOWE STREET, BOX 250
VANCOUVER, B.C. V6Z 2N3 CANADA
web site: <http://www.bcuc.com>



**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-19-07

TELEPHONE: (604) 660-4700
BC TOLL FREE: 1-800-663-1385
FACSIMILE: (604) 660-1102

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

and

**An Application by
British Columbia Transmission Corporation
for Loss Compensation Service**

BEFORE: L.F. Kelsey, Commissioner February 22, 2007

O R D E R

WHEREAS:

- A. In the Commission's June 20, 2005 Decision regarding the British Columbia Transmission Corporation ("BCTC") Application for an Open Access Transmission Tariff ("OATT") and the British Columbia Hydro and Power Authority ("BC Hydro") Application for Interconnected Operations Services ("IOS") to BCTC, the Commission Panel denied the request for approval of Loss Compensation Service because it found that the risk of arbitrage could harm BC Hydro's ratepayers; and
- B. On February 10, 2006, BCTC filed an Application for Loss Compensation Service ("2006 Application") to be provided under its OATT, subject to the condition that approval of Loss Compensation Service be limited to a period of one year beginning March 1, 2006; and
- C. BCTC filed the 2006 Application to allow time for further consultation with customers aimed at developing solutions to implement mandatory self-supply losses, as per the Commission's June 20, 2005 OATT Decision and to avoid delaying implementation of the OATT, effective March 1, 2006; and

- D. BCTC submitted that the 2006 Application addressed the Commission's concern expressed in the OATT Decision that loss compensation service could harm BC Hydro ratepayers by allowing Point-to-Point transmission customers to arbitrage the electricity price. Specifically, BCTC proposed that under its temporary one-year service: 1) customers would be required to nominate for the one-year period whether they will self-supply losses or take service under the tariff; and 2) the price of loss compensation service would reflect a price equal to BC Hydro's Rate Schedule ("RS") 3011 sell price (under a new BC Hydro RS 3016); and
- E. On February 14, 2006, BC Hydro wrote to the Commission to support BCTC's Application and to apply for a one-year approval of the rates, terms and conditions of RS 3016 - Energy Service Available to BCTC for Loss Compensation Service, beginning March 1, 2006; and
- F. By Order No. G-18-06, the Commission approved BCTC's 2006 Application for Loss Compensation Service and BC Hydro's RS 3016, both for the period March 1, 2006 to March 1, 2007. The Commission also requested that BCTC report to the Commission at the conclusion of its customer consultations with a discussion of the identified solutions and ultimate need for a Transmission Scheduling System upgrade, and of the utilization and effectiveness of the temporary Loss Compensation Services; and
- G. BCTC consulted with customers between October 2006 and January 2007; and
- H. On February 20, 2007, BCTC applied for an extension to its Loss Compensation Service ("2007 Application") with two amendments: 1) to amend section 15.7 of the OATT to provide for an annual election period, and if an election is not made to deem that the customer has elected to purchase Loss Compensation Service; and 2) to amend RS 109 and RS 09 such that the expiry date of the Loss Compensation Service coincides with the termination date for BC Hydro IOS services; and
- I. In its 2007 Application BCTC attached written comments from customers, none of which opposed the continuation of Loss Compensation Service; and

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- J. BCTC requests that, while the Commission is considering the 2007 Application, an interim order be granted extending the Loss Compensation Service under the current pricing, terms and conditions; and
- K. On February 21, 2007 BC Hydro applied for an extension to its RS 3016 until March 1, 2009 and an amendment to the pricing of RS 3016 Energy (“BC Hydro Application”); and
- L. The BC Hydro Application supports the extension of BCTC’s Loss Compensation Service until March 1, 2009, and submits that, because of the direct relationship between the BC Hydro and BCTC tariffs regarding Loss Compensation Service, the Commission should either approve both the BCTC 2007 Application and the BC Hydro Application or neither of them.

NOW THEREFORE the Commission orders as follows:

1. The Commission approves the extension of BCTC rates, terms and conditions for Loss Compensation Service under current pricing, terms and conditions on an interim basis, until the Commission issues a final order on the BCTC 2007 Application and the BC Hydro Application.
2. The Commission approves the extension of BC Hydro RS 3016 on an interim basis until the Commission issues a final order on the BCTC 2007 Application and the BC Hydro Application.
3. Interested parties may file any additional comments by Monday, March 12, 2007, and BCTC and BC Hydro may file any reply comments with respect to their respective applications by Monday, March 19, 2007.

DATED at the City of Vancouver, in the Province of British Columbia, this 27th day of February 2007.

BY ORDER

Original signed by:

L.F. Kelsey
Commissioner