



**LETTER NO. L-78-05**

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**VIA E-MAIL**

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September 16, 2005

Mr. Tony Morris  
Acting Chief Regulatory Officer  
British Columbia Hydro and Power Authority  
17<sup>th</sup> Floor, 333 Dunsmuir Street  
Vancouver, B.C. V6B 5R3

Dear Mr. Morris:

Re: British Columbia Hydro and Power Authority  
Filing of Generating Plant and Operational Obligations Agreement

British Columbia Hydro & Power Authority ("BC Hydro") filed with the Commission on August 15, 2005:

1. Part C of the Generating Plant and Operational Obligations Agreement ("GP/OOA") and parts of its applicable thereto including Part D; and
2. The Terms and Conditions of British Columbia Hydro and Power Authority's ("BC Hydro's") Interconnected Operations Services rate schedules (Tariff Supplement 69).

BC Hydro provides certain generation services to British Columbia Transmission Corporation ("BCTC") for the purposes of system reliability and stability, and the terms of the GP/OOA set out how this is to occur.

BC Hydro submits that Sections 8.3(b) and (c) of the Master Agreement (pursuant to the *Transmission Corporation Act* (British Columbia)) between BC Hydro and BCTC, suggest parties intended the GP/OOA be filed with and approved by the British Columbia Utilities Commission ("the Commission"). Given the GP/OOA pertains in part to the provision of Interconnected Operations Services (IOS), which are regulated services and required by BCTC in order for it to provide Ancillary Services (AS) in accordance with its Open Access Transmission Tariff ("OATT"), BC Hydro submits it is also therefore consistent that the GP/OOA be regulated.

Tariff Supplement 69 sets out the terms and conditions by which IOS are made available to BCTC to meet its AS obligations under the OATT. Tariff Supplement 69 was originally submitted with the remainder of BC Hydro's IOS Tariff in the OATT/IOS proceeding, but was withdrawn in recognition of the fact it relies on the GP/OOA, which at that time was not yet complete. With the completion of the GP/OOA, BC Hydro has updated Tariff Supplement 69, and submits it may now be approved with the remainder of the IOS tariff.

### **Commission Determinations**

The Commission is satisfied the GP/OOA and Tariff Supplement 69 provide the necessary terms and conditions respecting the operational aspects of the provision of IOS by BC Hydro to BCTC for the purposes of delivering AS (under BCTC Rate Schedules 103 to 108 inclusive).

Together BC Hydro and BCTC are responsible for the reliability and stability of the transmission system, in accordance with the Transmission Corporation Act and the Master Agreement thereunder. The Commission therefore finds it appropriate that the GP/OOA is the result of arms length negotiations between the two utilities and as such, that it requires no further review. The GP/OOA addresses operational matters to enable the utilities to fulfill their legislated obligations, including the delivery of AS to end use customers. Customers are provided assurance through the regulated OATT and IOS tariffs that they will receive AS in an appropriate manner.

Tariff Supplement 69 specifically defines how BC Hydro will make available IOS to BCTC so it can fulfill its obligations to supply AS to customers. The Commission accepts that Tariff Supplement 69, as updated and filed herein appropriately, reflects the updated GP/OOA. The Commission thus approves Tariff Supplement 69 to become effective at the same time as BCTC's OATT, as approved in Commission Order G-58-05.

Yours truly,

*Original signed by:*

Robert J. Pellatt

RH/dlf

cc: Registered Intervenors and Interested Parties  
OATT-IOS-RI and OATT-IOS-IP  
BCTC-OATT-RI and BCTC-OATT-IP