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**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER** G-18-06

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

and

British Columbia Transmission Corporation  
Application for Loss Compensation Service

and

British Columbia Hydro and Power Authority  
Application for Approval of Rate Schedule 3016 –  
Energy Service Available to BCTC for Loss Compensation Service

**BEFORE:** L.F. Kelsey, Commissioner February 23, 2006

**O R D E R**

**WHEREAS:**

- A. On February 10, 2006, British Columbia Transmission Corporation ("BCTC") filed an Application for Loss Compensation Service ("Application") to be provided under its Open Access Transmission Tariff ("OATT"), subject to the condition that approval of Loss Compensation Service be limited to a period of one year beginning March 1, 2006; and
- B. BCTC has filed the 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. Both BCTC and its customers have faced various issues and difficulties implementing the Commission's decision requiring customers to self-supply losses, and BCTC seeks not to delay implementation of the OATT, effective March 1, 2006; and
- C. BCTC submits that the Application addresses the Commission's concern expressed in the OATT Decision that loss compensation service could harm British Columbia Hydro and Power Authority ("BC Hydro") ratepayers by allowing Point-to-Point transmission customers to arbitrage the electricity price. Specifically, BCTC proposes that under its temporary one-year service: 1) customers will 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 will reflect a price equal to BC Hydro's Rate Schedule 3011 sell price (under a new BC Hydro Rate Schedule 3016); and

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- D. BCTC concludes that once solutions for mandatory self-supply of losses have been identified, it would have to upgrade the process of validating loss schedules in its Transmission Scheduling System. BCTC states that this would be a significant upgrade requiring further confirmation of its business practices, would take at least six months, and would cost at least \$200,000; 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 Rate Schedule 3016 - Energy Service Available to BCTC for Loss Compensation Service, beginning March 1, 2006.

**NOW THEREFORE** the Commission orders as follows:

1. The Commission approves BCTC's Application for Loss Compensation Service for the period March 1, 2006 to March 1, 2007.
2. The Commission approves BC Hydro's Rate Schedule 3016 for the period March 1, 2006 to March 1, 2007.
3. The Commission requests that BCTC report to the Commission at the conclusion of its customer consultations with a discussion of the identified solutions and the ultimate need to undertake the Transmission Scheduling System upgrade. The Commission also requests that BCTC comment on the utilization and effectiveness of the temporary Loss Compensation Service in light of the proposed solutions for mandatory self-supply of losses.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 27<sup>th</sup> day of February 2006.

BY ORDER

*Original signed by:*

L.F. Kelsey  
Commissioner