



**ORDER NUMBER**  
**G-351-24**

IN THE MATTER OF  
the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

British Columbia Hydro and Power Authority  
TransAlta Energy Marketing Corp. Complaint Under BC Hydro Open Access Transmission Tariff

**BEFORE:**

M. Jaccard, Commissioner

on December 23, 2024

**ORDER**

**WHEREAS:**

- A. On September 24, 2024, the British Columbia Utilities Commission (BCUC) issued confidential Order G-250-24 to British Columbia Hydro and Power Authority (BC Hydro) with respect to a complaint filed by TransAlta Energy Marketing Corp (TEMC) (Confidential Order);
- B. In the Confidential Order the BCUC directed BC Hydro and TEMC to file written submissions with respect to the confidentiality of the Confidential Order amongst other materials, including proposed redactions, if any, that it seeks prior to its potential publication, as may be ordered by the BCUC;
- C. Between October 23 and October 28, 2024, TEMC and BC Hydro filed submissions with respect to the public disclosure of the Confidential Order and other materials; and
- D. Following a review of BC Hydro and TEMC's submissions, the Panel determines that release to the general public of both the Confidential Order and certain other materials is warranted and in the public interest.

**NOW THEREFORE** for the reasons outlined in the decision accompanying this order, the BCUC orders as follows:

- 1. The redacted Order G-250-24 is to be made public, as attached in Appendix A to this order.
- 2. Redacted versions of submissions made by TEMC and BC Hydro are to be made public, as attached in Appendix B to this order.
- 3. All other materials filed in this proceeding will remain confidential, until otherwise ordered by the BCUC.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 23<sup>rd</sup> day of December 2024.

BY ORDER

*Electronically signed by Mark Jaccard*

M. Jaccard  
Commissioner

## DECISION

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### 1.0 Introduction

On September 24, 2024, the British Columbia Utilities Commission (BCUC) issued confidential Order G-250-24 to British Columbia Hydro and Power Authority (BC Hydro) with respect to a complaint filed by TransAlta Energy Marketing Corp (TEMCO) (Confidential Order). Directive 4 of the Confidential Order directed BC Hydro and TEMCO to file written submissions with respect to the confidentiality of the Confidential Order and other materials submitted in the proceeding.

#### 1.1 BCUC Rules of Practice and Procedure

Part IV of the BCUC Rules of Practice and Procedure (Rules) outline the provisions for requests for confidentiality and the filing of confidential documents.

Section 20.01 outlines the considerations for the BCUC with respect to determinations on confidential information:

In determining whether the nature of the information or documents require a confidentiality direction, the BCUC will have regard to matters that it considers relevant, including:

- (a) whether the disclosure of the information could reasonably be expected to result in:
  - i. undue material financial loss or gain to a person;
  - ii. significant harm or prejudice to that person's competitive or negotiating position; or
  - iii. harm to individual or public safety or to the environment;
- (b) whether the information is personal, financial, commercial, scientific, labour relations or technical information that is confidential and consistently treated as confidential by the person;
- (c) whether the person's interest in confidentiality outweighs the public interest in the disclosure of the information or documents in the hearing;
- (d) whether the person submitting the document has any legal obligation to maintain confidentiality; and
- (e) whether it is practicable to hold the hearing in a manner that is open to the public.

## 2.0 BC Hydro Submissions

On October 23, 2024, BC Hydro made a submission stating, except for the confidential redacted version of the Standards of Conduct investigation record and the unredacted self-report (SOC Investigation submissions), it supports making public a redacted version of the Confidential Order and all other submissions made during the proceeding (Public Materials).<sup>1</sup> BC Hydro requests the following redactions for the Public Materials<sup>2</sup>:

1. Information regarding BC Hydro's transmission customers who were not parties to the complaint should be kept confidential in perpetuity to protect their identity;
2. BC Hydro's customer agreement with Open Access Technology International, Inc. for the use of the Open Access Same-Time Information System (OASIS) contains non-disclosure and confidentiality provisions, so certain information from OASIS should be kept confidential in perpetuity; and
3. BC Hydro employee names and contact information should be kept confidential in perpetuity to protect their personal information.

BC Hydro requests that the SOC Investigation submissions filed on April 4, 2024, remain confidential.<sup>3</sup>

In supporting its request for confidentiality of the SOC Investigation submissions, BC Hydro notes that a description of the events leading to the SOC Investigation has already been published on its Standards of Conduct webpage. BC Hydro surmises that its proposal that the Confidential Order be made public provides further context on the SOC violations and suggests improvements to BC Hydro's related business practices. In BC Hydro's view, this proposal satisfies the public interest objective of transparency and disclosure and further disclosure through the public release of the SOC Investigation submissions is not required.<sup>4</sup>

## 3.0 TEMC Submissions

By email dated October 28, 2024, TEMC states that it takes no position on the confidentiality of its submissions made during the proceeding.<sup>5</sup>

### *Panel Determination*

**The Panel determines that the Public Materials should be released to satisfy the public interest of transparency and disclosure.** BC Hydro does not object to the release of the Public Materials, while TEMC takes no position on the matter. The Panel agrees with BC Hydro that the release of the Public Materials is sufficient disclosure on this matter as it balances the public interest of fair, open and transparent regulatory proceedings with protecting market sensitive and personal information submitted in the complaint filed by TransAlta and subsequent proceeding. However, materials containing BC Hydro's customer agreement with OASIS will not be disclosed as that agreement contains non-disclosure and confidentiality provisions. As well, information containing BC Hydro transmission customers who were not parties to the complaint will also be kept confidential to protect their identity. Similarly, the disclosure of BC Hydro employee names and contact information will be redacted from the Public Materials to protect personal information. **The SOC Investigation submissions will remain confidential until otherwise ordered by the BCUC.** The BCUC notes BC Hydro has disclosed some background elements of the SOC Investigation on its website and supports the publication of a redacted version of the Confidential Order. The Panel finds this approach to be reasonable.

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<sup>1</sup> BC Hydro Confidentiality Submission dated October 23, 2024, p. 1.

<sup>2</sup> BC Hydro Confidentiality Submission dated October 23, 2024, pp. 1–2.

<sup>3</sup> BC Hydro Confidentiality Submission dated October 23, 2024, pp. 1–2.

<sup>4</sup> BC Hydro Confidentiality Submission dated October 23, 2024, p. 2.

<sup>5</sup> TEMC Confidentiality Submission dated October 23, 2024, p. 1.



**DATED** at the City of Vancouver, in the Province of British Columbia, this     23<sup>rd</sup>     day of December 2024.

*Electronically signed by Mark Jaccard*

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M. Jaccard  
Commissioner

Attachment



**CONFIDENTIAL**  
**ORDER NUMBER**  
**G-250-24**

IN THE MATTER OF  
the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

British Columbia Hydro and Power Authority  
TransAlta Energy Marketing Corp. Complaint Under BC Hydro OATT

**BEFORE:**

M. Jaccard, Commissioner

on September 24, 2024

**ORDER**

**WHEREAS:**

- A. On January 31, 2024, pursuant to section 83 of the *Utilities Commission Act* (UCA), TransAlta Energy Marketing Corp (TEMCO) filed a complaint with the British Columbia Utilities Commission (BCUC) regarding a possible non-compliance with British Columbia Hydro and Power Authority's (BC Hydro) Open Access Transmission Tariff (OATT) (Complaint);
- B. The Complaint states that on January 23, 2024, BC Hydro rescinded two monthly firm transmission service requests (TSRs) which it had accepted and confirmed the prior day, one being unconditional, allowing its subsidiary Powerex Corp. to submit competing applications in possible violation of the OATT and BC Hydro's Standards of Conduct;
- C. Between February 9, 2024, and on February 26, 2024, the BCUC Staff received information from both BC Hydro and TEMCO through the BCUC complaints process;
- D. By ~~Confidential~~ Order G-72-24 dated March 15, 2024, the BCUC established a timetable to review the Complaint, which included a submission from BC Hydro regarding the Complaint, TEMCO's response to BC Hydro's submission, and further process to be determined;
- E. On April 4, 2024, BC Hydro submitted its response to TEMCO's previous submission as well as the record of its Standards of Conduct investigation, which included documentation of relevant communication between BC Hydro and Powerex;
- F. Also on April 4, 2024, BC Hydro submitted a self-report regarding compliance with the OATT Standards of Conduct (SOC);
- G. By ~~Confidential~~ Order G-143-24 dated May 21, 2024, the BCUC amended the regulatory timetable to allow TEMCO and BC Hydro to submit proposals for amendments to BC Hydro's business practices that will mitigate

the risk of erroneous TSR approvals in future and prescribe what actions BC Hydro should take in cases where TSRs may be erroneously approved;

- H. Between June 4, 2024 and June 18, 2024, TEMC and BC Hydro submitted their proposed amendments pursuant to ~~Confidential~~ Order G-143-24;
- I. On June 27, 2024, TEMC submitted confirmation by email that it would not be filing a reply submission; and
- J. The BCUC has considered the Complaint, evidence, and submissions from all parties filed in the proceeding, and makes the following determinations.

**NOW THEREFORE** for the reasons outlined in the decision accompanying this Order, the BCUC:

- 1. Determines that BC Hydro committed the following violations:
  - a. Contravention of section 13.2(a) of the OATT; and
  - b. Contravention of section 5(b) of the OATT SOC.
- 2. Directs BC Hydro to file, no later than Monday, March 24, 2025, a copy of its current business practices including blacklined indications for changes made since the version in force on January 23, 2024;
- 3. Directs that this Confidential Order with Reasons for Decision and all related materials filed in this proceeding be held confidential, subject to directive 4 below, until the BCUC determines otherwise.
- 4. Directs BC Hydro and TEMC to file written submissions, with supporting reasons, within 30 days of the issuance of this Decision, with respect to the confidentiality of all submissions made during this Proceeding, including the Decision attached as Appendix A to this Order.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 24<sup>th</sup> day of September 2024.

BY ORDER

*Original signed by:*

M. Jaccard  
Commissioner

## DECISION

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### 1.0 Background and Context

#### 1.1 Filing

On January 31, 2024, the British Columbia Utilities Commission (BCUC) received a complaint from TransAlta Energy Marketing Corp. (TEMC), a transmission customer of BC Hydro under the Open Access Transmission Tariff (OATT) based in Alberta (Complaint). TEMC states that on January 22, 2024, it submitted two monthly firm transmission service requests (TSRs) and that these purchases were later confirmed and then subsequently rescinded, returning the TSRs to their original queued state. TEMC contends that Powerex Corp. (Powerex) then submitted a series of competing TSRs designed to acquire this previously confirmed transmission capacity.<sup>1</sup>

By ~~Confidential~~ Order G-72-24 dated March 15, 2024, the BCUC initiated a proceeding with a regulatory timetable calling for a submission from both BC Hydro and a reply submission from TEMC.<sup>2</sup>

#### 1.2 Legislative Authority

As outlined in section 83 of the *Utilities Commission Act* (UCA):<sup>3</sup>

If a complaint is made to the commission, the commission has powers to determine whether a hearing or inquiry is to be had, and generally whether any action on its part is or is not to be taken.

#### 1.3 Background

At the time of the Complaint, TEMC states that it was seeking short term point-to-point transmission service on BC Hydro's Transmission System to wheel energy generated in Alberta to the United States. TEMC states that on January 22, 2024, it submitted the following two monthly firm TSRs through BC Hydro's online TSR submission and tracking platform referred to as the Open Access Same-time Information System (OASIS):<sup>4</sup>

1. TSR #101929117: February 2024 to December 2024 (TEMC TSR 1)
2. TSR #101929338: March 2024 to January 2025 (TEMC TSR 2)

TEMC states that on January 23, 2024, the status of both TSRs moved to "confirmed" on OASIS. TEMC TSR 1 was declared unconditional at the time<sup>5</sup> pursuant to section 3.3. of BC Hydro's Open Access Transmission Tariff - Business Practice, which contains BC Hydro's policies and procedures for the implementation of the OATT and dictates that monthly firm TSRs remain conditional until 30 calendar days before start of service.<sup>6</sup>

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<sup>1</sup> ~~Confidential~~-Exhibit B1-1, p. 1.

<sup>2</sup> ~~Confidential~~-Exhibit A-2, ~~Confidential~~ Order G-72-24, Appendix A, p. 1.

<sup>3</sup> *Utilities Commission Act*, Action on complaints, Section 83.

<sup>4</sup> ~~Confidential~~ Exhibit B1-1, p. 1.

<sup>5</sup> ~~Confidential~~ Exhibit B1-1, p. 3.

<sup>6</sup> BC Hydro Open Access Transmission Tariff - Business Practice: Submitting a Short-Term Transmission Service Request (June 8, 2023): [https://www.bchydro.com/content/dam/BCHydro/customer-portal/documents/corporate/suppliers/transmissionscheduling/business\\_practices/Submitting%20a%20ST%20TSR.pdf](https://www.bchydro.com/content/dam/BCHydro/customer-portal/documents/corporate/suppliers/transmissionscheduling/business_practices/Submitting%20a%20ST%20TSR.pdf)

Later on the same morning, January 23, 2024, BC Hydro issued a transmission bulletin stating that “due to operator error... multiple [TSRs] were prematurely and erroneously approved” and that it would be reverting all monthly TSRs erroneously accepted “back to their original Queued state.”<sup>7</sup> TEMC states that shortly thereafter, its TSRs were requeued and effectively made available for purchase again.<sup>8</sup>

Between January 24, 2024 and January 30, 2024, TEMC and BC Hydro exchanged emails discussing the cause of the error and the impact that re-queueing would have on TEMC’s requeued TSRs.<sup>9</sup> TEMC also formally requested dispute resolution and states that it intended to follow the provisions for dispute resolution and external arbitration under sections 12.2 and 12.3 of the OATT respectively “in due course.”<sup>10</sup> In its Complaint, TEMC stated that its attempts to resolve the matter with BC Hydro were not adequately responded to.<sup>11</sup>

## 2.0 Complaint

In its Complaint, TEMC raises the following concerns:

- i. The approvals resulted in the automatic approval of a TSR submitted by BC Hydro Power Supply (BCPS) TSR 101938909 (Powerex TSR 1).<sup>12</sup>
- ii. After the TSRs were requeued, BC Hydro’s transmission consumer affiliate, Powerex, submitted two TSRs with longer durations, captured as BCPS TSR 101939777 (Powerex TSR 2) and 101939778 (Powerex TSR 3) which posed a threat to the confirmation of TEMC TSRs.<sup>13</sup>

TEMC requested that the BCUC investigate and resolve the matter.

On February 9, 2024, prior to the initiation of a BCUC proceeding, BC Hydro submitted a letter responding to TEMC’s Complaint.<sup>14</sup> The letter states that the erroneous approval of the monthly firm TSRs caused them to move ahead of two long-term firm TSRs submitted by [REDACTED] on January 12, 2024, which contravened section 13.2(a) of the OATT and BC Hydro’s Standards of Conduct (SOC) as approved by the BCUC.<sup>15</sup> BC Hydro states that it acted quickly to remedy the error by returning the erroneously approved TSRs, including Powerex TSR 1, to their queued state in the order established prior to the error after informing its customers via a transmission bulletin.<sup>16</sup>

Powerex subsequently submitted Powerex TSR 2 which the Complaint claims to compete with TEMC’s TSRs, but which BC Hydro states to be incorrect as it cannot compete with TSRs ahead of it in the queue. BC Hydro does, however, state that it was in communication with Powerex prior to posting the transmission bulletin and had initiated an SOC investigation to review all communication between BC Hydro and other parties.<sup>17</sup>

In response, TEMC reiterated its view that despite the approvals being erroneous, BC Hydro’s resolution of the error was improper due to the unconditional status of those approved TSRs which by its interpretation implies that the approval is irrevocable. TEMC argued that the appropriate resolution to such an error is to honour the

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<sup>7</sup> Confidential-Exhibit B1-1, p. 4.

<sup>8</sup> Ibid.

<sup>9</sup> Confidential-Exhibit B1-1, p. 7.

<sup>10</sup> Confidential Exhibit B1-1, p. 2.

<sup>11</sup> Ibid.

<sup>12</sup> Ibid.

<sup>13</sup> Ibid.

<sup>14</sup> Confidential-Exhibit B1-1, pp. 13–25.

<sup>15</sup> Confidential Exhibit B1-1, pp. 12–13.

<sup>16</sup> Confidential-Exhibit B1-1, pp. 14–15.

<sup>17</sup> Ibid.

approved TSRs and curtail the necessary transmission capacity granted to Powerex and the applicable other transmission customers equitably as per section 13.6 of the OATT to remedy capacity constraints.<sup>18</sup>

TEMC also questioned how Powerex TSR 1 was approved on February 1, 2024, despite TEMC TSR 1 and TSR 2 still being in a queued state, which seems to contradict BC Hydro's previous statement that the requeued TSRs would be processed on a first-come, first-served basis.

### 3.0 Review of the Complaint

On March 15, 2024, the BCUC initiated a proceeding and established a regulatory timetable for submissions from both BC Hydro and TEMC. BC Hydro was directed to include in its submission the transcripts of its communications with Powerex on the subject of the erroneous approvals and their resolution, as well as the findings of its internal investigations.<sup>19</sup>

#### *BC Hydro response*

In its submission pursuant to Confidential Order G-72-24, BC Hydro reiterates that it acted appropriately to remedy the erroneous TSR approvals and disagrees with TEMC's position on curtailment as an appropriate remedy as this would constitute a violation of the OATT.<sup>20</sup> BC Hydro offers a detailed description of the nature and impact of the operator error and the effect that the re-queueing resolution had on TSRs impacted by the error as well as those TSRs submitted by Powerex subsequent to the erroneous approvals, emphasising that no undue benefit was granted to any TSR, including those submitted by Powerex, which TEMC mistakenly claimed were able to compete with TEMC's requeued TSRs.<sup>21</sup>

While Powerex TSR 2 and 3 remain queued behind TEMC's TSRs, BC Hydro confirms that Powerex TSR 1 was approved ahead of TEMC's TSRs, but denies TEMC's assertion that it "jumped" the queue. Instead, BC Hydro states that there was sufficient capacity on the Alberta to British Columbia line segment after re-queueing to accommodate all queued TSRs which allowed Powerex TSR 1 to be automatically approved with no impact on TEMC's re-queued TSRs, which were held as pending due to capacity constraints on the British Columbia to United States cross-border segment.<sup>22</sup>

BC Hydro also submitted its SOC investigation self-report and transcripts of its correspondence with its transmission customers regarding the erroneous approval and the resolution thereof.<sup>23</sup> In addition to the OATT violation which occurred when the TSRs were erroneously approved, this investigation also found a possible violation of the OATT when BC Hydro disclosed to Powerex that a possible issue was being investigated with some TSR confirmations. Since this was communicated to Powerex roughly one hour prior to issuing the transmission bulletin, BC Hydro notes that this amounts to a disclosure of non-public transmission function information (NPTFI) violating section 5(b) of the OATT standards of conduct (OATT SOC).<sup>24</sup> BC Hydro explained that the evidence of its investigation found no willful intent in this respect, and no evidence of any harm caused by the disclosure of NPTFI.<sup>25</sup>

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<sup>18</sup> Confidential Exhibit B1-1, pp. 26–27.

<sup>19</sup> Exhibit A-2, BCUC Confidential Order G-72-24, Appendix A.

<sup>20</sup> Confidential Exhibit B2-1, pp. 1–2.

<sup>21</sup> Ibid.

<sup>22</sup> Confidential Exhibit B2-1, p. 2.

<sup>23</sup> Confidential Exhibit B2-2, pp. 2–16.

<sup>24</sup> Confidential Exhibit B2-2, p. 12.

<sup>25</sup> Confidential Exhibit B2-2, pp. 22–14.

## TEMC response

TEMC submitted its response on April 18, 2024, stating that its position outlined in its original Complaint remains unchanged. TEMC also made the argument that by accepting its TSRs, even if by operator error, BC Hydro had crystallised the contract between the two parties which makes the reversal of those accepted TSRs a breach of contract.<sup>26</sup> On the other hand, TEMC accepted that Powerex TSR 2 and 3 were submitted prior to the reversal of the accepted TSRs and were not able to compete with its re-queued TSRs as per BC Hydro's April 4, 2024 submission.<sup>27</sup>

### 3.1 BC Hydro OATT SOC Amendment Proposals

Having reviewed the submissions made during the Complaints process, the BCUC determined that a further process was warranted wherein it directed BC Hydro and TEMC to submit proposals for amendments to BC Hydro's business practices that would:<sup>28</sup>

1. mitigate the risk of similar erroneous TSR approvals in future; and
2. prescribe appropriate actions BC Hydro should take to remedy an erroneous TSR approval in future.

#### 3.1.1 Mitigate Erroneous Approval Risk

TEMC proposes a change to the wording of the Short-Term TSR scheduling window specifically to Note 1 of section 3.3 under BC Hydro's OATT – Business Practice titled *Submitting a Short-Term Transmission Service Request*,<sup>29</sup> adding wording to prevent approval prior to the conclusion of the “conditional” window unless confirmed in writing by two BC Hydro representatives.<sup>30</sup> TEMC proposes that in such cases, BC Hydro should also post a written explanation on OASIS. TEMC states that this would substantially eliminate the potential for human error.

BC Hydro responds that the change is unnecessary because following the violation, it has removed the ability for Interchange Plant Operators (IPOs) to manually override TSR statuses, and this can now only be done by a manager. BC Hydro states that this effectively implements a two-person requirement since the IPO needs to make a request for a manager to approve such an action.<sup>31</sup>

#### 3.1.2 Corrective Actions After Erroneous Approval

TEMC proposed changes to BC Hydro's business practices regarding curtailment that, in the case where an erroneous approval occurs, BC Hydro should follow its existing curtailment processes. TEMC noted, however, that the implementation of its first proposal should “completely obviate” the need for curtailment.<sup>32</sup>

BC Hydro responded in disagreement with TEMC's proposal, stating that its curtailment provisions aimed to address reliability impacts, and are not intended as corrective measures for erroneous approvals. This would also fail to address conflicts with the provisions of the OATT, such as reservation priorities, which would make this new provision ineffective as the provisions of the OATT take precedence over BC Hydro's business practices. Further, BC Hydro stated that it would be difficult to identify language sufficiently prescriptive to be effective

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<sup>26</sup> Confidential-Exhibit B1-2, pp. 3–7.

<sup>27</sup> Confidential-Exhibit B1-2, p. 2.

<sup>28</sup> Exhibit A-3, BCUC Confidential-Order G-143-24.

<sup>29</sup> [Submitting A Short-Term Transmission Request](#), Section 3.3, p. 4.

<sup>30</sup> Exhibit B1-3, pp. 2–3.

<sup>31</sup> Exhibit B2-3, pp. 1–2.

<sup>32</sup> Exhibit B1-3, p. 3.

while still being broad enough to address a variety of possible issues that could arise.<sup>33</sup> Rather, BC Hydro submitted that the appropriate response to an erroneous TSR approval is to correct the error.<sup>34</sup>

BC Hydro also noted that it does have a process in place to amend its business practices upon customer request and includes:<sup>35</sup>

- an internal analysis with consideration for the OATT and North American Energy Standards Board (NAESB);
- solicitation of comments from customers (2 weeks minimum);
- posting those comments verbatim as a bulletin to all customers;
- BC Hydro's response to feedback; and
- a decision on whether to make requested change(s).

#### 4.0 Panel Determination

**The Panel finds that on January 22, 2024, BC Hydro violated section 13.2(a) of the OATT by accepting TEMC TSR 1 and 2, as well as Powerex TSR 1 and [REDACTED] TSR 101929343 prior to accepting other TSRs queued ahead of them in the chronological sequence in which the reservations were made.**

Section 13.2(a) of the OATT, titled *Reservation Priority*, prescribes the manner in which long-term firm point-to-point transmission service, which constitutes the type of transmission service applied for under the above-mentioned TSRs, is awarded. According to section 13.2(a), reservation priority must be given to TSRs in the chronological order in which each Transmission Customer reserves service. Noting that by BC Hydro's admission, the acceptance of TEMC TSR 1 and 2, as well as Powerex TSR 1 and [REDACTED] TSR 101929343 took place while [REDACTED] two TSRs for long-term firm point-to-point transmission service were still being processed, the Panel finds that the manual acceptance of TEMC TSR 1 and 2, as well as Powerex TSR 1 and [REDACTED] TSR 101929343 violated section 13.2(a) of the OATT.

The Panel is satisfied that there is no evidence of willful intent to violate the OATT on the part of BC Hydro's real-time operator who issued the erroneous approvals, and that this was an isolated incident without any similar prior violation on record. Furthermore, the Panel is satisfied that BC Hydro has shown appropriate transparency and willingness to adopt measures to mitigate the risk of future violations of this nature.

The Panel is satisfied that, in the absence of any procedures prescribed by the OATT or OATT SOC, BC Hydro acted in a timely and appropriate manner to rectify its error by returning the TSR queue to its most recent compliant state. The Panel finds that since no prescriptive actions for the resolution of this error existed under the OATT, BC Hydro's approach to remedy its error effectively minimized the detrimental impacts thereof without unduly benefiting or discriminating against any particular transmission customer. The Panel highlights as a mitigating factor that BC Hydro acted promptly after identifying the error to implement its remedy and supplied appropriate notification to its transmission customers of the error and the actions being taken to remedy it. As a result, while the Panel takes note of the violation, it does not consider that this violation warrants the initiation of a penalty proceeding.

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<sup>33</sup> Confidential Exhibit B2-3, pp. 2–3.

<sup>34</sup> Ibid., p. 3.

<sup>35</sup> Ibid.



### *BC Hydro OATT SOC Amendment Proposals*

Upon review of both BC Hydro's and TEMC's submissions recommending amendments to BC Hydro's OATT SOC to mitigate the risk of erroneous TSR approvals in future and prescribe appropriate actions BC Hydro should take to remedy an erroneous TSR approval in future, the Panel strongly supports the following:

- i. The changes that BC Hydro has implemented to its business practices requiring a manager's signature for all manual TSR approvals as described under section 4.1;
- ii. BC Hydro's proposed amendments to its business practices to correct an erroneous TSR approval by returning the erroneously approved TSR to its queued state in the order established at the most recent time of compliance;
- iii. TEMC's recommendation for BC Hydro to amend its business practices to require that BC Hydro notify all affected transmission customers via a transmission bulletin whenever a TSR is manually approved, including a written explanation thereof.

For the purposes of regulatory oversight and to ensure that the BCUC is appropriately apprised of BC Hydro's administration of its obligations under the OATT, **the BCUC orders, no later than Monday, March 24, 2025, pursuant to directive 2 of the attached Order, that BC Hydro file with the BCUC a copy of its current business practices including blacklined indications for changes made since the version in force on January 23, 2024.**

### *Powerex TSRs 2 & 3 Could Not Compete with TEMC's TSRs*

The Panel does not agree with TEMC's original Complaint that BC Hydro's re-queueing allowed Powerex to submit competing TSRs. TEMC accepts in its April 18, 2024 submission that Powerex TSRs 2 and 3 were submitted prior to the reversal of the accepted TSRs and were not able to compete with its requeued TSRs as per BC Hydro's April 4, 2024 submission.<sup>36</sup> As a result, the Panel is satisfied that the re-queueing did not unduly benefit Powerex by enabling it to submit competing TSRs as Powerex's TSRs were already queued prior to the requeueing of all erroneously approved TSRs. Therefore, the BCUC considers this issue to be resolved in the course of the proceeding. Furthermore, due to the fact that the OATT does not prescribe any explicit actions for the correction of this type of error and the unconditional status of TEMC TSR 1 was preserved after the re-queueing such that TEMC did not suffer any prejudice from the re-queueing, **the Panel finds no violation in the re-queueing of any TSR mentioned in the Complaint regardless of its confirmed unconditional status.**

### *BC Hydro's Communication with Powerex Violated the OATT SOC*

Pursuant to BC Hydro's self-report dated April 4, 2024, **the Panel finds that BC Hydro violated section 5(b) of the OATT SOC by disclosing to Powerex a possible error pending investigation and prior to the issuance of a public transmission bulletin, which constitutes a disclosure of non-public transmission function information.** The Panel recognises the serious nature of this violation and emphasises that as a public utility, BC Hydro is obligated to abide by all provisions of the OATT including the OATT SOC in the administration of its duty as Transmission Provider. However, after reviewing the transcripts of the relevant communications between BC Hydro and Powerex, the Panel is satisfied that there was no evidence of willful intent on the part of either party to violate the provisions of the OATT SOC, nor did the violation have any detrimental impact on other transmission customers. As a result, while the Panel takes note of the violation, it does not consider that this violation warrants the initiation of a penalty proceeding.

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<sup>36</sup> Confidential Exhibit B1-2, p. 2.

**DATED** at the City of Vancouver, in the Province of British Columbia, this     24<sup>th</sup>     day of September 2024.

*Original signed by:*

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M. Jaccard  
Commissioner



TransAlta Energy

T: +1 (403) 267-7710

Marketing Corp.

www.transalta.com

TransAlta Place

Suite 1400, 1100 1 St SE

Calgary, Alberta

T2G 1B1

**Regulatory Counsel**

Direct Line: [REDACTED]

Email: [REDACTED]

January 31, 2024

British Columbia Utilities Commission  
Suite 410, 900 Howe Street  
Vancouver, British Columbia  
V6Z 2N3

**Attention: Commission Secretary** (commission.secretary@bcuc.com)

Dear Patrick Wruck:

**Re: TEMC Complaint under BC Hydro OATT**

TransAlta Energy Marketing Corp. ("**TEMC**") is filing this complaint with the British Columbia Utilities Commission ("**BCUC**") pursuant to our rights under the British Columbia *Utilities Commission Act* ("**UCA**") about the conduct of the British Columbia Hydro and Power Authority ("**BC Hydro**"), a public utility under the UCA, as we are concerned that the aforementioned regulated entity may not have acted in accordance with its approved tariff (Open Access Transmission Tariff, or "**OATT**").<sup>1</sup>

As described more fully below, on January 22, 2024, TEMC submitted two Monthly Transmission Service Requests ("**TSR**") on the BC Hydro Open Access Same-time Information System ("**OASIS**"). The first TSR, #101929117, was submitted for transmission between February 2024 and December 2024. The second TSR, #101929338, was submitted for transmission between February 2024 and January 2025. On January 23, 2024, BC Hydro confirmed the purchase by TEMC of both monthly transmission service offerings on OASIS. BC Hydro subsequently rescinded these approved TSRs. The reason given was a purported "operator error", returning TEMC's TSRs to their original queued state.

Shortly after BC Hydro rescinded TEMC's TSRs, BC Hydro's marketing affiliate, Powerex Corp. ("**Powerex**"), submitted a series of competing TSRs designed to acquire the transmission BC Hydro had previously confirmed to TEMC. It remains to

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<sup>1</sup> Open Access Transmission Tariff (April 18, 2013): <https://www.bchydro.com/toolbar/about/strategies-plans-regulatory/tariffs-terms-conditions/oatt.html>

be seen whether TEMC will be able to re-acquire its confirmed TSRs, however it appears doubtful.

As required by the BCUC's Customer Complaints Guide,<sup>2</sup> TEMC has already made serious attempts to resolve this matter with BC Hydro, however our communications have not been adequately responded to, and therefore it is our position that these concerns have not been addressed to our satisfaction.

TEMC notes that certain complaint and dispute resolution provisions contained within the OATT may be applicable in these circumstances. In particular, **Section 12.2 Internal Dispute Resolution Procedures (Non-RTG Members)**<sup>3</sup> and **Section 12.3 External Arbitration Procedures (Non-RTG Members)**<sup>4</sup> may apply, and if so, TEMC intends to follow these provisions in due course. Notwithstanding this however, **Section 12.6 Rights Under The British Columbia Utilities Commission Act**<sup>5</sup> identifies that TEMC's rights to pursue this complaint independently from any such dispute resolution are not restricted in any way. Moreover, time is of the essence, as certain competing TSRs are likely to be reviewed and approved by BC Hydro in early February, frustrating TEMC's opportunity to acquire the transmission service it was already approved and confirmed on.

Pursuant to section 10.3(a) of the BC Hydro OATT, a force majeure event that results in a deficiency or imperfection of service does not include an act of negligence or intentional wrongdoing. To be clear, BC Hydro has not indicated that its error in this matter was due to force majeure. Neither has BC Hydro indicated that the error was due to conditions or circumstances beyond the control of the transmission provider. In fact, BC Hydro has clearly stated that its actions were due to "operator error" which caused the TSRs to be "prematurely and erroneously approved".

The TSRs were manually reversed by BC Hydro on January 23, 2024 between 12:55 and 13:00 PST. While BC Hydro posted a bulletin that some TSRs would be reversed at 11:25 PST, TEMC was not informed of the reversal until 13:54 PST – after the reversals had already occurred.

Within one minute of both reversals occurring, the marketing affiliate of BC Hydro, Powerex, submitted competing TSRs for the same period. This reversal by BC Hydro provided Powerex with the opportunity to recapture the transmission unconditionally granted to TEMC in TSR #101929117. TEMC is concerned about the possibility of

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<sup>2</sup> British Columbia Utilities Commission: Customer Complaints Guide (February 2017):  
<https://docs.bcuc.com/documents/Complaints/BCUC-Customer-Complaints-Guide-Feb-2017.pdf>

<sup>3</sup> OATT, page 23

<sup>4</sup> OATT, pages 23-24

<sup>5</sup> OATT, page 25

misconduct, including whether BC Hydro has adhered to its Standards of Conduct in relation to the TSRs.<sup>6</sup>

TEMC therefore asks that BCUC staff and/or BCUC Commissioners (the “**Commission**”) investigate this matter fully, including by retrieving any relevant communications between BC Hydro and Powerex, to determine if there was any misconduct by BC Hydro or Powerex, and determine whether such misconduct amounts to a breach of BC Hydro’s Standards of Conduct or the OATT, or otherwise amounts to gross negligence or intentional misconduct under the OATT. TEMC estimates its direct damages caused by BC Hydro’s reversal of these TSRs in favour of its affiliate to be as much as C\$7.4 million, as further described below.

### The BC Hydro “Operator Error”

On January 22, 2024, TEMC noticed that firm BCHA AB.BC (Alberta) to BC.US.BORDER (BC/MID-C) transmission service offerings had been posted on BC Hydro’s OASIS (Posting #2631394077). This transmission service was posted for varied volumes between February 2024 and January 2025.

TEMC subsequently submitted two TSRs to purchase this Monthly Firm Point-to-Point Transmission Service (see Appendix 1 for details):

- The first TSR (#101929117) submitted at 08:47:32 PST was for an 11-month profile with a focus on purchasing February, March, November, and December 2024 transmission service.
- The second TSR (#101929338) was submitted shortly after the first TSR at 09:19:06 PST in an effort to additionally purchase the posted January 2025 transmission service.

Both TSRs submitted by TEMC followed the requirements of BC Hydro’s Business Practice Guidelines.<sup>7,8</sup>

At 09:32:46 PST, the first TSR #101929117 was accepted and confirmed by BC Hydro. It was declared unconditional as at January 02, 2024, which means that there was no opportunity for challengers to pre-empt or compete away the purchase by bidding a longer term.

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<sup>6</sup> BC Hydro Standards of Conduct (Transmission): [https://powerex.com/sites/default/files/2020-07/bch\\_soc\\_jul2010.pdf](https://powerex.com/sites/default/files/2020-07/bch_soc_jul2010.pdf)

<sup>7</sup> Open Access Transmission Tariff - Business Practice: Submitting a Short-Term Transmission Service Request (June 8, 2023): [https://www.bchydro.com/content/dam/BCHydro/customer-portal/documents/corporate/suppliers/transmission-scheduling/business\\_practices/Submitting%20a%20ST%20TSR.pdf](https://www.bchydro.com/content/dam/BCHydro/customer-portal/documents/corporate/suppliers/transmission-scheduling/business_practices/Submitting%20a%20ST%20TSR.pdf)

<sup>8</sup> Open Access Transmission Tariff - Business Practice: Submitting a Long-Term Firm Transmission Service Request (April 5, 2023): [https://www.bchydro.com/content/dam/BCHydro/customer-portal/documents/corporate/suppliers/transmission-scheduling/business\\_practices/Submitting%20a%20LTFTP%20TSR.pdf](https://www.bchydro.com/content/dam/BCHydro/customer-portal/documents/corporate/suppliers/transmission-scheduling/business_practices/Submitting%20a%20LTFTP%20TSR.pdf)

At 09:32:07 PST, the second TSR #101929338 was accepted and confirmed by BC Hydro. However, the second TSR remained conditional as at January 31, 2024, which means that although it could be challenged, TEMC was entitled to match or exceed the duration in order to retain its rights to purchase the transmission service (Right of First Refusal).

At 11:25 PST on January 23, 2024, BC Hydro put out the following transmission scheduling bulletin:<sup>9</sup>

**Monthly TSRs Processing Error**

**Posted on January 23, 11:25 a.m.**

Due to operator error on January 22nd, 2024, multiple Monthly Transmission Service Requests (TSRs) were prematurely and erroneously approved. We will be reverting all Monthly TSRs that were Queued between 2024-01-22 00:00 PPT and 2024-01-23 11:00 PPT back to their original Queued state in order for the system to process them correctly.

A reminder: there are Long Term (LT) TSRs that are currently in the queue waiting to be processed. As a result, we expect Monthly TSRs that share a segment and time period to remain in the Queued state until the LT TSRs are processed.

At 12:55:35 PST and 13:00:23 PST, TEMC's TSRs were re-queued (i.e. no longer confirmed conditionally or unconditionally), effectively reopening the transmission service availability to purchase. OASIS provides no alarms when accepted and confirmed TSRs are returned to the queue.

At 12:56:18 PST and 12:56:31 PST, Powerex (BCPS) submitted a series of TSRs (#101939777 and #101939778, respectively) with longer durations that may force TEMC's TSRs to be refused by BC Hydro (see Appendix 1 for details). At 13:54 PST (2:54pm MST) that same day, TEMC received the following email from BC Hydro staff:

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<sup>9</sup> Transmission Scheduling bulletins for January to April 2024: <https://www.bchydro.com/energy-in-bc/operations/transmission/transmission-scheduling/bulletins/2024/january-april.html>

From: [REDACTED]  
Sent: Tuesday, January 23, 2024 2:54 PM  
To: [REDACTED]  
Subject: Monthly TSRs Processing Error

**EXTERNAL EMAIL:**

This email originated from outside TransAlta. Do not click on links or open attachments, unless you recognize the sender and know the content is safe. Report suspicious emails to IT Security.

Hi there,

As per our bulletin posted today ([2024 Bulletin Index - January to April \(bchydro.com\)](#)), yesterday a BC Hydro real time operator erroneously, manually approved two TEMC TSRs, 101929117 and 101929338.

Please be advised we have returned these TSRs back to Queued status to be processed by our system as per our [business practices](#).

Please let me know if you have any questions.

Regards,  
[REDACTED]

---

[REDACTED] Market Policy & Operations Systems Analyst, Market Policy & Operations

BC Hydro  
Fraser Valley Office

P  
E

[bchydro.com](#)

Smart about power in all we do.

In accordance with section 3.3. of BC Hydro's own Business Practice: *Submitting a Short-Term Transmission Service Request*,<sup>10</sup> TEMC's TSR #101929117 was within the 30 calendar days before start of service and was originally approved and confirmed as unconditional. There is now considerable doubt as to whether TEMC will receive any prorated award (in volume or term) as a result of competing TSRs in the queue.

On January 24, 2024, TEMC sent an email to BC Hydro initiating an attempt to resolve the matter.

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<sup>10</sup> *Supra*, note 7.



**From:** [REDACTED]  
**Sent:** Wednesday, January 24, 2024 9:06 AM  
**To:** [REDACTED]  
**Subject:** RE: Monthly TSRs Processing Error

Hi [REDACTED]

With the bulletin released yesterday that outlined operator error resulting in our TSRs being put back into Queued status from Confirmed, we have some questions that we'd appreciate your feedback on.

1. Was the operator error related to the posting of the transmission, the approval of the TSRs, or both?
2. In the bulletin it mentions, "*there are Long Term (LT) TSRs that are currently in the queue waiting to be processed*". Which specific LT TSRs is this statement referring to?
3. When do you anticipate these LT TSRs to be processed? As you may appreciate, we had secured transmission for February, and believe that based on your business practices should fully or partially secure the entire 101929117 TSR.

Thank you for your feedback.



[REDACTED] | **Manager, Alberta Trading**  
TransAlta Corporation

T: [REDACTED] | C: [REDACTED]

[Web](#) | [Facebook](#) | [Twitter](#) | [LinkedIn](#)

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The response from BC Hydro on January 26, 2024, was short and unsatisfactory in its explanation.



From: [REDACTED]  
Sent: Friday, January 26, 2024 9:50 AM  
To: [REDACTED]  
Subject: RE: [External] RE: Monthly TSRs Processing Error

**EXTERNAL EMAIL:**

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Hi [REDACTED]

The operator error was related to the approval of the TSRs. There are two TSRs on the BC – US path that are in Received status that were Queued on January 12<sup>th</sup>. We believe the LT TSRs will be processed by early February.

Regards,  
[REDACTED]

---

[REDACTED] Market Policy & Operations  
BC Hydro  
Fraser Valley Office

P [REDACTED]  
E [REDACTED]

On January 29, 2024, TEMC followed up with a formal dispute resolution request to the [REDACTED] Market Policy & Operations at BC Hydro.

From: [REDACTED]  
Sent: Monday, January 29, 2024 10:05 AM  
To: [REDACTED]  
Subject: Dispute resolution on TSR#101929117 and #101929338

Good morning [REDACTED]

We are seeking dispute resolution on TSR #101929117 and #101929338. The TSRs were previously in "approved" state before being re-queued citing an operator error (see email below). While there are long-term TSRs submitted for October 2024 forward, the total capacity requested (53 MW) is significantly less than 155 MW posted. Given our TSRs are inside the 30-day unconditional window, for November and December should we not receive 102 MW as calculated as the 155 MW posted less the 53 MW requested under a long-term TSR? If not, can you please provide us with the section of the Tariff explaining why this is not the practice?

Thanks,  
[REDACTED]



[REDACTED] Alberta Trading  
TransAlta Corporation  
T: [REDACTED] | C: [REDACTED]  
[Web](#) | [Facebook](#) | [Twitter](#) | [LinkedIn](#)

**CONFIDENTIALITY NOTICE:** This email is confidential and may be privileged. If you are not the intended recipient please notify the sender immediately, and please delete it; you should not copy it or use it for any purpose or disclose its contents to any other person.

On January 30, TEMC received the following response from the [REDACTED] Market Policy & Operations at BC Hydro:

From: [REDACTED]  
Sent: Tuesday, January 30, 2024 1:13 PM  
To: [REDACTED]  
Subject: FW: [External] Dispute resolution on TSR#101929117 and #101929338

**EXTERNAL EMAIL:**

This email originated from outside TransAlta. Do not click on links or open attachments, unless you recognize the sender and know the content is safe. Report suspicious emails to IT Security.

Hi [REDACTED]

Thank you for your email. As you know per the [bulletin](#) posted last week, there was an operator error and your TSRs were prematurely and erroneously approved; the operator manually approved TSRs when he ought not to have done so and caused a deficit in ATC. As such, we were obligated to return the queue to its original state so that the queue can be automatically processed on a first-come, first served basis per the [OATT](#) and our [business practices](#), and restore ATC accordingly.

**13.2 Reservation Priority**

- (a) Subject to Section 15.8 and Section 15.9, Long-Term Firm Point-To-Point Transmission Service shall be available on a first-come, first-served basis i.e., in the chronological sequence in which each Transmission Customer has reserved service. If available transfer capability is insufficient to satisfy all requests and reservations, reservations for Long-Term Firm Point-To-Point Transmission Service will pre-empt all conditional Short-Term Firm Point-to-Point reservations.

**PROCESSING OF SHORT-TERM POINT-TO-POINT TRANSMISSION SERVICE REQUESTS****In this Section:**

[Overview](#)  
[TSR Validation](#)  
[Processing of the 5 Minute Simultaneous Submission Window Requests \(Midnight Bidding\)](#)  
[Preemption and ROFR Processes](#)

**1.0 OVERVIEW**

BC Hydro's [Open Access Transmission Tariff \(bchydro.com\)](#) (OATT) requires that all Transmission Service Requests (TSR) be made on BC Hydro's OASIS (Open Access Same-Time Information System). For information on how to submit a TSR on BC Hydro's OASIS, refer to BC Hydro's OATT Business Practices on *Submitting a Short-Term Transmission Request*. If OASIS is not functioning, BC Hydro will post a bulletin to advise of the OASIS outage.

Transmission Service Requests (TSRs) are received and processed according to the path and the chronological order in which they are queued in BC Hydro's OASIS.

Once the long-term TSRs are processed, our system will then process the queued TSRs in chronological order in which they were queued and offer any remaining ATC.

Best,

[REDACTED]

\_\_\_\_\_

[REDACTED] Market Policy & Operations

**BC Hydro**  
Fraser Valley Office  
c/o 333 Dunsmuir St.  
Vancouver, BC V6B 5R3

While BC Hydro cites section 13.2(a) of the OATT, TEMC takes the position that a plain reading of this section demonstrates that the OATT only allows pre-empting of Short-Term Firm Point-to-Point reservations that are conditional. TEMC's TSR #101929117 was confirmed as unconditional as of the time BC Hydro confirmed it as such. Furthermore, TEMC is not aware of any provisions of the OATT which provides BC Hydro with the authority to reverse such confirmations, much less so when it resolves in favour of its affiliate.

In the alternative, as BC Hydro's communications admit that the approval of the TSR created a deficit in available transfer capability ("**ATC**"), BC Hydro ought to have followed its curtailment procedures on a non-discriminatory basis, as required under section 13.6 of the OATT.

## TEMC Damages

TEMC has suffered direct damages of as much as C\$7.4 million as a result of its TSR #101929117 being re-queued, even though it was initially accepted, confirmed and declared unconditional by BC Hydro, as calculated in the following table:

Month	AB Marks (CAD)		Mid-C Marks (USD)		Mid-C CAD Cost Adj			Volume (MW)		Intrinsic Value (\$/CAD)		
	On-Peak	Off-Peak	On-Peak	Off-Peak	On-Peak	Off-Peak	Flat	On-Peak	Off-Peak	On-Peak	Off-Peak	ATC
Feb	\$133	\$71	\$110	\$89	120	92	111	100	100	(\$690,426)	\$450,988	(\$239,437)
Mar	\$93	\$55	\$78	\$68	78	63	73	100	100	(\$1,653,579)	\$361,432	(\$1,292,147)
Apr	\$100	\$58	\$69	\$59	65	51	61	1	1	(\$17,426)	(\$1,695)	(\$19,120)
Oct	\$80	\$45	\$85	\$71	87	68	80	1	1	\$2,626	\$5,396	\$8,022
Nov	\$83	\$50	\$100	\$79	107	79	98	155	155	\$1,623,132	\$1,020,718	\$2,643,850
Dec	\$102	\$60	\$139	\$109	159	119	146	155	155	\$4,147,849	\$2,183,617	\$6,331,466
											Total	\$7,432,633

TEMC has a demonstrated ability to hedge future intertie export schedules between the Alberta power pool and the Pacific Northwest market at Mid-Columbia that it expected to make using the BC Hydro transmission service that it was initially approved to use. In the normal course of its trading operations, TEMC transacts forward market electricity derivative instruments and foreign exchange derivatives that would have the effect of crystalizing the value inherent in its purchase of the transmission service. The intrinsic value listed above is therefore the value of the transmission service that would be expected to accrue to TEMC if its TSRs had not been erroneously re-queued by BC Hydro.

## Relief Requested

TEMC asks that the Commission fully investigate and resolve this matter.

TEMC also provides its consent that our information, including this correspondence, may be shared with BC Hydro pursuant to section 33.1 of the *Freedom of Information and Protection of Privacy Act* in the interest of furthering BCUC staff's investigation of our complaint. If, after initially reviewing our complaint, BCUC staff believe BC Hydro may not have followed its OATT, we ask that you escalate this file for further review pursuant to sections 24 and 83 of the UCA to the Commission.

Please note, we have also carbon copied this matter to Alberta's Market Surveillance Administrator ("**MSA**"), as BC Hydro's conduct may have had a deleterious impact on the fair, efficient and openly competitive operation of the Alberta electricity market, by virtue of affecting the operation of competitive interties between the two provinces, and exports from the Alberta interconnected electric system.

Yours truly,

**TRANSALTA ENERGY MARKETING CORP.**

[Redacted signature block]

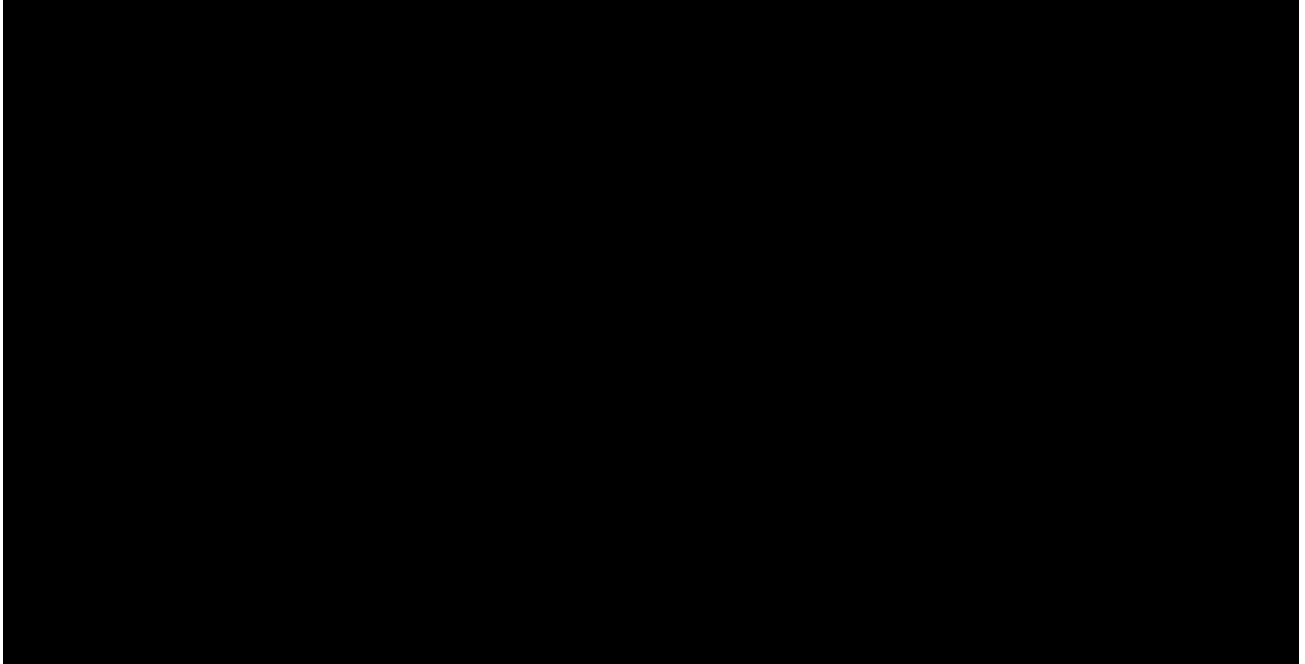
[Redacted name]

Legal Counsel, Regulatory

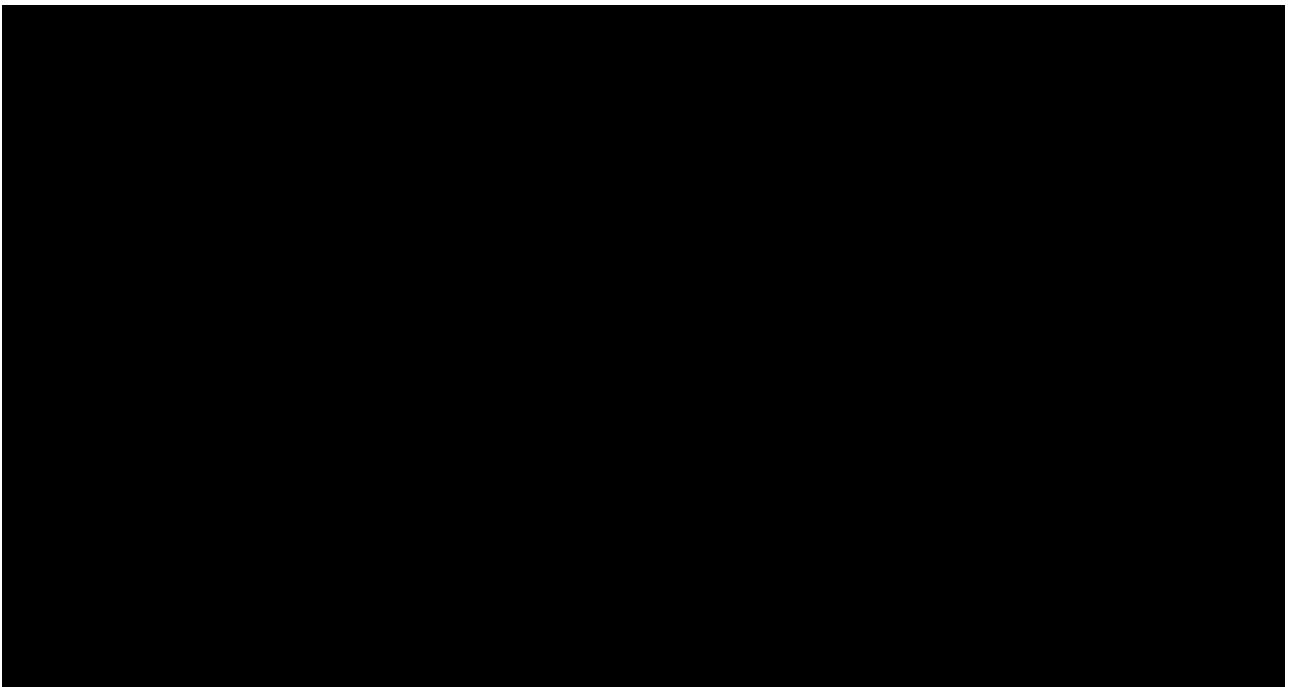
Cc: [Redacted email address]

## Appendix 1

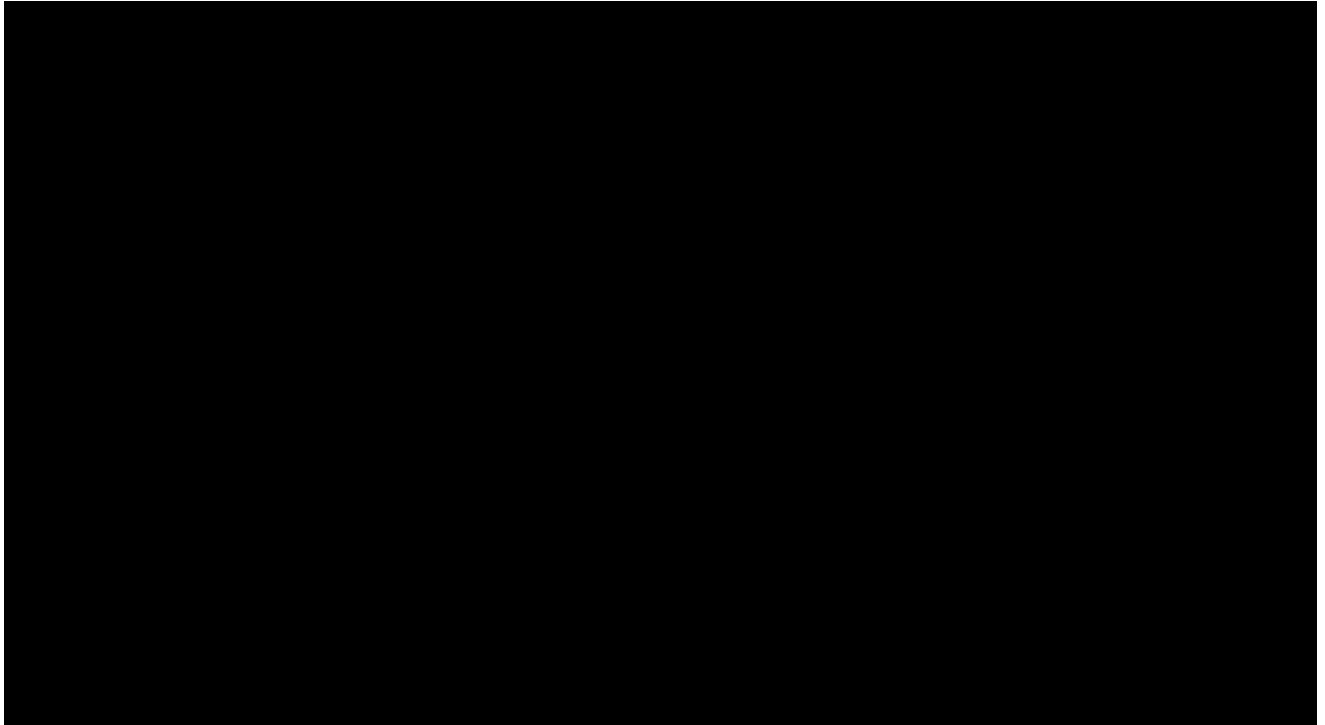
TSR #101929117 – TEMC February 2024 to December 2024



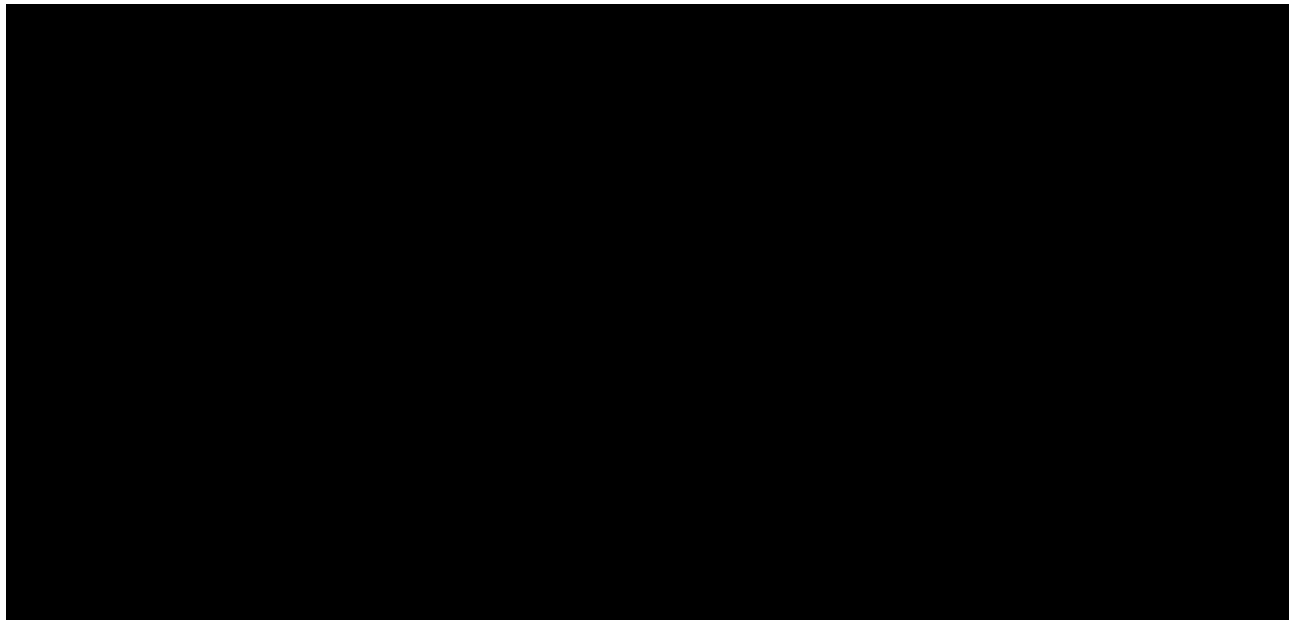
TSR #101929338 – TEMC March 2024 to January 2025



TSR #101939777 – BCPS February 2024 to March 2024



TSR #101938909 – BCPS March 2024 to January 2025



**Chris Sandve**  
Chief Regulatory Officer  
[bchydroregulatorygroup@bchydro.com](mailto:bchydroregulatorygroup@bchydro.com)

February 9, 2024

Patrick Wruck  
Commission Secretary and Manager  
Regulatory Services  
British Columbia Utilities Commission  
Suite 410, 900 Howe Street  
Vancouver, BC V6Z 2N3

Dear Patrick Wruck:

**RE: British Columbia Utilities Commission (BCUC or Commission)  
British Columbia Hydro and Power Authority (BC Hydro)  
Reply to the correspondence filed by TransAlta Energy Marketing Corp.  
(TEMC) dated January 31, 2024**

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BC Hydro writes in response to the BCUC's request for a reply to the correspondence filed by TransAlta Energy Marketing Corp. (TEMC) dated January 31, 2024.<sup>1</sup>

In its letter to the Commission, TEMC states that it submitted two monthly Transmission Service Requests (TSRs) on the Open Access Same-time Information System (OASIS)<sup>2</sup> and that these purchases were later confirmed and then subsequently rescinded, returning the TSRs to their original queued state. TEMC alleges that Powerex Corp. then submitted a series of competing TSRs designed to acquire this previously confirmed transmission capacity.

As outlined in BC Hydro's January 23, 2024 transmission bulletin<sup>3</sup>, BC Hydro confirms that multiple monthly TSRs were erroneously approved due to an operator error. An operator error of this nature is rare.

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<sup>1</sup> In this reply, BC Hydro refers to various third-party transmission customers. While transmission customers such as TEMC have access to this information, it is generally not publicly available. Therefore, BC Hydro requests that in the event this letter is made public, BC Hydro be provided with the opportunity to submit a public version of this letter that redacts the names of transmission customers.

<sup>2</sup> Open Access Same-Time Information System is the electronic system by Open Access Technology International, Inc. (OATI) that is used industry-wide to manage Transmission Services for utilities throughout North America.

<sup>3</sup> BC Hydro communicates time sensitive and other information with all Transmission customers and other interested parties concurrently through Transmission Scheduling Bulletins posted on its website at: <https://www.bchydro.com/energy-in-bc/operations/transmission/transmission-scheduling/bulletins/2024/january-april.html>



These erroneous approvals resulted in the monthly TSRs moving ahead of two pending Long-Term Firm TSRs that were being processed at that time. The premature and erroneous manual approval of these monthly TSRs was not in compliance with Open Access Transmission Tariff (**OATT**)<sup>4</sup> Section 13.2(a) Reservation Priority, which states:

Subject to Section 15.8 and Section 15.9, Long-Term Firm Point-To-Point Transmission Service shall be available on a first-come, first-served basis i.e., in the chronological sequence in which each Transmission Customer has reserved service. If available transfer capability is insufficient to satisfy all requests and reservations, reservations for Long-Term Firm Point-To-Point Transmission Service will pre-empt all conditional Short-Term Firm Point-to-Point reservations.

The January 23, 2024 Transmission Bulletin outlined the actions being taken to remedy the operator error, and correct the impacted TSRs. These actions included putting TEMC's TSRs 1001929117 and 101929338, [REDACTED] TSR 101929343, and BC Hydro Generation (**BCPS**)<sup>5</sup> TSR 101938909 back into the queued state to be processed on a first-come, first-served basis in accordance with the OATT. These actions were completed within three hours of when BC Hydro discovered the error and within approximately one day of when the error occurred.

BC Hydro acted promptly to remedy the erroneous approvals thereby returning all customers to their original and correct positions, prior to the error. The actions taken to remedy the error are consistent with good utility practice and brought the transmission queue back into compliance with section 13.2(a) of the OATT and BC Hydro's business practices.

Had BC Hydro not acted to remedy the error, all of our Transmission Customers with confirmed or pending TSRs on the affected Transmission path(s) could have been negatively affected during the applicable timeframe. In addition, not acting to remedy the errors would have had the following implications:

- Transmission service would have been oversold, leading to a likely future curtailment of transmission capacity for BC Hydro's Transmission Customers under the OATT;
- Allowing any customer to jump the queue is not in accordance with the OATT and represents an unfair business practice and may have resulted in complaints being filed by other Transmission customers; and

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<sup>4</sup> BC Hydro's OATT is available at: <https://www.bchydro.com/toolbar/about/strategies-plans-regulatory/tariffs-terms-conditions/oatt.html>

<sup>5</sup> BC Hydro Generation (BCPS) is a Transmission customer under the OATT.



- Not acting on a clear non-compliance issue with the OATT would constitute preferential treatment and withholding of information. This would have been a violation of BC Hydro's Standards of Conduct.

As noted above, the error made by the operator, who was acting for BC Hydro as the Transmission Provider, also impacted a TSR submitted by Powerex, the agent acting on behalf of BCPS. This BCPS TSR 101938909 was processed after the erroneous TSR approvals but prior to the application of the remedy. The automated processing and subsequent approval of this TSR was premature and accordingly, its status was also changed back to "Queued", behind the TEMC and [REDACTED] TSRs, and it will be automatically processed on a first-come, first-served basis, like the other TSRs in the queue, in accordance with the OATT and Standards of Conduct.

By January 23, 1:27pm, all impacted TSRs were returned back to their original order. No party unduly benefitted from the operator error or the actions that were taken to return the queue to its original state, prior to the error.

A subsequent BCPS TSR (101939777) was submitted by Powerex after the operator error was remedied. This BCPS TSR 101939777 is behind the two TEMC, one [REDACTED] and previous BCPS TSR and will be processed on a first-come, first-served basis in compliance with the OATT.

In their complaint, TEMC refers to this BCPS TSR 101939777 alleging that, shortly after BC Hydro remedied the errors, Powerex "submitted competing TSRs for the same period", which "provided Powerex with the opportunity to recapture the transmission unconditionally granted to TEMC in TSR 1011929117."

TEMC's understanding is incorrect. As explained in the subsections below, BCPS TSR 101939777 is behind the other TSRs in the queue and it cannot compete for capacity with TEMC's TSRs because the window prescribed by BC Hydro's business practices for competition to take place for TEMC's TSRs has elapsed.

With regard to whether BC Hydro adhered to the Standards of Conduct, the public Transmission Bulletin notifying all customers, including TEMC (which has five corporate emails subscribed to the bulletin notification service), of the error and the remedy that BC Hydro would be applying was posted at 11:25 a.m. on January 23, 2024. This was prior to Powerex submitting BCPS TSR 101939777 at 12:56 p.m.

In summary, BCPS TSR 101939777 is behind the other TSRs in the queue, cannot compete for capacity with TEMC's TSRs and was submitted 1 hour and 31 minutes after the public Transmission Bulletin was posted and sent to all customers.

There were communications between BC Hydro as Transmission Provider and Powerex prior to the Transmission Bulletin being posted. BC Hydro has initiated a Standards of Conduct investigation to review all communications between BC Hydro as Transmission

Provider and other parties, including Powerex, with regard to these TSRs and expects to complete this investigation within the next two weeks.

In the sub-sections below, BC Hydro provides further detail on the sequence of events that took place between January 22, 2024 and January 23, 2024.

### Background information

BC Hydro provides the following background information to help the Commission and other parties understand the various terms used in this response.

- **TEM C** is a Transmission Customer under the OATT based in Alberta and is seeking Short Term Point-to-Point Transmission Service on BC Hydro's Transmission System to wheel energy generated in Alberta to the United States;
- **BC Hydro Generation (BCPS)**, is BC Hydro as a Transmission customer under the OATT. BCPS holds Long-Term Point-to-Point Transmission Service Contracts on the Import/Export paths to/from the U.S./Alberta and also buys Short Term Point-to-Point Service through its agent Powerex to serve its Network Load or export surplus energy as required or opportunistically;
- **BC Hydro** is the Transmission Provider and administers BC Hydro's OATT and Standards of Conduct; and
- **Powerex** is a Transmission Customer and is the agent for BCPS for the import and export of electricity.
- Both BCPS and Powerex are functionally separate from BC Hydro as Transmission Provider as required under the OATT and the Standards of Conduct.

The OATT sets out the terms and conditions approved by the BCUC for BC Hydro's wholesale transmission service. BC Hydro is obligated under the OATT to administer the provision of wholesale transmission services in accordance with the OATT and its supporting Standards of Conduct. As stated in BC Hydro's Standards of Conduct, BC Hydro "must treat all transmission customers, affiliated and non-affiliated, on a not unduly discriminatory basis, and must not make or grant any undue preference or advantage to any person or subject any person to any undue prejudice or disadvantage with respect to any transmission of electric energy."<sup>6</sup>

OASIS is the system that, among other things, allows transmission customers to make reservations for transmission service on the BC Hydro transmission system. BC Hydro's path-specific Available Transfer Capability (**ATC**)<sup>7</sup> is offered on OASIS for OATT

<sup>6</sup> BC Hydro Standards of Conduct, section 1(a).

<sup>7</sup> ATC is determined in accordance with OATT Attachment C and is a measure of the transmission capacity on a path that can be made available for sale.

transmission customers to purchase. When transmission customers seek transmission service from BC Hydro, they submit a TSR. These TSRs are not contracts and are submitted at no cost to the customer. Once a TSR is submitted, it is put into a transmission queue. This queue is processed based on the specific transmission path and the applicable transmission segments, which BC Hydro processes on a first-come, first-served basis in accordance with the OATT.<sup>8</sup> TSRs that are submitted later must wait in “queued” state until TSRs that are submitted earlier are processed. to determine if there is sufficient ATC available to grant the service.<sup>9</sup> Processing does not imply approval or granting of transmission service.

### **Transmission Service Practices and Transmission Paths and Segments**

The transmission path pertaining to TEMC’s TSRs is the AB.BC. to BC.US.BORDER path, which consists of transmission service that provides the wheel-thru of electricity from Alberta into the US. This path consists of two segments: from Alberta into BC, and from BC to the US.

For the period relevant to TEMC’s complaint, the queued TSRs and their respective transmission path segments were as follows:

- The import segment from **Alberta to British Columbia** is shared by the TSRs shown in [Table 1](#) below.

**Table 1 Alberta to British Columbia Segment**

<b>Original Queue order</b>	<b>Transmission Customer and TSR</b>	<b>Path</b>
1	TEMC 101929117	Wheel-thru AB to US Border
2	TEMC 101929338	Wheel-thru AB to US Border
3	██████████ 101929343	Wheel-thru AB to US Border
4	BCPS 101938909	Import from AB to BC Network Load
5	BCPS 101939777	Import from AB to BC Network Load

- The export segment from **British Columbia to United States** is shared by the TSRs shown in [Table 2](#) below.

<sup>8</sup> OATT section 13.2(a) at page 26.

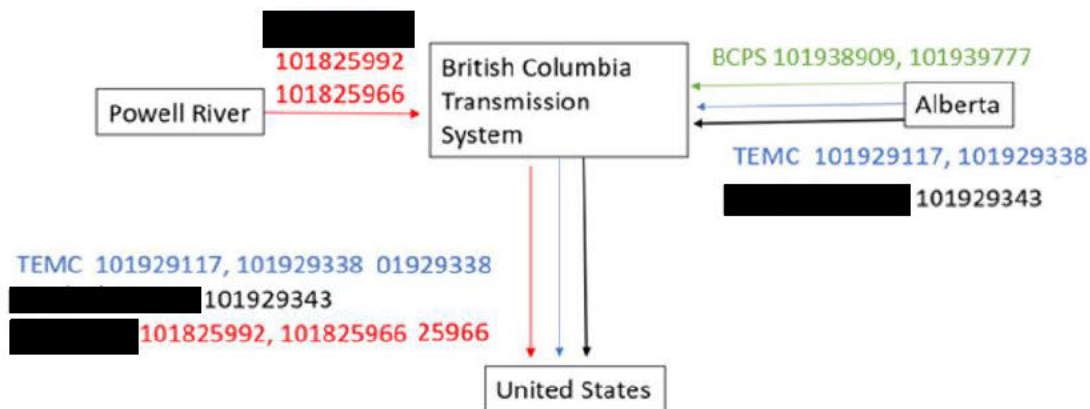
<sup>9</sup> Processing of TSRs in this context refers to following BC Hydro’s business practices: “Processing of Short Term Transmission Service Requests” business practice and “Processing of Long Term Transmission Service Request” business practice.

**Table 2 British Columbia to U.S. Border Segment**

Original Queue order	Transmission Customer and TSR	Path
1	██████████ 101825992	Export from BC to US Border
2	██████████ 101825966	Export from BC to US border
3	TEMCO 101929117	Wheel-thru AB to US Border
4	TEMCO 101929338	Wheel-thru AB to US Border
5	██████████ 101929343	Wheel-thru AB to US Border

A graphical illustration of the requested paths and segments is shown in [Figure 1](#) below.

**Figure 1 Transmission Path and Segments**



### Monthly Transmission Service Requests were erroneously manually approved

On January 22, 2024 at 9:24 a.m.<sup>10</sup>, one of BC Hydro's Interchange Operators received a phone call from a TEMCO employee inquiring about the status of two monthly firm TSRs that had been submitted on OASIS earlier that morning<sup>11</sup>. At the time of TEMCO's phone call, the two TSRs were in the transmission queue, and were not entitled to be processed before the ██████████ TSRs ahead of them in the queue were finished being processed.

<sup>10</sup> All times are in Pacific Prevailing Time.

<sup>11</sup> TSR 101929117 from TEMCO was queued in OASIS at 8:47 a.m. on January 22, 2024 and TSR 101929338 from TEMCO was queued in OASIS at 9:19 a.m. on January 22, 2024.

At 9:32 a.m., the Interchange Operator manually approved the two TEMC TSRs in OASIS, erroneously moving the TSRs into Confirmed status, bypassing the queue order and granting TEMC transmission service that they were not entitled to. The operator, unaware that they had made an erroneous manual approval, then called the TransAlta employee back at 9:33 a.m. to inform them that both TSRs had been approved. The manual approval granted by this operator was not performed in compliance with BC Hydro's business practices and did not comply with section 13.2(a) of the OATT.<sup>12</sup>

At 11:45 a.m. on January 22, 2024, the same Interchange Operator received a phone call from [REDACTED] regarding the status of a monthly TSR that was currently in the queue. The operator proceeded to erroneously and manually approve this monthly TSR, granting [REDACTED] transmission service that they were not entitled to.<sup>13</sup>

In total, three TSRs were erroneously and manually approved. This subsequently resulted in BCPS's TSR 101938909 (submitted at 10:01 on January 23, 2024) being processed automatically by the system as it was next in queue order.

### **BC Hydro remedied the erroneously approved TSRs to avoid harm to customers**

Upon becoming aware of these errors the following morning (January 23, 2024), BC Hydro took immediate steps to remedy the erroneously approved TSRs and return the queue to its original state in order to avoid harm to customers and the potential for future curtailment due to overselling of transmission service, and to be in compliance with the OATT.

At 11:25 a.m. on January 23, BC Hydro posted a public Transmission Bulletin in compliance with section 6(g) of the Standards of Conduct<sup>14</sup>, notifying all customers of the processing error, the steps BC Hydro would be taking to address the error and reminding customers of the Long Term TSRs (i.e., the two [REDACTED] TSRs) in the queue

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<sup>12</sup> Section 13.2(a) states that "Subject to Section 15.8 and Section 15.9, Long-Term Firm Point-To-Point Transmission Service shall be available on a first-come, first-served basis i.e., in the chronological sequence in which each Transmission Customer has reserved service. If available transfer capability is insufficient to satisfy all requests and reservations, reservations for Long-Term Firm Point-To-Point Transmission Service will pre-empt all conditional Short-Term Firm Point-to-Point reservations."

<sup>13</sup> TSR 101929343 from [REDACTED] was queued in OASIS at 9:20 a.m. on January 22, 2024.

<sup>14</sup> Section 6(g)(1) states that "BC Hydro must update on its Internet web site the information required by these Standards of Conduct within seven business days of any change, and post the date on which the information was updated. BC Hydro may also post the information required to be posted under these Standards of Conduct on its OASIS, but is not required to do so."



awaiting processing. The remedy was applied approximately one hour later, starting at 12:55 p.m. A screenshot of the Transmission Bulletin is provided as [Figure 2](#) below.

**Figure 2 January 23, 2024 Transmission Bulletin**

### **Monthly TSRs Processing Error**

Posted on January 23, 11:25 a.m.

Due to operator error on January 22nd, 2024, multiple Monthly Transmission Service Requests (TSRs) were prematurely and erroneously approved. We will be reverting all Monthly TSRs that were Queued between 2024-01-22 00:00 PPT and 2024-01-23 11:00 PPT back to their original Queued state in order for the system to process them correctly.

A reminder: there are Long Term (LT) TSRs that are currently in the queue waiting to be processed. As a result, we expect Monthly TSRs that share a segment and time period to remain in the Queued state until the LT TSRs are processed.

Transmission Bulletins are the channel through which BC Hydro makes these types of announcements and ensures important information is made available to all customers at the same time. These bulletins can be time sensitive and customers are encouraged to subscribe to receive automatic notifications of updates to BC Hydro's transmission news, events, bulletins, business practices and/or transmission outages by email. As of January 23, 2024, TEMC had five corporate email addresses subscribing to BC Hydro's bulletin notification service, each of which would have received the January 23 Transmission Bulletin.

By 1:30 p.m. on January 23, BC Hydro had remedied the manually and erroneously approved TSRs (101929117, 101929338, 101929343), as well as BCPS's TSR 101938909, which was automatically approved as a result of the aforementioned manual error. BC Hydro also confirmed that the Available Transfer Capability had been updated accordingly and that there were no further issues.

### **Timeline of events relative to the transmission queue**

#### **1 Prior to the erroneous manual approvals**

On January 22, 2024, prior to TEMC's TSRs (101929117 and 101929338), and [REDACTED] [REDACTED] TSR (101929343) being erroneously and manually approved, the TEMC and [REDACTED] [REDACTED] TSRs were queued in the order they were submitted behind [REDACTED] two Long Term Firm TSRs submitted on January 12, 2024 (101825992 and 101825966).

At this point in time, according to BC Hydro's business practice,<sup>15</sup> the TEMC TSRs (101929117 and 101929338), and the [REDACTED] TSR (101929343), which share the BC to US segment with [REDACTED] two Long Term Firm TSRs (101825992 and 101825966), would remain in the Queued state until [REDACTED] Long Term Firm TSRs 101825992 and 101825966 are processed.

When TEMC submitted its first Monthly TSR 101929117 in OASIS at 8:47 a.m., this TSR was placed third in the queue behind [REDACTED] requests. When TEMC submitted its second Monthly TSR 101929338 at 9:19 a.m., this TSR was placed fourth in the queue behind [REDACTED] two TSRs and TEMC's earlier request.

Similarly, when [REDACTED] submitted Monthly TSR 101929343 at 9:20 a.m., this TSR was placed fifth in the queue.

This original queue order is summarized in [Table 3](#) below.

**Table 3 Original Queue Order, January 22, 2024  
prior to 11:45 a.m.**

Queue order	TSR	Customer	Service
1	101825992	[REDACTED]	Long Term Firm
2	101825966	[REDACTED]	Long Term Firm
3	101929117	TEMC	Monthly Firm
4	101929338	TEMC	Monthly Firm
5	101929343	[REDACTED]	Monthly Firm

As shown in [Table 3](#) above, [REDACTED] Long Term Firm TSRs (101825992 and 101825966) were not processed as of January 22, 2024, prior to 11:45 a.m. and therefore remained in the queue and ahead of both TEMC and [REDACTED] TSRs.

## **2 After the erroneous manual approvals**

Between 9:32 a.m. and 11:46 a.m. on January 22, 2024, the Interchange Operator erroneously and manually approved TEMC's two Monthly TSRs (101929117, 101929338), and [REDACTED] one Monthly TSR (101929343). These TSRs were granted transmission service that they were not entitled to and exited the queue prematurely, before the prior Long Term Firm TSRs from [REDACTED] (101825992 and 101825966) were processed.

<sup>15</sup> Processing of Short Term Transmission Service Requests business practice and Processing of Long Term Transmission Service Request business practice.

The timeline of events for the erroneous approvals was as follows:

- 9:32 a.m. – the operator manually and erroneously approves TEMCO TSR 101929117 and TEMCO TSR 101929338; and
- 11:46 a.m. – the operator manually approves [REDACTED] TSR 101929343.

The Interchange Operator's error enabled TEMCO's TSRs (101929117, 101929338) and [REDACTED] TSR (101929343) to "jump the queue" and TEMCO and [REDACTED] were wrongly granted Transmission Service that they were not entitled to at the time, in contravention of OATT section 13.2(a).<sup>16</sup> The order of the queue after the erroneous manual approvals, and before the error was remedied, is summarized in [Table 4](#) below.

**Table 4 Queue order and status, after January 22, 2024 11:46am**

Queue order	TSR and status	Customer	Service
Exited queue	101929117 Erroneously granted transmission service	TEMCO	Monthly Firm
Exited queue	101929338 Erroneously granted transmission service	TEMCO	Monthly Firm
Exited queue	101929343 Erroneously granted transmission service	[REDACTED]	Monthly Firm
1	101825992 in Queue; processing	[REDACTED]	Long Term Firm
2	101825966 in Queue; processing	[REDACTED]	Long Term Firm

As shown in [Table 4](#) above, [REDACTED] Long Term Firm TSRs (101825992 and 101825966) had not been processed as of January 22, 2024, and therefore remained in the queue.

### **3 BC Hydro discovers and remedies the erroneous manual approvals**

BC Hydro became aware of the error the following morning, and a bulletin was issued at 11:25 a.m. on January 23, 2024 (a total of 25 hours and 53 minutes after the manual approval of TEMCO's two TSRs, and 23 hours and 40 minutes after [REDACTED] TSR was approved). The Transmission Bulletin notified all Transmission Customers of the error, and outlined the steps by which the error was being remedied.

To remedy the error, the two impacted TEMCO TSRs (101929117, 101929338) and [REDACTED] impacted TSR (101929343) were returned to their queue order between

<sup>16</sup> See page 1.



12:55 p.m. and 1:02 p.m. on January 23, 2024. [Table 5](#) below summarizes the queue order and status after the operator error was remedied.

**Table 5 Queue order and status, after remedy, as of January 23, 2024, 1:02 p.m.**

Queue order	TSR and Status	Customer	Service
1	101825992 in Queue, processing	██████████	Long Term Firm
2	101825966 in Queue, processing	██████████	Long Term Firm
3	101929117 in Queue; remedied	TEMCO	Monthly Firm
4	101929338 in Queue; remedied	TEMCO	Monthly Firm
5	101929343 in Queue; remedied	██████████	Monthly Firm

**The erroneous manual approvals caused further downstream effects in the queue**

As of 10:01 a.m. on January 23, 2024, after the erroneous processing of TEMCO and ██████████ aforementioned TSRs, but prior to the application of the remedy by 1:02 p.m., January 23, 2024, Powerex, on behalf of BCPS, submitted TSR 101938909. TSR 101938909 was subsequently automatically processed by the system, as it was next in the queue order, after ██████████ TSR 101929343.

As part of BC Hydro's investigation of the transmission queue after discovering the operator error, we determined that the processing and subsequent approval of BCPS's TSR 101938909 was premature due to the erroneous approvals of the TEMCO and ██████████ TSRs. As part of the remedy, the status of BCPS's TSR 101938909 was changed back to "Queued" as well, as of 1:27 pm on January 23, 2024, to be re-processed.

[Table 6](#) below shows the resulting Queue order, after all remedies were applied. As shown, TEMCO and ██████████ TSRs are back in their correct queue order, and will be processed in compliance with OATT section 13.2(a).

**Table 6 Correct Queue order and path, as of 1:27 p.m., January 23, 2024 to January 31, 2024**

Queue order	TSR and Status	Customer	Service	Path
1	101825992 in Queue, processing	██████████	Long Term Firm	POWELL.RIVER – BC.US.BORDER
2	101825966 in Queue, processing	██████████	Long Term Firm	POWELL.RIVER – BC.US.BORDER

Queue order	TSR and Status	Customer	Service	Path
3	101929117 in Queue; remedied	TEMC	Monthly Firm	AB.BC – BC.US.BORDER
4	101929338 in Queue; remedied	TEMC	Monthly Firm	AB.BC – BC.US.BORDER
5	101929343 in Queue; remedied	██████	Monthly Firm	AB.BC – BC.US.BORDER
6	101938909 in Queue; remedied	BCPS	Monthly Firm	AB.BC – BCHA.NTWK.LD
7	101939777 in Queue; submitted after remedy applied	BCPS	Monthly Firm	AB.BC – BCHA.NTWK.LD

As shown in [Table 6](#) above, BCPS TSR 101939777 was submitted by Powerex after the operator error was remedied. As shown, this TSR is behind the other TSRs in the queue. BC Hydro provides further discussion regarding this TSR below.

### **Allegations of possible misconduct**

In its correspondence to the BCUC, TEMC alleges that Powerex “submitted a series of competing TSRs designed to acquire the transmission BC Hydro had previously confirmed to TEMC.”<sup>17</sup> TEMC also alleges that BC Hydro’s remedy of the manual operator error “provided Powerex with the opportunity to recapture the transmission unconditionally granted to TEMC in TSR #101929117”.<sup>18</sup>

TEMC’s understanding is incorrect. By the time TEMC filed its complaint with the BCUC on January 31, 2024, TEMC’s TSRs (101929117, 101929338) and ██████████ TSR (101929343) had passed their conditional timeline. That is, these TSRs, should they become confirmed, will not be subject to competition by other TSRs, because the window prescribed by BC Hydro’s business practices for competition to take place has elapsed. In other words, it is not possible for BCPS’s TSR 101939777 to compete for capacity with the TSRs of TEMC or ██████████

With regard to whether BC Hydro adhered to the Standards of Conduct, the public Transmission Bulletin notifying all customers, including TEMC (which has five corporate emails subscribed to the bulletin notification service), of the error and the remedy that

<sup>17</sup> TransAlta Complaint at page 2.

<sup>18</sup> Ibid.

February 9, 2024  
Patrick Wruck  
Commission Secretary and Manager  
Regulatory Services  
British Columbia Utilities Commission

**Reply to the correspondence filed by TransAlta Energy Marketing Corp.**  
(TEMC) dated January 31, 2024

**Page 13 of 13**

BC Hydro would be applying was posted at 11:25 a.m. on January 23, 2024. This was prior to Powerex submitting BCPS TSR 101939777 at 12:56 pm.

In summary, BCPS TSR 101939777 is behind the other TSRs in the queue, cannot compete for capacity with TEMC's TSRs and was submitted 1 hour and 31 minutes after the public Transmission Bulletin was posted and sent to all customers.

There were communications between BC Hydro as Transmission Provider and Powerex prior to the Transmission Bulletin being posted. BC Hydro has initiated a Standards of Conduct investigation to review all communications between BC Hydro as Transmission Provider and other parties, including Powerex, with regard to these TSRs and expects to complete this investigation within the next two weeks.

### **Corrective Actions**

To learn from this error and ensure that future errors are prevented, BC Hydro is conducting a full internal investigation of the erroneous approvals. The investigation will identify areas of improvement, such as tools, processes, and training.

BC Hydro will also be sharing details and learnings from this incident with all relevant employees in similar job capacities.

For further information, please contact [REDACTED] at [bchydroregulatorygroup@bchydro.com](mailto:bchydroregulatorygroup@bchydro.com).

Yours sincerely,



Chris Sandve  
Chief Regulatory Officer

ah/tl



TransAlta Energy  
Marketing Corp.  
Box 1900, Station "M"  
110 – 12<sup>th</sup> Avenue SW  
Calgary, Alberta  
T2P 2M1

T: +1 (403) 267-7710  
www.transalta.com

Legal Counsel, Regulatory

Direct Line:  
Email:

February 26, 2024

British Columbia Utilities Commission  
Suite 410, 900 Howe Street  
Vancouver, British Columbia  
V6Z 2N3

**Attention: Commission Secretary** (commission.secretary@bcuc.com)

Dear Patrick Wruck:

**RE: TEMC Complaint under BC Hydro OATT**

TransAlta Energy Marketing Corp. ("**TEMC**") is in receipt of the British Columbia Hydro and Power Authority's ("**BC Hydro**") February 9, 2024 response to TEMC's January 31, 2024 complaint respecting certain Transmission Service Requests ("**TSR(s)**"). TransAlta provides the following comments in reply, as well as several follow-up questions.

Terms not otherwise defined in this letter have the same meaning as in TEMC's January 31, 2024 complaint.

**TEMC Comments in Reply**

TEMC's position in respect of the complaint remains quite simple – unconditional confirmation of a TSR means there are no remaining conditions on the TSR. "Unconditional" does not equate to "conditional upon there being no operator error". An unconditional acceptance, by definition, cannot be later reversed by a condition of being free from errors and omissions which may be discovered later. The idea of being able to do so is anathema to the very concept of an unconditional acceptance.

Even where an operator error does occur, BC Hydro has pointed to no authority within the *Utilities Commission Act* or the OATT that would give it the ability to "re-condition" an unconditional acceptance of a TSR. The reason it has not done so is because none exists. In this regard, TEMC does not accept BC Hydro's explanation regarding the timeliness of reversing the TSRs.

The proper response from BC Hydro in response to processing TEMC's TSRs was to allocate the available transfer capability ("**ATC**") on a non-discriminatory basis in



accordance with the OATT. The reasoning for this is quite simple. On February 21, 2024, BC Hydro posted the following information bulletin to its website:

CONFIRMED TSRs, among other things, decrease Available Transfer Capability (ATC) and the result of this calculation is posted on OASIS. However, ATC that's posted on OASIS does not take into consideration the TSRs that are in QUEUED status, until the processing of these TSRs is complete and then, if the TSRs are CONFIRMED, ATC is decreased accordingly.<sup>1</sup>

It would appear from this description that, where scheduling conflicts and congestion arise from system conditions, or where the unconditional approval of multiple TSRs that exceed ATC on a path creates a constraint, this situation must be addressed through section 13.6 of the OATT using curtailment practices on a non-discriminatory basis, just as BC Hydro suggests on page 2 of its reply.

In addition to taking issue with BC Hydro's practices in reversing the unconditional TSR, Powerex's TSRs continue to be processed by BC Hydro in preference to TEMC's TSRs. In its reply, BC Hydro states:

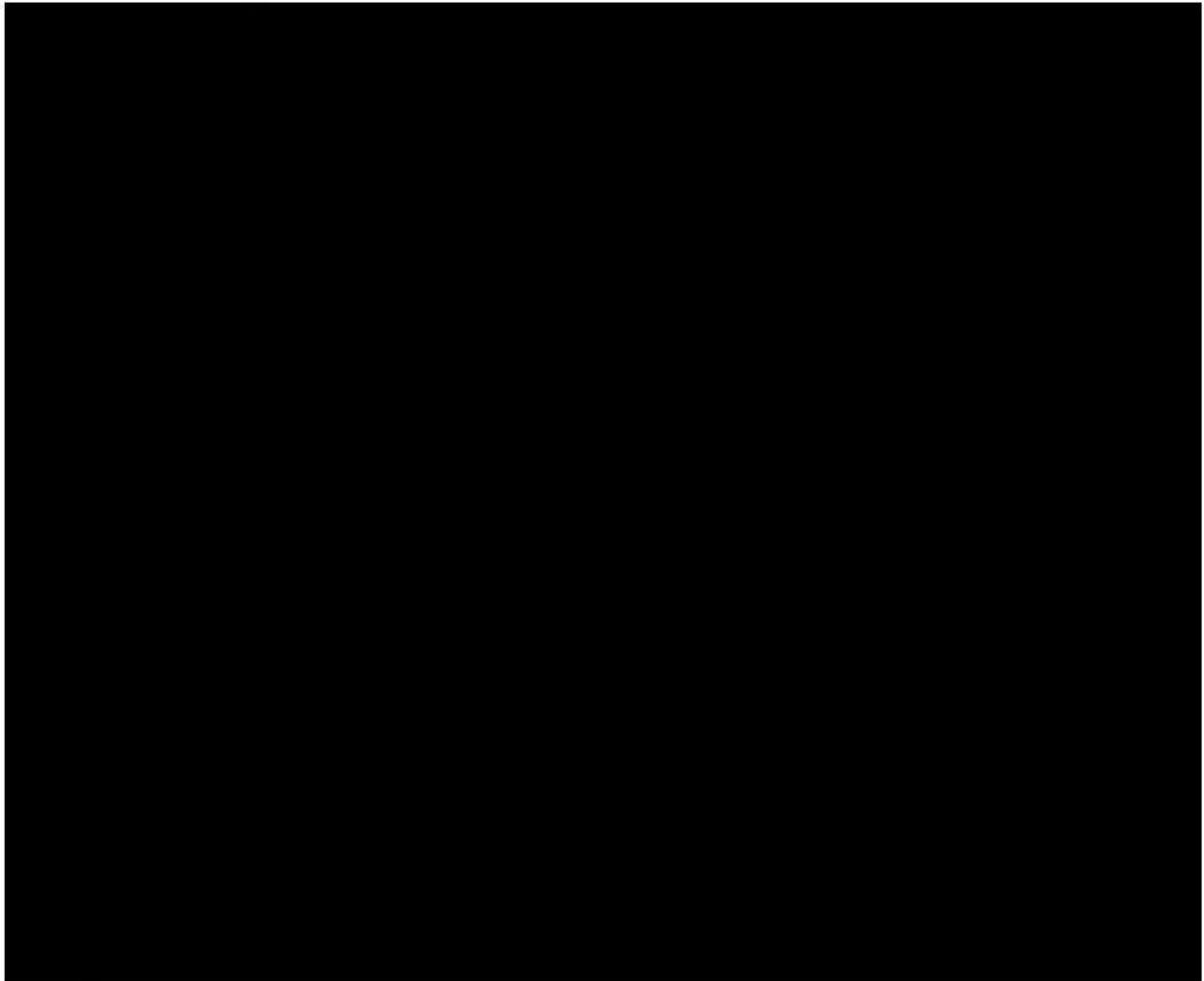
This BCPS TSR 101938909 was processed after the erroneous TSR approvals but prior to the application of the remedy. The automated processing and subsequent approval of this TSR was premature and accordingly, its status was also changed back to "Queued", behind the TEMC and [REDACTED] TSRs, and it will be automatically processed on a first-come, first-served basis, like the other TSRs in the queue, in accordance with the OATT and Standards of Conduct.

Despite BC Hydro's claim of processing such TSRs automatically on a first-come, first-served basis in accordance with the OATT and Standards of Conduct, TSR 101938909 is currently in confirmed status as of the date of this letter, after it was returned to the queue, effectively jumping TEMC's TSRs, which remain queued as at the time of writing, despite being submitted first.

TEMC's records demonstrate that BPCS 101938909 was accepted by BC Hydro on February 1, 2024 at 03:12 PT, while TEMC 101929338 and TEMC 101929117 remain queued.

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<sup>1</sup> <https://www.bchydro.com/energy-in-bc/operations/transmission/transmission-scheduling/bulletins/2024/january-april.html#FEB21>



These facts are curiously absent from BC Hydro's February 9, 2024 reply.

### **TransAlta Follow-up Questions**

#### ***1) Nature of the Operator Error:***

BC Hydro's reply notes that "An operator error of this nature is rare", but provides no detail as to the nature of the error itself, or what actually transpired.

All that is known to this point is that a "rare" error resulted in BC Hydro "prematurely and erroneously" approving a number of TSRs. TEMC requests a description of the error itself, and an explanation of why such an error is rare.



## ***2) Prior Communication Between BC Hydro and Powerex***

BC Hydro states in its reply that:

There were communications between BC Hydro as Transmission Provider and Powerex prior to the Transmission Bulletin being posted. BC Hydro has initiated a Standards of Conduct investigation to review all communications between BC Hydro as Transmission Provider and other parties, including Powerex, with regard to these TSRs and expects to complete this investigation within the next two weeks.

This conduct is extremely concerning to TEMC, and lacking an alarming amount of detail as to: 1) the nature of what was discussed between BC Hydro and Powerex, 2) when these discussions occurred, and 3) whether the purpose of these communications affected the pending reversals of the TSRs that are the subject of the complaint or any subsequent conduct by either BC Hydro and Powerex.

No detail is provided in the BC Hydro response that would allay TEMC's concerns about potential misconduct, nor does BC Hydro's reply address whether the communications prior to the bulletin being posted were about the pending TSR reversals. With these communications taken at face value, the Commission must fully investigate whether these communications could have amounted to an arrangement, agreement, collusion, conspiracy or combine to restrict or prevent competition.

TransAlta requests that BC Hydro make available copies of the communications between BC Hydro and Powerex prior to the Transmission Bulletin being posted. TransAlta further requests a copy of the internal investigation, once completed.

## ***3) Subsequent approval of Powerex TSRs queued behind TransAlta***

In the BC Hydro response, it also cites re-queueing BPCS's TSR 101938909 behind TransAlta's TSRs. In the intervening days since BC Hydro delivered its reply, it now appears BC Hydro has re-approved TSR 101938909 while TransAlta and [REDACTED] TSRs remain queued, despite being submitted first.

TransAlta would like to understand how this series of events is possible, because it is inconsistent with the response received from BC Hydro. How did TEMC's TSR 101929338 (Mar 24 through Feb 25) remain queued, while BCPS's TSR 101938909, which was "queued behind TEMC", is now approved?

TransAlta is concerned not only that BC Hydro's processing of BCPS 101938909 ahead of other TSRs from non-affiliates appears to be a separate breach of the Standards of Conduct, but that BC Hydro appears to have omitted the fact of this subsequent approval from its reply altogether.

### **Conclusion**

TransAlta reiterates its request that the Commission fully investigate and resolve the matter.

Yours truly,

**TRANSALTA ENERGY MARKETING CORP.**

A large black rectangular redaction box covering the signature of the legal counsel.

Legal Counsel, Regulatory





**~~CONFIDENTIAL~~**  
**ORDER NUMBER**  
**G-72-24**

IN THE MATTER OF  
the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

British Columbia Hydro and Power Authority  
TransAlta Energy Marketing Corp. Complaint regarding Open Access Transmission Tariff

**BEFORE:**

M. Jaccard, Commissioner

on March 15, 2024

**ORDER**

**WHEREAS:**

- A. On January 31, 2024, pursuant to section 83 of the *Utilities Commission Act* (UCA), TransAlta Energy Marketing Corp (TEMC) filed a complaint with the British Columbia Utilities Commission (BCUC) regarding a possible non-compliance with British Columbia Hydro and Power Authority's (BC Hydro) Open Access Transmission Tariff (OATT) (Complaint);
- B. The Complaint states that on January 23, 2024, BC Hydro rescinded two monthly firm transmission service requests (TSRs) which it had accepted and confirmed the prior day, one being unconditional, allowing its subsidiary Powerex Corp. to submit competing applications in possible violation of the OATT and BC Hydro's Standards of Conduct;
- C. Between February 9, 2024, and on February 26, 2024, the BCUC Staff received information from both BC Hydro and TEMC through the BCUC complaints process; and
- D. The BCUC determines that the establishment of a hearing to review the Complaint is warranted.

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

A hearing is established for the review of the Complaint in accordance with the regulatory timetable as set out in Appendix A to this order.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 15<sup>th</sup> day of March 2024.

BY ORDER

*Original signed by:*

M. Jaccard  
Commissioner

Attachment

British Columbia Hydro and Power Authority  
TransAlta Energy Marketing Corp. Complaint regarding Open Access Transmission Tariff

REGULATORY TIMETABLE

Action	Date (2024)
BC Hydro submission regarding the Complaint, including transcripts of any communication between BC Hydro and Powerex regarding the matter, and findings of its investigation(s).	Thursday, April 4
TEMC response to BC Hydro submission	Thursday, April 18
Further regulatory process	To be determined

**Chris Sandve**  
Chief Regulatory Officer  
[bchydroregulatorygroup@bchydro.com](mailto:bchydroregulatorygroup@bchydro.com)

April 4, 2024

**CONFIDENTIAL**

Patrick Wruck  
Commission Secretary and Manager  
Regulatory Services  
British Columbia Utilities Commission  
Suite 410, 900 Howe Street  
Vancouver, BC V6Z 2N3

Dear Patrick Wruck:

**RE: British Columbia Utilities Commission (BCUC or Commission)  
British Columbia Hydro and Power Authority (BC Hydro)  
TransAlta Energy Marketing Corp. Complaint regarding Open Access  
Transmission Tariff (Complaint)**

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BC Hydro writes in accordance with BCUC Order G-72-24 to provide its submission regarding the Complaint, including transcripts of any communication between BC Hydro and Powerex regarding the matter, and findings of its investigation.

With regard to BC Hydro's submission regarding the Complaint, BC Hydro relies upon the submissions in its February 9, 2024, letter and does not repeat them here, except where such references provide helpful context. BC Hydro provides below a response to the correspondence filed by TransAlta Energy Marketing Corp. (**TEMC**) dated February 26, 2024, (**TEMC Response**) in which TEMC replies to BC Hydro's February 9, 2024, letter to the Commission regarding TEMC's January 31, 2024, complaint respecting certain Transmission Service Requests (**TSRs**).

BC Hydro also provides below an update on the current status of the TSRs that are referenced by the Complaint.

By separate cover, BC Hydro has provided its Standards of Conduct investigation record to the BCUC which includes documentation of relevant communication between BC Hydro and Powerex. BC Hydro is providing a confidential, unredacted version of this investigation record to the BCUC only and a confidential, redacted version to TEMC. In the redacted version, BC Hydro has redacted employee names and other identifying information.

In summary, BC Hydro's position with regard to the Complaint is that BC Hydro acted appropriately to correct the operator error and bring the transmission queue back into compliance with section 13.2(a) of the OATT and BC Hydro's business practices. TEMC's position is that the operator error should not have been corrected, which would have benefited TEMC and [REDACTED] to the detriment of other transmission customers and, in BC Hydro's view, would neither be in accordance with the OATT nor



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good utility practice. [REDACTED] has not complained about the correction of the operator error.

TEMC alleges that, shortly after BC Hydro corrected the operator error, Powerex submitted a series of competing TSRs designed to acquire the transmission BC Hydro had previously confirmed to TEMC.<sup>1</sup> However, that allegation is false and based on a misunderstanding of how the transmission queue operates. The TSRs that Powerex submitted on behalf of BCPS (i.e., BCPS TSRs 101393777 and 101393778) were always behind the TEMC TSRs in the queue and could never have competed with the TEMC TSRs for Available Transfer Capability (**ATC**). TEMC TSR 101929117 was in the “unconditional time period” (30 days before the requested start of service) from the time it was submitted, so no subsequent TSR could compete with it.<sup>2</sup> TEMC TSR 101929338 was in its conditional time period until January 31, 2024, and could have been the subject of competition if the long-term TSR had been removed from the queue before that time and if all other conditions for competition were met. However, BCPS TSR 101939777 could not have challenged TEMC TSR 101929338 due to its shorter duration, and BCPS TSR 101939778 could not have challenged TEMC TSR 101929338 because it did not have a flat MW profile.<sup>3</sup>

TEMC also alleges that BCPS TSR 101938909 effectively “jumped” TEMC’s TSRs in the queue,<sup>4</sup> but, again, that allegation is based on a misunderstanding of how the transmission queue operates. As discussed further below, BCPS TSR 101938909 did not “jump” the queue. Rather, as of February 1, 2024, there was sufficient ATC on the Alberta to British Columbia segment to accommodate all of the capacity for the applicable TSRs that were queued (i.e., TEMC TSR 101929117, TEMC TSR 101929338, [REDACTED] TSR 101929343, and BCPS TSR 101938909). This allowed the BCPS TSR 101938909 to be approved automatically by the system with no impact on the queued TEMC and [REDACTED] TSRs. The capacity on the Alberta to British Columbia segment for TSRs TEMC TSR 101929117, TEMC TSR 101929338, and [REDACTED] TSR 101929343 was held as pending until the capacity of their second segment (export segment from British Columbia to the US), where [REDACTED] TSR 101825966 was earlier in the queue, with Start and Stop times overlapping the TEMC and [REDACTED] TSRs was determined.

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<sup>1</sup> See page 1 of TEMC’s letter dated January 31, 2024.

<sup>2</sup> Competition can only be triggered when a TSR is “Confirmed” and in its “conditional time period”, 31 to 60 days before requested start of service: see section 4.2 of BC Hydro’s business practice, “Processing of Short-Term Point-To-Point Transmission Service Requests” and section 3.3 of BC Hydro’s business practice, “Submitting a Short-Term Transmission Service Request”.

<sup>3</sup> To trigger competition, a subsequent TSR has to have a flat MW profile and be of equal or longer duration, among other conditions: see section 4.2 of the OATT business practice, “Processing of Short-Term Point-To-Point Transmission Service Requests”.

<sup>4</sup> See page 2 of TEMC’s letter dated February 26, 2024.



Since the correction of the operator error, BC Hydro has finished processing [REDACTED] Long Term TSR 101825966 and processed the subsequent monthly TSRs. TEMC has confirmed counteroffers made by BC Hydro with respect to TEMC TSR 101929117 and TEMC TSR 101929338. [REDACTED] chose to withdraw its TSR. Accordingly, BC Hydro submits that the Complaint should be dismissed.

In the sections below, BC Hydro responds to the points raised in the TEMC Response in sequential order.

**1 TEMC's position that its TSRs (101929117 and 101929338) have been "unconditionally confirmed" and this confirmation cannot be rescinded to correct an error.**

TEMC has incorrectly interpreted the nature by which transmission rights are granted. "Confirmed" is a transaction status assigned by the Transmission Provider (BC Hydro) that describes the state of a TSR in BC Hydro's Open Access Same-time Information System (OASIS) as per the North American Energy Standards Board (NAESB). Other examples of transaction statuses are: "Received," "Study," "Queued," "Withdrawn", and "Refused". These transaction statuses are neither conditional nor unconditional.

It is the service increment that is either conditional or unconditional (after "Conditional Until") based on the timing of the scheduling window per the table below from section 3.3 entitled Timeline (Scheduling Window) for Short-Term Firm and Non-Firm TSRs, Submitting a Short-Term Transmission Service Request business practice.<sup>5</sup> This illustrates the earliest time that a TSR can be submitted to OASIS based on the service increment (hourly, daily, weekly, monthly) and when that particular service increment will become unconditional (i.e., conditional until).

Service Increment	Earliest Request	Conditional Until (Note 1)	
		Firm	Non-Firm
Hourly (Real Time)	1 hour before start of service	N/A	N/A
Hourly (Pre-schedule)	1 Working Day before start of service (Note 3)	10:00:00 one working day before start of service	10:00:00 one working day before start of service
Daily	2 Working Days before start of service (Note 4)	1 working day before start of service	10:00:00 one working day before start of service
Weekly	14 calendar days before start of service	7 calendar days before start of service	10:00:00 one working day before start of service
Monthly	60 calendar days before start of service	30 calendar days before start of service	10:00:00 one working day before start of service

<sup>5</sup> [https://www.bchydro.com/content/dam/BCHydro/customer-portal/documents/corporate/suppliers/transmission-scheduling/business\\_practices/Submitting%20a%20ST%20TSR.pdf](https://www.bchydro.com/content/dam/BCHydro/customer-portal/documents/corporate/suppliers/transmission-scheduling/business_practices/Submitting%20a%20ST%20TSR.pdf)



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BC Hydro's use of the term "conditional" in its February 9, 2024, letter<sup>6</sup> was in reference to the conditional time period in which these monthly TSRs might have been subject to competition by a later-submitted monthly TSR provided that monthly TSR could trigger a competition. As stated on page 12 of that submission:

"By the time TEMC filed its complaint with the BCUC on January 31, 2024, TEMC's TSRs (101929117, 101929338) and [REDACTED] TSR (101929343) had passed their conditional timeline. That is, these TSRs, should they become confirmed, will not be subject to competition by other TSRs, because the window prescribed by BC Hydro's business practices for competition to take place has elapsed. In other words, it is not possible for BCPS's TSR 101939777 to compete for capacity with the TSRs of TEMC or [REDACTED]"

When transmission rights are granted for a TSR, these rights remain "conditional" based on the rules of competition included in BC Hydro's Submitting a Short Term Transmission Service Request and Processing of Short-Term Point-To-Point Transmission Service Requests<sup>7</sup> business practices. Similarly, "unconditional" means that the transmission rights that have been granted for a TSR are no longer subject to competition.

The term "unconditional" in the granting of transmission rights is in no way intended to mean that the transmission rights granted cannot be rescinded or revoked to correct a good-faith error that has been made in the implementation of the OATT and its business practices. While both the OATT and its business practices are silent on how errors are to be addressed, the overarching principle of the OATT and its business practices is that they be implemented in accordance with good utility practice without any undue discrimination or preference.

As discussed in BC Hydro's February 9, 2024, letter, the correction of errors, when identified, in a fair and transparent manner is good utility practice and the correction of the operator error, in this case, brought the transmission queue back into compliance with section 13.2(a) of the OATT and BC Hydro's business practices.

<sup>6</sup> As stated on page 12 of BC Hydro's February 9, 2024, submission: [Emphasis added] "By the time TEMC filed its complaint with the BCUC on January 31, 2024, TEMC's TSRs (101929117, 101929338) and [REDACTED] TSR (101929343) had passed their conditional timeline. That is, these TSRs, should they become confirmed, will not be subject to competition by other TSRs, because the window prescribed by BC Hydro's business practices for competition to take place has elapsed. In other words, it is not possible for BCPS's TSR 101939777 to compete for capacity with the TSRs of TEMC or [REDACTED]"

<sup>7</sup> <https://www.bchydro.com/energy-in-bc/operations/transmission/transmission-scheduling/business-practices.html>



**2 TEMC's position that the erroneously approved TSRs should have been confirmed and BC Hydro would then rely on the curtailment provisions of the OATT.**

The curtailment provisions of the OATT are in place to address reliability impacts, should they occur, in accordance with Mandatory Reliability Standards. These are unanticipated in advance and can cause congestion to occur which reduces the Total Transfer Capability of a Transmission Path for which transmission rights may have been sold, putting the path in an over-sold condition due to reliability constraints. The curtailment provisions are not intended to address known market or commercial errors that have been made, which have resulted in an oversold condition.

As explained in our February 9, 2024, letter, had BC Hydro not acted promptly to remedy the erroneous approvals thereby returning all customers to their original and correct positions prior to the error, Transmission service would have remained in an oversold condition. This would have led to a likely future curtailment of transmission capacity to BC Hydro's Transmission Customers for non-reliability reasons that is not in line with the intent of curtailment.<sup>8</sup>

Should curtailment of transmission schedules be required, the curtailment process follows BC Hydro's Curtailment of Transmission and Energy<sup>9</sup> business practice.<sup>10</sup> All non-firm transmission schedules are curtailed first, followed by curtailment of firm transmission schedules on a pro-rata basis (there is no distinction between short term firm and long term firm schedules with respect to curtailments). That is, should curtailment be required, all non-firm customer schedules will be impacted first and firm customer schedules could all be impacted depending on the whether the non-firm curtailments alleviate the congestion issue or not.

**3 The correction of the operator error allowed TSR 101938909, submitted by BC Hydro Power Supply (BCPS), to "jump the queue".**

The BCPS TSR 101938909 did not jump the queue. As discussed in BC Hydro's letter of February 9, 2024, the TEMC TSRs and BCPS TSR 101938909 were not seeking capacity on the same two transmission segments of the requested transmission path. Specifically, BCPS TSR 101938909 was seeking capacity on the Alberta to B.C. path (the import segment of the Alberta to U.S. path), whereas TEMC 101929117,

<sup>8</sup> Refer to pages 2-3 of BC Hydro's February 9, 2024, submission for further details regarding potential implications had BC Hydro not acted to remedy the error.

<sup>9</sup> [https://www.bchydro.com/content/dam/BCHydro/customer-portal/documents/corporate/suppliers/transmission-scheduling/business\\_practices/Curtailment%20of%20Transmission%20and%20Energy.pdf](https://www.bchydro.com/content/dam/BCHydro/customer-portal/documents/corporate/suppliers/transmission-scheduling/business_practices/Curtailment%20of%20Transmission%20and%20Energy.pdf)

<sup>10</sup> <https://www.bchydro.com/energy-in-bc/operations/transmission/transmission-scheduling/business-practices.html>



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TEMC 101929338 and [REDACTED] 101929343 were seeking capacity on the Alberta to U.S. path, which consists of two segments:

1. The import segment from Alberta to British Columbia, which is shared with BCPS TSR 101938909 and does not apply to [REDACTED] TSR 101825966; and
2. the export segment from British Columbia to the U.S., which does not apply to BCPS TSR 101938909 but is shared with [REDACTED] TSR 101825966.<sup>11</sup>

As of February 1, 2024, there was sufficient ATC on the Alberta to British Columbia segment to accommodate all of the capacity for the applicable TSRs that were queued (i.e., TEMC TSR 101929117, TEMC TSR 101929338, [REDACTED] TSR 101929343, and BCPS TSR 101938909). This allowed the BCPS TSR 101938909 to be approved automatically by the system with no impact on the queued TEMC and [REDACTED] TSRs.

The capacity on the Alberta to British Columbia segment for TEMC TSR 101929117, TEMC TSR 101929338, and [REDACTED] TSR 101929343 is held as pending until the capacity of their second segment (export segment from British Columbia to the U.S.) has been determined. This is illustrated in [Table 1](#) below.

**Table 1 Import segment from Alberta to British Columbia**

TSRs in Queue Order	Transmission Customer	Path	Is this the only segment for this TSR?	Enough ATC to accommodate the Alberta to BC segment for the entire duration of the TSR?
101929117	TEMC	Wheel-thru AB to US Border	No	Yes – Capacity held as pending
101929338	TEMC	Wheel-thru AB to US Border	No	Yes – Capacity held as pending
101929343	[REDACTED]	Wheel-thru AB to US Border	No	Yes – Capacity held as pending
101938909	BCPS	Import from AB to BC Network Load	Yes	Yes – Capacity Granted

The TEMC TSR 101929117, TEMC TSR 101929338, and [REDACTED] TSR 101929343 have an additional segment for which capacity must be determined before they can be processed – the export segment from British Columbia to the U.S.

<sup>11</sup> [REDACTED] TSR 101825992, which was also seeking capacity on this segment, was Withdrawn on January 31 at 13:33:09 PST.

There is not enough ATC to accommodate all of the capacity for the TSRs requesting Transmission Capacity on this (British Columbia to the U.S.) segment. [REDACTED] TSR 101825966, which is on the British Columbia to U.S. segment, was earlier in the queue and its Start and Stop Times overlap that of the aforementioned TEMC and [REDACTED] TSRs.

As of January 23, 2024, [REDACTED] TSR 101825966 was undergoing a System Impact Study. The determination of capacity to accommodate TEMC TSR 101929117, TEMC TSR 101929338, and [REDACTED] TSR 101929343 can only be done after this System Impact Study is complete, and [REDACTED] TSR 101825966 has been fully processed. Accordingly, TEMC TSR 101929117, TEMC TSR 101929338, and [REDACTED] TSR 101929343 remained in queue. This is illustrated in [Table 2](#) below.

**Table 2 Export segment from British Columbia to United States**

TSRs in Queue Order	Transmission Customer	Path	Is this the only segment for this TSR?	Enough ATC to accommodate the BC to US segment for the entire duration of the TSR?
101825966	[REDACTED]	Export from Powell River, BC to US Border	YES	No – System Impact Study in progress
101929117	TEMC	Wheel-thru AB to US Border	No	To be determined after 101825966 is processed
101929338	TEMC	Wheel-thru AB to US Border	No	To be determined after 101825966 and 101929117 are processed
101929343	[REDACTED]	Wheel-thru AB to US Border	No	To be determined after 101825966, 101929117, and 101929338 are processed

#### **4 The Nature of the Operator Error that led to the issue is not provided**

BC Hydro described the error that occurred on January 22, 2024, on pages six to seven of its February 9, 2024 letter. We provide the following additional information below.

The operator was a Real-Time Operator. While the operator had system permissions to manually approve the three TSRs, the Real-Time Operator was not authorized to approve TSRs that were not related to their real-time function and did so based on



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incomplete information. As the TSRs were monthly (i.e., not hourly or daily), the Real-Time Operator should have contacted either the System Control Manager or a member of the Market Policy & Operations team to determine the appropriate action.

While it is typical for a Real-Time Operator to receive phone calls from Transmission Customers regarding hourly or daily requests, this appears to have been an unusual circumstance where Transmission Customers were expecting their monthly requests to be approved sooner and contacting the Real-Time Interchange Desk to inquire about the status.

## 5 Status of TSRs as of March 14 and 15, 2024

In this section, BC Hydro provides an update on the current status of the TSRs that are referenced by the Complaint.

On March 14, 2024, BC Hydro finished processing [REDACTED] Long Term TSR 101825966 after the Service Agreement tendered to [REDACTED] was fully executed. Therefore, the [REDACTED] TSR that was in the Study status was changed to the Confirmed status. This meant that the subsequent monthly TSRs that were delayed in processing because of the [REDACTED] Long Term TSR could now be processed. Consequently, BC Hydro processed these monthly TSRs on March 14 and 15, 2024. Specifically:

- With respect to TEMC TSR 101929117, TEMC confirmed the counteroffer made by BC Hydro on March 14, 2024, at 10:46:26 PDT. BC Hydro counteroffered ATC to TEMC because there wasn't sufficient ATC for each of the months in which TEMC requested capacity. [Table 3](#) below sets out the MWs requested by TEMC and the MWs granted, based on ATC, to TEMC by BC Hydro for each of the applicable months.

**Table 3 TEMC TSR 101929117**

TSR 101929117	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
MW Requested by TEMC	100	100	1	0	0	0	0	0	1	155	155
MW Granted by BC Hydro	100	0	1	0	0	0	0	0	1	122	122

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- With respect to TEMC TSR 101929338, TEMC confirmed the counteroffer made by BC Hydro on March 15, 2024, at 13:08:12 PDT. BC Hydro counteroffered ATC to TEMC because there wasn't sufficient ATC for each of the months in which TEMC requested capacity. [Table 4](#) below sets out the MWs requested by TEMC and the MWs granted, based on ATC, to TEMC by BC Hydro for each of the months.

**Table 4 TEMC TSR 101929338**

TSR 101929338	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan 2025
MW Requested by TEMC	100	1	0	0	0	0	0	1	155	155	205
MW Granted by BC Hydro	0	1	0	0	0	0	0	1	0	0	172

- With respect to [REDACTED] TSR 101929343, on March 15, 2024, at 13:15 PDT BC Hydro provided a counteroffer to [REDACTED] because there wasn't sufficient ATC for each of the months in which [REDACTED] requested capacity. [Table 5](#) below sets out the MWs requested by [REDACTED] and the MWs counteroffered, based on ATC, to [REDACTED] by BC Hydro for each of the months.

**Table 5 [REDACTED] TSR 101929343**

TSR 101929343	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan 2025
MW Requested by [REDACTED]	25	1	1	0	0	0	0	1	0	0	100
MW Counteroffered by BC Hydro	0	1	1	0	0	0	0	1	0	0	0

[REDACTED] chose to withdraw their TSR on March 15, 2024, at 13:22 PDT after BC Hydro provided the above counteroffer to them.

On March 20, 2024, at 10:23 am PDT, BC Hydro posted a bulletin regarding the billing of monthly TSRs that were Confirmed after the Start Time, so customers would know what to expect on their March invoices. This bulletin is shown as [Figure 1](#) below.



**Figure 1 March 20, 2024, Bulletin****Billing of Confirmed Monthly TSR(s) after the Start Time**

Posted on March 20, 10:23 a.m.

BC Hydro received a customer enquiry as to how the billing will be treated for a monthly TSR in which that TSR was confirmed during the month as well as the billing for the prior month. As such, BC Hydro has considered the question and the Settlements & Billing Business Practice is amended as follows:

If a monthly Transmission Service Request (TSR) is confirmed after the Start Time for that TSR, then:

1. The Transmission Customer will not be charged for any month(s) after the Start Time but before the month in which the TSR is confirmed;
2. The Transmission Customer will be charged for the entire month in which the TSR is confirmed regardless of when during the month the TSR is confirmed; and
3. The Transmission Customer will be charged for all months (if any) following the month in which the TSR is confirmed until the Stop Time.

The bulletin was posted because we wanted to make it clear that Transmission Customers will not be charged for any month after the Start Time but before the month in which their TSR was confirmed. The bulletin also explained that the Transmission Customers will be charged for the month in which their TSR was confirmed and for the following months until the Stop Time of the TSR. Specifically:

- In accordance with [Table 3](#) above, TEMC TSR 101929117 will not incur a charge for the month of February 2024 since the TSR was confirmed in March. However, TEMC will be charged per the approved monthly rate per OATT Schedule 01,<sup>12</sup> and applicable OATT ancillary services charges, for the remaining months of April, October, November, and December 2024 in which it was granted capacity (MWs) on TSR 101929117;
- In accordance with [Table 4](#) above, TEMC TSR 101929338 will incur the aforementioned charges for the months of April and October 2024, and the month of January 2025; and
- [REDACTED] will not incur any charges for TSR 101929343 because they withdrew their TSR after BC Hydro provided a counteroffer to them.

<sup>12</sup> <https://www.bchydro.com/content/dam/BCHydro/customer-portal/documents/corporate/tariff-filings/open-access-transmission-tariff/schedule-01-oatt.pdf>

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For further information, please contact [REDACTED] at  
[bchydroregulatorygroup@bchydro.com](mailto:bchydroregulatorygroup@bchydro.com).

Yours sincerely,

A handwritten signature in black ink, appearing to read "Chris Sandve".

Chris Sandve  
Chief Regulatory Officer

ah/kl



TransAlta Energy Marketing Corp. Box 1900, Station "M" 110 – 12 <sup>th</sup> Avenue SW Calgary, Alberta T2P 2M1	T: +1 (403) 267-7710 www.transalta.com
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**Legal Counsel, Regulatory**

Direct Line: [REDACTED]  
Email: [REDACTED]

April 18, 2024

British Columbia Utilities Commission  
Suite 410, 900 Howe Street  
Vancouver, British Columbia  
V6Z 2N3

**Attention: Patrick Wruck, Commission Secretary**

Dear Patrick Wruck:

**British Columbia Utilities Commission (BCUC or Commission)  
British Columbia Hydro and Power Authority (BC Hydro)  
TransAlta Energy Marketing Corp. Complaint regarding Open Access  
Transmission Tariff (Complaint) Reply Submission**

TransAlta Energy Marketing Corp. ("**TransAlta**") herein provides its reply submission to the April 4, 2024 submission of BC Hydro ("**April 4 Submission**"), in accordance with BCUC Order G-72-24.

Except as otherwise noted, TransAlta repeats and adopts its Complaint submitted January 31, 2024, as well as its response submission dated February 26, 2024. Capitalized terms not otherwise defined herein have the same meaning as in the January 31 Complaint submission, and in its February 26, 2024 response. TransAlta's silence on any particular submission made by BC Hydro in the April 4 Submission should not be construed as a concession to, or agreement with that submission.

**Summary of TransAlta Position**

BC Hydro's April 4 Submission appears to argue that in essence, the ends have justified the means. The thrust of the argument is since the TSRs in the queue have since been processed, TransAlta accepted a subsequent counter-offer for its TSRs, and [REDACTED] has not complained about its own TSR, that the BCUC should therefore tolerate the unwinding of valid and binding contracts between TEMC and BC Hydro, and that the BCUC should further tolerate BC Hydro's breach of its own code of conduct by giving non-public information to its affiliate, Powerex, in the course of attempting to correct its mistake.



BC Hydro's April 4 Submission similarly argues from the false premise that the queue, as it existed *after* the operator error was corrected, is the proper time at which to assess whether Powerex's TSR "jumped" the queue. With respect, TransAlta cannot agree. TransAlta's Complaint is squarely focused on whether the alleged "correction" of the operator error was *itself* improper. TransAlta's acceptance of the counter-offers for the TSRs were in fulfilment of its duty to mitigate its direct damages arising from BC Hydro's conduct, and do not operate to excuse BC Hydro's improper reversals of TransAlta's confirmed TSRs.

Proceeding from this, the question for the BCUC to decide is not whether BC Hydro acted appropriately *after* it reversed the operator error. Such an approach ignores the obvious and more fundamental question – was BC Hydro entitled to reverse the operator error in the way that it did, *or at all*?

TransAlta submits that BC Hydro was not.

### **Responses to the BC Hydro April 4 Submission**

BC Hydro states that "TEMC alleges that, shortly after BC Hydro corrected the operator error, Powerex submitted a series of competing TSRs designed to acquire the transmission BC Hydro had previously confirmed to TEMC."<sup>1</sup> Having reviewed the chronology provided by BC Hydro, TransAlta accepts that Powerex's TSRs at issue were submitted prior to the reversals taking place.

BC Hydro states that "TEMC also alleges that BCPS TSR 101938909 effectively "jumped" TEMC's TSRs in the queue, but, again, that allegation is based on a misunderstanding of how the transmission queue operates."<sup>2</sup> TransAlta has not misunderstood how the transmission queue operates. BC Hydro is simply asking the market to bear the burden of unwinding its own mistake.

BC Hydro states that "Since the correction of the operator error, BC Hydro has finished processing [REDACTED] Long Term TSR 101825966 and processed the subsequent monthly TSRs. TEMC has confirmed counteroffers made by BC Hydro with respect to TEMC TSR 101929117 and TEMC TSR 101929338. [REDACTED] chose to withdraw its TSR. Accordingly, BC Hydro submits that the Complaint should be dismissed."<sup>3</sup> TransAlta submits that the ends do not justify the means in this instance. The simple fact that TransAlta has received a portion of its TSRs after the fact does not justify or excuse BC Hydro's original breach of the OATT by improperly reversing them in the first place. Given the time sensitive nature of the

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<sup>1</sup> April 4 Submission, at pdf 2.

<sup>2</sup> April 4 Submission, at pdf 2.

<sup>3</sup> April 4 Submission, at pdf 3.



TSRs, TransAlta had a duty to mitigate its direct damages, and did so by accepting the counter-offer.

Finally, TransAlta submits that whether or not [REDACTED] has complained is irrelevant to the issue at hand and should not factor in the BCUC's consideration of the Complaint.

BC Hydro further submitted that: "While both the OATT and its business practices are silent on how errors are to be addressed, the overarching principle of the OATT and its business practices is that they be implemented in accordance with good utility practice without any undue discrimination or preference." TransAlta agrees. However, the parties appear to disagree on how this principle applies in practice.

### **BC Hydro Business Practices and Nature of Operator Error**

BC Hydro's April 4 submission validates TransAlta's position that both of TransAlta's TSRs were confirmed by BC Hydro. BC Hydro cannot credibly take the position that fundamental elements of contract formation do not apply to it in light of operator error. Neither does the excuse of good utility practice trump established principles of contract law. TSRs are still fundamentally contracts. Indeed, BC Hydro's own document *Submitting a Short-Term Transmission Service Requests* confirms this interpretation:<sup>4</sup>

#### **2.6 Pre-Confirmation**

A Transmission Customer can submit a Short-Term TSR "pre-confirmed" or not. If the TSR is submitted pre-confirmed, BC Hydro's acceptance (after validation) of the TSR confirms the contract. A Transmission Customer cannot withdraw a pre-confirmed TSR. If the Transmission Customer submits the TSR not pre-confirmed, the TSR is subject to the confirmation timelines outlined in BC Hydro's OATT Business Practice on Processing of Short-Term Transmission Service Requests. [Emphasis added.]

In G.H.L. Fridman in *The Law of Contract in Canada*, 6th ed. (Toronto: Carswell, 2011) at 25, the requirements to establish a valid offer and acceptance to form a contract is described as follows:

... the common law requires a clear manifestation of agreement. The mechanism of that agreement is contained in the notions of offer and acceptance. Without an offer and its acceptance, there is no contract. If either or both is missing, there is no proof that the parties were ever ad idem, that is, had reached a stage in their negotiations in respect of which it could be said that they had shown not only an intent to be bound together, but the

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<sup>4</sup> [https://www.bchydro.com/content/dam/BCHydro/customer-portal/documents/corporate/suppliers/transmission-scheduling/business\\_practices/Submitting%20a%20ST%20TSR.pdf](https://www.bchydro.com/content/dam/BCHydro/customer-portal/documents/corporate/suppliers/transmission-scheduling/business_practices/Submitting%20a%20ST%20TSR.pdf)



nature, extent, and manner of their being bound so as to give rise to a legally recognizable and enforceable contract. [Footnotes omitted.]

As held in *Berthin v. Berthin*, the relevant test in British Columbia for whether a contract has indeed crystallized between the parties is set out as follows:<sup>5</sup>

The test, of course, is not what the parties subjectively intended but "whether parties have indicated to the outside world, in the form of the objective reasonable bystander, their intention to contract and the terms of such contract": see G.H.L. Fridman, *The Law of Contract in Canada* (6th ed, 2011) at 15. As stated by Mr. Justice Williams in *Salminen v. Garvie* 2011 BCSC 339:

The test for determining *consensus ad idem* at the time of contract formation is objective: it is "whether the parties have indicated to the outside world, in the form of the objective reasonable bystander, their intention to contract and the terms of such contract"; it is "whether a reasonable... [person] in the situation of that party would have believed and understood that the other party was consenting to the identical term". The actual state of mind and personal knowledge or understanding of the promisor are not relevant in this inquiry. In short, if a reasonable person would find that the parties were in agreement as to a contract and its terms, then a contract would exist at common law. The test's focus on objectivity animates the principal purpose of the law of contracts, which is to protect reasonable expectations engendered by promises. [Emphasis added.]

It is uncontroverted that TransAlta submitted its offer for TSRs 101929338 and 101929117. It is also uncontroverted that BC Hydro communicated its acceptance of those offers to TransAlta, by processing the TSRs on OASIS. Such acceptance was visible to the public on OASIS by changing the TSRs to "confirmed" status. It is noteworthy that these confirmations did not contain any notes indicating any conditions precedent or other restrictions.

It is also no answer for BC Hydro to claim that the employee did not have the requisite authority to approve the TSRs. The common law "indoor management rule" has been settled law for well over a century in Canada. As explained by the BC Court of Appeal in *1264777 B.C. Ltd. v. 0694813 B.C. Ltd.*, at para 24:<sup>6</sup>

The object of the common law rule was to allow persons or entities dealing with a corporation to assume that its internal procedures had been properly complied with: *Royal British Bank v. Turquand* (1885), [1843-60] All E.R.

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<sup>5</sup> *Berthin v. Berthin*, 2016 BCCA 104, at para 46. See also *Fairchild Developments Ltd. v. 575476 B.C. Ltd.*, 2020 BCCA 123, at 51.

<sup>6</sup> *1264777 B.C. Ltd. v. 0694813 B.C. Ltd.*, 2023 BCCA 410, at para 24.



Rep. 435, 119 E.R. 886 (Eng. C.A.); the Supreme Court of Canada later adopted the principles in *Turquand* in *McKnight Construction Co. v. Vansickler*, [1915] 51 S.C.R. 374 at 382–383, 1915 CanLII 605.

This common law “indoor management rule” in this context has also been codified in section 146(1)(c)(ii) of the *Business Corporations Act*, SBC 2002, c 57:

**Persons may rely on authority of companies and their directors, officers and agents**

**146** (1) Subject to subsection (2), a company, a guarantor of an obligation of a company or a person claiming through a company may not assert against a person dealing with the company, or dealing with any person who has acquired rights from the company, that [...]

(c) a person held out by the company as a director, officer or agent

[...]

(ii) has no authority to exercise the powers and perform the duties that are customary in the business of the company or usual for such director, officer or agent, [...]

(2) Subsection (1) of this section does not apply in respect of a person who has knowledge, or, by virtue of the person's relationship to the company, ought to have knowledge, of a situation described in paragraphs (a) to (e) of that subsection

While TransAlta accepts BC Hydro’s April 4 Submission that the employee at issue did not have the authority to approve the TSRs, the fact remains that the employee did so, and had the requisite system access to do so. Critically on this point, TransAlta did not have actual knowledge that the employee did not have the requisite authority to approve the TSRs, and similarly did not have any constructive knowledge of BC Hydro’s internal grants of operating authority. To put matters bluntly, TransAlta and market participants generally should not have to be concerned about whether BC Hydro’s internal business practices were in order<sup>7</sup> – it is BC Hydro that bears the burden and consequences of unauthorized activity by its employees or agents.

The same argument applies *mutatis mutandis* to BC Hydro’s argument that its internal business practices and interpretation of good utility practice entitles it to reverse a confirmed TSR.

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<sup>7</sup> *Ibid*, at para 25.



Beyond these considerations, should the BCUC find that BC Hydro acted appropriately in reversing the operator error, it leaves all market participants under the OATT second-guessing all TSR confirmations going forward. In BC Hydro's apparent view, the TSRs were confirmed but remained subject to the following three unwritten implicit conditions - that were somehow incumbent on the market participant to divine - being that the approvals were: i) made by a person at BC Hydro with the requisite authority to do so - a person whose identity and approvals are not visible to market participants, ii) issued in a manner that would not oversubscribe ATC on a transmission path - information which is not available to market participants, and iii) not subject to operator error.

To accept such an argument from BC Hydro would place expediency and convenience to the utility over fundamental concepts of fairness, and would jeopardize the market's confidence in the finality of any agreement entered into with BC Hydro under the OATT.

### **Conditional vs. Unconditional Approvals of TSRs**

BC Hydro argues that its acceptance of the TSRs was not unconditional. It states:<sup>8</sup>

When transmission rights are granted for a TSR, these rights remain "conditional" based on the rules of competition included in BC Hydro's Submitting a Short Term Transmission Service Request and Processing of Short-Term Point-To-Point Transmission Service Requests<sup>7</sup> business practices. Similarly, "unconditional" means that the transmission rights that have been granted for a TSR are no longer subject to competition.

The term "unconditional" in the granting of transmission rights is in no way intended to mean that the transmission rights granted cannot be rescinded or revoked to correct a good-faith error that has been made in the implementation of the OATT and its business practices.

TransAlta's reply on this point is two-fold.

First, none of the conditions elucidated by BC Hydro entitle it to reverse a confirmed TSR on its own motion. The only condition contemplated is one where a competing offer is made. It is uncontroverted that no competing offer was made. Therefore, BC Hydro's acceptance was not made with any conditions, and as such was unconditional.

Second, BC Hydro's statement that unconditional grants of transmission rights are not intended to mean that they cannot be rescinded or revoked to correct errors asks the BCUC to accept as axiomatic that "unconditional", in reality, means it is

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<sup>8</sup> April 4 Submission, at pdf 4.

conditional upon there being no errors. Nothing in BC Hydro's submission requires the BCUC to accept that an unconditional grant of transmission rights similarly does not mean that the transmission rights granted *can* be rescinded or revoked to correct an error.

Please contact the undersigned with any further questions.

Yours truly,

**TRANSALTA ENERGY MARKETING CORP.**



Legal Counsel, Regulatory



**~~CONFIDENTIAL~~**  
**ORDER NUMBER**  
**G-143-24**

IN THE MATTER OF  
the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

British Columbia Hydro and Power Authority  
TransAlta Energy Marketing Corp. Complaint Under BC Hydro OATT

**BEFORE:**  
M. Jaccard, Commissioner

on May 21, 2024

**ORDER**

**WHEREAS:**

- A. On January 31, 2024, pursuant to section 83 of the Utilities Commission Act (UCA), TransAlta Energy Marketing Corp (TEMCO) filed a complaint with the British Columbia Utilities Commission (BCUC) regarding a possible non-compliance with British Columbia Hydro and Power Authority's (BC Hydro) Open Access Transmission Tariff (OATT) (Complaint);
- B. The Complaint states that on January 23, 2024, BC Hydro rescinded two monthly firm transmission service requests (TSR) which it had accepted and confirmed the prior day, one being unconditional, allowing its subsidiary Powerex Corp. to submit competing applications in possible violation of the OATT and BC Hydro's Standards of Conduct;
- C. Between February 9, 2024, and on February 26, 2024, the BCUC Staff received information from both BC Hydro and TEMCO through the BCUC complaints process;
- D. By Order G-72-24 dated March 15, 2024, the BCUC established a timetable to review the Complaint, which included a submission from BC Hydro regarding the Complaint, TEMCO's response to BC Hydro's submission, and further process to be determined;
- E. On April 4, 2024, BC Hydro submitted its response to TEMCO's previous submission as well as the record of its Standards of Conduct investigation, which included documentation of relevant communication between BC Hydro and Powerex;
- F. Also on April 4, 2024, BC Hydro submitted a self-report regarding compliance with the OATT Standards of Conduct (SOC);
- G. On April 18, 2024, TEMCO submitted its response to BC Hydro's submissions; and

H. The BCUC determines that an amendment to the regulatory timetable to further review the Complaint is warranted.

**NOW THEREFORE** the BCUC orders the following:

1. A further regulatory timetable is established, as set out in Appendix A to this order.
2. In accordance with the regulatory timetable, TEMC and BC Hydro may submit proposals for amendments to BC Hydro's business practices that will mitigate the risk of erroneous TSR approvals in future and prescribe what actions BC Hydro should take in cases where TSRs may be erroneously approved.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 21<sup>st</sup> day of May 2024.

BY ORDER

*Original signed by:*

M. Jaccard  
Commissioner

Attachment



British Columbia Hydro and Power Authority  
TransAlta Energy Marketing Corp. Complaint Under BC Hydro OATT

REGULATORY TIMETABLE

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Action	Date (2024)
TEMC proposal for BC Hydro business practice amendments	Tuesday, June 4
BC Hydro proposal for its business practice amendments	Tuesday, June 18
TEMC reply to BC Hydro proposal	Tuesday, June 25
Further process	To be determined



TransAlta Energy  
Marketing Corp.  
Box 1900, Station "M"  
110 – 12<sup>th</sup> Avenue SW  
Calgary, Alberta  
T2P 2M1

T: +1 (403) 267-7710  
www.transalta.com

██████████  
**Legal Counsel, Regulatory**

Direct Line: ██████████  
Email: ██████████

June 4, 2024

British Columbia Utilities Commission  
Suite 410, 900 Howe Street  
Vancouver, British Columbia  
V6Z 2N3

**Attention: Patrick Wruck, Commission Secretary**

Dear Mr. Wruck:

**British Columbia Utilities Commission (BCUC or Commission) British Columbia Hydro and Power Authority (BC Hydro) TransAlta Energy Marketing Corp. Complaint regarding Open Access Transmission Tariff (Complaint) Submission on Amendments to BC Hydro Business Practices Documents**

This letter is in response to the British Columbia Utility Commission's Order dated May 21, 2024, in which it provides that "TEMC and BC Hydro may submit proposals for amendments to BC Hydro's business practices that will mitigate the risk of erroneous TSR approvals in future and prescribe what actions BC Hydro should take in cases where TSRs may be erroneously approved." Capitalized terms not otherwise defined herein have the same meaning as in the January 31 Complaint submission, and in its February 26, 2024 response and April 18, 2024 reply submission.

TEMC interprets the Commission's request as having two distinct components:

- Reducing or eliminating the risk of erroneous TSR approvals; and
- Suggesting corrective actions where a TSR is erroneously approved.

TEMC has therefore reviewed the following two BC Hydro business practice documents with a view to providing a proposal to mitigate the risk of erroneous TSR approvals, and resolve or remedy such erroneous approvals in a fair and transparent manner:

- Submitting a Short-Term Transmission Service Request<sup>1</sup>
- Curtailment of Transmission and Energy.<sup>2</sup>

TEMC's proposed amendments to the former look to mitigate the risk of erroneous approvals occurring. TEMC's proposed amendment with respect to the latter look to mitigate the impact of erroneous approvals occurring. Proposed changes are marked in bold text.

### **Proposal 1: Changes to *Submitting a Short-Term Transmission Service Request***

Service Increment	Earliest Request	Conditional Until (Note 1)	
		Firm	Non-Firm
Hourly (Real Time)	1 hour before start of service	N/A	N/A
Hourly (Pre-schedule)	1 Working Day before start of service (Note 3)	10:00:00 one working day before start of service	10:00:00 one working day before start of service
Daily	2 Working Days before start of service (Note 4)	1 working day before start of service	10:00:00 one working day before start of service
Weekly	14 calendar days before start of service	7 calendar days before start of service	10:00:00 one working day before start of service
Monthly	60 calendar days before start of service	30 calendar days before start of service	10:00:00 one working day before start of service

Note 1: A Firm or Non-Firm TSR submitted the Working Day prior to start of service must be submitted by 9:00:00 PPT, within the conditional period, in order for it to compete in the displacement process, which concludes at

<sup>1</sup> [https://www.bchydro.com/content/dam/BCHydro/customer-portal/documents/corporate/suppliers/transmission-scheduling/business\\_practices/Submitting%20a%20ST%20TSR.pdf](https://www.bchydro.com/content/dam/BCHydro/customer-portal/documents/corporate/suppliers/transmission-scheduling/business_practices/Submitting%20a%20ST%20TSR.pdf)

<sup>2</sup> [https://www.bchydro.com/content/dam/BCHydro/customer-portal/documents/corporate/suppliers/transmission-scheduling/business\\_practices/Curtailment%20of%20Transmission%20and%20Energy.pdf](https://www.bchydro.com/content/dam/BCHydro/customer-portal/documents/corporate/suppliers/transmission-scheduling/business_practices/Curtailment%20of%20Transmission%20and%20Energy.pdf)

10:00:00 PPT for Day+1 competitions. Competitions for Day+2 and beyond, within the conditional period, will continue until 14:00:00 PPT. **Firm or Non-Firm TSRs will not be approved prior to the "Conditional Until" time, except upon the written confirmation of two (2) representatives at BC Hydro, along with a written explanation therefor posted on OASIS.**

[Proposed additions in bold text]

This first proposal would amend Note 1 to clarify that manual releases of conditions on conditional TSRs prior to the dates in the Firm and Non-Firm columns in the table must be completed by two (2) individuals at BC Hydro.

TEMC considers that the most effective solution would not require changes to BC Hydro's business practices documents themselves, but rather to the workflow permissions systems similar to Sarbanes-Oxley controls, such that manual release requests, and manual release approvals, be carried out by separate individuals with separate operating authorities. This will not only substantially eliminate the potential for human error which occurred in this case, but could require changes to BC Hydro's information technology systems. TEMC is not aware of whether this proposal is feasible.

### **Proposal 2: Changes to *Curtailment of Transmission and Energy***

The following change to section 3.0 within business practice document entitled *Curtailment of Transmission and Energy* would only be required to the extent that Proposal 1 above fails to prevent an erroneous approval.

Within each priority group **for Transmission Service**, the Reliability Limit will be assigned pro-rata, **even if Transmission Service is assigned erroneously within a priority group**. If a Reliability Limit is assigned to a Transmission Reservation, the Transmission Customer can select the Impacted MW link on the Transmission Reservation on OASIS to review the details. [Proposed additions in bold text]

If properly implemented, the successful application of Proposal 1 should completely obviate the need for Proposal 2.

Yours truly,

**TRANSALTA ENERGY MARKETING CORP.**

  
Legal Counsel, Regulatory

**Chris Sandve**  
Chief Regulatory Officer  
[bchydroregulatorygroup@bchydro.com](mailto:bchydroregulatorygroup@bchydro.com)

June 18, 2024

**CONFIDENTIAL**

Patrick Wruck  
Commission Secretary and Manager  
Regulatory Services  
British Columbia Utilities Commission  
Suite 410, 900 Howe Street  
Vancouver, BC V6Z 2N3

Dear Patrick Wruck:

**RE: British Columbia Utilities Commission (BCUC or Commission)  
British Columbia Hydro and Power Authority (BC Hydro)  
TransAlta Energy Marketing Corp. Complaint Under BC Hydro OATT**

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BC Hydro writes in accordance with BCUC Order G-143-24 dated May 21, 2024, in which the BCUC invited TransAlta Energy Marketing Corp. (**TEM**C) and BC Hydro to submit proposals for amendments to BC Hydro's business practices that will mitigate the risk of erroneous Transmission Service Requests (**TSR**) approvals in future and prescribe what actions BC Hydro should take in cases where TSRs may be erroneously approved. BC Hydro first responds to TEMC's proposals set out in its letter dated June 4, 2024, and then we provide some background information on our current process to amend our business practices and then outline our proposed approach.

**Response to TEMC**

TEMC proposes amendments to two of BC Hydro's business practices: (1) *Submitting a Short-Term Transmission Service Request* (the **TSR BP**); and (2) *Curtailment of Transmission and Energy* (the **Curtailment BP**). TEMC states that its proposed amendments to the TSR BP "look to mitigate the risk of erroneous approvals occurring", and its proposed amendments to the Curtailment BP "look to mitigate the impact of erroneous approvals occurring".

Regarding the TSR BP, TEMC proposes to add the following language to Note 1: "Firm or Non-Firm TSRs will not be approved prior to the 'Conditional Until' time, except upon the written confirmation of two (2) representatives at BC Hydro, along with a written explanation therefor posted on OASIS." TEMC says that this amendment would substantially eliminate the potential for human error which occurred in this case.

BC Hydro submits that TEMC's proposed amendment to the TSR BP is not necessary. As of April 10, 2024, BC Hydro has removed the ability for Interchange Plant Operators to manually override TSR statuses. Any such changes to statuses must now be made

June 18, 2024

**CONFIDENTIAL**

Patrick Wruck

Commission Secretary and Manager

Regulatory Services

British Columbia Utilities Commission

**TransAlta Energy Marketing Corp. Complaint Under BC Hydro OATT**

by a manager. In effect, this implements a two-representative requirement - the Interchange Plant Operator needs to advance the request and a manager must approve the request – before a manual status change can occur.

Accordingly, BC Hydro submits that we have already taken adequate steps to mitigate the risk of a similar error occurring in the future and TEMC's proposed amendment is not needed.

Regarding the Curtailment BP, TEMC proposes to amend section 3.0 as follows (TEMC's proposed additions in bold text):

Within each priority group **for Transmission Service**, the Reliability Limit will be assigned pro-rata, **even if Transmission Service is assigned erroneously within a priority group**. If a Reliability Limit is assigned to a Transmission Reservation, the Transmission Customer can select the Impacted MW link on the Transmission Reservation on OASIS to review the details.

In other words, TEMC is suggesting that, if a TSR is approved in error, then the appropriate approach is to curtail transmission capacity for non-reliability reasons, rather than simply correct the error as soon as practical.

BC Hydro disagrees with TEMC's proposed amendment. As explained in our letter dated April 4, 2024, the curtailment provisions of the OATT are in place to address reliability impacts, should they occur, in accordance with Mandatory Reliability Standards. These are unanticipated in advance and can cause congestion to occur, which reduces the Total Transfer Capability of a Transmission Path for which transmission rights may have been sold, putting the path in an over-sold condition due to reliability constraints. The curtailment provisions are not intended to address known market or commercial errors that have been made, which have resulted in an oversold condition.

Moreover, in BC Hydro's view, TEMC's proposed amendment could conflict with the provisions of the OATT. For example, in this case, TEMC's monthly TSRs were manually approved in error, which was not in compliance with section 13.2(a) of the OATT (Reservation Priority). Accordingly, TEMC's proposed amendment would have no effect, because, in cases where there is a conflict between a provision of the OATT and BC Hydro's business practices, the provisions of the OATT prevail.

### **Amendments to Business Practices**

BC Hydro's current process for amending business practices has been in place since 1998 prior to the implementation of the OATT. On June 20, 2005, this process was formally tested in BCTC Application for the OATT and BC Hydro's application for Interconnected Operations Services to BCTC, and then established through Order G-58-05; on Pages 94, 95, and 113.



This process was most recently discussed in BC Hydro's response to BCUC IR 1.2.2 in the OATT Attachment C Amendments Application - Methodology to Assess Available Transfer Capability regulatory proceeding dated October 21, 2021.

When customers wish to make a request for changes to BC Hydro's Business Practices, they contact BC Hydro Market Policy and Operations with their request. After analysis taking into consideration the OATT and North American Energy Standards Board (**NAESB**) business practices, and should the request be deemed appropriate for further consideration, BC Hydro will post a bulletin to engage with our customers about the request, and to solicit comments. A comment period of at least two weeks then commences to collect feedback from customers. The feedback collected during the comment period is then posted verbatim as a bulletin and shared with all customers. BC Hydro then responds to the feedback and keeps customers informed through subsequent bulletin(s). Actions, such as changes to business practices and commencement in regulatory processes, may result. Examples of the process in amending business practices by customers and by BC Hydro are provided in Attachment 1.

### **BC Hydro's Proposal**

BC Hydro submits that the appropriate response to an erroneous approval of a TSR is to correct the error.

BC Hydro has considered whether there are amendments that could be made to our business practices to set out this approach and prescribe the specific actions that BC Hydro should take to correct an erroneous approval of a TSR, should it occur in the future.

Our initial conclusion is that it is difficult to identify language that is prescriptive enough to provide helpful guidance while remaining broad enough to capture the various circumstances that could arise. In addition, if BC Hydro's business practices were to be amended, BC Hydro submits that this should occur through our standard process, described above, so that all Transmission Customers can be involved and have input.

Accordingly, BC Hydro submits that the Commission should find that:

- TEMC's proposed TSR BP amendment is not needed as BC Hydro has taken adequate steps to mitigate the risk of a similar error occurring in the future;
- TEMC's proposed Curtailment BP amendment is not appropriate as transmission capacity should not be curtailed for non-reliability reasons;
- The appropriate response to an erroneous approval of a TSR is to correct the error; and
- If TEMC or other Transmission Customers have suggestions for any amendments to BC Hydro's business practices to prescribe the specific actions that BC Hydro should take to correct an erroneous approval of a TSR, these should be submitted

June 18, 2024

**CONFIDENTIAL**

Patrick Wruck

Commission Secretary and Manager

Regulatory Services

British Columbia Utilities Commission

**TransAlta Energy Marketing Corp. Complaint Under BC Hydro OATT**

and considered through BC Hydro's standard process. This will ensure a fair and transparent process for all Transmission Customers to provide feedback on the proposed amendments to our business practices.

For further information, please contact [REDACTED] at [bchydroregulatorygroup@bchydro.com](mailto:bchydroregulatorygroup@bchydro.com).

Yours sincerely,



Chris Sandve  
Chief Regulatory Officer

ah/tl

Enclosure

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## Examples of the process in amending business practices by customer request

### **Example 1: Proposed Change to Release of Unused Firm Transmission Capacity in Real Time Posting of Transmission Service Offerings dated June 15, 2020**

Capital Power, a Transmission Customer, requested an amendment to BC Hydro's business practice to align its scheduling practices with that of AESO and Balancing Authorities in the CAISO Energy Imbalance Market. BC Hydro reviewed the proposal and then posted a public bulletin outlining the proposal, background, our current Business Practice, and the Customer's rationale for the amendments on June 15, 2020. Customers were then given about two and a half weeks to respond.

Feedback from five customers (ENMAX Energy Corporation, Heartland Generation, TransAlta Energy Marketing Corp., Powerex Corp., and TC Energy) and BC Hydro's decision with reasons was collected, considered, and then posted on July 20, 2020.<sup>1</sup>

### **Example 2: Proposed changes associated with the OATT Attachment C Amendments Application - Methodology to Assess Available Transfer Capability dated April 30, 2021**

Another example pertains to the request associated with the *OATT Attachment C Amendments Application - Methodology to Assess Available Transfer Capability*. BC Hydro received a request from BC Hydro Power Supply (**BCPS**), a Transmission Customer, to make changes to the TTC/ATC Business Practice and the ATC Implementation Document. BC Hydro posted the proposal as a public bulletin on April 30, 2021<sup>2</sup>, and customers were given two weeks to respond.

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<sup>1</sup> <https://www.bchydro.com/energy-in-bc/operations/transmission/transmission-scheduling/bulletins/2020/may-august.html#July20>

<sup>2</sup> <https://www.bchydro.com/energy-in-bc/operations/transmission/transmission-scheduling/bulletins/2021/january-april.html#Apr29>

Feedback from three customers (TransAlta Energy Marketing Corp, Capital Power, and Powerex) was subsequently collected and considered, and then a decision was made to amend our business practice. The feedback, decision, rationale, and additional information about the proceeding was posted in the public bulletins dated May 28, 2021<sup>3</sup>, July 30, 2021<sup>4</sup>, August 10, 2021<sup>5</sup>, September 7, 2021<sup>6</sup>, September 29, 2021<sup>7</sup>, March 17, 2022<sup>8</sup>, and August 26, 2022<sup>9</sup>.

### Other Examples

A sample of other examples showing how BC Hydro amends its business practices can be found in the bulletins between May to August 2022.<sup>10</sup>

**Table 1                      Other Examples**

June 28, 2022	MODS Upgrade, Scheduling Outage, & Business Practice Revisions for Industry Changes
July 25, 2022	MODS Upgrade, Scheduling Outage, & Business Practice Revisions for Industry Changes - Update
July 28, 2022	MODS Upgrade, Scheduling Outage, & Business Practice Revisions for Industry Changes – Time Confirmed
July 29, 2022	Amended Business Practices – Short Term

<sup>3</sup> <https://www.bchydro.com/energy-in-bc/operations/transmission/transmission-scheduling/bulletins/2021/may-august.html#May28>

<sup>4</sup> <https://www.bchydro.com/energy-in-bc/operations/transmission/transmission-scheduling/bulletins/2021/may-august.html#July30>

<sup>5</sup> <https://www.bchydro.com/energy-in-bc/operations/transmission/transmission-scheduling/bulletins/2021/may-august.html#Aug10>

<sup>6</sup> <https://www.bchydro.com/energy-in-bc/operations/transmission/transmission-scheduling/bulletins/2021/september-december.html#Sept7.1>

<sup>7</sup> <https://www.bchydro.com/energy-in-bc/operations/transmission/transmission-scheduling/bulletins/2021/september-december.html#Sept29>

<sup>8</sup> <https://www.bchydro.com/energy-in-bc/operations/transmission/transmission-scheduling/bulletins/2022/january-april.html#Mar17>

<sup>9</sup> <https://www.bchydro.com/energy-in-bc/operations/transmission/transmission-scheduling/bulletins/2022/may-august.html#Aug26>

<sup>10</sup> <https://www.bchydro.com/energy-in-bc/operations/transmission/transmission-scheduling/bulletins/2022/may-august.html>

**From:** [REDACTED]  
**To:** [Commission, Secretary](#)  
**Subject:** RE: TransAlta Energy - Complaint regarding BC Hydro and OATT - Reply Follow-Up  
**Date:** Thursday, June 27, 2024 10:10:35 AM  
**Attachments:** [image006.png](#)  
[image007.png](#)  
[image008.png](#)  
[image009.png](#)  
[image010.png](#)

**Caution:** This email is from an external sender, please use caution before opening attachments or links. If you do not recognize the sender, please report this email to IT.

Good morning,

We confirm that TransAlta Energy Marketing Corp will not be filing a reply submission.

Thanks,



[REDACTED] | **Legal Counsel, Regulatory**  
TransAlta Corporation

**T:** [REDACTED]  
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**From:** Commission, Secretary <Commission.Secretary@bcuc.com>  
**Sent:** Thursday, June 27, 2024 11:09 AM  
**To:** [REDACTED]  
**Subject:** TransAlta Energy - Complaint regarding BC Hydro and OATT - Reply Follow-Up

**EXTERNAL EMAIL:**

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**Re: TransAlta Energy Marketing Corp. Complaint Under BC Hydro OATT**

Dear [REDACTED]

Can you please confirm if you intend to file a reply to BC Hydro's proposal in the above-noted proceeding.

The deadline was Tuesday, June 25 per BCUC Order G-143-24.

Kind regards,

**Jessica O'Brien,**  
Regulatory Services Coordinator, Regulatory Services  
**British Columbia Utilities Commission**



**P:** 604.660.4738 **BC Toll Free:**

1.800.663.1385

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