

From: Richard Fletcher [fletch@hughes.net]
Sent: Friday, May 29, 2009 8:13 AM
To: Commission Secretary BCUC:EX
Cc: craig.godsoe@bchydro.bc.ca; BC Hydro Regulatory Group; Jim Quail; Support BCPIAC; Regulatory BCTC; XT:Fraser, Janet FIN:IN; RBW@bht.com; Gordon Fulton; Leigha Worth; matt.good@brookfieldpower.com; j.johnson@cloudworksenergy.com; glenn.macintyre@columbiapower.org; Victor.Jmaeff@columbiapower.org; lwinstanley@cope378.ca; ron@earthfirstenergy.com; bharper@econanalysis.ca; rinde.powell@encana.com; rsanderson@enmax.com; klail@epcor.ca; ludo.bertsch@esvi.ca; sterilizers@excite.com; ewalker@farris.com; dcurtis@fasken.com; CSmith@Finavera.com; joyce.martin@fortisbc.com; regulatory@fortisbc.com; davidk@fredolsen.com; sammy.chow@fredolsen.com; miller@goldenbritishcolumbia.com; Champion, Jennifer EMPR:EX; bcuc@horizontec.com; FortisBC@horizontec.com; ludob@horizontec.com; fred.fominoff@hspp.ca; moulton@litigationchambers.com; bcuc@mattgood.ca; cbois@millerthomson.com; klippincott@mountainpower.ca; ptaylor@naikun.ca; tfogarassy@naikun.ca; rcarle@newwestcity.ca; XT:Fort Nelson Administration PAB:IN; lguenther@novuscom.net; cweafer@owenbird.com; rupert.legge@plutonic.ca; daustin@securitieslaw.bc.ca; colinfussell@shaw.ca; danpotts@shaw.ca; hallyh@shaw.ca; rjgathercole@shaw.ca; svdavis@shaw.ca; thackney@shaw.ca; weislaw@shaw.ca; Bill Andrews; dnewlands@telus.net; Regulatory Affairs Terasen Gas; bgreen@westpacng.com
Subject: BC Hydro LTAP. Response to Exhibit 20

RECEIVED VIA EMAIL

Attachments: TAN. Resps to Exh 20.pdf; ATT227495.txt



TAN. Resps to Exh ATT227495.txt (72
20.pdf (132 ... B)

Dear Erica.

Kindly note due to scheduling problems I am now unable to attend the oral hearing in Vancouver on June 1-09. However I have prepared a written response to Exhibit A-20, which I submit on behalf of the Texada Action Now Community Association, which would have been presented on Monday, June 1.

I trust that these views and this submission is acceptable as part of the Oral Phase and serves to give the Commission a better understanding of where TAN stands on the matters requested

Best regards

Richard Fletcher
Vice Chair, Texada Action Now Community Association

TEXADA ACTION NOW COMMUNITY ASSOCIATION

Response to Exhibit A-20

Ms. Erica M. Hamilton
Commission Secretary
British Columbia Utilities Commission
Sixth Floor - 900 Howe Street
Vancouver, BC V6Z 2N3

Dear Ms. Hamilton:

Re: Project No. 3698514
British Columbia Utilities Commission (BCUC)
British Columbia Hydro and Power Authority (BC Hydro)
2008 Long Term Acquisition Plan (2008 LTAP)

May 29, 2009

BY E-MAIL

The following represents TAN's position with respect to the matters requested.

Item 1. Voltage Optimization.

Voltage Optimisation is a Demand Side management tool, and consequently falls within the definition of DSM provided in Regulation M-271

Item 2. BC Hydro's long-term forecast methodology.

BC Hydro is obliged to plan for expected "normal" demand conditions over the time frame of the forecast. Inevitably there will be economic cycles within the upcoming 20 years, and increasingly the past is not a guide to economic conditions for the future. Consequently a trend line for future demand should not be influenced unduly by historical data stretching back over a long time period. In the immediate future it should be influenced by the impact of expected consequences of the current recession. By definition however BC Hydro cannot take risks on the assuredness of supply to meet future demand.

Item 3. Clean Power Call.

The Clean Power Call comes at a time of declining oil and energy prices. Run-of-the-river plants are non-firm, offering energy rather than capacity. Not only are these plants subject to the Clean Power Call expensive but, as the Commission notes, a poor match for BC Hydro's seasonal load requirements. Consequently the Commission should weigh carefully the endorsement BC Hydro seeks. TAN has argued that BC Hydro should pursue a much more aggressive negotiating stance with the independent power producers (please refer to Stewardship. TAN final argument para 12) particularly that BC Hydro must ensure that new contracts are constructed to ensure that the plants revert to the province at the end of term. If the Commission is minded to give an endorsement, then conditions must be specified. TAN would like to see required Commission approval of future long-term power purchase contracts as part of the Clean Power Call.

Item 4. Capable

The Commission should endorse the methodology used to determine that BC Hydro had a firm energy capability of 42,600 gigawatt hours in 2006 (SD10 1(2))

Item 5. Self Sufficiency.

Self-Sufficiency is a reliability criterion as the province is to be assured self-sufficiency by 2016, hence BC must rely exclusively on those resources deemed to meet the self sufficiency test. The identified need for 3,000 GWh from Burrard is a linked subset to that equation.

There is very limited insurance BC Hydro can offer while meeting the 90% clean power requirement and self-sufficiency regulation. TAN is of the view that the “insurance” would be new build or purchased thermal generation, which BC Hydro cannot buy while subject to the 90% clean power requirement (and future self-sufficiency), hence political decisions would need to be made if a shortfall becomes apparent. TAN’s view is that the Commission should accept the LTAP without the “insurance” but require BC Hydro to assess the probability of a shortfall, and if over a an assigned percentage, require BC Hydro to file for contingency.

TAN is utterly opposed to new gas fired generation.

Reliance on the market allowance to 2015 would appear to fall under SD 10 as the self-sufficiency rules apply from 2016 and later years.

Item 6. Burrard

BC Hydro may require Burrard for 3,000 GWh/year to meet reliability, but the evidence BC Hydro put forward was, that it was expected to be run much less than 3,000 Gwh/year. Hence at 3,000 Gwh/year it is a “rated” energy or output facility

Item 7. FNU 3

\$140m is a substantial sum but BC Hydro should be expected to manage the project prudently. If the Commission has doubts the project is outside BC Hydro’s core competency then it should require reporting requirements to measure the project is build on time and on budget.

One cannot help but comment that vast sums are being spent on run-of-the-river plants, and ratepayers are racking up vast financial commitments, without, I believe, Commission approval of contract terms

Item 8. Potential transmission volt customers. Section 28 (3) of the Act.

Under Sec 28 (3) the Commission has the power, after a hearing and proper cause, to set terms of service which it considers proper and in the public interest.

Under SD10 5 (2) the Commission may set rates to recover revenues to achieve self-sufficiency and recover costs as a result of the call for power.

In assessing the cost-effectiveness of a demand-side measure of a bulk electricity purchaser the Commission must consider the long-term marginal cost of avoided new supply.

(3) In determining whether a demand-side measure of a bulk electricity purchaser is cost-effective, the commission must consider the benefit of the avoided supply cost to be the authority's long-term marginal cost of acquiring new electricity to replace the electricity sold to the bulk electricity purchaser and not the bulk electricity purchaser's cost of purchasing electricity from the authority.

Regulation 271. Para 4 (3)

Bulk electricity purchasers are using the marginal cost standard, but currently new bulk electricity customers are not. Seeing that the embedded cost of generation is \$6.16 Mwh, and the marginal cost of new IPP is \$120 Mwh, existing customers are subsidizing new bulk loads to an extraordinary extent. TAN's position is that the Commission has cause to set terms of service to new bulk loads stopping this inequity and is authorized to do so under Sec 28 and SD 10 (5) 2.

TAN's position is that new intensive loads should bear the full incremental cost of joining and being supplied by the integrated system, matching the incremental cost of supply at the time the loads join the system. This means that new intensive loads must pay the full incremental power rate at the time they join the system.

The Commission should require those customers in the Fort Nelson area to pay the incremental costs of FNU3, or such portion as judged reasonable. The principle was established long ago for the Vancouver Island Gas Pipeline.

Respectfully submitted by Richard Fletcher,
Vice Chair,
Texada Action Now Community Association

May 29-09
fletch@hughes.net

Kindly note due to schedule commitments I will be unable to present this information in person at the oral hearing on Monday June 1 in Vancouver. I trust that it sets out TAN's position on the matters requested.