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Log No. 7699

VIA FACSIMILE
9, 604-623-4407

November 10, 2004

Mr. Richard Stout
Chief Regulatory Officer
British Columbia Hydro and Power Authority
17th Floor, 333 Dunsmuir Street
Vancouver, B.C. V6B 5R3

Dear Mr. Stout:

Re: British Columbia Hydro and Power Authority ("BC Hydro")
Call for Tenders for Capacity on Vancouver Island
Review of Electricity Purchase Agreement

By letter dated November 3, 2004, BC Hydro advised the Commission that Duke Point Power Limited Partnership is the successful proponent in the Vancouver Island Call for Tenders ("CFT") process. BC Hydro further advised that it will file an Electricity Purchase Agreement ("EPA") in accordance with Section 71 of the Utilities Commission Act. Pursuant to the CFT Schedule (Addendum Number 22), the Commission anticipates that the EPA will be filed on November 19, 2004.

In its Decision dated September 8, 2003 ("VIGP Decision"), the Commission concluded that it had not been established that the Vancouver Island Generation Project ("VIGP") is the most cost-effective means to reliably meet Vancouver Island power needs and encouraged BC Hydro to proceed with a Call for Tenders. By letter dated January 23, 2004, the Commission commented on certain CFT issues, and encouraged BC Hydro to proceed with the CFT. By letter dated June 22, 2004, the Commission deferred consideration of certain CFT issues raised by parties until after the completion of the CFT process.

As stated in the VIGP Decision and confirmed in the January 23, 2004 letter, the Commission is prepared to consider the EPA on an expedited basis. By Order G-99-04 (attached), a Procedural Conference has been established to hear submissions from Participants that may assist the Commission to determine an effective and efficient regulatory process for the review of BC Hydro's Section 71 Application. The Commission anticipates that the scope of the review will be a relevant consideration to the determination of an effective and efficient regulatory process and therefore will be an issue that Participants may wish to address in their submissions at the Procedural Conference.

Yours truly,

Cecilia MacDonald

for: Robert J. Pellatt

JBW/rt
Attachment

cc: Registered Intervenors:
BC Hydro 2004/05-2005/06 Revenue Requirements

Mr. David J. Slater
President and CEO
Hillsborough Resources Limited
925 – 1200 W 73rd Avenue
Vancouver, B.C. V6P 6G5

Mr. Sean Ebnet
Green Island Energy
Four Bentall Centre
1055 Dunsmuir Street
Suite 2300, PO Box 49122
Vancouver, B.C. V7X 1J1

Mr. Tony Duggleby
Chief Operating Officer
Sea Breeze Power Corp.
Suite 1400 – 601 West Hastings
Vancouver, B.C. V6B 5A6

Mr. William R. Hale
Managing Director
Structure Capital Markets
ABN AMRO Incorporated
135 South LaSalle Street
Chicago, Illinois 60603

Mr. Daniel T. Potts
Executive Director
Joint Industry Electricity Steering
Committee
5495 West Vista Court
West Vancouver, B.C. V7W 3G9

**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G- 99-04

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

and

A Filing by British Columbia Hydro and Power Authority
Call for Tenders for Capacity on Vancouver Island
Review of Electricity Purchase Agreement

BEFORE: R.H. Hobbs, Chair
M.P. Birch, Commissioner November 9, 2004
L.A. Boychuk, Commissioner

O R D E R

WHEREAS:

- A. In its Decision dated September 8, 2003 ("VIGP Decision"), the Commission concluded that Vancouver Island Energy Corporation (a wholly-owned subsidiary of British Columbia Hydro and Power Authority ("BC Hydro")) had not established that the Vancouver Island Generation Project ("VIGP") is the most cost-effective means to reliably meet Vancouver Island power needs and encouraged BC Hydro to proceed with a Call for Tenders for Vancouver Island (the "CFT"); and
- B. By letter dated January 23, 2004, the Commission commented on certain CFT issues, and encouraged BC Hydro to proceed with the CFT; and
- C. The January 23, 2004 letter also referred to the statement in the VIGP Decision that the Commission is prepared to consider the Electricity Purchase Agreement ("EPA") from the CFT on an expedited basis, and stated that approval of the project(s) selected following the CFT process may require a further review of the CFT process and design; and
- D. By letter dated November 3, 2004, BC Hydro advised the Commission that Duke Point Power ("Duke Point Power") Limited Partnership is the successful proponent in the CFT process, and that it will file the EPA with Duke Point Power in accordance with Section 71 of the Utilities Commission Act (the "EPA filing"); and
- E. The Revised CFT Schedule that BC Hydro released concurrently with Addendum Number 22 dated October 5, 2004 states that the EPA will be filed with the Commission on November 19, 2004; and
- F. The Commission considers that a Procedural Conference is required to hear submissions from Participants that may assist the Commission to determine an effective and efficient regulatory process for the review of BC Hydro's Section 71 EPA filing.

**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-99-04

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NOW THEREFORE the Commission orders as follows:

1. A Procedural Conference regarding the regulatory process for the review of BC Hydro's Section 71 EPA filing will commence at 8:30 a.m., on Monday, November 29, 2004 on the Fourth Floor of 855 Homer Street in Vancouver, to address procedural matters which will include, but may not be limited to, the following:
 - identification of the principal issues arising from or related to the EPA filing;
 - scope of the Commission Panel's review of the EPA filing;
 - whether the review should proceed by an oral or written hearing, or some other process;
 - steps and timetable associated with the regulatory review process; and
 - other matters that will assist the Commission Panel to efficiently review the EPA filing.
2. After the Procedural Conference, the Commission Panel will issue a further procedural Order and Regulatory Agenda.
3. BC Hydro will publish, as soon as possible, in display-ad format, the Notice of Procedural Conference attached as Appendix A to this Order, in the Vancouver Sun and Province, the Victoria Times Colonist, and such appropriate local news publications as may properly provide adequate notice to the public in its service areas, particularly those in the vicinity of Nanaimo.
4. The EPA filing, together with any supporting materials, will be made available for inspection at BC Hydro offices in Nanaimo and Victoria, at the BC Hydro Vancouver Head Office, and at the Commission's office.
5. BC Hydro is to provide a copy of the EPA filing, by facsimile or electronically if possible, to all Intervenors and Interested Parties registered in its 2004/05 to 2005/06 Revenue Requirements proceeding, as soon as possible.
6. Intervenors and Interested Parties should register with the Commission, in writing, by Friday, November 26, 2004 and advise whether they intend to attend the Procedural Conference. Intervenors should specifically state the nature of their interest in the EPA filing and identify generally the nature of the issues that they may intend to pursue during the proceeding and the nature and extent of their anticipated involvement in the proceeding.

DATED at the City of Vancouver, in the Province of British Columbia, this 10th day of November 2004.

BY ORDER

Original signed by:

Robert H. Hobbs
Chair

British Columbia Hydro and Power Authority
Call for Tenders for Capacity on Vancouver Island
Review of Electricity Purchase Agreement

NOTICE OF PROCEDURAL CONFERENCE

Date:	Monday, November 29, 2004
Time:	8:30 a.m.
Location:	Fourth Floor 855 Homer Street Vancouver, B.C.

THE ELECTRICITY PURCHASE AGREEMENT FILING

By letter dated November 3, 2004, BC Hydro advised the Commission that Duke Point Power Limited Partnership (“Duke Point Power”) is the successful proponent in the Vancouver Island Call for Tenders (“CFT”) process. BC Hydro has offered Duke Point Power an Electricity Purchase Agreement (“EPA”) for 252 megawatts of capacity from a proposed gas-fired generation facility to be located near the Duke Point industrial area of Nanaimo, B.C. BC Hydro also advised that it will file the EPA in accordance with Section 71 of the Utilities Commission Act (“EPA filing”). The Commission anticipates that the EPA will be filed on November 19, 2004.

THE REGULATORY PROCESS

In its Decision dated September 8, 2003 (VIGP Decision), the Commission encouraged BC Hydro to proceed with the CFT and stated that it is prepared to consider the EPA on an expedited basis.

The Commission Panel will hold a Procedural Conference regarding the regulatory process for the review of BC Hydro’s Section 71 EPA filing commencing at 8:30 a.m., on Monday, November 29, 2004 on the Fourth Floor of 855 Homer Street in Vancouver, to address procedural matters which will include, but may not be limited to, the following:

- identification of the principal issues arising from or related to the EPA filing;
- scope of the Commission Panel’s review of the EPA filing;
- whether the review should proceed by an oral or written hearing, or some other process;
- steps and timetable associated with the regulatory review process; and
- other matters that will assist the Commission Panel to efficiently review the EPA filing.

Following the Procedural Conference, the Commission Panel will issue to registered parties a further procedural order and regulatory agenda.

PUBLIC INSPECTION OF THE DOCUMENTS

The EPA filing and supporting material will be made available for inspection at the Nanaimo and Victoria offices of BC Hydro, the BC Hydro Head Office at 333 Dunsmuir Street, Vancouver, B.C., V6B 5R3, and the British Columbia Utilities Commission office, Sixth Floor, 900 Howe Street, Vancouver, B.C., V6Z 2N3.

The EPA filing will be available for viewing on BC Hydro's website at www.bchydro.com.

INTERVENTIONS

Persons who expect to actively participate in the BC Hydro proceeding should register as Intervenors with the Commission, in writing, by Friday, November 26, 2004, identifying their interest in the EPA filing and indicating whether they plan to attend the Procedural Conference. Intervenors should identify the issues that they intend to pursue and the nature and extent of their anticipated involvement in the review process. Intervenors will receive copies of the EPA filing and all correspondence and filed documentation and should provide an e-mail address if available.

Persons not expecting to actively participate, but who have an interest in the proceeding should register as Interested Parties with the Commission, in writing, by Friday, November 26, 2004, identifying their interest in the EPA filing and indicating whether they plan to attend the a Procedural Conference. Interested Parties will receive a copy of any Executive Summary in the EPA filing, and all Orders and Decisions issued.

FURTHER INFORMATION

For further information, please contact Mr. Robert J. Pellatt, Commission Secretary, as follows:

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