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VIA E-MAIL

danpotts@shaw.ca

January 11, 2005

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

Exhibit No. A-32

Mr. Dan Potts
Executive Director
Joint Industry Electricity Steering Committee
Dan Potts Consulting
5495 West Vista Court
West Vancouver, BC V7W 3G8

Dear Mr. Potts:

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

Enclosed is Commission Information Request No. 1 to the Joint Industry Electricity Steering Committee. Please provide the Commission with an electronic and hard copy response no later than Monday, January 17, 2005.

Yours truly,

Original signed by:

Robert J. Pellatt

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Enclosure

cc: Mr. Richard Stout
Chief Regulatory Officer
British Columbia Hydro and Power Authority
Registered Intervenors

BRITISH COLUMBIA UTILITIES COMMISSION
Commission Information Request No. 1
to the Joint Industry Electricity Steering Committee

**British Columbia Hydro and Power Authority (“BC Hydro”)
Call for Tenders for Capacity on Vancouver Island (“CFT”)
Review of Electricity Purchase Agreement (“EPA”) Filing dated November 19, 2004**

1.0 Reference: Exhibit C19-11

- 1.1 Testimony of Lloyd Guenther, Page 4, Lines 2 – 10. Mr. Guenther states: “The DPP project is a one to two year back stop for transmission capacity deficiencies in the event of failures that reduce the capacity below demand and thereafter it is a generation project that must compete in the marketplace.” Wouldn’t this statement hold for any form of on-island generation, not just DPP? Is JIESC arguing against any form of on-island generation? With a dispatchable gas plant the maximum risk to ratepayers is a zero energy margin from the plant (no dispatch over its useful life). In the case of a must-run plant, there is the risk of a negative energy margin (i.e., the price of fixed energy purchases could actually exceed the market value of energy). What is JIESC’s view of this risk in evaluating other types of on-island energy options?
- 1.2 Testimony of Lloyd Guenther. JIESC argues DPP is not cost-effective for ratepayers, but which of the two remaining portfolios – Tier 2 or no award – does JIESC believe is most cost-effective for its members?
- 1.3 Testimony of Sheldon Fulton, Page 16. Mr. Fulton provides estimates of the cost per MWh of the EPA under different assumptions about future utilization. Given the primary reason for the plant is to provide bridging capacity for the island, do these calculations of energy costs include any credit(s) for avoided or deferred capacity bridging solutions? If so, what are they? If not, is JIESC suggesting there are no avoided costs or other benefits associated with on-island generation?

Further, does JIESC accept any adjustments for benefits (or costs) associated with changes in losses, network upgrades, and VIGP cost recovery associated with the plant (or alternative on-island generating facilities)?