

FROM THE OFFICE OF P. John Landry
DIRECT LINE 604.643.2935
DIRECT FAX 604.605.3588
E-MAIL john_landry@davis.ca

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April 3, 2012

Ms. Alana Gillis
Acting Secretary
British Columbia Utilities Commission
Sixth Floor - 900 Howe Street, Box 250
Vancouver, BC V6Z 2N3

Dear Ms. Gillis:

Re: British Columbia Hydro Power Authority (“BC Hydro”) Certificate of Public Convenience and Necessity Application (“CPCN”) for Dawson Creek/Chetwynd Area Transmission Project (“DCAT Project”) - Project No. 3698640

In its March 23, 2012 letter (Exhibit B-22), BC Hydro requested reactivation of its DCAT CPCN Application and put forward submissions and proposals with regard to how the balance of the hearing should proceed. On March 27, 2012 the Commission invited comments on the matters addressed in BC Hydro’s letter (Exhibit A-25).

Shell Canada Limited (“Shell”) has recently been granted Intervenor status and, accordingly, in this letter it will respond to the Commission’s March 27 letter.

1. Scope of the Proceedings – “Whether any issues can be removed from the scope of the hearing as a result of BC Hydro’s letter”

Shell supports BC Hydro’s reactivation request and the approach proposed in its March 23 letter. It also supports BC Hydro’s view that the scope of the proceedings should be limited for the reasons provided in that letter.

In Shell’s submission significant policy issues such as whether postage stamp rates are still appropriate or whether distinctions should be made between old and new customers are not relevant to, or appropriate for, this Application. Nor are issues relating to the natural gas industry generally including issues regarding shale gas development and LNG export possibilities.

For over two years Shell has in good faith and, pursuant to the applicable BCUC approved tariffs, been negotiating with BC Hydro to be connected to the BC system. The mandated Facilities Agreement and Security required by TS 6 are now being finalized (Exhibit B-22, pp. 18-21 of the Supplemental Evidence).

Arising from that lengthy process, Shell has agreed to provide a significant amount of security for the DCAT project. In addition, based on the rules as they presently exist, Shell has also spent millions of dollars on ensuring its facilities are ready to be connected to the BC Hydro system (Exhibit B-22, pp. 18-21 of the Supplemental Evidence).

The regulatory context within which the Commission gains its jurisdiction mandates on BC Hydro an obligation to serve new customers pursuant to BCUC approved tariffs.

In its March 23 letter, BC Hydro states that in its view “...*this CPCN application has to be considered in light of the current tariff which governs BC Hydro's relations with its customers. That is because.....the policy issues that are raised by the DCAT Project must be considered in the context of the tariff as it is. Any other approach would be entirely speculative and would result in the DCAT Project decision being made in the context of a regulatory environment that does not currently and may never exist*”.

Shell fully agrees with BC Hydro's statement.

Any approach in this Application which seeks to make a determination on many of the policy issues discussed by BC Hydro in its March 23 letter without having strict regard to the tariffs under which Shell has requested service and planned its operations, and the regulatory context within which those tariffs were approved is not appropriate.

2. Does Shell intend to file intervenor evidence?

Shell will await the Commission's determination on the scope of the hearing before deciding whether or not it will file intervenor evidence.

3. Should a procedural conference be held to address specific issues before the Commission rules on BC Hydro's reactivation request?

If the Commission is inclined to reject BC Hydro's approach and broaden the scope of the Application to review the rules under which Shell has negotiated its connection to the BC Hydro grid, and BC Hydro's obligation to serve new industry under existing tariffs then Shell would like the opportunity to provide full argument on the relevance of these issues at a Procedural Conference.

Yours truly,
DAVIS LLP
Per:



P. John Landry
PJL/sas