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Teck

April 26, 2013

Via Email
Original Via Mail

British Columbia Utilities Commission
6th Floor – 900 Howe Street
Vancouver, BC V6Z 2V3

Attention: Erica Hamilton, Commission Secretary

Dear Ms. Hamilton:

Re: Inquiry into Potential Adjustments for the British Columbia Mandatory Reliability Standards (MRS) Program, Order R-72-12 (Inquiry)
Teck Metals Ltd. – Responses to Commission and Intervener Information Request No.1

Please find attached Teck Metals Ltd.'s response to the Information Requests submitted and addressed to Teck Metals Ltd.

Yours truly,

A. Troy Albo

An Inquiry into potential adjustments for the British Columbia Mandatory Reliability Standards Program to consider (a) changes to the BC Rules of Procedure for a possible exception process, and (b) processes for assessing severity and risk for violations

TECK METALS LTD. RESPONSES TO INFORMATION REQUESTS

1.0 Reference: **Exhibit A-12, Information Request 4.0**
Potential for NERC's BES Definition to be incorporated into the BC MRS Program
Exhibit C4-2, Teck Metals Ltd., p. 1 Sec. 1.1

Teck Metals Ltd. (Teck) states "[i]t should be considered that BC have a definition for the Bulk Electric System that makes sense for the situation in BC. This would then adequately reflect the fact that we only have one Balancing Authority (BA) in BC as opposed to multiple BA's (both small and large) in the US. For example the generation inclusion of anything >20 MVA may be material to a small BA, however it is debatable as to whether this would be the case to the BC BES and BA."

4.1 Is Teck suggesting that the current definition in the MRS Regulation should remain and the new BES definition not be adopted in BC?

RESPONSE: The new BES definition should not be adopted in British Columbia because of the likelihood the definition will change given the instructions from FERC to NERC in FERC Order No. 773 and the subsequent appeals to Order No. 773. The Commission should recommend to government changes to the definition of "bulk power system" found in Ministerial Order No. M-039 based on advice from the TAC or some other stakeholder process.

4.2 Alternatively, is Teck suggesting that neither definition "makes sense for the situation in BC"? Please explain your response.

RESPONSE: See response to Exhibit A-12, IR 4.1.

2.0 Reference: **Exhibit A-12, Information Request 6.0**
Transition to the New BES Definition
Exhibit C14-3, AMPC, p. 2 Sec. A
Exhibit C4-2, Teck, p. 1 Sec. 1.2

AMPC suggests to "[s]treamline the proposed de-registration process so that, subject to a 30 day notice period, if a current Registered Entity states, with reasons, that it is no longer a Registered Entity under the new BES definition, it ceases to be one – unless the Administrator formally objects to the Entity's assertion during the notice period. Ideally no administrative steps such as audits would be taken against an exiting Entity during the 30 notice period."

Teck states "[t]he exclusion process proposed for entities that are already registered appears to be overly onerous. In most cases, the existing registered entities voluntarily registered based on the BES definition that was provided and in effect at that time. The entities should also be allowed to deregister on the same basis. If an entity chose to deregister the administrator could object to the deregistration, within a specified time period, and provide the entity with evidence as to the material reliability effects."

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6.1 What is the estimated number of deregistrations AMPC, Teck and other Interveners expect, and over what time period would the bulk of deregistration be expected to be proposed? For example, would a large number of deregistrations be pursued at the same time, as soon as the new BES Definition and exception processes become effective?

RESPONSE: It is foreseeable a large number of deregistrations will be pursued once an exception process becomes effective. The Commission and BC Hydro are in a better position to estimate the number of deregistrations as they are in contact with and know the circumstances of each registrant's situation. The details of past registration appeals have not been made public.

6.2 Given that an orderly transition to the new BES Definition and exception processes would be expected to provide assurance that reliability would not be inadvertently compromised, how and to what extent would the Interveners' suggestions provide for such an orderly transition, particularly for an initial transition period? Please provide details.

RESPONSE: The British Columbia electrical grid appears to have operated reliably prior to the introduction of Mandatory Reliability Standards, aided significantly by the operating orders and other agreements between the utility and interconnecting party. One possible solution is to require that the current operating orders be submitted as part of a deregistration application and reviewed to confirm that reliability issues are addressed.

6.3 Given the limited resources that the Commission may have for considering a large number of concurrent deregistrations, how would a 30-day period as suggested by AMPC be reasonably observed in practice in the transition period?

RESPONSE: Not addressed to Teck.

6.4 To what extent might a 30-day period be more appropriately considered after a 24-month initial transition period in which a large number of deregistrations might be expected to be proposed?

RESPONSE: Not addressed to Teck.

6.5 Acknowledging that an Entity's circumstances have been reviewed to confirm appropriate functional registration in the BC MRS Program at the time of registration, and changes in an Entity's circumstances require an application for deregistration, followed by the Administrator's review and ultimately Commission Order for deregistration if the Commission determines deregistration to be appropriate, why and how would it be unreasonable to follow the same process when the changes in an Entity's circumstances arise from a new BES Definition?

RESPONSE: The current inquiry is being conducted to develop a process that is right for the circumstances in British Columbia. The past registration process was implemented without such

consultation.

6.6 Why and how would it not be reasonable in support of reliability objectives to minimize risk by requiring Entities that are already participating in the BC MRS Program to remain in compliance until deregistration is ordered?

RESPONSE: Operating Orders and other agreements in place between utilities and interconnecting parties have allowed the electrical system to be operated reliably in the past, and could be counted on to do so in the future.

6.7 Would it not be prudent for an Entity to obtain a deregistration Order from the Commission in order to avoid potential for later dispute, should the Commission not agree with the Entity's determination that deregistration was appropriate?

RESPONSE: The Commission has the ability to implement a process that would accommodate inappropriate deregistration applications by either referring inappropriate deregistration applications to the TAC for further review, or otherwise delaying the deregistration if the Commission deemed it inappropriate.

3.0 Reference: **Exhibit A-14, Information Request 2.0**
TAC Members Exhibit C4-2,
Teck p. 2 Sec. 3(3)

Teck states "[a]s permanent members, BC Hydro and FortisBC should be limited to only one member each."

2.1 What is the basis for TECK's suggestion that BCH and FBC be limited to only one member each?

RESPONSE: BC Hydro and FortisBC should be limited to one member each because each has a guaranteed member in the TAC, and additional representation from the utilities could cause the TAC recommendations to reflect only those of the utilities rather than the broader base of British Columbia electrical system participants.

4.0 Reference: **Exhibit A-14, Information Request 3.0**
TAC Members
Exhibit C4-2, Teck p. 2 Sec. 3(4)
Exhibit C14-3, AMPC p. 7 Sec. 4
Exhibit C15-2, Clean Energy BC p. 1
Exhibit C19-3, CPC p. 6 #22(a)

Teck states "[n]on-utility generation, transmission and load entities should also be appointed to TAC positions by the BCUC."

AMPC states "that the proposed TAC is fundamentally flawed in that there is no mandatory provision for non-utility representatives from load or generation users of the electrical system. Non-utility representation on the TAC under Straw Dog 3 would depend totally on the good-will and judgement of utility representatives. This is a major oversight that must be corrected."

Clean Energy BC states "[i]n addition to the BC Hydro and FortisBC representatives on TAC, there should always be at least one representative from each industry that is affected by the Mandatory Reliability Standards Program ('MRS') e.g. an industrial users representative and a renewable electricity sector representative. As well, perhaps a representative from WECC. Instead of at least one-half of TAC members being employees of entities that are subject to the MRS in B.C., the figure should be two thirds."

CPC suggests "mandatory inclusion of representative energy generator and consumer groups who are subject to the MRS Program."

3.1 Given that the mission and purpose of the TAC would be to provide technical information and recommendations to the Commission on specific technical matters only, as directed by the Commission, that the TAC would perform no governance, policy or lobby group functions, and that members of the TAC would be selected for technical expertise and not be appointed to "represent" any organization or group of organizations, what unique technical expertise would non-utility generation, transmission and load entity members provide for the TAC?

RESPONSE: The presence of non-utility technical expertise provides a non-utility perspective to the recommendations provided by the TAC. For instance, the initial recommendations to the Commission regarding Mandatory Reliability Standards in British Columbia came from a single utility, BC Transmission Corporation, and that has led to the need for the current inquiry.

5.0 Reference: Exhibit C17-10, Information Request 1.0
Exhibit C4-2 at page 1, Section 1. "Straw Dog" proposal 1-A7, paragraph 2

"The exclusion process proposed for entities that are already registered appears to be overly onerous. In most cases, the existing registered entities voluntarily registered based on the BES definition that was provided and in effect at that time. The entities should also be allowed to deregister on the same basis. If an entity chose to deregister the administrator could object to the deregistration, within a specified time period, and provide the entity with evidence as to the material reliability effects."

1.1 Please confirm that Teck's proposed deregistration process would only apply to those Responsible Entities where, as a result of the new BES definition, any of its Elements would be excluded from the BES.

RESPONSE: Confirmed.

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TECK METALS LTD. RESPONSES TO INFORMATION REQUESTS

1.2 Please confirm that Teck's proposed deregistration process would not take into consideration those parties applying for a possible exception under the BCUC's proposed Exception process.

RESPONSE: Not confirmed. It is foreseeable that a party could choose to deregister, but that the BCUC process could require some additional process to be followed.

6.0 Reference: **Exhibit C17-10, Information Request 2.0**
Exhibit C4-2 at page 1, Section 2. "Straw Dog" proposal 2-A8, paragraph 1

"The "Find, Fix and Track" (FFT) process, appears to be a good option for possible violations. However the process should be kept within BC. WECC could send possible violation to the TAC for consideration, and the TAC would recommend to the BCUC whether to proceed with the NOAV process or the FFT process."

Reference: BCUC Straw Dog #2, Exhibit A-8, page 3

"Administrative efficiency is one of the goals of an FFT process. Administrative efficiency would not be achieved if additional steps were inserted for assessing BC-specific factors in BC before the FFT process could be accessed."

2.1 Please confirm that an express goal of the FFT process is administrative efficiency.

RESPONSE: The reference provided by BC Hydro states clearly "(a)dministrative efficiency is one of the goals of an FFT process". The Commission's process described in Exhibit A-8 states the Administrator would determine whether a Possible Violation would be addressed under NERC's FFT process. Teck proposes that no additional steps would be required for the TAC to make that determination rather than the Administrator and would increase administrative efficiency by keeping the process in B.C.

7.0 Reference: **Exhibit C17-10, Information Request 2.0**
Exhibit C4-2 at page 2, Section 3. "Straw Dog" proposal 3-A9, paragraphs 2 and 4

"It is unclear to Teck why BC Hydro and FortisBC are permanent members of the TAC? Are they by default the only entities that have a real impact on the BES?
Non-utility generation, transmission and load entities should also be appointed to TAC positions by the BCUC."

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Reference: BCUC Straw Dog #1, Exhibit A-7, page 8

"Technical Advisory Committee" or "TAC" means the group of technical experts in BC operating as directed by the Commission to provide to the Commission BC-specific technical information on Bulk Electric System configurations and operations in BC."

3.1 Please confirm that BC Hydro and FortisBC are the major transmission system owners in B.C.

RESPONSE: Not Confirmed. BC Hydro and FortisBC own the most circuit-miles of 230 kV and higher transmission lines in B.C. BC Hydro and Teck own the most circuit-miles of 230 kV and higher transmission lines that are part of WECC-registered paths. Confirmation of the information request is dependent on the definition of "major".

3.2 Please confirm that a priority for membership on the TAC is technical expertise.

RESPONSE: Confirmed.

8.0 Reference: Exhibit C18-7, Information Request 1.0
Section 1. "Straw Dog" proposal 1 Item 1.)

Teck states that "It should be considered that BC have a definition for the Bulk Electric System that makes sense for the situation in BC", and gives generator size as an example of a materiality threshold that may differ between BC and other jurisdictions.

1.1 Does Teck consider that the proposed definition of the Bulk Electric System, together with a BC Exception Process that includes Exception Criteria developed with reference to the BC region could appropriately recognize such differences?

RESPONSE: No.

1.1.1 If not, why not?

RESPONSE: It is apparent that given the instructions from FERC to NERC in FERC Order No. 773 and the subsequent appeals to Order No. 773, proposed definition of the Bulk Electric System and the exception process may not even be appropriate for the jurisdiction for which it was intended, the United States. Teck expects that a BC Exception Process that includes Exception Criteria developed with reference to the BC region could appropriately recognize such differences, but the straw dogs proposed by the Commission are not yet at that state.