

REQUESTOR NAME: **BCOAPO *et al.***
INFORMATION REQUEST ROUND NO: **2**
TO: **BRITISH COLUMBIA HYDRO & POWER
AUTHORITY**
DATE: **January 23, 2018**
PROJECT NO: **1598933**
APPLICATION NAME: **BC Hydro Waneta 2017 Transaction**

**1.0 Reference: BCOAPO 1.9.2 & 1.9.3
Exhibit B-1, page 3-20 (lines 13-18)**

1.1 Is there a possibility that, after the Lease Period, BC Hydro will not have access to the necessary transmission rights on Lines 62, 77 and 79 to be able to access the full output of Waneta in the event that the smelter load is low?

1.1.1 If yes, please outline what circumstances could lead to such a result and discuss the likelihood of them occurring.

2.0 Reference: BCUC 1.16.2, 1.16.3 and 1.16.4

2.1 Please confirm that in each of the LRMC-based scenarios considered BC Hydro's energy from the 2/3's Waneta interest (net of obligation to Teck during the Lease Period) is: i) assumed to be exported at the ABB forecast market price if BC Hydro is in surplus and ii) assumed to be used to meet BC Hydro's load requirement and valued at the specified LRMC when BC Hydro is not in surplus.

2.2 Please confirm that in each of the market price scenarios considered BC Hydro's energy from the 2/3's Waneta interest (net of obligation to Teck during the Lease Period) is assumed to be exported at the forecast market price specified by the scenario regardless of BC Hydro's Load-Resource balance.

3.0 Reference: BCUC 1.55.3

3.1 Please clarify the basis on which the \$98 M is being determined (e.g., is it the annual value based on the current OATT rates?).

4.0 Reference: BCUC 1.11.1.2

Preamble: Based on the preamble to the question it would appear that the capacity cost of an SCGT has dropped from \$88/kW-year (2013\$ at point of interconnection) to \$79/kW-year (2015\$ at point of interconnection).

4.1 Please reconcile Table 3's (both original and revised) quote of \$88/kW-year values for SCGT capacity in 2018\$ when the RRA Application suggests the \$88/kW-year was in 2013\$.

- 4.2 Please explain why the revised Table 3 shows a higher value for SCGT capacity with the updated costs (i.e., \$122 vs. \$88) when the preamble to the question suggests the value is lower with the update.
- 5.0 Reference: CEABC 1.8.6
Exhibit B-1, page 4-8 (lines 20-26)**
- 5.1 If the life of asset is longer than 40 years (from the date of the Transaction), please explain why 40 years was used as the basis for determining the amortization of the purchase price and transaction costs?
- 6.0 Reference: CEC 1.19.1**
- 6.1 Please provide copies of each of the five-year sustaining capital expenditure budgets that BC Hydro has received since the 2010 Waneta Transaction (Note: Just the total capital spending is sufficient).
- 6.2 Please provide a schedule that sets out the comparable actual sustaining capital spending for each year since the 2010 Waneta Transaction.
- 7.0 Reference: CEC 1.32.1
BCSEA 1.12.2
Exhibit B-1, Appendix N, page 28**
- 7.1 Please explain more fully the calculation of the Cost of the Lease Extension Option under the LRMC scenarios and, in particular, why the adjustment for the probability of the option exercise is required and the basis for the 58%.
- 8.0 Reference: CEC 1.34.1 and 1.34.2
Exhibit B-1, Appendix N, pages 31-32**
- 8.1 Please confirm that Table 12 (page 32) and the table in CEC 1.34.2 both assume that energy from the 2/3's Waneta interest (net of any obligations to Teck under the Lease) is sold on the export market regardless of BC Hydro's load resource balance. If not, please explain the conditions under which the assumed export prices are used in each scenario.
- 9.0 Reference: FBC 1.25.1**
- 9.1 Is the \$106/MWh LRMC energy cost (2018\$) consistent with the most recent estimates of energy LRMC per BC Hydro's current RRA?
- 10.0 Reference: BCUC 1.6.3**
- 10.1 Please confirm that the ROFO price in revised Figure 5 represents the \$1.2 B purchase price.
- 10.2 Please confirm that in each of the Figure 5 LRMC scenarios BC Hydro's energy from the 2/3's Waneta interest (net of obligation to Teck during the Lease Period) is: i) assumed to be exported at the ABB forecast market price if BC Hydro is in surplus and ii) assumed to be used to meet BC Hydro's load requirement and valued at the specified LRMC when BC Hydro is not in surplus. If not, what are the assumptions?

10.3 Please confirm that in each of the Figure 5 market price scenarios BC Hydro's energy from the 2/3's Waneta interest (net of obligation to Teck during the Lease Period) is assumed to be exported at the forecast market price specified by the scenario regardless of BC Hydro's Load-Resource balance. If not, what are the assumptions?

11.0 Reference: BCUC 1.6.6

11.1 Please provide a similar Table (or indicate where in the material filed to date it is provided) that uses BC Hydro's export price forecast instead of the Panel's mid-C energy price forecast.

12.0 Reference: BCUC 1.6.7

12.1 Please confirm that the values set out in this response are equivalent those set out in BCUC 1.6.3 (Revised Figure 5) if the later are adjusted for the purchase price.

**13.0 Reference: CEC1.37.3
Exhibit B-1, Appendix N, page 33**

13.1 Please clarify whether or not the sensitivity analyses results set out in Table 13 (page 33) included the 20% risk premium for major capital projects.

13.2 If it did not, what would be the impact of including it on the capital sensitivity results?

14.0 Reference: BCUC 1.50.2.1.2

14.1 Please confirm that, based the graph provided, the Waneta Transaction has a more favorable rate impact (i.e., lower rates) than any of the no-go scenarios. If not confirmed, please explain why.

15.0 Reference: BCUC 1.54.1 and 1.56.4

15.1 Please confirm (or otherwise indicate) the acquisition of the transmission assets was not included in the economic analysis (i.e., the core NPV analysis per Appendix N, Section 4.2.2) but was included in the ratepayer impact analysis. If not, please explain the treatment of the transmission assets in each.

16.0 Reference: BCUC 1.60.1

16.1 Please clarify why a CPCN is not required for the Waneta Transaction.

16.2 Would a CPCN be required if BC Hydro were to become the operator of the plant?

17.0 Reference: CEC 1.22.1

17.1 What effect does the "preferential dispatch of the Waneta Expansion Project" have on the output of Waneta and the value (to BC Hydro) of the Waneta Expansion?

17.2 How was the impact of the preferential dispatch of the Waneta Expansion Project accounted for in the Waneta Transaction Business Case?

18.0 Reference: BCOAPO 1.3.2

18.1 Is there an agreed upon formula or basis by which the impact of more use of assets by Teck will be translated into a reduction in the purchase price? If so, please outline what it is. If not, how will the reduction in purchase price be determined?

19.0 Reference: CEC1.9.3 and 1.10.2

19.1 Under the ROFO provision is BC Hydro required to buy the Transmission Assets?