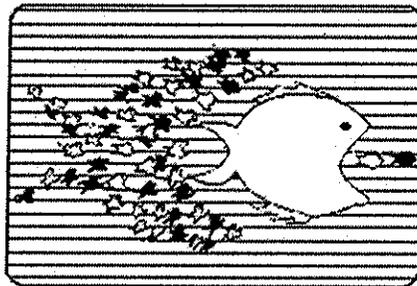


The  
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Leigha Worth 687-3044  
Barristers & Solicitors

Pawanjit Joshi  
Articled Student

September 10, 2008

VIA EMAIL

**BC HYDRO – 2008 LTAP  
EXHIBIT**

C6-3

Erica M. Hamilton  
Commission Secretary  
BC Utilities Commission  
6<sup>th</sup> Floor 900 Howe Street  
Vancouver, BC V6Z 2N3

Dear Mesdames/Sirs:

RE: Project No. 3698514  
British Columbia Utilities Commission (BCUC)  
British Columbia Hydro and Power Authority (BC Hydro)  
2008 Long Term Acquisition Plan (2008 LTAP)

Enclosed please find the second round of Information Requests filed herein on behalf of  
BCOAPO et al

Yours truly

A handwritten signature in black ink, appearing to read 'Jim Quail', written over the typed name.

Jim Quail  
Barrister & Solicitor

cc Parties of Record

## **BCOAPO 2.1**

**Reference Exhibit B-1-8 (Errata to the Application, Sept 5 2008)**

### **APPENDIX N1 to BC Hydro's 2008 LTAP Page 17 of 84 [Revision 3 - September 5, 2008]**

Text deleted from the original Appendix:

Each company provided BC Hydro with estimates of their potential load assuming they electrified some or all of their operations. BC Hydro assumed that these estimates were understated given the competitive environment of the oil and gas sector. Therefore, other information such as land sales and proximity to gas fields was used to estimate further potential load. BC Hydro asked each company for a five year load profile of their operations. If the company could not provide further details beyond a single number, this estimate was spread out over a number of years to mimic a staged approach to development. All projected load, i.e. potential load, was assumed to have a minimum lifespan of 20 years.

BC Hydro assigned a probability to each company's potential load. Loads where the estimates were provided solely by the company were assigned a high probability whereas loads estimated solely by BC Hydro were assigned a low probability. A mix of company projections and BC Hydro assumed projects were assigned medium probability.

#### **Questions:**

1. Did the processes described in the deleted text not actually take place, despite being set out in the original Appendix?
2. How did this passage find its way into the original Appendix?
3. Why does BC Hydro wish to delete this passage (by characterizing it as an erratum) from the Application?
4. Please describe whatever process was actually followed instead of the deleted one.

## **BCOAPO 2.2**

**Reference: Exh. B-3, BCUC 1.7.1, Attachment 1; Exh. B-1, Table 6-15, and p. 6-45, lines 10-13; 2009/2010 Revenue Requirement Evidentiary Update, table 6.**

BCOAPO is concerned that the BRP included in Exhibit B-1, page 6-45 may overstate the volumes needed to be purchased under the Clean Power Call to satisfy the 2016 self sufficiency requirements. This concern stems from the fact that the 2009/2010 Revenue Requirement Evidentiary Update shows a 1500 GWH decline in domestic sales for 2010.

In addition Attachment 1 to BCUC 1.07.1 shows further revenue requirement increases to those included in the 2007 load forecast . On page 6-45 of Exh. B-1 BC Hydro indicates that it will be filing an evaluation report when filing the Clean Call EPAs with the Commission.

Questions:

1. When will the 2008 Load Forecast be completed?
2. Will the Call report include an updated BRP based on the 2008 Load Forecast?

### **BCOAPO 2.3**

**Reference: Exh. B-1, Table 6-15.**

Question.

1. Would the BRP shown on page 6-45 satisfy the Government's 2007 energy and legislative requirements listed in section 1.2.3 up to and including 2017, if the Clean Power Call volumes were reduced by 1500 GWh? If not why not?

### **BCOAPO 2.4**

**Reference: Exh.B-3, COPE 1.4.1; Exh. B-1, p. 6-45, lines 10-13;**

BCOAPO is concerned that the competitive bidding process could result in a number of IPPs submitting a price in excess of their risk adjusted cost structures. The resource assessments included in Appendix F provides considerable supply cost curve information. Based on this information it seems reasonable to assume that the lower cost IPPs, anything less than \$85/MWh for example, might strategically bid their projects to be competitive with the marginal cost sources of supply required to satisfy the Call target Volumes.

Questions.

1. Please provide any analysis that BC Hydro has undertaken with respect to the design of bidding processes to discourage strategic bidding practices.
2. Will the report provided with the Clean Call filing provide an evaluation of the IPP bid price versus risk adjusted costs?
3. Would BC Hydro consider reducing the target Call Volume if there is evidence of strategic bidding practices?

**BCOAPO 2.5**

**Reference: Exh.B-3, BCUC 1.38.1 and EnCana 1.9.4.**

Question.

1. Has BC Hydro considered any DSM programs to encourage the use of gas drives for oil and gas compression and pumping loads in Ft Nelson? If so please provide details.

**BCOAPO 2.6**

**Reference: Exhibit B-1-1, Appendix E, Page 3.**

**BC Hydro should adopt a conservative price elasticity estimate of -0.1 to estimate the aggregate impact of an average rate increase and a rate design change from a flat rate to an inclining block tariff for residential and commercial customers.**

**It is reasonable for BC Hydro to use -0.05 as the price elasticity estimate for decomposing the total rate-induced conservation impact into rate level-induced and rate design-induced conservation, as is done in BC Hydro's 2007 Electric Load Forecast.**

**The process I [Ren Orans] recommend differs from BC Hydro's process because my process does not assume that "small" and "large" customers have the same price elasticity. However, since BC Hydro's assumes that there will be no real rate increase for the "small" customers over the forecast period, the two approaches should yield very similar conservation estimates.**

Question.

1. Is Mr. Orans conclusion that **"the two approaches should yield very similar conservation estimates"** still valid in light of the recent RIB decision and the forecasted future revenue requirement increases which are considerably greater than inflation? Please discuss.
2. Please provide an estimate of the additional energy reduction that would occur by 2017 if a -.10 elasticity estimate had been applied instead of a -.05 estimate when developing the 2007 load forecast.