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Reply Attention of:	R. Brian Wallace
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British Columbia Utilities Commission
600-900 Howe Street
Vancouver, B.C.
V6Z 2N3

Attention: Erica M. Hamilton
Commission Secretary

Dear Sirs/Mesdames:

Re: BCUC Section 5 Transmission Inquiry

We write to provide comments on behalf of the Joint Industry Electricity Steering Committee (JIESC) with respect to the Commission Staff paper on issues and scoping dated May 21, 2009.

The JIESC has two main concerns, both of which may have been considered implicitly by staff in its recommendations, but which JIESC believes must be dealt with more directly.

(a) Export Transmission

Both the export market and the capacity of the interties with Alberta and the U.S. are explicitly in scope. However, this may not be enough depending on what is meant by "interties": Effectively accessing export markets, such as California, is highly dependant on the approval and construction of additional transmission in a variety of jurisdictions. Unfortunately, getting approvals for, and constructing transmission, has been much harder to do than has been forecast in the past. Accordingly, JIESC submits that any consideration of intertie capacity must not be limited to the traditional "tie lines" but must consider all transmission inside and outside British Columbia necessary to connect the potential markets to the generation in British Columbia.

(b) Cost Allocations

JIESC agrees with the Staff paper when it states that "the Terms of Reference are silent on the issue of cost allocation for transmission extensions or reinforcements identified by the inquiry." JIESC is concerned by the Staff statement that "participants shouldn't assume that a



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determination on need implies a determination on cost-allocation” as this appears to leave open a possibility that a determination on cost allocation may be made. Hopefully this was not intended.

JIESC agrees with the Staff that transmission “cost allocations” should be out of scope for this hearing. There are other processes for such allocations and the future is too uncertain to decide in a planning exercise today who will benefit from, and who will pay for, transmission facilities 20 and 30 years from now. That being said, JIESC believes that as part of this hearing the Commission must define the approximate cost of recommended transmission facilities and the nature of the key drivers behind the need for those facilities, e.g. domestic load, sale of domestic surplus, opportunity trades and export. Without this information it will be impossible to understand the rationale for, and the economic consequences of, any Commission transmission recommendations.

Yours truly,

Bull, Housser & Tupper

A handwritten signature in cursive script that reads "R. Brian Wallace". The signature is written in dark ink on a white background.

R. Brian Wallace
RBW/sg/1939841