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June 11, 2009

Ms. Erica M. Hamilton
Commission Secretary
British Columbia Utilities Commission
Sixth Floor - 900 Howe Street
Vancouver, BC V6Z 2N3

Dear Ms. Hamilton:

RE: Project No. 3698545
British Columbia Utilities Commission (BCUC)
British Columbia Hydro and Power Authority (BC Hydro)
Section 5 Transmission Inquiry

Pursuant to BCUC Order G-47-09, ENMAX Corporation presents the following comments on scope in response to the Commission Staff Discussion Paper of May 21, 2009.

Assessment of Demand

Domestic Demand:

Rather than get caught up in an argument around which domestic demand forecast or scenario is the most accurate, it's probably more constructive to look at "tranches" of demand growth. That is, it is the size of the new demand; not the timing that drives the need for infrastructure. For example, if BC Hydro needs 3,000 GWh, they need to rationally plan the most economic and effective resources, including both the generation and transmission costs that add up to this level of demand. It is then irrelevant if this demand is needed by 2012 or 2020 – these new resources are still the most economic to procure.

ENMAX would propose establishing demand scenarios of, say, resource additions of multiples of 3,000 GWh which range up to total additions of 30,000 GWh. Whether 30,000 GWh is ultimately needed within the 30 year planning horizon is irrelevant – BC Hydro and BCTC will have established the resource priorities and natural sequence of new resource additions to meet any level of demand.

Export Demand:

It is important to clarify the difference between exports that occur as a result of normal "back and forth" trading activity, and system optimization, that Powerex conducts between BC and other jurisdictions and other exports which may be sold on a long term basis to a contracted party outside of British Columbia. The Government of BC recognizes the considerable opportunity to develop new clean and renewable electricity in BC, building upon British Columbia's hydroelectric, wind and biomass competitive advantages and creating jobs and economic development for British Columbians. This opportunity is dependent upon contracted sales of renewable electricity to other jurisdictions, and not the export trade activity conducted by Powerex (however Powerex may be a party to these contracted export deals by assisting the "shaping" of renewable power into firmer deliveries).

The export opportunity for British Columbia is considerable, and depends on evolving Renewable Portfolio Standards (RPS) and market design policies throughout the Canada and the Western Electricity Coordinating Council in the US. In order for this Section 5 Inquiry not to "recreate the wheel", could the BCUC ask BC Hydro and BCTC to share their prior studies on the export opportunities and transmission studies with Alberta and the United States?

Assessment of Transmission

ENMAX believes that planning for transmission at the 230kV system is too high and provides insufficient detail. It is very likely that most naturally occurring generation "clusters" are in the range of 100MW, comprised of 4 or 5 projects averaging 15MW to 25MW. These clusters are more economically connected to a 138kV system with transmission capacity in the 100MW range. A 230kV transmission evaluation will require potential generation projects to interconnect from as remotely as 100km – a distance which will likely rule them out economically.

General "rule of thumb" distance based transmission costs and losses for each potential transmission system studied should be developed. These costs should be used when conducting a "net forward" generation cost analysis to the Lower Mainland delivery point, similar to that used in determining EPA awards.

Sincerely,



Ron Sanderson
Manager, Business Development BC