BC Hydro
Power smart

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February 18, 2016

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

Dear Ms. Hamilton:

RE: Project No. 3698781
British Columbia Utilities Commission (BCUC or Commission)
British Columbia Hydro and Power Authority (BC Hydro)
2015 Rate Design Application (2015 RDA)
Compliance with Commission Order No. G-12-16

BC Hydro writes in compliance with Commission Order No. G-12-16 to provide its responses to the following outstanding CEC IRs:

CEC IR 1.7.1	CEC IR 1.7.1.1	CEC IR 1.7.1.1.1
CEC IR 1.7.1.1.2	CEC IR 1.8.1	

For further information, please contact Gordon Doyle at 604-623-3815 or by email at bchydroregulatorygroup@bchydro.com.

Yours sincerely,

Tom Loski
Chief Regulatory Officer

gd/ma

Enclosure (1)

Copy to: BCUC Project No. 3698781 (2015 RDA) Registered Intervener Distribution List.

7.0 A. Chapter 2 – Stakeholder Engagement and Rate Design Evaluation Methodology

Reference: Exhibit B-1, page 2-48 and 2-54

3,000 GWh/year. Even with this amount of LNG load, the need for such an acquisition process is not until F2032. As described further in this section, BC Hydro currently has sufficient alternative cost-effective B.C.-based resources to meet expected future energy needs without LNG demand by:

- Pursuing the DSM target (2013 IRP Recommended Action 1); and
- Undertaking IPP EPA renewals and Site C (2013 IRP Recommended Actions 4 and 6) as the main elements to fill the identified energy gap after pursuit of the DSM target.

BC Hydro estimates that LNG projects could add between about 800 GWh to 6,600 GWh/year of additional energy demand, corresponding to about 100 MW to 800 MW of additional peak demand. Supplying the low- to mid-range of LNG load (up to about 3,000 GWh/year) will not have a material impact on the energy LRMC because BC Hydro has enough energy resources to serve such LNG load with the pursuit of the cost-effective B.C.-based resources listed above. However, potential LNG load is one source of demand uncertainty and therefore LRMC uncertainty.

- Natural gas-fired simple-cycle gas turbine generators (**SCGTs**) with a UCC of $88/kW-year. In the case where the expected LNG load of 3,000 GWh/year materializes, there is a need for about 400 MW of new system generating capacity resources. The 2013 IRP identified SCGTs located on the north coast to meet this need because of additional reliability benefits in that region.

1.7.1 Please provide BC Hydro's directional understanding with respect to the impact of falling oil prices on the likely size and timing of the potential LNG load.

ORIGINAL RESPONSE:

Response to be provided on January 12, 2016.

REVISED RESPONSE:

As described in BC Hydro's February 18, 2016 Evidentiary Update on Load Resource Balance and Long Run Marginal Cost, there have been developments in recent weeks with respect to liquefied natural gas (LNG) load including the announcement of the deferral of a final investment decision on a LNG project which is anticipated to result in delays of LNG load in BC Hydro load forecasts. The load forecast is currently under review with an update to be completed in the summer.

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1.7.1.1 Does BC Hydro anticipate that 3,000 GWh/year will be the likely load?

ORIGINAL RESPONSE:

Response to be provided on January 12, 2016.

REVISED RESPONSE:

Please refer to BC Hydro's response to CEC IR 1.7.1.

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Reference: Exhibit B-1, page 2-48 and 2-54

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1.7.1.1 Does BC Hydro anticipate that 3,000 GWh/year will be the likely load?

1.7.1.1.1 If yes, please provide BC Hydro's views as to when this would materialize, and over what period of time it might be brought in.

ORIGINAL RESPONSE:

Response to be provided on January 12, 2016.

REVISED RESPONSE:

Please refer to BC Hydro's response to CEC IR 1.7.1.

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1.7.1.1 Does BC Hydro anticipate that 3,000 GWh/year will be the likely load?

1.7.1.1.2 If no, please describe and provide quantification of BC Hydro's expectation of the LNG load for BC over the next 10 years.

ORIGINAL RESPONSE:

Response to be provided on January 12, 2016.

ORIGINAL RESPONSE:

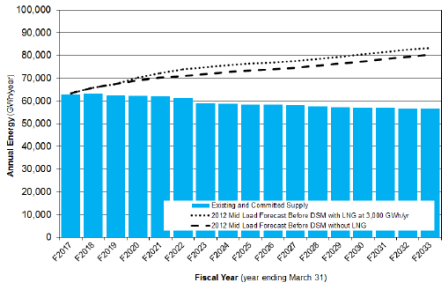
Please refer to BC Hydro's response to CEC IR 1.7.1.

8.0 A. Chapter 2 – Stakeholder Engagement and Rate Design Evaluation Methodology

Reference: Exhibit B-1, page 2-48 and 2-49

The 2013 IRP provides the analysis underpinning the energy LRB for BC Hydro's integrated system. A LRB is the difference between: (1) BC Hydro's annual load forecast, which projects BC Hydro customer demand over a 20-year period (in the case of the 2013 IRP this is the December 2012 Load Forecast) and (2) supply from existing and committed DSM and supply-side resources. There is a deficit or gap (i.e., a shortfall) if forecasted customer energy demand exceeds the existing and committed resources available to serve such load. Figure 2-1 is derived from the 2013 IRP and shows that there is a need for new energy resources beginning in F2017 without future DSM initiatives (including rate structures such as the RIB rate and RS 1823).

Figure 2-1 Energy LRB: Before Implementation of 2013 IRP Recommended Actions



The 2013 IRP proposes that BC Hydro meet the forecasted energy gap for the next 20 years predominantly by pursuing the DSM target, renewing some existing EPAs at the time they expire and Site C:

1.8.1 If BC Hydro expects that the LNG load will be significantly reduced, could an increase in DSM savings defer the need for future energy supply additions and or capacity additions? Please explain why or why not.

ORIGINAL RESPONSE:

Response to be provided on January 12, 2016.

REVISED RESPONSE:

Please refer to BC Hydro's response to CEC IR 1.7.1.