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November 17, 2017

Sent via eFile/email

<p align="center">BC HYDRO OATT DYNAMIC SCHEDULING AMENDMENTS EXHIBIT A-2</p>

Mr. Fred James
Chief Regulatory Officer
Regulatory & Rates Group
British Columbia Hydro and Power Authority
16th Floor – 333 Dunsmuir Street
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bchydroregulatorygroup@bchydro.com

Re: British Columbia Hydro and Power Authority – Open Access Transmission Tariff Dynamic Scheduling Amendments Application – Project No. 1598931 – British Columbia Utilities Commission Information Request No. 1

Dear Mr. James:

Further to your October 2, 2017 filing of the above-noted application and Order G-160-17, please find enclosed British Columbia Utilities Commission Information Request No. 1. In accordance with the Regulatory Timetable, please file your responses no later than Friday, December 15, 2017.

Sincerely,

Original Signed By Ian Jarvis for:

Patrick Wruck

/nd
Enclosure



British Columbia Hydro and Power Authority
Open Access Transmission Tariff Dynamic Scheduling Amendments Application

INFORMATION REQUEST NO. 1 TO BC HYDRO

Table of Contents	Page no.
A. Powerex Joining the Energy Imbalance Market (EIM)	1
B. Benefits and Risks of Expanded Dynamic Scheduling	2
C. Costs Associated with Expanded Dynamic Scheduling.....	5
D. Proposed Amendments to the OATT	7

A. POWEREX JOINING THE ENERGY IMBALANCE MARKET (EIM)

- 1.0 Reference: GROWTH OF INTRA-HOUR AND DYNAMIC SCHEDULING IN THE INDUSTRY Exhibit B-1, Section 3.2, pp. 9–10; Federal Energy Regulatory Commission (FERC) Order ER17-1796-000, pp. 2, 5, 9 Entry into the EIM**

On page 9 of British Columbia Hydro and Power Authority’s (BC Hydro) Open Access Transmission Tariff (OATT) Dynamic Scheduling Amendments Application (Application) to the British Columbia Utilities Commission (Commission), it states that a May 30, 2017 California Independent System Operator (CAISO) news release announced that “Powerex [Powerex Inc.] would participate in the EIM beginning in April 2018. Powerex’s participation in the EIM, subject to regulatory approvals from FERC, will be facilitated by the use of dynamic scheduling on both the import and the export path between BC and US.”

- 1.1 Please provide a list of applications that have been filed or anticipated to be filed with FERC (or other regulators) where approval is pending and required in order for Powerex to participate in the EIM by April 2018. For each application, please also include the date filed, a brief description, a schedule of milestones and the approval/anticipated approval date.
- 1.1.1 Please provide an estimate of the costs associated with these applications and confirm that these costs will be incurred by Powerex. If not confirmed, please explain.
 - 1.1.2 Please discuss if BC Hydro has identified any risks that would prevent Powerex from entering in the EIM in April 2018.

Page 2 of FERC Order ER17-1796-000 (FERC Order) states:

CAISO explains that BC Hydro will not assume a participant role or undertake commercial activities in the EIM. However, CAISO states that BC Hydro will supply certain data and information directly to CAISO that is needed for Powerex’s participation. As such, CAISO anticipates entering a data sharing agreement with BC

Hydro that CAISO intends to file with the Commission along with other agreements to support Powerex's participation.¹

- 1.2 Please describe the types of data and information BC Hydro will supply to CAISO to facilitate Powerex's participation in the EIM. If a draft agreement is available, please provide this draft and if not, please indicate when a draft agreement is expected to become available.

Regarding intervenor comments on the Implementation Agreement between CAISO and Powerex, filed with FERC on June 9, 2017, page 5 of the FERC Order states:

The EIM Participants seek clarification regarding how CAISO intends to implement section 8(b) of the Implementation Agreement, which states that the Implementation Agreement 'may be modified to include one or more additional parties upon mutual agreement... if the new party agrees to fund its share of implementation costs in a manner similar to Powerex.'

On this matter, page 9 of the FERC Order outlines that "in the event CAISO and Powerex seek to amend the Implementation Agreement to include an additional party, CAISO asserts that it and Powerex would submit an FPA [Federal Power Act] section 205 filing with the Commission supporting this change to the Implementation Agreement."

- 1.3 Please provide examples of "additional parties" that could potentially be included in the Implementation Agreement between CAISO and Powerex. Please describe the reasons or circumstances that might lead to the inclusion of additional parties in the Implementation Agreement.

Further to comments from intervenors on the Implementation Agreement, page 9 of the FERC Order states "We [FERC] expect CAISO to follow through with its commitment to consider the issues raised by commenters and to engage in outreach and dialogue with interested stakeholders as the framework is developed."

- 1.4 Please summarize the outreach and dialogue that has taken place with regards to comments or issues raised by interested stakeholders regarding the Implementation Agreement between CAISO and Powerex.
- 1.4.1 Please identify any issues that were raised in the comment process that are presently unresolved, and the proposed steps to address the issues.

B. BENEFITS AND RISKS OF EXPANDED DYNAMIC SCHEDULING

- 2.0 Reference: INTRODUCTION**
Exhibit B-1, Section 1.1, p. 2;
Clean Energy Act, SCBC 2010, Chapter 22, sections 2(a), 2(b)
Import and export volumes with expanded dynamic scheduling

On page 2 of BC Hydro's Application, it states:

BC Hydro is proposing amendments to Attachment Q-1 that will:

- (a) allow for dynamic scheduling for imports, in addition to exports;
- (b) allow dynamic scheduling on all transmission service reservations, including Firm Service, non-firm point-to-point transmission service (Non-Firm

¹ <https://www.ferc.gov/CalendarFiles/20170907163734-ER17-1796-000.pdf>.

Service), and network integration transmission service (NITS), including network economy service (Network Economy Service).

- 2.1 Please outline what the estimated volumes of exported electricity and imported electricity will be from Powerex's participation in the Western EIM, in terms of energy and maximum capacity.
 - 2.1.1 Please provide commentary on any factors that could significantly change Powerex's forecasted volumes of exported electricity and imported electricity through the Western EIM, including, but not limited to the inclusion of new EIM market participants in the Western Interconnection.
 - 2.1.2 Please discuss the necessity and/or importance to amend the tariff to include imports of electricity in order to participate in the EIM
 - 2.1.3 Please clarify under what conditions Powerex could be obligated or encouraged to import electricity through its participation in the EIM

Section 2 of the *Clean Energy Act* (CEA) states:

The following comprise British Columbia's energy objectives:

(a) to achieve electricity self-sufficiency;

[...]

(n) to be a net exporter of electricity from clean or renewable resources with the intention of benefiting all British Columbians and reducing greenhouse gas emissions in regions in which British Columbia trades electricity while protecting the interests of persons who receive or may receive service in British Columbia;

- 2.2 Please provide comment on BC Hydro's interpretation of how the inclusion of dynamic scheduling for imports and exports, on all transmission service reservations, creates risks or opportunities with regards to obligations under section 2(a) and section 2(n) of the CEA.
- 2.3 Please discuss how Powerex's inclusion in the Western EIM, with regards to expected volumes and net revenues from exported and imported electricity, will be used to inform BC Hydro's long-term planning decisions with its generation portfolio.

3.0 Reference: PROPOSED OATT AMENDMENTS IN RESPONSE TO NEED FOR DYNAMIC SCHEDULING Exhibit B-1, Section 4, pp. 10–11 Benefits of expanded dynamic scheduling to Powerex

BC Hydro states on page 10 of the Application that "The expanded availability of dynamic scheduling on the BC Hydro transmission system... will give BC Hydro's OATT customers the option to use their transmission service to participate in those markets that rely on dynamic scheduling."

On page 11 of the Application, BC Hydro further states "...Powerex is the only BC Hydro OATT customer that has formally expressed to BC Hydro an interest in expanded use of dynamic scheduling at this time..."

- 3.1 Please explain, and quantify where appropriate, the expected benefits of Powerex's participation in markets that rely on dynamic scheduling.
 - 3.1.1 Please provide a breakdown of the expected financial benefits arising from Powerex's participation in the EIM.
 - 3.1.2 Please elaborate on the expected indirect benefits arising from Powerex's participation

in the EIM.

**4.0 Reference: PROPOSED OATT AMENDMENTS IN RESPONSE TO NEED FOR DYNAMIC SCHEDULING
Exhibit B-1, Section 4, p. 11
Benefits of expanded dynamic scheduling to OATT customers**

BC Hydro states on page 11 of the Application that “[t]he amendments would be beneficial for all transmission customers who may want to dynamically import and export into or out of other regions and markets.”

4.1 Please explain, in detail, the expected benefits of expanded dynamic scheduling for transmission customers other than Powerex. Please describe how these benefits would be measured.

BC Hydro further states “The key purpose of the proposed amendments is to allow dynamic scheduling for imports, and to allow OATT customers the ability to use any transmission reservation priority, including Non-Firm Service and Network Economy Service.”

4.2 Please provide a breakdown of transmission reservations per customer over the past two years by utilization rate (percentage) and reservation type.

4.3 Please confirm, or explain otherwise, that an increase in overall transmission volume is expected from the increased use of dynamic scheduling and Powerex’s participation in the EIM. If confirmed:

4.3.1 Please explain the effect, if any, that the increased transmission volume would have on the rates and charges in the OATT schedules.

4.3.2 Please explain why the rates and charges in the OATT schedules do not need to be amended.

4.3.3 Please confirm, or explain otherwise, that the increased transmission volume has been reflected in the rates and charges proposed in the BC Hydro F2017-F2019 Revenue Requirement Application filed with the Commission.

4.4 Please discuss any potential constraints of the BC Hydro transmission network capacity or capability with regards to facilitating an increase in transmission volumes used for dynamic scheduling.

4.4.1 Please confirm, or explain otherwise, that increases in transmission volume due to increased use of dynamic scheduling could cause displacement of other transmission reservations.

4.4.1.1 Please explain the order of priority, if any, of the transmission reservations.

4.4.1.2 Please clarify if this could potentially have a negative effect on customers who do not participate in dynamic scheduling and/or the EIM.

4.5 Please comment on the use of dynamic scheduling by OATT customers other than Powerex under the existing arrangements, and whether BC Hydro anticipates OATT customers (other than Powerex) will make use of expanded dynamic scheduling as proposed in the Application.

4.6 Please explain how participation in the EIM would impact transmission capacity in British Columbia in the immediate and long-term. Also, discuss if potential future transmission customers could be impacted by a limited availability of transmission capacity within the province due to participation in the EIM.

**5.0 Reference: GROWTH OF INTRA-HOUR AND DYNAMIC SCHEDULING IN THE INDUSTRY
Exhibit B-1, Section 3.3, p. 10; Section 4.1, p. 12
Dynamic scheduling in the Western Interconnection**

On page 10 of the Application, BC Hydro states that “[t]he expanded availability of dynamic scheduling on the BC Hydro transmission system as proposed in this application is in alignment with evolving markets and practices in the Western Interconnection.” BC Hydro also states on page 12 that “[o]ther entities in the Western Interconnection, such as Arizona, Avista, El Paso, PacifiCorp and Tuscon, are allowing dynamic scheduling on non-firm transmission, including network service.”

- 5.1 Please summarize any risk analysis BC Hydro and/or Powerex has performed with respect to participation in the EIM.
- 5.1.1 Please explain, and quantify as appropriate, any risks to BC Hydro or OATT customers associated with engaging in dynamic scheduling on non-firm transmission.
- 5.1.2 Please discuss any issues associated with engaging in dynamic scheduling involving Intermediary Balancing Authority Areas (BAAs) on the Western Interconnection that are not participating in the EIM.
- 5.1.2.1 Specifically, please describe any potential issues regarding Bonneville Power Authority’s role as an Intermediary BAA that, at present, has not joined the EIM.
- 5.1.3 Please explain how any risks associated with the expanded use of dynamic scheduling are being monitored and mitigated.

C. COSTS ASSOCIATED WITH EXPANDED DYNAMIC SCHEDULING

**6.0 Reference: IMPLEMENTATION REQUIREMENTS
Exhibit B-1, Section 1.1, p. 1; Section 3.1, p. 9; Section 4.2, p. 12;
Section 6, pp. 25–26; Section 7, p. 26
Implementation and Operating Costs**

On page 26 of the Application, BC Hydro states its key implementation requirements are:

- Posting of the Commission Order approving the amendments and updating the business practices to reflect these amendments to be posted on its Open Access Same Time Information System (OASIS); and
- Updating BC Hydro’s Market Operations and Development System to enable dynamic scheduling on imports and exports using any transmission reservation priority in advance of the February 1, 2018 start of EIM parallel operations.

BC Hydro estimates the total cost to implement expanded dynamic scheduling in the OATT, through BC Hydro’s proposed amendments to Attachment Q-1 and adjustment to implementation of the network utilization test, to be approximately \$300,000. Due to the expedited timeline required to implement dynamic scheduling to facilitate Powerex’s participation in the EIM, the implementation costs will be recovered from Powerex.

- 6.1 Please provide a breakdown and analysis of the \$300,000 implementation costs quoted above.
- 6.1.1 Please confirm, or explain otherwise, that the \$300,000 implementation cost quoted

above includes the cost of: (a) preparing the proposed amendments to Attachment Q-1 of the OATT; (b) updating the business practices to reflect these amendments; and (c) updating BC Hydro's Market Operations and Development System to enable dynamic scheduling for participation in the EIM.

- 6.1.2 Please confirm, or explain otherwise, that BC Hydro does not anticipate any additional implementation costs to accommodate an increase in transactions as a result of expanded dynamic scheduling and participation in the EIM.
- 6.1.3 Please provide a breakdown of set-up and implementation costs, if any, that are not included in the \$300,000 implementation cost quoted above. Please categorize the costs by those incurred by BC Hydro, Powerex, and those incurred by BC Hydro but recovered from Powerex and vice versa.
- 6.2 Please confirm, or explain otherwise, that no implementation costs will be recovered from customers external to BC Hydro and Powerex.
- 6.3 Please confirm, or explain otherwise, that all costs to enable Powerex's participation in the EIM, are either incurred directly by Powerex or if incurred by BC Hydro (such as regulatory, advisory and legal costs), will be recovered from Powerex. If so, please describe how these costs are tracked and will be charged back to Powerex.

Page 1 of the Application states: "BC Hydro's transmission customer and subsidiary, Powerex Inc. (Powerex), will be joining the EIM on April 4, 2018."

- 6.4 If Powerex is not able to participate as planned in the EIM by April 4, 2018, are there any costs incurred by BC Hydro that will not be recovered from Powerex?
 - 6.4.1 Please provide details of any additional costs that may be incurred by BC Hydro. Will any of these costs be recovered from Powerex?
 - 6.4.2 Are there any costs incurred by BC Hydro or Powerex that are sunk costs regardless of Powerex's ability to participate in the EIM in April 2018? Please explain and provide details as necessary.

On page 12 of the Application, BC Hydro states:

The current language in Attachment Q-1 was drafted when dynamic scheduling was still relatively new. Since that time dynamic scheduling has become more prevalent, industry terms have developed, the technology to facilitate dynamic scheduling has improved, and BC Hydro has more experience with offering dynamic scheduling to its customers.

- 6.5 Please confirm, or explain otherwise, that BC Hydro already has the requisite computer technology and systems in place. If not confirmed:
 - 6.5.1 What is the expected cost of the technology and from whom and how will this cost be recovered?
 - 6.5.2 What is the expected timescale for implementing the technology?

On page 9 of the Application, BC Hydro states:

In recent years, Bonneville Power Administration (BPA) has also recognized that enhanced use of dynamic transfer capability is needed to effectively deal with increased VERs [Variable Energy Resources] penetration on its transmission system. BPA has recently initiated a project that will result in an increase in voltage control to allow for an increase of dynamic transfers. BPA's movement toward increasing dynamic scheduling capability will allow the region to more effectively manage VERs in a larger balancing footprint.

- 6.6 Does BC Hydro plan to initiate a similar project?
- 6.6.1 If yes, please provide details of the timing, estimated cost and to whom and how the costs will be recovered.
- 6.6.2 If not, please explain why.
- 6.7 Please provide a breakdown of incremental operating costs associated with facilitating increased dynamic scheduling.
- 6.7.1 Please provide details of how these costs will be recovered.

On pages 25 and 26 of the Application, BC Hydro states:

Attachment Q-6 did not result in any comments from transmission customers and would cost approximately \$250,000 to implement. As the amendments to Attachment Q-1 are sufficient to facilitate participation in the EIM and other markets requiring dynamic scheduling, BC Hydro has decided not to seek approval of Attachment Q-6 at this time. Should developments arise that would make Attachment Q-6 necessary or desirable in the future, BC Hydro would reconsider seeking approval from the Commission at that time.

- 6.8 Please discuss any constraints of not implementing Attachment Q-6 alongside the other approvals sought in this Application.
- 6.8.1 Please clarify and provide examples of scenarios of when BC Hydro would consider Attachment Q-6 necessary or desirable.
- 6.9 Would the \$250,000 implementation cost be recoverable from all OATT customers? Please explain.
- 6.10 Are there any other incremental costs to BC Hydro to allow parties in addition to Powerex to participate in dynamic scheduling and/or the EIM? If so, how would these costs be recovered?

D. PROPOSED AMENDMENTS TO THE OATT

- 7.0 Reference: GROWTH OF INTRA-HOUR AND DYNAMIC SCHEDULING IN THE INDUSTRY
Exhibit B-1, Section 3.2, pp. 8–9
Five-minute transfers**

On page 8 of the Application, BC Hydro references the 2013 BC Hydro OATT Amendments Application, which included intra-hour (15 minute) scheduling amendments to sections 13.8 and 14.6 of the OATT.

Section 13.8 and section 14.6 of the OATT define intra-hour schedules as “four intervals consisting of fifteen minute schedules.”

On page 9 of the Application, it states:

The EIM currently facilitates the efficient dispatch of generation resources within each participating BAA, as well as 15-minute and five-minute transfers between participating BAAs.

Participation in CAISO’s EIM five-minute market is conducted through dynamic schedules on import and export paths to or from a BAA using a variety of transmission reservation priorities including Firm Service, Non-Firm Service and NITS.

- 7.1 Please confirm whether amendments are required to sections 13.8 and 14.6, and any other

sections of the OATT, in order to facilitate Transmission Customers' participation in five-minute markets such as the CAISO EIM.

7.1.1 If further amendments are required to the OATT, please describe the changes and provide comment on any impacts of implementation.

7.2 Please provide comment on the impact on the utilization of five-minute minute transfers, compared to fifteen-minute transfers, including but not limited to:

- (a) The effect on trade revenues;
- (b) Potential issues regarding wheeling power to other jurisdictions; and
- (c) The effect on generation imbalance charges.

8.0 Reference: PROPOSED OATT AMENDMENTS IN RESPONSE TO NEED FOR DYNAMIC SCHEDULING Exhibit B-1, Table 4-1: Attachment Q-1 Concordance Table, p. 16; Appendix A – Tariff Amendments (Clean), p. 1; North American Electric Reliability Corporation (NERC), Glossary of Terms Used in NERC Reliability Standards, pp. 11, 14 Definitions

In Table 4-1 of the Application, BC Hydro comments that new definitions for “Dynamic Transfer” and “Interchange Schedule” are added to Section 1.(b) and Section 1.(c), respectively, of the proposed OATT Attachment Q-1 (contained in Appendix A of the Application). BC Hydro states that the new definitions “align[s] with the definition included in the NERC Glossary of Terms.”

The Glossary of Terms Used in NERC Reliability Standards defines “Dynamic Transfer” as:

The provision of the real-time monitoring, telemetering, computer software, hardware, communications, engineering, energy accounting (including inadvertent interchange), and administration required to electronically move all or a portion of the real energy services associated with a generator or load out of one Balancing Authority Area into another.²

Page 14 of the Glossary of Terms Used in NERC Reliability Standards defines “Interchange Schedule” as:

An agreed-upon Interchange Transaction size (megawatts), start and end time, beginning and ending ramp times and rate, and type required for delivery and receipt of power and energy between the Source and Sink Balancing Authorities involved in the transaction.³

In Appendix A, Section 1.(b) and Section 1.(c) of the proposed amended version of OATT Attachment Q-1 state:

(b) “eTag” means an electronic documentation of an energy transaction on an electronic tagging system, as required by BC Hydro for the scheduling of energy transactions.

(c) “Interchange” means energy transfers that cross Balancing Authority boundaries.

8.1 Please comment on the variance between the changes to the definitions of Section 1.(b) and Section 1.(c) of OATT Attachment Q-1 as described in the Application’s Table 4-1, and the definitions contained in Section 1.(b) and Section 1.(c) of the proposed amended version of OATT Attachment Q-1 contained in Appendix A.

² NERC Glossary of Terms Used in NERC Reliability Standards, http://www.nerc.com/files/glossary_of_terms.pdf.

³ NERC Glossary of Terms Used in NERC Reliability Standards, http://www.nerc.com/files/glossary_of_terms.pdf.

9.0 Reference: PROPOSED OATT AMENDMENTS IN RESPONSE TO NEED FOR DYNAMIC SCHEDULING Exhibit B-1, Table 4-1 Attachment Q-1 Concordance Table, p. 20; Appendix A – Tariff Amendments (Clean), p. 6 Charges for dynamic scheduling

With regards to charges for dynamic scheduling, Section 14.(c) of the existing OATT Attachment Q-1 states “Charges for Scheduling, System Control and Dispatch will be applied in accordance with Rate Schedule 03 of OATT.”

The amended Section 14.(c), renumbered as Section 10.(c), of the proposed amended version OATT Attachment Q-1 states “Charges for Ancillary Services will be applied in accordance with Rate Schedules 03 through 09 of the Tariff, as applicable.”

In commenting on the proposed amendment to Section 14.(c) of OATT Attachment Q-1, BC Hydro states in Table 4-1 of the Application “This section provides the applicable Tariff Rate Schedules for ancillary services, all of which are applicable to transmission reservations that can be used for dynamic scheduling.”

9.1 Please explain why ancillary charges other than Scheduling, System Control and Dispatch are not applicable in the existing OATT Attachment Q-1.

9.1.1 Please describe how the proposed amendment to the charges for dynamic scheduling, to include charges for all ancillary services, relates to the approvals sought in the Application.

9.1.1.1 Please explain how the phrase “as applicable” should be interpreted for the determination of charges for ancillary services under dynamic scheduling, as per the wording of the proposed amended version of Section 10.(c) of OATT Attachment Q-1.

10.0 Reference: APPENDIX A – TARIFF AMENDMENTS Exhibit B-1, Appendix A – Tariff Amendments (Clean), pp. 2, 4 Availability and limitations

Section 2.(c) of the proposed amended version of OATT Attachment Q-1 in Appendix A of the Application states that dynamic schedules will be limited, among other things, by BC Hydro’s “reasonable assessment of its capabilities to process Dynamic Schedules.”

It subsequently states that “Dynamic Schedules will be processed on a first-come, first-received basis, up to the limit of the number of Dynamic Schedules that may be concurrently delivered and the total volume of energy that may be delivered through Dynamic Schedules.”

10.1 Please clarify whether the “reasonable assessment” referenced in Section 2(c) of the proposed amended version of OATT Attachment Q-1 refers to the same process described in the subsequent passage in Section 2(c), or refers to a separate phase in determining whether a Dynamic Schedule can be processed by BC Hydro. If it refers to separate phases:

10.1.1 Please elaborate further on the criteria that would constitute “reasonable assessment” by BC Hydro with regards to its capability to process dynamic schedules.

10.1.2 Please clarify the sequencing or prioritization of the different phases in determining whether a dynamic schedule can be processed by BC Hydro.

Section 4 of the proposed amended version of OATT Attachment Q-1 states:

Eligible Transmission Customers may not submit Dynamic Schedules prior to approval by the Transmission Provider. Eligible Transmission Customers may submit a request to the Transmission Provider for approval of dynamic scheduling. The Transmission Provider will approve such a request based on its reasonable assessment of the availability and limitations of dynamic scheduling between and through specific Balancing Authority Areas as may be required to accommodate the request.

10.2 Please clarify whether the “reasonable assessment” referenced in Section 4 of the proposed amended version of OATT Attachment Q-1 uses the same criteria as the “reasonable assessment” referenced in Section 2(c).

10.2.1 If there is a difference in criteria, please provide comment on the circumstances that would lead to a request to submit dynamic schedules being rejected by BC Hydro.

**11.0 Reference: ADJUSTMENT TO IMPLEMENTATION OF NETWORK UTILIZATION TEST FOR DYNAMIC SCHEDULING
Exhibit B-1, p. 21
Network utilization test**

On page 21 of the Application, BC Hydro states:

While no amendments to the OATT are required to implement, BC Hydro will be adjusting the way the utilization rate is calculated per section 5 of Attachment Q-2 – Network Economy Service. BC Hydro needs to adjust the way it is calculating the utilization rate in order to accommodate intra-hour scheduling and dynamic scheduling of imports, neither of which were available at the time BC Hydro originally implemented the network utilization test.

11.1 Please describe, if any, the potential effects of adjusting the utilization rate on OATT customers.