

1 **1.0 Reference: Prepared testimony of Mr. Will Cleveland, Page 2**

2 The Proposed Changes do not impact all generators in FBC's service territory that  
3 export power. The Proposed Changes only impact those generators that export power to  
4 BC Hydro, e.g. Independent Power Producers selling to BC Hydro (a BC Hydro IPP  
5 Within FBC+).

6 1.1 Please specifically identify the Proposed Changes to which the  
7 prepared testimony refers. Do the Proposed Changes include those  
8 changes to the Transmission Services related rates included in Sections  
9 7.3 and 7.4 of the Application?

10  
11 **RESPONSE:**

12 *The following response was provided by Mr. Cleveland.*

13  
14 The Proposed Changes referred to in my testimony are the changes to  
15 RS 101 and RS 102 described in Section 7.2: Transmission Rate  
16 Request 1 . Clarification to the Existing Point-to-Point (PTP) Rate  
17 Language.  
18

19 1.2 Please provided an updated list of the members of the Industrial  
20 Customers Group (ICG) and indicate the FBC rate under which they take  
21 service, and for each, whether or not they currently utilize RS 101 and/or  
22 RS 102 or are currently considering doing so. If Mr. Cleveland lacks this  
23 knowledge, please canvass the ICG members in order to provide a  
24 response.

25  
26 **RESPONSE:**

27 An updated list of the members of the ICG was provided to the Commission on  
28 February 27<sup>th</sup>, 2018. There is one member currently utilizing RS 101. For  
29 reasons related to confidentiality, the ICG does not believe its members plans for  
30 future use of RS 101 and/or RS 102 should be disclosed.  
31

32 **2.0 Reference: Prepared testimony of Mr. Will Cleveland, Page 3**

33 For an existing BC Hydro IPP Within (sic) FBC, the Proposed Changes will  
34 impose additional costs on their power export, which were not known when they  
35 executed their Electricity Purchase Agreement (EPA) with BC Hydro, assuming  
36 their EPA was executed after G-12-99+.

1 To my knowledge there is at least one BC Hydro IPP Within FBC operating with  
2 BC Hydro EPA that was executed after G-12-99. My expectation is that when  
3 originally negotiating their EPA (and in particular the power price in the EPA), a  
4 BC Hydro IPP Within FBC would have taken into account all their known and  
5 forecasted costs to deliver energy to the point of interconnection (POI) with BC  
6 Hydro, including the zero cost RS 101 transmission rate ordered in G-12-99.+

7 2.1 Please confirm that the total cost of transmission service may, or may not  
8 be higher than under the status quo if the updates to the language  
9 contained in RS 101 and RS 102 as described in Section 7.2 of the  
10 Application, and the updated pricing for ancillary services described in  
11 Sections 7.3 and 7.4 of the Application are both approved, depending on  
12 the circumstances of the SG customer or IPP. If not confirmed, please  
13 explain.

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15 **RESPONSE:**

16 *The following response was provided by Mr. Cleveland.*

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18 Not confirmed. I have not examined the changes to pricing for ancillary  
19 services and have no view on how FBC's requested changes to pricing  
20 for ancillary services are likely to affect the total cost of transmission  
21 service.  
22

23 2.2 Please identify the one BC Hydro IPP within the FBC service area that is  
24 operating with BC Hydro EPA that was executed after G-12-99.

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26 **RESPONSE:**

27 *The following response was provided by Mr. Cleveland.*

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29 Please see the response to BCUC ICG IR 1.2.5.  
30

31 2.3 Please provide the date on which the current BC Hydro EPA expires.

32  
33 **RESPONSE:**

34 *The following response was provided by Mr. Switliff.*

35  
36 The current BC Hydro EPA expiry date is confidential. The information  
37 will be provided under confidential processes if requested.  
38

1 2.4 While the testimony of Mr. Cleveland with respect to the proposed  
2 updates to the language contained in RS 101 and RS 102 is that it would  
3 be unfair to impose the changes on parties that have formed agreements  
4 under the previous interpretation, FBC can find no instance within the  
5 evidence that indicates that FBC's current interpretation is inconsistent  
6 with Order G-12-99. Does Mr. Cleveland believe that FBC's  
7 interpretation of Order G-12-99 as reflected in the proposed updates to  
8 the language contained in RS 101 and RS 102 is incorrect?

9  
10 **RESPONSE:**

11 *The following response was provided by Mr. Cleveland.*

12  
13 For the reasons stated in my evidence and in my responses to BCUC  
14 ICG IR 1, I am of the view that FBC's Proposed Changes are not  
15 consistent with the license plate approach and do not constitute a  
16 reasonable application of the license plate approach.

17  
18 I have no view on whether FBC's Proposed Changes are consistent with  
19 Order G-12-99.

20  
21 **3.0 Reference: Prepared testimony of Mr. Will Cleveland, Page 9, Scenario B**  
22 **Diagram**

23 3.1 Please further explain the %BCH Internal Cost Transfer for Network  
24 Service+that appears in Scenario B.

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26 **RESPONSE:**

27 *The following response was provided by Mr. Cleveland.*

28  
29 Please see the responses to BCUC ICG IR 1.6.6 and 1.7.2.

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32 **4.0 Reference: Prepared testimony of Mr. Switlischoff , Page 7**

33 %The economic analysis that led to the decision to incur the capital expenditure to install  
34 the second generator therefore considered post-EPA export conditions, which included  
35 the current interpretation of the Rate Schedule 101 harmonization provisions.+

36 4.1 Does Zellstoff Celgar have any assurances from BC Hydro that BC Hydro  
37 will purchase any amount of generation output after the expiration of the  
38 current EPA?

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**RESPONSE:**

*The following response was provided by Mr. Switlishoff.*

Zellstoff Celgar does not have any assurances from BC Hydro that BC Hydro will purchase any amount of generation output after the expiration of the current EPA.

4.2 In the absence of an EPA with BC Hydro, please provide Zellstoff Celgar's expectation of the wheeling charges it would be required to pay if its generation output were sold to:

4.2.1 An Eligible Customer within the FBC service area;

**RESPONSE:**

*The following response was provided by Mr. Switlishoff.*

Zellstoff Celgar would expect to pay the tariff rates applicable to the transactions. These transactions could long-term, short-term, firm and non-firm. In the absence of competing wheeling requests, Zellstoff Celgar would request discounted rates as allowed by the applicable tariffs.

4.2.2 The Mid-C market;

**RESPONSE:**

*The following response was provided by Mr. Switlishoff.*

The wheeling charges Zellstoff Celgar would expect to pay depend on how the Mid-C market was being accessed. There is not enough detail in the information request to determine the transaction path.

4.2.3 Assuming that retail access in the BC Hydro service area was permitted, a customer within the BC Hydro service area.

**RESPONSE:**

*The following response was provided by Mr. Switlishoff.*

Zellstoff Celgar would expect to pay the \$0.00 wheeling rate.