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February 28, 2020

Mr. Patrick Wruck  
Commission Secretary and Manager  
Regulatory Support  
British Columbia Utilities Commission  
Suite 410, 900 Howe Street  
Vancouver, BC V6Z 2N3

Dear Mr. Wruck:

**RE: Project No. 1598998  
British Columbia Utilities Commission (BCUC or Commission)  
Indigenous Utilities Regulation Inquiry  
British Columbia Hydro and Power Authority (BC Hydro)  
Responses to BCUC Panel Information Request No. 1**

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BC Hydro writes in compliance with BCUC Order G-26-20 to provide, as Exhibit A-51, its responses to BCUC Panel Information Request No. 1 on written evidence.

**1.0 Reference: RETAIL ACCESS Exhibit C2-2, pp. 13 – 14 Direction No. 8 to the British Columbia Utilities Commission, B.C. Reg. 24/2019**

On pages 13 and 14 of Exhibit C2-2, British Columbia Hydro and Power Authority (BC Hydro) provides a summary of access to its transmission system through the Open Access Transmission Tariff, and the concept of retail access.

Direction No. 8 to the British Columbia Utilities Commission states:

Except on application by the authority, the commission must not set rates for the authority that would result in the direct or indirect provision of unbundled transmission services to retail customers in British Columbia, or to those who supply such customers.” [*underline added*]

- 1.1. Please explain what “transmission services” means in the above context. If a generator and its customer are both connected to the BC Hydro system, at what voltage does each need to be connected to require “transmission service” to complete the connection between them?

## **RESPONSE**

**In the context of Direction No.8 to the British Columbia Utilities Commission (Direction 8), “unbundled transmission services” refers to wholesale transmission service provided under the Open Access Transmission Tariff (OATT or Tariff), specifically as defined in section 1.52 of the OATT as follows:**

**“Transmission Service: Point-To-Point Transmission Service provided under Part II of the Tariff on a firm and non-firm basis and Network Integration Transmission Service provided under Part III of the Tariff”.**

**Point-To-Point Transmission Service (PTP) allows a transmission customer to use the transmission system to deliver energy from a defined Point-of-Receipt (POR) to a defined Point of Delivery (POD). Network Integration Transmission Service (NITS) allows a network customer to use the transmission system to deliver energy from multiple resources to multiple loads under one transmission contract. BC Hydro is currently the only network customer under the OATT. “Transmission services” refers to the reservation of capacity on the transmission system for the purpose of delivering electrical energy to load. All usage of the transmission system requires a transmission services reservation regardless of path.**

**Direction 8 is seeking to prevent a BC Hydro retail load customer from using BC Hydro’s transmission system, either directly or indirectly, to acquire energy from sources other than BC Hydro. BC Hydro does not have a distribution wheeling tariff other than RS 1268 to BC Hydro’s Electric Tariff which allows for wheeling over the distribution system for the purpose of allowing a generator to access the transmission system for service under the OATT. Even if the retail load customer and the generator it was buying energy from were both only using BC Hydro’s distribution system and BC Hydro had such a rate, BC Hydro’s view is that Direction 8 would still apply to the extent that the retail load customer would rely on BC Hydro to provide either energy or support services to it from time to time. In order to do this, BC Hydro’s generation and transmission system would be required to either provide energy by way of BC Hydro’s transmission services reservation as the NITS customer or to supply the ancillary services under OATT Rate Schedules 03 through 09 that would be attracted in order to maintain system reliability and compensate for line losses. In this way, enabling the distribution connected retail load customer to rely on BC Hydro for energy or system support would constitute an “indirect” provision of unbundled transmission services.**

- 1.2. Is the term “transmission services” applied regardless of the actual path between the two points (e.g. generator and customer)?

## RESPONSE

**Yes. Please refer to BC Hydro’s response to BCUC Panel IR 1.1 in which we describe the “transmission services” refers to the reservation of capacity on the transmission system for the purpose of delivering electrical energy to load and that all usage of the transmission system requires a transmission services reservation regardless of path.**

### 2.0 Reference: SERVICE TERRITORY Exhibit C2-2, p. 8

On page 8 of Exhibit C2-2, BC Hydro states:

[The *Utilities Commission Act*] also promotes the appropriate allocation of costs and the efficient development of utility infrastructure between Public Utilities, thereby reducing the risk that one or more of a Public Utility’s infrastructure assets becomes impaired or no longer used and useful (stranded asset risk). This is particularly relevant to BC Hydro. In addition to the over four million British Columbians we serve directly, we also maintain interconnections with, and infrastructure, to provide electricity and transmission service to energy sellers and other Public Utilities in B.C.

- 2.1. Please provide the geographic boundary of BC Hydro’s service territory.

## RESPONSE

**The term “service territory” is not defined under the *Utilities Commission Act* (UCA) and can have different meanings in different contexts. BC Hydro does not have an overarching agreement that defines a geographical area over which BC Hydro has exclusive rights to provide electricity services in British Columbia. That said, BC Hydro’s service territory is generally defined by its footprint in the Province.**

**Under section 45(2) of the UCA, BC Hydro is deemed to have a certificate of public convenience and necessity (CPCN) for its system in place as of 1980 as well as any extensions to that system. BC Hydro has also obtained CPCNs for other additions to its system since 1980, including non-integrated areas.**

**Section 28 of the UCA provides that BC Hydro must serve customers that are within 200 metres of its transmission or distribution facilities unless relieved of this obligation by the Commission. Additionally, the rate zone maps included in**

**section 1.3 of BC Hydro's Electric Tariff provide an approximate outline of the areas it serves and specify the rates that apply in those areas.**

**Under the UCA the question would be considered from a customer perspective, including reliability of service and rates to the customers potentially served by the new utility, and any impacts to BC Hydro's customers not served by the new utility.**

- 2.1.1. Please clarify whether BC Hydro's service territory is limited to a certain distance from the nearest existing transmission or distribution line.

#### **RESPONSE**

**Please refer to BC Hydro's response to BCUC Panel IR 2.1.**

- 2.2. Please provide documentation of any agreement establishing BC Hydro's service territory, and any exclusive rights to provide service therein.

#### **RESPONSE**

**Please refer to BC Hydro's response to BCUC Panel IR 2.1.**

- 2.2.1. In the absence of any such agreement, please provide a view on what legal or regulatory barriers exist, if any, for other utilities wishing to operate and sell electricity to customers within BC Hydro's service territory.

#### **RESPONSE**

**The definition of a "public utility" in the UCA is very broad. Unless exempted from part 3 of the UCA, an entity that constitutes a "public utility" must not construct or operate public utility facilities unless the public utility first obtains a CPCN. This is a legal requirement that a new utility wanting to provide service in British Columbia must undertake.**

**If a public utility applied to the BCUC for a CPCN to allow it to operate in BC Hydro's service area, a core question to be answered in any such proceeding would be whether it is efficient to have multiple utilities operating in one area, concerns around stranded assets costs and whether the benefits of introducing multiple regulated entities into that area outweighs the duplicity of infrastructure and costs of operating.**

- 2.2.2. Please also provide BC Hydro's view on the jurisdiction and role of the BCUC in determining whether another utility can operate and sell electricity to customers within BC Hydro's service territory.

**RESPONSE**

**Please refer to BC Hydro's response to BCUC Panel IR 2.2.1.**

For further information, please contact the undersigned.

Yours sincerely,



Fred James  
Chief Regulatory Officer

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