

REQUESTOR NAME: Clean Energy Association of B.C. (CEABC)

INFORMATION REQUEST ROUND NO: #1

TO: BRITISH COLUMBIA HYDRO & POWER AUTHORITY

DATE: October 15, 2020

PROJECT NO: 1599102 Order G-156-20 and Order G-204-20

APPLICATION NAME: 2020 Transfer Pricing Agreement Application (“2020 TPA”)

1.0 Reference: Exhibit B-1, Application, Section 2.5.2, p.14-15, Day Ahead Market Volumes Have Decreased and Continue to Be Volatile, and Transcript, page 71-72

BC Hydro illustrates the decline in the Day-Ahead Market with the following charts showing the average quarterly volumes (GWh) in the on-peak and off-peak markets from 2011 to 2018:

Figure 1 Mid-C Liquidity (Day-Ahead Peak from Fiscal 2011 to Fiscal 2018)²⁴

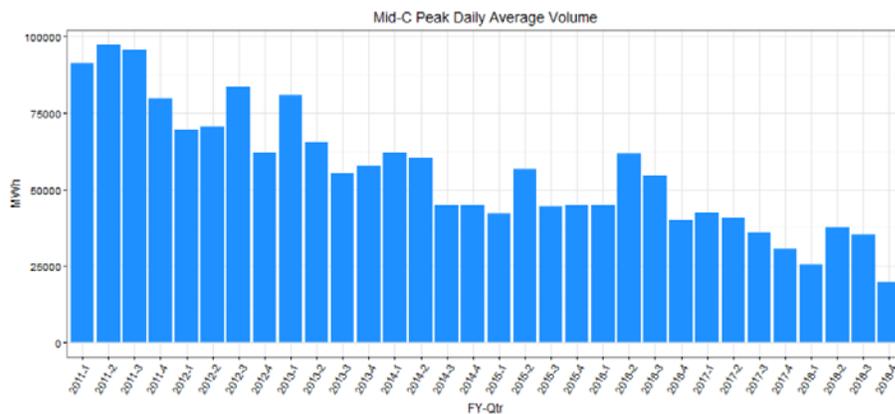
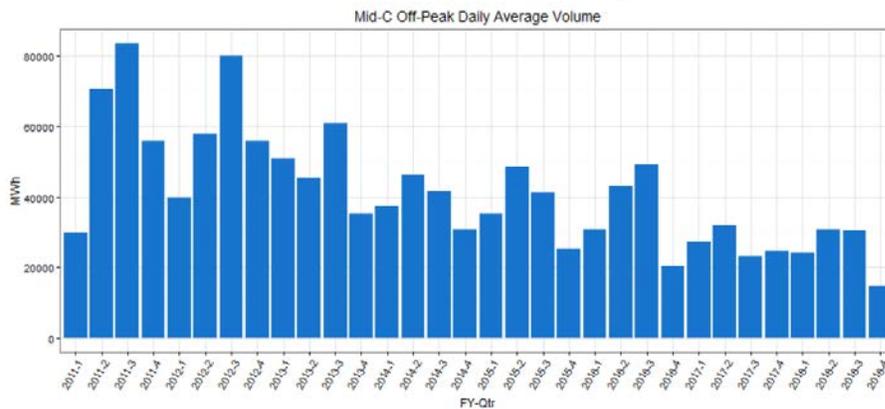


Figure 2 Mid-C Liquidity (Day-Ahead Off-Peak from Fiscal 2011 to Fiscal 2018)²⁵



In regard to these charts, BC Hydro states that:

“The one day at a time allocation and transfer pricing approach was appropriate when the day-ahead markets were the predominant physical market for wholesale electricity purchases and sales in the Western Interconnection, as has historically been the case.

However, while volumes in those day-ahead markets remain significant today, they have been materially decreasing over time. Consequently, the day-ahead markets have become less

liquid. As shown in Figure 1 and Figure 2 below, the average daily volume of day-ahead market activity at Mid-C has been declining steadily, in both peak and off-peak periods.”

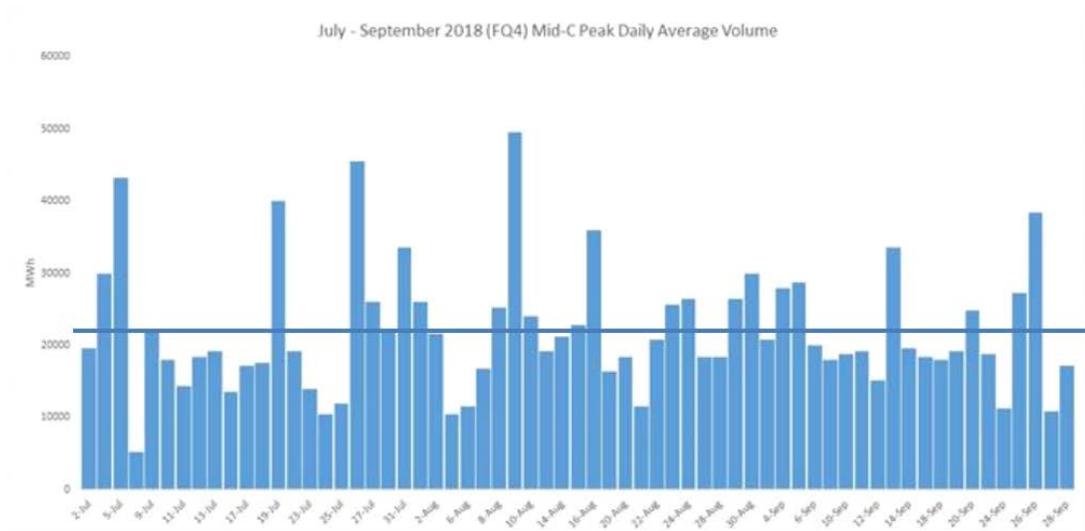
In the Transcript (page 71-72), BC Hydro has converted the average quarterly MWh shown in the charts, into annual GWh for the transactions in the on-peak period of 2018, stating that they amounted to “...about 9,000 GWh of trading volume in those peak hours for that year.”

- 1.1 Please provide the calculation used by BC Hydro to produce the 9,000 GWh estimate for the on-peak period of 2018, and a similar calculation for the off-peak period of 2018.
- 1.2 Please also provide the calculations for the other years shown in the chart, going back to 2011 (both on and off-peak periods).
- 1.3 BC Hydro is implying that the day-ahead Mid-C trading volume has reduced to the point that it cannot reliably serve Powerex’s needs to purchase and sell energy. What portion of the day-ahead trading volume shown in these charts was due to Powerex’s purchases in the years 2015 to 2019? Similarly, what portion of the day-ahead trading was due to Powerex’s sales in the years 2015 to 2019?
- 1.4 BC Hydro is implying that the forward market can provide the necessary volume to serve Powerex’s needs to purchase and sell energy. By way of comparison to the day-ahead trading volume, what is the approximate annual volume that has been traded on the forward market in each of the years shown in Figures 1 and 2 (i.e. 2011 to 2019)?
- 1.5 How much of Powerex’s sales of the Canadian Entitlement were included in the Mid-C day-ahead trading volume in the years 2015 to 2019? How much of the Canadian Entitlement was sold in the forward market in the years 2015 to 2019?
- 1.6 In the Mid-C forward market, what is the longest forward contract delivery period available? Approximately what portions of the volumes traded on the forward market are for periods less than 1 year, less than 2 years, less than 3 years, and longer than 3 years?

2.0 **Reference: Exhibit B-1, Application, Section 2.5.2, p.16, Day Ahead Market Volumes Have Decreased and Continue to Be Volatile, and EIA data re total annual electricity sales.**

BC Hydro also provides the following chart, taken from the EIA website, showing the Day-Ahead Peak Mid-C trading volumes over the 3rd Quarter of 2018:

Figure 3 Mid-C Volumes (Day-Ahead Peak from July 2018 to September 2018)²⁷



The EIA website (at <https://www.eia.gov/electricity/data/eia861m/>) also gives the total annual electricity sales volumes by state, including all of those states within the Northwest trading region (i.e. Washington, Oregon, Idaho, and Montana).

- 2.1 The chart in Figure 3 shows a daily average Day-Ahead Peak volume of approximately 22,000 MWh over the 3rd Quarter of 2018. However, the chart in Figure 1 appears to show a daily average over the same 3rd Quarter of 2018 that is well above 30,000 MWh. Why are these quantities so different, and which one is correct?
- 2.2 Based on the EIA website data giving the total sales volumes in the four states that trade in the Northwest trading region (i.e. the states of Washington, Oregon, Idaho, and Montana), please confirm that the total annual electricity sales in these four U.S. states was approximately 195,000 GWh in 2018.
- 2.3 Please confirm that when the 2018 electricity sales in B.C. and Alberta are added to sales in those four U.S. states, that the total annual electricity sales in the whole Mid-C trading region was approximately 300,000 MWh in 2018.
- 2.4 Of the approximately 300,000 MWh of electricity consumed in the Mid-C trading region in 2018, what percentage was represented by the Mid-C Day-Ahead trading volume?
- 2.5 In the whole of the 2018 calendar year, how many GWh did Powerex purchase in the Mid-C day-ahead market (including both purchases for BC Hydro and for trade purposes)? And how many GWh did Powerex sell in the Mid-C day-ahead market (including both sales for BC Hydro and for trade purposes)?

3.0 **Reference: Exhibit B-1, Application, page 8, Section 2.4, “The 2020 TPA does Not Affect the Interests of Non-Customer Stakeholders”; and Transcript, pages 64-65, relationship of the TPA in the operational timeframe to the IRP planning timeframe.**

Section 2.4 states that:

“The 2020 TPA, like the 2003 TPA, memorializes arrangements between BC Hydro and Powerex that are both necessary, as discussed in section 2.3 above, and have effect only in the operating time horizon of the BC Hydro system.

The fact that the effect of the 2020 TPA is limited to the operating time horizon of the BC Hydro system is important. In particular, the 2020 TPA does not and cannot have any effect on BC Hydro’s long-term load-resource balance and it is not a resource that will be considered by BC Hydro in its next Integrated Resource Plan.¹⁶In other words, the 2020 TPA has no effect on BC Hydro’s planning time horizon.”

And, in the Transcript, on pages 64-65, BC Hydro’s representatives were asked, “Where in the TPA document... does it show that limitation to just the operating time horizon?” To which, BC Hydro’s representative responded: [emphasis added]

“The transfer pricing agreement doesn't need to have that. What the one to three year limit [is] is my accountability within the BC Hydro organization. So perhaps your question is actually more getting into the overall governance organization structure of BC Hydro and between BC Hydro and Powerex. But I think if you want to explore that more, perhaps ask an IR on it, because I think we have addressed the question as we can here.”

- 3.1 What contract Delivery Terms does BC Hydro expect to make use of under the 2020 TPA?
- 3.2 What is the maximum contract Delivery Term allowed under the 2020 TPA?

- 3.3 Has BC Hydro committed, outside of the TPA itself, to not requesting a Delivery Term under the 2020 TPA that exceeds 3 years, as it did under the 2019 Powerex Letter Agreement?
- 3.4 Under what circumstances would BC Hydro contract under the terms of the 2020 TPA, for a contract Delivery Term longer than 3 years? What is the longest period BC Hydro would contract for?
- 3.5 If the IRP process were to reveal an energy surplus or deficit beyond the 3-year operational timeframe (i.e. a “planning energy surplus or deficit”), is there any provision of the 2020 TPA that would prevent BC Hydro from filling that deficit, or selling that surplus, under the terms of the 2020 TPA?
- 3.6 If such a planning energy deficit were filled from imported sources utilizing the terms of the 2020 TPA, would the BCUC receive any notification of that energy acquisition, and would the BCUC have any authority to review or approve such an energy acquisition? (i.e. Is it an Energy Supply Contract thereby requiring BCUC approval?)

4.0 **Reference: Transcript, page 51-52, questions re BC Hydro’s 2018/2019 Service Plan and Annual Report, Note 25.**

BC Hydro was asked a question by Mr. Austin of CEABC:

“In the annual report in note 25 it says,”

"Powerex has energy purchase commitments with an estimated minimum payment obligation of 1.72 billion extending to 2034."

It then goes on to say, "The total Powerex energy purchase commitments are estimated to be approximately 512 million for less than one year, 1.19 billion between one and five years and 24 million for more than five years. Powerex has energy sales commitments of 473 million extending to 2031, with estimated amounts of 314 million for less than one year, 147 million between one and five years and 12 million for more than five years."

“And the question that I have is how many of those commitments or what value are those commitments directly relate to the BC Hydro system?”

BC Hydro responded:

“... perhaps that would be best suited to an information request submitted to BC Hydro.”

Accordingly, CEABC prepared the following table, showing the amounts from the annual report, and asks the following questions:

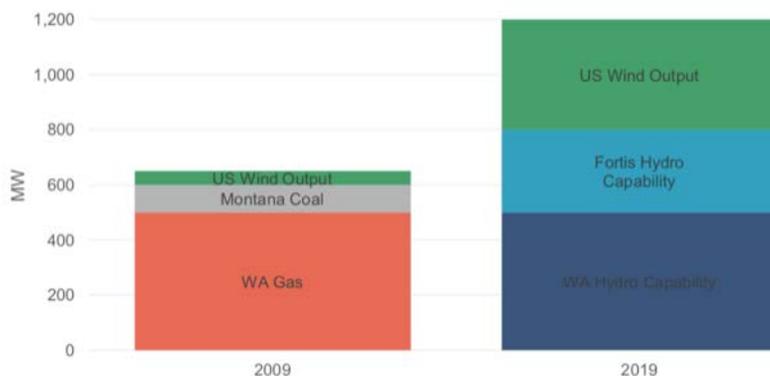
Value of purchases and sales (\$ million)				
<i>Commitment Duration</i>	<i>PURCHASES "minimum payment obligation"</i>	<i>SALES "energy sales commitments"</i>	<i>Absolute Difference (Purchases less Sales)</i>	<i>Relative Difference (Purchases divided by Sales)</i>
	<i>\$ million</i>	<i>\$ million</i>	<i>\$ million</i>	
Less than 1 year	512	314	198	163%
Between 1 and 5 years	1,190	147	1,043	810%
Over 5 years	24	12	12	200%
Total	1,726	473	1,253	365%

- 4.1 Since it appears that Powerex already has energy purchase and sale obligations extending to 2034, and that these have been contracted without the facility of the 2020 TPA, under what obligation is BC Hydro or its subsidiary Powerex to either sell or purchase those energy quantities at those future dates?
- 4.2 If Powerex can already do these transactions without the facility of the 2020 TPA, then why doesn't it simply continue to do so?
- 4.3 What are the risks that Powerex is exposed to, for having done these transactions outside of the facility of the 2020 TPA? How does Powerex mitigate those risks?
- 4.4 If these transactions had been done inside the facility of the 2020 TPA, would that not have exposed BC Hydro to the same risks? If not, why not?
- 4.5 Once the 2020 TPA is in effect and approved by the BCUC, will those existing future commitments of Powerex be re-contracted with BC Hydro, under the terms of the 2020 TPA?
- 4.6 How many GWh of electricity are represented by Powerex's future purchase commitments, and by its future sales commitments?
- 4.7 Over the entire period to 2034, Powerex's purchase commitments exceed its sales commitments by over \$1.25 billion.
 - 4.7.1 The overall ratio of purchase to sales commitments is 3.65:1, and in years 1 to 5 the ratio exceeds 8:1. What are the potential risks and/or rewards of this mismatch of purchase to sales commitments?
 - 4.7.2 Is BC Hydro under any obligation to accept delivery of those purchase commitments into its system, or to provide the electricity to supply those sales commitments?
 - 4.7.3 Does BC Hydro guarantee, or in any way support, that high level of future commitments? If it is not supported by BC Hydro, how does Powerex guarantee those commitments to its counterparties?
 - 4.7.4 Are those future commitments marked to market in Powerex's financial reports? Are they marked to market in BC Hydro's financial reports?
 - 4.7.5 Could the fulfillment of those commitments result in a loss? If so, who will bear that loss?
- 4.8 Please describe the investments Powerex has made in long-term transmission rights?

5.0 **Reference: Powerex Discussion Paper submitted to the Phase 2 Review, "100% Clean Energy Standard"**

Figure 5 on page 7 characterizes the source makeup of "Powerex Forward Portfolio."

Figure 5: Powerex Forward Portfolio*



*Note: does not include BC Hydro system or Canadian Entitlement

(The document is available at <https://powerex.com/sites/default/files/2020-08/100%25%20Clean%20Energy%20Standard%20-%20Powerex%20Discussion%20Paper.pdf>)

- 5.1 Is the “Powerex Forward Portfolio” shown in this chart the same as the Powerex “energy purchase commitments” identified in the Service Plan and Annual Report and described in the previous IR (i.e. amounting to \$1.72 billion over the years until 2034)? If not, what is the difference, and what supply is being represented in this chart?
- 5.2 Please complete the chart, for each of the years 2009 and 2019, to include the additional supply from the BC Hydro system and the Canadian Entitlement (which are excluded according to the footnote to the chart).
- 5.3 Since MW of wind and hydro capacity are rarely comparable in terms of delivered energy (due to significantly different capacity factors), the chart doesn’t accurately describe how much energy will actually be supplied by each of the included sources. How should the reader convert the scale in MW into a scale in GWh? Please provide the same chart with the vertical scale in GWh (including the BC Hydro system supply and the Canadian Entitlement supply).
- 5.4 Please provide a similar chart for the 2019 portfolio (in GWh), but showing a breakdown of Powerex’s Forward Portfolio into the purchase commitments for the periods; a) less than 1 year, b) between 1 and 5 years, and c) over 5 years.

6.0 **Reference: Transcript, page 109-110, discussion concerning how BC Hydro can put constraints on how much Powerex can import or export.**

In questioning by Ms. de Bore, regarding how BC Hydro’s ratepayers are protected from over-exporting and drawing down BC Hydro’s energy reserves, BC Hydro’s representative responded:

“So BC Hydro still maintains the responsibility and accountability of operating the system and can put constraints on what those imports and exports can be.”

And the representative later agreed to point out the specific places in the TPA where BC Hydro is given that authority to put those constraints in place or where those constraints are explicitly raised in the TPA?

- 6.1 Has BC Hydro provided the requested reference? If so, where? If not, please provide it.

7.0 **Reference: Exhibit B-1, Application, Appendix A, Section 4.1 Purchase and Sale of Electricity**

The following excerpt is taken from the 2020 TPA, included in Appendix A of the Application [emphasis added]:

“4.1. Purchase and Sale of Electricity

B.C. Hydro shall purchase and sell electricity exclusively from and to Powerex as contemplated by this Agreement, and in doing so, B.C. Hydro will make electricity available to Powerex and Powerex will make import and export decisions, both acting in good faith and with the objectives of enabling B.C. Hydro to maximize benefits to all B.C. Hydro ratepayers and enhancing B.C. Hydro’s energy reliability. In support of this objective, B.C. Hydro will communicate to Powerex on a regular basis forecasts of the anticipated electricity surplus or deficit and the Residual System Capability in the B.C. Hydro System and Powerex will communicate to B.C. Hydro on a regular basis forecasts of its anticipated electricity import and export activities, and both parties will regularly communicate to each other any anticipated constraints referred to in Section 4.4 on their abilities to satisfy their obligations under this Part 4, all in accordance with Section 10.1.”

According to the above cited Section 4.1 of the 2020 TPA, “Powerex will make import and export decisions...” Presumably, these decisions will be informed by BC Hydro’s Energy Studies modeling, but Powerex will be the entity making the decisions to utilize forward purchases and sales up to 2 to 3 years in the future, perhaps even longer.

These import and export decisions by Powerex will be based on the Energy Studies ability to forecast both market electricity prices and Residual System Capacity, 2 to 3 years in the future. This calls into question the accuracy of BC Hydro’s Energy Studies modeling over that longer time frame. Both the internal and external audits of the Energy Studies modeling referred to the need for benchmarking and back-testing of these models to ensure their validity.

- 7.1 What back-testing of the Energy Studies models has BC Hydro done to demonstrate the validity and accuracy of their forecasts over a 2 to 3 year time frame?
- 7.2 How accurately have the models been able to predict market electricity prices over a 2 to 3 year time horizon? How accurately over the 5-year horizon used by the models?
- 7.3 How accurately have the models been able to predict Residual System Capacity over a 2 to 3 year time horizon? How accurately over the 5-year horizon used by the models?
- 7.4 When Powerex decides to purchase or sell electricity, on BC Hydro’s behalf, with a multi-year Delivery Term, will the values of those forward purchases and sales be shown as “marked to market” for reporting in BC Hydro’s subsequent quarterly and annual financial reports?

8.0 **Reference, Exhibit B-1, Application, page 18, Section 2.5.4, Premium Prices in Forward Markets**

In this section, BC Hydro points out that there is an increasing demand for “differentiated electricity products, such as those requiring the commitment of specific, identified clean or renewable generation resources.” And that these renewable resources are expected to command premium prices, particularly due to the many state renewable and clean energy standards, as summarized in Table 3 on page 19:

Table 3 State Renewable and Clean Energy Standards in the Western Interconnection²⁸

State	Standard ²⁹	Target
Arizona	Renewable Portfolio Standard	15% by 2025
California	Renewable Portfolio Standard	60% by 2030
	Clean Energy Standard	100% by 2045
Colorado	Renewable Portfolio Standard	30% by 2020
	Clean Energy Goal	100% by 2045
Montana	Renewable Portfolio Standard	15% by 2015
Nevada	Renewable Portfolio Standard	50% by 2030
	Clean Energy Goal	100% by 2050
New Mexico	Renewable Portfolio Standard	80% by 2040
	Clean Energy Standard	100% by 2045
Oregon	Renewable Portfolio Standard	50% by 2040
Utah	Renewable Portfolio Goal	20% by 2025
Washington ³⁰	Renewable Portfolio Standard	15% by 2020
	Clean Energy Goal	100% by 2045
Wyoming	None	

- 8.1 Please provide examples of “specific, identified clean or renewable generation resources” that currently command a premium price. What is currently the approximate level of that premium?
- 8.2 What resources is Powerex expecting to command a premium in the future, and what is the level of premium expected for each type of resource?
- 8.3 Are there any industry-level studies indicating the expectations for these premium prices for renewable energy resources? If so, please provide copies.
- 8.4 Given that certain renewable energy resources will attract premium prices, what adjustment will BC Hydro make to the Mid-C index price used for the transfer of such resources to Powerex under the terms of the 2020 TPA?
- 8.5 How will that premium price be accounted for? Will the premium attracted by these renewable resources be shown as either a sales revenue increase or a reduction in the cost of energy purchases in BC Hydro’s accounts? Or will that premium simply be lost inside of Powerex’s Net Income?
- 8.6 What environmental markets within British Columbia does Powerex participate in? Will the resulting revenue be shown as either a sales revenue increase or a reduction in the cost of energy purchases in BC Hydro’s accounts? Or will that premium simply be lost inside of Powerex’s Net Income?

9.0 Reference: Transcript, page 111-113, discussion concerning the loss of the transparent presentation of imports for serving domestic load vs. imports for trade purposes.

On page 111, Mr. Austin asks:

“with respect to what I would call comingling of flexible imports for trade and imports for domestic purposes in the transfer volume account, how at the end of the year, or during the year, can anybody figure out how much electricity BC Hydro is importing purely for domestic purposes?”

The matter is discussed until, on page 113, BC Hydro’s representative responds:

"I'd completely agree that the framework under the TPA is different, and it's not broken down into this specific import for trade versus domestic. That is a change, yes."

- 9.1 Please provide a numerical example of how the import and export accumulations might be recorded over the course of a year.
 - 9.1.1 Please show a comparison between how the F2018 and F2019 years were recorded under the previous system and how they would be recorded under the 2020 TPA system?
- 9.2 Will it be possible to, after-the-fact, to determine how much of the total imports were required to serve domestic load vs. how much was imported for trade purposes? If not, why not?
- 9.3 Will it be possible to, after-the-fact, determine imports for domestic purposes during heavy load hours? If not, why not?
- 9.4 After the 2020 TPA is fully implemented, will it be clearly identified as to how much energy is allocated to Flexible vs. Non-Flexible Imports (purchases) and Exports (sales)? For comparative purposes, please provide a table showing the volumes over the past 6 years (F2015 to F2020) that would have been classified as Flexible or Non-flexible Imports and Exports, if those definitions had been applicable.

10.0 Reference: Exhibit B-1, Application, Appendix A, 2020 Transfer Pricing Agreement, Section 1, Definitions

CEABC has the following questions regarding the definitions in Section 1:

10.1 Section 1.1.4 "B.C. Hydro System"

Does BC Hydro control Rio Tinto Alcan generation? If yes please provide the agreement(s) pursuant to which this control is exercised.

Does BC Hydro control Fortis BC generation? If yes please provide the agreement(s) pursuant to which this control is exercised.

Does BC Hydro control Columbia Power/Columbia Basin Trust generation? If yes please provide the agreement(s) pursuant to which this control is exercised.

Does BC Hydro control any other generation? If yes please provide the agreement(s) pursuant to which this control is exercised.

How does the Non-Treaty Storage Agreement with the Bonneville Power Administration affect the operation of the B.C. Hydro System?

How does the Columbia River Treaty affect the operation of the B.C. Hydro System?

What does the term "independent power producers" include?

10.2 Section 1.1.5 "Canadian Entitlement"

Where is delivery point for this entitlement?

Can this delivery point be altered? If yes please describe including the costs associated with any alteration?

10.3 Section 1.1.7 "Commencement Date"

Please confirm that since April 1, 2020 that all the terms and provisions of the TPA have been in effect between BC Hydro and Powerex.

10.4 Section 1.1.9 “Domestic Load”

Does this definition include any requirements to supply electricity to Rio Tinto Alcan, the City of New Westminster and FortisBC? If not why not?

Are distribution losses included within the definition?

10.5 Section 1.1.16 “Gas Delivery Point”

What are the current recognized custody transfer points?

10.6 Section 1.1.23 “Interutility Agreement”

Please provide a list of these agreements and copies of them or links to where they can be accessed.

Given that under section 4.1 of the TPA Powerex has the exclusive right to make import and export decisions, why is it necessary in section 1.1.23.5 to include as part of the definition of “Interutility Agreements”: “any other agreement with one or more third parties under which B.C. Hydro imports or exports electricity to or from the B.C. Hydro System”? Please provide examples of what these agreements are or might be.

10.7 Section 1.1.36 “System Constraints”

Are imports and exports of electricity by Powerex subject to system constraints in the U.S. or Alberta? Please provide the details of these constraints including Powerex’s right to use, and any constraints on, any transmission facilities required for Powerex to deliver or receive electricity to or from BC Hydro as contained in section 4.4.4.

10.8 Section 1.1.40 “Transmission System”

Does BC Hydro control any transmission assets in B.C. that it does not own? If yes, please describe them?

Does Powerex own or control any transmission or generation assets in B.C.? If yes, please describe them?

11.0 **Reference: Exhibit B-1, Application, Appendix A, 2020 Transfer Pricing Agreement, Section 2.1, Term**

11.1 Why is there no fixed term for the TPA?

12.0 **Reference: Exhibit B-1, Application, Appendix A, 2020 Transfer Pricing Agreement, Section 3.1, Residual System Capability**

12.1 Why is BC Hydro obligated to make Residual System Capability exclusively to Powerex?

12.2 Why can’t BC Hydro make Residual System Capability available to third parties in B.C.? Without a competitive benchmark price, how does BC Hydro know that it is getting the maximum value from its Residual System Capability?

13.0 **Reference: Exhibit B-1, Application, Appendix A, 2020 Transfer Pricing Agreement, Section 4.1, Purchase and Sale of Electricity**

13.1 Is BC Hydro required to purchase electricity from Powerex other than to serve B.C. Hydro’s Domestic Load, to satisfy B.C. Hydro’s obligations under Interutility Agreements and respond to System Constraints or is BC Hydro required to purchase all the electricity Powerex imports even if ultimately it is re-exported to Alberta or the U.S.?

- 13.2 Is BC Hydro required to sell any electricity to Powerex beyond the amount of the electricity that is calculated at the time of sale to be available in accordance with the determination of Residual System Capability?
- 13.3 Given that BC Hydro among other things owns, plans, operates and controls the BC Hydro System and determines, in its sole discretion, Residual System Capability why is it that Powerex makes import and export decisions?
- 13.4 Does Powerex make import and export decisions solely on the basis of economic criteria? If yes please explain what these criteria are. If no please explain what all the criteria are.
- 13.5 Please explain how the CEPSA between Powerex and FortisBC affects Powerex's ability to import and export electricity under section 4.1 and provide a copy of this agreement.
- 13.6 Why isn't the term of any Powerex electricity imports or exports restricted to a term of no greater than the operating time horizon, which in relation to a particular import or export would commence on the date the decision to import or export is made, continue for the balance of the then fiscal year and for the following 2 fiscal years?
- 13.7 Why is there no cap on the cumulative amount of electricity Powerex can import or export over a rolling three year fiscal period, which is the maximum operating time horizon?
- 13.8 Is BC Hydro not concerned that as a result of unforeseeable circumstances for any reason during any operating time horizon (such as drought, gas pipeline explosions, transmission line congestion or interruption or restrictions on exports of electricity from the U.S.), that BC Hydro's domestic customers may be placed at risk because of export or import decisions that Powerex makes?
- 13.9 Why is there no provision in the TPA that allows BC Hydro to restrict imports or exports for any reason whatsoever?
- 13.10 Why is there no restriction on the carbon content of electricity that Powerex decides to import for any reason?
- 13.10 In view of the importance of all jurisdictions to track carbon emissions why is there is no provision in the TPA to record the carbon content of electricity that Powerex decides to import for any reason?
- 14.0 **Reference: Exhibit B-1, Application, Appendix A, 2020 Transfer Pricing Agreement, Section 4.6, Extraordinary Event**
- 14.1 Why should any Specified Quantity Request made pursuant to section 4.6 not be subject to advance approval by the B.C. Utilities Commission?
- 14.2 Why is there no term or volume limits on a Specified Quantity Request made pursuant to section 4.6?
- 14.3 By way of examples, please provide some clarity with respect to "variations in forecast load or hydrology or outages occurring in the normal course of business"?
- 15.0 **Reference: Exhibit B-1, Application, Appendix A, 2020 Transfer Pricing Agreement, Section 4.11.2**
- 15.1 Will a determination made in accordance this section and methodology developed in accordance with section 4.11.1 be made public or will it be subject to the confidentiality provisions of section 11.2?

- 16.0 **Reference: Exhibit B-1, Application, Appendix A, 2020 Transfer Pricing Agreement, Section 4.13, “Increase in Residual System Capability”**
- 16.1 What factors will BCH take into account when BC Hydro reviews a request under section 4.13 from Powerex? Why isn't there any compensation payable by Powerex to BC Hydro for taking the risk of increasing BC Hydro's Residual System Capability?
- 17.0 **Reference: Exhibit B-1, Application, Appendix A, 2020 Transfer Pricing Agreement, Section 5.1, “Transfer to Powerex from B.C. Hydro's Gas-Fired Generation Plants”**
- 17.1 Why shouldn't Powerex be paying a pro-rated portion of the fixed costs that BC Hydro has to pay to the third party owner of the Island Generation Plant?
- 17.2 Is Powerex responsible for the payment of any carbon tax resulting from the generation of electricity from a Thermal Generation Plant pursuant to a request made by Powerex in accordance with section 5.1 or the exercise of an option in accordance with section 5.2?
- 18.0 **Reference: Exhibit B-1, Application, Appendix A, 2020 Transfer Pricing Agreement, Section 10.1, “Information and Forecasts”**
- 18.1 Why does BC Hydro have to share information on system and domestic market conditions when it is BC Hydro that determines, in its sole discretion, Residual System Capability?
- 18.2 Will BC Hydro share information on system and domestic market conditions and its Residual System Capability with any parties other than Powerex?
- 18.3 What information on BC Hydro System and domestic market conditions is BC Hydro and/or Powerex required to provide the CalISO under the rules of the Electricity Imbalance Market? Will that information be shared with any other parties than CalISO and/or Powerex/BC Hydro?
- 19.0 **Reference: Exhibit B-1, Application, Appendix A, 2020 Transfer Pricing Agreement, Section 11, “Confidential Information”, Section 14 “Force Majeure”, Section 15 “Indemnity and Consequential Damages”, and Section 16 “Dispute Resolution”**
- 19.1 Please explain why these provisions are necessary in an agreement between a parent and wholly owned and controlled subsidiary?