

BRITISH COLUMBIA UTILITIES COMMISSION
IN THE MATTER OF THE UTILITIES COMMISSION ACT
R.S.B.C. 1996, CHAPTER 473

And

British Columbia Hydro and Power Authority -
Application for Reliability Coordinator Registration
with the Mandatory Reliability Standards Program -
Project No. 1598978

Vancouver, B.C.
January 30th, 2019

PROCEDURAL CONFERENCE

BBEFORE:

A. Fung, Q.C., **Chair/Commissioner**

W. Everett, **Commissioner**

VOLUME 2

APPEARANCES

L. BUSSOLI,	Commission Counsel
C. FERGUSON,	British Columbia Hydro and Power Authority
L. HERBST, Q.C.,	FortisBC Inc.
J. MARTISKAINEN, E. SWITLISHOFF,	Catalyst Paper Corporation
C. ALBRECHT, R. ARREDONDO, J. BLAIR,	Western Electricity Coordinating Council (WECC)
L. WORTH, I. MIS	British Columbia Old Age Pensioners' Organization, Active Support Against Poverty, Disability Alliance BC, Council of Senior Citizen's Organizations of BC, Together Against Poverty Society and The Tenant Resource and Advisory Centre (BCOAPO)

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VANCOUVER, B.C.
January 30th, 2019

(PROCEEDINGS COMMENCED AT 1:03 P.M.)

THE CHAIRPERSON: Good afternoon, everyone. My name is Anna Fung and I'm the Panel Chair for the BC Hydro mandatory reliability standards, reliability coordinator registration filing. With me today is my fellow panel member, Bill Everett, Q.C. Welcome all of you to this afternoon's procedural conference to consider various matters related to BC Hydro's application.

The purpose of this procedural conference today is to hear from BC Hydro and registered interveners so that the panel can determine the appropriate regulatory process going forward to review BC Hydro's application to be the registered reliability coordinator for the province of British Columbia.

Pursuant to Order G-7-19 issued January 11th, 2019, The panel requests that participants address the following issues at the procedural conference. First, any significant time constraints and/or periods of unavailability which should be taken into account when establishing the regulatory timetable, and secondly, any other procedural matter that parties wish to bring to the attention of the

1 panel.

2 In particular, though, the panel requests
3 that all parties make oral submissions on the timing,
4 scope and advantages and disadvantages of the
5 following three options for the certification process.
6 Full certification audit by the Western Electricity
7 Coordinating Council, otherwise known as WECC.
8 Secondly, assurance review by WECC. And thirdly, some
9 other variation of the above.

10 In considering this particular issue, the
11 panel has identified a need for further information
12 and clarification based on the responses that BC Hydro
13 has filed to BCUC information request number 1.
14 Accordingly the panel issued a panel information
15 request Number 1 on January 29, 2019 requesting BC
16 Hydro's response by noon today, or if not possible at
17 the start of this procedural conference.

18 **Proceeding Time 1:05 p.m. T02**

19 The panel wants to thank BC Hydro for its
20 prompt filing of responses to the panel information
21 request earlier this morning, so that all parties
22 should now have the opportunity to have reviewed them
23 before this procedural conference.

24 The panel finds the responses to be very
25 helpful in considering the optimal certification
26 process.

1 At this stage, it is my pleasure to
2 acknowledge and introduce a number of individuals
3 present who play an important role in this
4 proceedings. And as seated here on the right-hand
5 side of the boardroom, first, Iroon Seeva is the BCUC
6 lead staff for this application. Christine Biernt is
7 the executive director of compliance and mandatory
8 reliability standards. Ian Homer is the director of
9 compliance. Christine Schwabb is the mandatory
10 reliability standards program manager. David Gross is
11 the senior regulatory engineering facilities and
12 planning. Lino Bussoli from Lunny Atmore is our BCUC
13 counsel. And Hal and Keith Bemister from Allwest
14 Reporting are the BCUC's Hearing Officers today.

15 Before calling for appearances, I'd like to
16 ask you to please make sure your submissions are
17 directed to the issues I've just outlined, together
18 with any other issues that you, or the other
19 participants identify, and that the panel accepts as
20 appropriate for addition to the agenda.

21 In identifying any additional issues
22 though, please bear in mind that is not the purpose or
23 the goal of this procedural conference to compare or
24 discuss the merits of the application itself, but to
25 address the specific issues I've just described.

26 In the view of the panel those issues are

1 most efficiently canvassed collectively as opposed to
2 issue by issue. But if anyone disagrees, the panel is
3 prepared to consider any alternative approach you may
4 suggest. However, please address this during your
5 appearance.

6 **Proceeding Time 1:08 p.m. T03**

7 And after appearances the order of
8 submissions will begin with BC Hydro and then follow
9 the order of appearances. Once we reach the end of
10 the interveners, beginning with the last intervener to
11 speak, interveners will have a right to reply to
12 intervener submissions in reverse order. BC Hydro,
13 however, will have the final right of reply.

14 I'm now going to ask Mr. Bussoli to call
15 for appearances. As this procedural conference will
16 be transcribed and form part of the record, I ask that
17 as you enter your appearance, please speak loudly and
18 clearly, state and spell your last name for the
19 record, identify the party you represent and note any
20 additional issues at that time. Please also advise
21 whether you prefer that the issues be dealt with
22 altogether or if you require or recommend a separate
23 round of submissions, particularly in relation to BC
24 Hydro's responses to the panel information request.

25 Mr. Bussoli, you may now proceed with the
26 order of the appearances. Thank you.

1 MR. BUSSOLI: Thank you, Madam Chair. I'll now call
2 for the order of appearances. First, British
3 Columbia Hydro and Power Authority.

4 MS. FERGUSON: Good afternoon. I'll apologize now, I am
5 getting over a cough so I may need to pause at certain
6 points. My name Clara Ferguson, appearing on behalf
7 of BC Hydro. Ferguson is F-E-R-G-U-S-O-N. Appearing
8 with me are various members of BC Hydro's regulatory
9 and technical groups responsible for MRS within BC
10 Hydro and also in-house legal counsel, Kristen
11 Riddell.

12 BC Hydro has no issues to add and we are
13 happy to deal with all of the issues at once.

14 THE CHAIRPERSON: Thank you, Ms. Ferguson.

15 MR. BUSSOLI: Next is FortisBC Inc.

16 MS. HERBST: My name is Ludmilla Herbst, H-E-R-B-S-T.
17 I'm here representing FortisBC Inc. and we have no
18 additional issues to put on the agenda, and we're
19 happy with all the issues being dealt with together.
20 Thank you.

21 THE CHAIRPERSON: Thank you, Ms. Herbst.

22 MR. BUSSOLI: Next on the order is one on the
23 telephone, Mr. Reporter, and that's Catalyst Paper
24 Corporation.

25 MR. MARTISKAINEN: Jouni Martiskainen, M-A-R-T-I-S-K-A-I-
26 N-E-N with Catalyst Paper, and we are also in

1 agreement with discussing all the issues together.

2 THE CHAIRPERSON: Thank you, sir.

3 MR. BUSSOLI: Next is also on the telephone. That's
4 Western Electricity Coordinating Council and I believe
5 there's three people on the phone.

6 MS. BLAIR: This is Julie Blair, B-L-A-I-R, with the
7 Western Electricity Coordinating Council.

8 MR. ARREDONDO: This is Ruben Arredondo, last name is A-
9 R-R-E-D-O-N-D-O, senior legal counsel with WECC. But
10 Mr. Albrecht will be speaking for WECC today.

11 MR. ALBRECHT: And this is Chris Albrecht, last name A-
12 L-B-R-E-C-H-T with WECC.

13 MR. BUSSOLI: Madam Chair, I understand that Elroy
14 Switlishoff -- I apologize for mispronouncing his
15 name, is now in the phone and I understand that he's a
16 consultant with Catalyst Paper Corporation and has
17 already entered an appearance.

18 THE CHAIRPERSON: Welcome, sir.

19 MR. SWITZELHOFF: Hello?

20 MR. BUSSOLI: Hello, thank you. We're just going
21 through the appearances.

22 Next on the order of appearances is B.C.
23 Old Age Pensioners Organization et al.

24 MS. WORTH: Good afternoon, Madam Chair. And member of
25 the panel. I apologize, I've had a bit of a cold.
26 I'm here representing the groups known collectively as

1 BCOAPO et al. We have no further issues and we're
2 content to have all of the matters heard together.

3 THE CHAIRPERSON: Thank you.

4 MR. BUSSOLI: Madam Chair, I believe those are all the
5 people who have filed intervener requests with the
6 Commission, and those are -- unless there is anybody
7 else that's in this room that I have not called and
8 would like to enter an appearance?

9 That's it.

10 THE CHAIRPERSON: Thank you. Ms. Ferguson?

11 **Proceeding Time 1:13 p.m. T04**

12 **SUBMISSIONS BY MS. FERGUSON:**

13 MS. FERGUSON: Thank you. So in terms of the specific
14 issues raised in the Commission's order, my
15 submissions this afternoon will focus on the three
16 issues identified. That is timing, other procedural
17 matters and submissions with respect to what the
18 Commission has called the certification process. I am
19 going to try, as best I can, to address those in
20 order, though I suspect once I began it might become
21 clear that my submissions will overlap quite
22 significantly.

23 With respect to timing, the first issue the
24 Commission wanted to hear from parties on is with
25 respect to time constraints and/or periods of
26 unavailability. The second question is an easy one at

1 this time. BC Hydro and all of the critical people
2 involved in this process have no periods of
3 unavailability. In terms of time constraints.

4 As is likely already evident from BC
5 Hydro's filings, its IR responses and other filings to
6 date, including yesterday's filing or this morning's
7 filing, BC Hydro is placing particular importance in
8 this proceeding on trying to facilitate as efficient
9 and effective a process as possible to ensure that a
10 reliability coordinator for B.C. is registered in
11 place on September 2nd.

12 In light of that, and since PEAK provided
13 noticed that it will no longer provide RC services
14 after December 2019, BC Hydro has approached its
15 decision to register from a pragmatic standpoint.
16 That is, it considered options for obtaining RC
17 services, it considered the functions it already
18 performs, the role it already plays in the safe and
19 reliable operation of generation in B.C. and it was
20 with this in mind it made the decision to apply for
21 registration as RC.

22 Against this backdrop, BC Hydro has been
23 principally interested in ensuring it can do all it
24 can to assist WECC and the Commission in its review of
25 its RC registration application and that any process
26 related to that is complete in sufficient time to meet

1 that September 2nd deadline.

2 To that end, and as identified in BC
3 Hydro's cover letter to its responses last week, which
4 is Exhibit B-6, BC Hydro identified what it believes
5 are two critical past decisions from a timing
6 perspective that need to be made. The first of those
7 is determination by the Commission as to the
8 certification review. The second, whether any other
9 details of WECC's review need to be determined. In BC
10 Hydro's submissions, those decisions are solely in the
11 discretion of the Commission with input from WECC as
12 may be necessary or desirable.

13 Because the Commission is interested in
14 hearing from all parties on the certification review
15 today, and as will be evident from BC Hydro's cover
16 letter filed earlier this morning – I believe that's
17 Exhibit B-7 – BC Hydro confirms that it is now
18 amenable to a full certification review by WECC.

19 While BC Hydro previously felt that an
20 assurance review may be the most efficient process
21 because – and I'm going to simplify things a little
22 bit here – the number of reliability standards
23 reviewed would be less, BC Hydro has come to its
24 current conclusion for a few reasons.

25 First, and as I have already submitted, BC
26 Hydro is interested in ensuring that a smooth and

1 efficient process can be undertaken in order to get to
2 September 2nd. We think a full certification process
3 gets us there, and BC Hydro support of that process
4 likely overcomes a hurdle that any further debate over
5 the pros and cons of different review processes may
6 cause.

7 Because it appeared to BC Hydro there
8 remained some, whether minimal or not, concerns with
9 respect to an assurance review and what the parameters
10 of that a review may look like, in order to avoid
11 possibly jeopardizing the schedule any further, BC
12 Hydro feels its support of a full certification
13 process is likely the most efficient path going
14 forward.

15 **Proceeding Time 1:18 p.m. T05**

16 Third, BC Hydro understands that both a
17 full certification or assurance review conducted by
18 WECC can be done and still satisfy the September 2nd
19 date.

20 Finally, BC Hydro has had regard to the
21 registration manual, which in its view, provides an
22 instructive framework for consideration of the process
23 going forward.

24 In response to the third issue identified
25 by the Commission in its letter, beyond what I've
26 already said, I don't propose to necessarily, unless

1 the panel would like me to, to canvas in great detail
2 the scope and advantages and disadvantages of a full
3 certification or an assurance review. But I would
4 like to get to a timeline and we do have a revised
5 timeline that we have prepared and go through that
6 with the panel, if that would be helpful.

7 THE CHAIRPERSON: Yes, I think that would be, thank you.

8 MS. FERGUSON: So in preparation for the procedural
9 conference, BC Hydro prepared an updated timeline with
10 respect to the WECC review process. So I have copies
11 of this for the Commission.

12 THE CHAIRPERSON: I believe it should be marked as an
13 exhibit.

14 MS. FERGUSON: It should. I agree, thank you.

15 THE HEARING OFFICER: Marked Exhibit B-8.

16 **(DOCUMENT ENTITLED "BC HYDRO RC REGISTRATION TIMELINE"**
17 **MARKED AS EXHIBIT B-8)**

18 THE CHAIRPERSON: Thank you.

19 MS. FERGUSON: So this should look somewhat familiar to
20 everyone, that BC Hydro did provide a timeline in its
21 application, but in light of the timing issue, on
22 discussion at today's procedural conference, we have
23 developed a revised timeline that shows in a bit more
24 detail the WECC certification process and the steps
25 that will be necessary to get us to September 2nd. I
26 will preface my remarks with respect to this timeline

1 with the few following comments.

2 First, BC Hydro prepared this on its own,
3 so it did not consult with WECC or anyone else with
4 respect to this revised timeline. Again, as I've
5 said, BC Hydro acknowledges that ultimately the
6 decision is up the Commission and in consultation with
7 WECC to make a decision with respect to the
8 certification process. We provide this purely in an
9 effort to try to be helpful.

10 And in its preparation of this document, BC
11 Hydro did have regard to the registration requirements
12 outlined in the B.C. MRS registration manual,
13 specifically section 2-2. So you'll see that when I
14 get to those steps, those sort of come into play on
15 the right-hand side of the timeline.

16 So starting on the far left, you'll see
17 we've listed a Commission determination with respect
18 to the certification review by February the 15th.

19 **Proceeding Time 1:22 p.m. T06**

20 That is unchanged from the timeline in BC Hydro's
21 application or its IR responses. It may be that that
22 date can move forward if there's no longer an
23 extensive debate with respect to an assurance versus a
24 certification review, but I say that only for
25 consideration.

26 BC Hydro does understand that the February

1 15th date is critical in order to give WECC its
2 requested 90 days prior to the middle of May for the
3 site visit, which takes us to the next date which is
4 early March, where we understand WECC will submit any
5 certification requirements it has to BC Hydro.

6 And then if you flip to the bottom bar,
7 which is a blue line, and that relates to the March
8 through May time period where BC Hydro is preparing
9 for the WECC site visit. So that's the 90 days that
10 WECC has advised it needs prior to its site visit.

11 So the next significant date, and likely a
12 critical path date, is the site visit in May. The May
13 site visit assessment allows time for WECC to issue
14 its report, for BC Hydro to respond if necessary and
15 for the Commission to consider it before confirming or
16 not the proposed registration before September 2nd. So
17 that's really why we say the main date is critical to
18 the efficient process, getting us to September 2nd.

19 We can provide an update with respect to
20 the May site visit and advise that BC Hydro has
21 confirmed two possible weeks in May that WECC has said
22 is available for the site visit, which is either the
23 13th or the 20th of May.

24 Continuing on, you'll see this timeline
25 also reflects the steps outlined in the registration
26 manual. So we have WECC submitting its report. That

1 is some time in and around the end of June, early
2 July. And again that, we would say, is directly
3 contemplated by Section 2.2 of the Registration
4 Manual. We then have provision for BC Hydro to
5 provide a response within 21 days, also reflective of
6 Section 2.2(3) of the Registration Manual. And
7 finally BCUC consideration and confirmation of the
8 proposed registration.

9 So while we think the schedule flows at --
10 as you can see, at a fairly clipped pace, BC Hydro is
11 of the view it's a reasonable schedule and critically,
12 it is one that recognizes the steps that are outlined
13 in the Registration Manual and meets the September 2nd
14 deadline.

15 I'll just pause there to see if either of
16 the panel has any questions with respect to that.

17 THE CHAIRPERSON: Mr. Everett, do you have any
18 questions?

19 COMMISSIONER EVERETT: I only have one question. That
20 is, this -- I guess you could call it a critical path
21 because it all seems to be fairly critical, is it --
22 have you shared this with WECC prior to producing it
23 here today.

24 MS. FERGUSON: We have not. No, we have not.

25 COMMISSIONER EVERETT: So you don't know whether this is
26 doable as far as WECC is concerned. Or do you know

1 flows after its site visit, which is anticipated to
2 be, according to your schedule, ready by say end of
3 June or July -- early July, when do you contemplate
4 then interveners having the opportunity to address
5 anything that flows from that report? In your
6 timeline.

7 MS. FERGUSON: So I'll answer both your questions in
8 order. The first was with respect to whether a site
9 visit could be done earlier and we could push the
10 schedule earlier. From BC Hydro's perspective I
11 think, subject to hearing from everyone, I think we
12 would be okay with that.

13 THE CHAIRPERSON: Do you want to confer?

14 MS. FERGUSON: Perhaps I need to confer.

15 I think what I'm hearing is not too early,
16 but we could -- I think we would be able to move the
17 schedule further and work with a schedule that is
18 moved forward. But, of course, and I agree with what
19 you said, I think likely the key player that we need
20 to hear from in that regard is WECC with respect to
21 their availability.

22 And from what I understand, I think it
23 really is securing that 90 days. So the 90 days would
24 still need to be preserved, which between now and
25 February 15th doesn't really give us that much time.

26 THE CHAIRPERSON: Okay.

1 MS. FERGUSON: Secondly, with respect to -- your
2 question was with respect to whether there's a process
3 step for interveners to comment on the report. There
4 is not. That was quite deliberate. In BC Hydro's
5 submission, I think it would be a fairly unusual step
6 for interveners to comment on the WECC report. The
7 Registration Manual certainly doesn't provide for a
8 intervener comment process. If you look at section
9 2.2 of the Registration Manual, it's pretty clear in
10 step 2 and 3 that the administrator, being WECC, will
11 make a recommendation, a copy of that is sent to the
12 entity and the Commission. The entity can file a
13 response within 21 days, and the Commission is able to
14 make its decision.

15 We are certainly of the view that the WECC
16 report is the primary document the Commission should
17 consider in making its determination and it should be
18 given significant weight. I think any treatment that
19 sees it be subjected to further process would be at
20 odds with respect to the treatment of WECC reports in
21 other circumstances. That's certainly not the general
22 experience that BC Hydro or other jurisdictions have
23 had with respect to WECC reports.

24 And finally I think there could be fairly
25 significant confidentiality concerns with respect to
26 issuing the report. So while perhaps not

1 insurmountable, I think that would be something we
2 would really need to consider the confidentiality
3 treatment of the report.

4 THE CHAIRPERSON: May I then ask you a follow-up
5 question as a result of that.

6 MS. FERGUSON: Absolutely.

7 THE CHAIRPERSON: Based on what you've just said, do I
8 take it that it's BC Hydro's position that the
9 interveners following whatever determination we make
10 today or in the next little while about certification,
11 their participation in this proceeding would be
12 finished after that, in the sense that they would have
13 no ability to comment on the report or participate in
14 further process regarding it. Is that correct?

15 MS. FERGUSON: That would be -- in terms of the WECC,
16 the process for the WECC certification process and the
17 eventual report, that would be -- that is correct,
18 that would be BC Hydro's submission. In fact our
19 submissions today are that we really don't see any
20 further process beyond this WECC certification process
21 that is necessary in order to get to the Commission's
22 final determination as to whether to register BC Hydro
23 as the RC or not.

24 **Proceeding Time 1:32 p.m. T08**

25 THE CHAIRPERSON: So what if the panel or the
26 Commission has issues with what comes out of that

1 report, how do you propose that we deal with that?
2 MS. FERGUSON: I think certainly there is likely
3 contemplated in the registration process a step for
4 the panel to consider the report and consider if it
5 has any concerns with respect to that report, that
6 would certainly be something that would be within your
7 power to address, and WECC may be able to speak to
8 whether those sorts of issues have ever arise [sic] in
9 the past.

10 So, when we say that there would be no
11 further process, I think the process is -- that
12 there's actually a fairly extensive process that still
13 has to occur, and there is a fairly extensive process
14 in terms of any issues that WECC may identify, which I
15 imagine issues are what would be the primary concern
16 of the Commission. You'll see in that June -- before
17 the issuance of the final recommendation there is a
18 process of WECC and BC Hydro addressing concerns that
19 are found at the site visit.

20 I think the ultimate goal is that you get
21 to a recommendation by WECC with fairly clean
22 recommendations.

23 COMMISSIONER EVERETT: Are you saying no further
24 intervener process after today -- I take it two
25 reasons. One because the section 2.2 of the
26 Registration Manual doesn't provide for that. And you

1 mentioned confidentiality. Can you elaborate on that?

2 MS. FERGUSON: Right.

3 COMMISSIONER EVERETT: Is it that nobody should be
4 seeing the WECC report, is that what you're saying,
5 other than Hydro and WECC and the Commission?

6 MS. FERGUSON: I think what I'm saying is that that is
7 the usual practice, certainly. So, you know, a BA
8 registration or other registrations, I think that that
9 is certainly the usual practice and in other
10 jurisdictions, that those are the three entities
11 involved. So the administrator, the entity seeking to
12 register and I suppose the decision maker.

13 The confidentiality concerns I raised were
14 with respect to -- there could be significant
15 confidentiality issues raised in the report. WECC, as
16 I said, we won't know that until we get to that point.
17 WECC may be able to provide a public version and a
18 confidential version of the report. That, though --
19 that I see as different. Any confidentiality concerns
20 we have with respect to the release of the report is
21 different than having an IR process or any sort of
22 process on the report itself, which would, you know,
23 raise different issues.

24 COMMISSIONER EVERETT: Okay, thank you.

25 MS. FERGUSON: I think that that brings us to the topic
26 of other procedural matters, which I've already

1 foreshadowed, that BC Hydro doesn't have any beyond --
2 any to add beyond those already discussed. But I
3 suppose -- and in light of some of the questions that
4 the panel has asked, BC Hydro does have one, I guess
5 update request, which is that as we say on the
6 timeline, a critical path item for BC Hydro is that a
7 BCUC decision by February 15th.

8 **Proceeding Time 1:37 p.m. T09**

9 And we note that at the workshop, and I'm paraphrasing
10 a little bit, but at the transcript reference is page
11 70, lines 6 to 11, the Commission staff asked WECC if
12 there was a firm deadline that it needed confirmation
13 from the BCUC to know which direction the review would
14 be conducted and specifically the request was for the
15 latest date that WECC needed direction from the BCUC
16 on that point. So this sort of ties into the question
17 that you had in terms of the timing of that February
18 15th date. We had understood that WECC was requested
19 to -- Commission staff had requested WECC to file a
20 letter providing that information and we just haven't
21 seen it on the record. So I was just bringing that
22 up, but perhaps we could get an update in that regard.

23 Beyond that, we don't have any other
24 procedural matters to address and pending hearing from
25 my friends, or if there are any further questions, I
26 will sit down.

1 THE CHAIRPERSON: Maybe just one more, Ms. Ferguson.

2 MS. FERGUSON: Yes.

3 THE CHAIRPERSON: And that relates to other aspects of
4 the application. I know that based on the discussion
5 this afternoon we focussed on the issue of
6 certification, but if there were other issues raised
7 by interveners regarding other aspects of the
8 application independent of the certification question,
9 how do you propose they be dealt with in the course of
10 this proceeding?

11 MS. FERGUSON: That's a hard question to answer in the
12 absence of knowing the specifics. I will say, again,
13 BC Hydro's view, very strongly, is that we have filed
14 already the information filing. We have had IRs -- a
15 fairly significant IR process on that information. I
16 think the record is fairly comprehensive to date, and
17 from our perspective the certification process and the
18 -- critically the report is sort of the final piece of
19 evidence that is required, so we are happy to address
20 any issues that come up in my friend's submissions,
21 but in the absence of knowing what those are
22 specifically, I can't really give submissions on
23 further process steps.

24 THE CHAIRPERSON: Thank you.

25 MS. FERGUSON: Okay, thank you.

26 THE CHAIRPERSON: Ms. Herbst?

1 **SUBMISSIONS BY MS. HERBST:**

2 MS. HERBST: Thank you. So I will likewise address on
3 behalf of FortisBC Inc. the issues that were set out
4 in the Commission's guidance on what to cover off
5 today, and it will all be within the general theme of
6 the appropriate regulatory process, of course, going
7 forward to resolve the application and timing issues,
8 procedural matters and certification I'll deal with as
9 part of that submission.

10 In FortisBC's submission, the process going
11 forward to resolve the application should involve the
12 following components. The first, and I think in this
13 respect we're in agreement with BC Hydro, there should
14 be a Commission decision after this procedural
15 conference setting out the process. Clearly we see
16 the process as greater than BC Hydro does, but we
17 agree that there should be a Commission determination
18 as to what the following steps after that should be.

19 In our submission, the Commission's
20 determination should provide for two streams of
21 process going forward. The first of those streams is
22 what I'll call the technical or the WECC side of the
23 matter that assesses BC Hydro's capability. And here
24 is where the WECC site visit comes in, the WECC report
25 or other reporting function that it performs for the
26 Commission would have its role. And we would expect

1 interest issues that relate to whether or not BC Hydro
2 should be registered, and if it should be registered,
3 on what terms.

4 And we see this process involving
5 significantly, although not exclusively, resolution of
6 the terms content of key documents under which BC
7 Hydro would be anticipated to operate if it were
8 indeed registered as reliability coordinator. And the
9 key documents, and I'll come back in a moment to what
10 we say those are, relate centrally to the issues of
11 governance, oversight, transparency, dispute
12 resolution, and avoidance of conflict of interest,
13 which we say are key and integral to determining
14 whether the registration should proceed and be
15 granted.

16 Now, what we say is the process that
17 relates to addressing those public interest issues,
18 including very importantly the document issues, the
19 second stream, if I can call it that still, would be
20 this. First of all, BC Hydro would provide drafts of
21 the key documents to registered entities and
22 interveners in this proceeding by March 1st. And we
23 suggest the March 1st date because it's our
24 understanding that that's something that -- for the
25 type of documents I'm going to get to, BC Hydro could
26 accommodate, but of course we can hear from them on

1 that further.

2 We don't have a strong view as to whether
3 on March 1st the documents should be not simply
4 provided to registered entities and participants in
5 this proceeding, but also filed with the Commission,
6 but we do see a role for the Commission going forward
7 if the content can't be resolved and I'll get to that
8 in a moment.

9 The key documents that we say should be
10 provided by BC Hydro by March 1st are four. One is a
11 draft of the reliability coordinator code of conduct
12 or standards of conduct that BC Hydro would follow if
13 it were to become the reliability coordinator.

14 The second document are the terms of
15 reference for the reliability coordinator registered
16 entities oversight group, and that is one of the two
17 groups that BC Hydro proposes be established as part
18 of the governance going forward.

19 The third document is another set of terms
20 of reference, this time for the reliability
21 coordinator and balancing authority transmission
22 operator operations working group. So the working
23 group terms of reference.

24 And the fourth document is one that would
25 set out a dispute resolution mechanism to be applied
26 going forward if there were an issue as between the

1 registered entities in relation to the reliability
2 coordinator role being carried out.

3 So I proposed four documents to be provided
4 by March 1st. There will ultimately need to be other
5 documents that are put into play if BC Hydro becomes
6 the reliability coordinator. There will be some
7 operational agreements that will be likely and in our
8 submission there should be a service agreement.

9 **Proceeding Time 1:46 p.m. T11**

10 But we think those can be dealt with afterward, as
11 long as the dispute resolution mechanism is out there
12 and becomes settled as part of the March 1st provision
13 of documents. We think the terms of other document
14 ultimately could be resolved within that dispute
15 resolution mechanism. So March 1st, provision of the
16 four documents that I've suggested.

17 Then what we see as the next step is the
18 registered entities and interveners would be able to
19 discuss with BC Hydro the content of those four very
20 important documents and I'll explain in a few minutes
21 why I say those are so important.

22 The only time constraint that arises for
23 FortisBC in the whole of the next few months is
24 because of some personnel unavailability in the last
25 two weeks of March, but we think that can be
26 accommodated within the timeline I've proposed.

1 So again, after March 1st, the next few
2 weeks review by those who receive the documents and
3 discussion with BC Hydro with a view to arriving at
4 some agreement on the terms.

5 The next step that I would propose as part
6 of the process would be on April 30, on or by April
7 30th and by or on this date, this would be the
8 opportunity for interveners to make written
9 submissions to the Commission --

10 [AUTOMATED PHONE RECORDING]

11 THE CHAIRPERSON: Sorry, Ms. Herbst, you were
12 interrupted.

13 MS. HERBST: Oh, of course.

14 THE CHAIRPERSON: April 30th.

15 MS. HERBST: April 30th. This would be the opportunity
16 for interveners to make written submissions and we
17 think it could likely be dealt with in writing.
18 Written submissions to the Commission on any public
19 interest considerations they wish to raise regarding
20 whether or not BC Hydro should become the reliability
21 coordinator.

22 We don't envision this would be dealing
23 with technical issues. Again, we think the WECC
24 process could be proceeding in parallel and we don't
25 envision, assuming the full certification process goes
26 well, we don't envision having comments on that. So

1 we don't think it need wait for the WECC process to
2 unfold.

3 The sort of subject matter that we do see
4 being dealt with in the April 30th submissions would be
5 if there are unresolved issues as to documents and
6 whether there -- and if there are any other public
7 interest considerations that arise in terms of the
8 consideration to be given by the Commission to whether
9 or not the registration should proceed.

10 Of course, we envision BC Hydro having an
11 opportunity to file submissions in response. We're
12 not proposing a date, but of course it should be able
13 to respond.

14 We think it might be helpful for BC Hydro
15 to have it go in this order so that it could tailor
16 its submissions to the actual issues that are of
17 interest still to interveners as opposed to dealing
18 with matters more generally and repeating parts of the
19 application that may be uncontroversial.

20 What I would say, and I'll talk a little
21 bit more about what I envision the content of the
22 submissions to be. But what I would say is that it
23 would seem extraordinary to have reached this point,
24 for interveners to have participated and asked
25 questions in the information request process and so
26 on, and not have an opportunity to file submissions

1 later on in the process to distill and express their
2 views as to the information that they've learned.

3 Again, I said I would touch a little bit on
4 the submissions that -- and the content that I
5 envision as of April 30th. In part, this would be an
6 opportunity to address public interest issues
7 generally, but in part as well, it would be about the
8 content of the documents if the content hadn't been
9 resolved by then. And what I envision, for example,
10 is that interveners would have the opportunity to make
11 submissions on whether, if there were remaining
12 deficiencies in the documents, that means that BC
13 Hydro's registration as reliability coordinator is not
14 in the public interest with the alternative being
15 either not to have a reliability coordinator or having
16 an approach made to another candidate reliability
17 coordinator to see if it might make an application to
18 the Commission to participate. Or a possible outcome
19 being that BC Hydro's application should be granted
20 but on terms that involve the revision and successful
21 completion of the key documents that we envision.

22 **Proceeding Time 1:51 p.m. T12**

23 Then we see it at this point, at some
24 point, the two streams perhaps coming together and the
25 Utilities Commission making a determination with, on
26 the one hand, the WECC report available to it, and on

1 the other the public interest submissions that had
2 been made more generally including on the documents,
3 and that determination being, of course, whether or
4 not the registration should go forward in terms of BC
5 Hydro becoming reliability coordinator.

6 Now, in terms of timing, and I think I've
7 said, we envision this process to proceed in parallel.
8 The second stream to proceed in parallel with the
9 first. So while WECC would be doing its work
10 preparing for and actually doing its site visit, by
11 April 30th there would have been the submissions by
12 interveners on the other public interest issues other
13 than the technical matters.

14 And so we don't think that the process that
15 we've suggested would be something that throws into
16 jeopardy the September 2nd date, should the Commission
17 determine that BC Hydro should become reliability
18 coordinator, and certainly apart from the issue with
19 the last two weeks in March, Fortis would make itself
20 available to address whatever issues arise in the
21 process as needed.

22 In the unlikely event, though, that
23 FortisBC's submission as to process were to somehow
24 lead to a longer process, which that doesn't seem to
25 be the case, that in itself is not a reason not to
26 have the process. It's vitally important, in our

1 submission, to ensure that oversight, governance,
2 transparency issues, avoidance of conflict of
3 interest, dispute resolution, are dealt with, and
4 there's no immediate problem, it appears, if there's a
5 decision that has to extend beyond -- into July. The
6 revised schedule that BC Hydro has proposed sees some
7 July process as well.

8 Ultimately, in its response to BCUC IR
9 1.7.4 which is part of Exhibit B-6, BC Hydro even
10 noted that it doesn't believe that if the September 2nd
11 date couldn't be met, and there were a temporary
12 absence of a reliability coordinator, that would
13 create a critical reliability risk or put B.C.
14 entities out of compliance.

15 That's certainly not something that we're
16 aiming for and we don't think we'll get there, but
17 even if there had to be a push beyond September 2nd, we
18 don't think that's a critical matter, certainly not
19 enough to justify the cost of not having the process
20 that we propose.

21 Now, I'd like to address why I say the
22 second stream is important and why the process going
23 forward shouldn't just be about the technical
24 capability that WECC will be addressing as part of its
25 work and its report recommendations. And why it's
26 important to look at the public interest

1 considerations that find expression, for example, in
2 the four key documents that I said should be provided
3 by March 1st.

4 Now, first of all, in looking through the
5 record to date, and I think properly, there seems to
6 be general agreement that there is a public interest
7 component to the test that the Commission should apply
8 in determining whether or not registration should be
9 granted. Section 125.2 is clearly important, of the
10 *Utilities Commission Act*. BC Hydro is seeking an
11 order under subsection (10) and it seem fairly to
12 incorporate, although the specific subsection doesn't
13 mention public interest, it would seem fairly to
14 incorporate the public interest consideration set out
15 in subsections (2) and (7). So (10) is about the
16 administration of the standards. Sub (2) and (7) are
17 about the adoption of standards, and both of them
18 point to the public interest as a consideration.

19 And I'll give some references too, and I
20 don't think this is disputed so I say this simply for
21 reference, BC Hydro has acknowledged that the public
22 interest or a component of the public interest test is
23 applicable and something that's relevant to the
24 Commission, although perhaps it interprets the test
25 differently than we would propose.

26 And so, for example, I point to the

1 transcript of the workshop at page 11, starting at
2 line 20 to page 12, ending at line 9.

3 **Proceeding Time 1:56 p.m. T13**

4 It's response to BCOAPO IR 1.8.1. So
5 that's in Exhibit B-6. Suggesting that the Commission
6 should issue administrative orders that are requested
7 unless there is a compelling public interest not to do
8 so. So again, engaged in that public interest test.

9 And in responding to BCUC IR 1.1.1, BC
10 Hydro submits as a matter of law the BCUC is obliged
11 to register BC Hydro unless there is evidence before
12 it that the registration would not be in the public
13 interest. And again, invoking the public interest
14 test.

15 Now, I think it's also generally agreed and
16 certainly I think participants here take a different
17 view of the weight of different factors, but that the
18 public interest test shouldn't be -- and the test that
19 the Commission is to apply shouldn't simply be
20 limited, and isn't simply limited to the technical
21 capability that WECC is addressing.

22 And some references for that in BC Hydro's
23 material, and then I'll get to our own position on
24 that -- and certainly I preface what I'm going to say
25 by saying that of course BC Hydro, and consistent with
26 its position today, it's certainly taken the position

1 that the most significant weight in the context should
2 be given to the WECC assessment, but I say even BC
3 Hydro wouldn't say that's the only thing the
4 Commission should look at.

5 So in responding to BCOAPO IR 1.8.1, BC
6 Hydro notes that evidence regarding capability
7 criteria should be given significant weight. The
8 primary evidence is the WECC assessment, but that's
9 not exclusive. And indeed, if WECC were exclusive
10 there would be no reason for the Commission to be
11 involved at all in this process.

12 Public interest -- and stepping back and
13 making a submission apart from what BC Hydro has said,
14 clearly public interest considerations are broad, and
15 again I say to capture matters such as appropriate
16 governance, oversight, transparency, dispute
17 resolution and avoidance of conflict of interest,
18 clearly -- and the fact that while the September 2nd
19 date is no longer critical, clearly the fact that BC
20 Hydro is looking ahead to having a reliability
21 coordinator in the province makes clear how important
22 a role the reliability coordinator has. And what an
23 important -- how it conducts itself, what an important
24 effect that can have on other entities, including
25 FortisBC Inc. and including other registered entities.

26 In our submission it may very well be that

1 an entity is technically capable of fulfilling the
2 role of reliability coordinator but is not -- it's
3 registration still may not be in the public interest
4 or may not be in the public interest in the absence of
5 certain safeguards that ensure that its role is
6 performed in the best interest of all.

7 And BC Hydro itself in its evaluation
8 criteria and in its assessment of different options in
9 its application, had a governance risk evaluation.
10 And as part of that it said, BC Hydro is the RC for
11 B.C., will address any issues and concerns raised by
12 B.C. registered entities in a fair and non-
13 discriminatory way, to ensure a positive outcome for
14 the overall reliability of the province and the
15 Western Interconnection.

16 Of course, BC Hydro says that it will.
17 Certainly what its statement points to is that it's a
18 relevant consideration as to whether or not it will,
19 but in Fortis' submission, there's simply not enough
20 -- without the documents that we've asked to be
21 provided by March 1st, and without further submissions,
22 it's simply not enough for the Commission to make that
23 determination.

24 The only way to test the contention that BC
25 Hydro will address issues and concerns raised by B.C.
26 registered entities as it says in its application at

1 page 3-7, that it will address them in a fair, non-
2 discriminatory way, is to see those documents that we
3 have listed, the four critical documents that we've
4 asked be provided by March 1st.

5 And only through looking at the content of
6 those documents and being able to approach the
7 Commission and address public interest issues
8 generally and address deficiencies in those documents
9 if they can't be resolved, can we be sure that the
10 oversight and transparency and proper governance that
11 -- in dealing with matters in a fair and non-
12 discriminatory way, whether that's actually going to
13 happen.

14 **Proceeding Time 2:00 p.m. T14**

15 There's no basis I said at this point to be
16 assured that what BC Hydro -- that BC Hydro will
17 satisfy this test of dealing with entities in a fair
18 and non-discriminatory way. What's been put on the
19 record so far in terms of the content of documents has
20 been vague. To the point that arguably the responses
21 to some of the information requests that have already
22 been posed haven't really been to the standard of
23 fullness and adequacy that Rule 14.01 of the Rules of
24 Procedure of the Commission provide.

25 And to that extent, while I'm not
26 suggesting that the process that FortisBC has

1 suggested here would simply be pursuant to this rule,
2 to an extent it's simply a further iteration of the
3 process that's been initiated by having information
4 requests. It's a completion in fact of some of the
5 information that hasn't yet been provided on the
6 record though asked for.

7 And 14.05 of the Commission Rules says that
8 if a party fails to respond or if a party, including
9 Commission Staff, is not satisfied with an information
10 request response a party may file a request that the
11 matter be settled by the Commission. And again, I'm
12 not relying on this sub-rule, but it does illustrate
13 that some of what I'm about to say and some of the --
14 the March 1st provision of documents that are asked
15 for, is really a completion of the information request
16 process that's been started.

17 So, in -- and as an illustration of that,
18 I'll say this. So, the draft documents themselves,
19 the four that I have listed as being the ones that
20 we're looking to be provided by March 1st, haven't yet
21 been provided. BCUC IR 1.9.7.2 had asked that BC
22 Hydro provide a copy of governance model and standards
23 of conduct in draft form if available. Certainly I'm
24 not suggesting that if they're not available, that's
25 been non-compliance strictly speaking, but I will note
26 that back in December in a workshop BC Hydro had

1 suggested that is has drafted a governance model to
2 support opportunities for MRS registered entities, and
3 that's not been -- if a draft is available, it's not
4 been provided, and that's slide 22 of the workshop
5 presentation.

6 The transcript was a bit more loose, I
7 would say. Mr. Steed noted that -- on page 37, BC
8 Hydro has been drafting a governance model, but in any
9 event, something more could have, should have been
10 provided by this point so that we could assess whether
11 the governance would be appropriate.

12 And I'll say as well that even where drafts
13 weren't requested, the information requests that
14 sought really a -- essentially the substance, a
15 provision of the substance of the content of those
16 documents were left -- much was left unsaid in them,
17 and I will take a few examples. And again, this is
18 from Exhibit B-6.

19 The response by BC Hydro to BCUC IR 1.5.3,
20 which asked for a detailed provision of the scope and
21 responsibilities of the oversight group and the
22 working group proposed by BC Hydro, did provide a list
23 of bullet points, some general headings that might be
24 addressed, but then it closed off with the statement,
25 "BC Hydro anticipate formalizing the foregoing in
26 terms of reference that will be finalized closer to

1 the date when the group is constituted." But that
2 doesn't give us a lot of -- a lot to go on.

3 And then I think a more stark example of
4 how this comes into play is here, in responding to
5 BCUC IR 1.5.3.1, where the Commission asked "Please
6 explain the systems and processes, including any
7 voting rights of the members of the oversight group
8 that would be established to ensure that any issues
9 and concerns raised by B.C. registered entities are
10 addressed in a fair and non-discriminatory way." And
11 of course, this is a statement that harkens back to
12 the content of BC Hydro's application, where it
13 assures readers that it will address matters in a fair
14 and non-discriminatory way and that's a relevant
15 consideration. But whether or not registration should
16 be granted. BC Hydro said in response, "Issues and
17 concerns raised by members of the respective groups
18 will be addressed in a fair and non-discriminatory
19 way. This principle will be reflected in the terms of
20 reference. Please refer to BC Hydro response to BCUC
21 IR 1.5.3." And that's the very general response, with
22 bullet points. It doesn't refer to voting rights, yes
23 or no. The implication is no, but we're not sure. It
24 refers to recommendations and input. And it's the
25 response that says that terms of reference will still
26 be provided.

1 So there's not a lot to go on without
2 seeing what I've requested for March 1st.

3 **Proceeding Time 2:44 a.m. T15**

4 Same with BCUC IR 1.9.7.2, which was the
5 response -- or the question that as for drafts if
6 available, and BC Hydro says the process for
7 completing these documents, which were standards of
8 conduct and terms of reference, included finalizing
9 drafts and sharing them with impacted entities for
10 comment, but is not very certain on how that will
11 manifest itself and what kind of role entities will
12 have.

13 And then in response to a FortisBC Inc. IR,
14 1.10.1 which asks:

15 "How does BC Hydro propose the disputes
16 between the RC and registered entities be
17 resolved?"

18 The response was:

19 "BC Hydro will include dispute resolution
20 procedures in the arrangements with B.C.
21 registered entities. Please refer to BC
22 Hydro response to BCUC 1.9.7.2."

23 which goes around in circles and doesn't actually tell
24 us what dispute resolution is envisaged. So that
25 again plugs into why one of the four documents that
26 I'd like for March 1st is something that sets out the
 dispute resolution procedures.

1 And I'll note that in some statements,
2 albeit not all, it seems as though BC Hydro was itself
3 contemplating that certain documents would be subject
4 to commission approval or oversight. In its
5 application, that's Exhibit B-1 at page 3-6, BC Hydro
6 said,

7 "BC Hydro proposes that as part of the
8 process of it being designated and approved
9 by the BCUC as an RC functional entity in
10 B.C., that BC Hydro will adhere to an RC
11 standards of conduct in a forum adopted by
12 the BCUC."

13 So again, relating back to why I say that
14 this should be part of a process where the standards
15 of conduct is one of the four documents provided by
16 March 1st and then subject to submissions that would be
17 filed by April 30th.

18 And again, in the application, Exhibit B-1
19 at page 4-6, in addition BC Hydro proposes that if
20 deemed necessary by the BCUC it will adhere to an RC
21 standards of conduct in a forum adopted by the BCUC
22 for use in B.C. And while not as direct, in
23 responding to BCOAPO 1.6.3, another information
24 request regarding procedure, so a different --
25 somewhat different subject, to which FortisBC would be
26 subject, BC Hydro suggested that any initial

1 differences and views as to the content of the drafted
2 procedures would most likely be resolved with the BC
3 Hydro RC manager. Failing this level of resolution,
4 the issue can be taken to the registered entities
5 oversight group, which may include representation from
6 the BCUC staff. Ultimately a complaint could be filed
7 with the BCUC if earlier resolution were not possible.

8 So down the road, certainly, BC Hydro
9 itself contemplates some role for the Commission in
10 terms of perhaps difficulties in implementation or
11 interpretation. And I say, it's a sensible step and
12 it's a good step and it's a necessary step for that
13 role to take place as well through submissions on
14 April 30th if parties -- if the documents at least
15 can't resolve the content amongst themselves.

16 Now, I'll say as well, it appears from at
17 least one IR response that it's a timing issue, or in
18 part a timing issue that drives BC Hydro's apparent
19 unwillingness to have the documents addressed, the
20 four documents that I noted be addressed as part of
21 the proceeding, and in response to BCOAPO 1.12.1 BC
22 Hydro said it's requesting an administrative order
23 that is consistent with and enables reliability
24 standards previously adopted by the BCUC. BC Hydro
25 believes that the nature of the relief sought does not
26 warrant a lengthy or complex proceeding and for these

1 reasons BC Hydro prefers to file the documents
2 referred to on an information only basis and not on
3 the record of this proceeding.

4 And this, I believe, was referring to
5 documents regarding governance and independence, and
6 so I say this in terms of the timing issue raised.
7 Again, FortisBC's process is intended to proceed in
8 parallel, the second stream in parallel with with WECC
9 technical review. It's not intended to extend the
10 process.

11 If the parties are content with the
12 documents that BC Hydro provides by March 1st, it may
13 be that a filing of the documents isn't necessary
14 leading up to the April 30th submission, but certainly
15 the opportunity should be available to address them,
16 and file them if needed, if issues remain outstanding
17 for the April 30th process. And again, timing
18 shouldn't be the sole consideration. As I said, I
19 don't think any of what we've proposed would extend
20 the process, but if it does, it would be worth it.

21 **Proceeding Time 2:10 p.m. T16**

22 It's important to have reliability
23 coordinator be independent. We have here a situation
24 where BC Hydro is fulfilling the role, or would be
25 fulfilling the role not only of reliability
26 coordinator but also balancing authority as the

1 transmission operator. It has a very profound ability
2 to impact others in different roles, and that should
3 be addressed.

4 And I note as well that to the extent
5 timing is an issue and concerns remain on the part of
6 interveners, the consequences of that shouldn't be
7 visited on interveners including registered entities.
8 FortisBC at the workshop, which was on December 19th,
9 raised the importance of the documents to it. It said
10 through Ms. Martin's submission:

11 "The governance and oversight documents we
12 think ought to be on the record before that
13 round of IRS is undertaken so that
14 interveners and FortisBC in particular has an
15 opportunity to truly understand what the
16 function of those roles will be."

17 And it's a good chunk of time later, and it's
18 important to get that moving, and it's not -- it
19 shouldn't fall to the potential prejudice of FortisBC
20 Inc. that that has not been done.

21 And certainly as well, I'm authorized to
22 say that if BC Hydro would like -- in terms of
23 facilitating matters, would like any assistance in
24 preparing initial drafts, FortisBC is happy to put pen
25 to paper and assist in that. Those are the four
26 documents that I referred to for provision on March

1 1st. Or would be prepared to sit on some sort of
2 transition committee where other input could be put
3 into the documents to help prepare them.

4 Now, I say as well, you know, the
5 Registration Manual certainly is not extensive. It
6 doesn't provide a lot of guidance, but it's entirely
7 consistent, I say, with the sort of process that I've
8 envisaged. One of the provisions within the
9 Registration Manual, 2.2(4) is that the Commission may
10 consider whether additional process or information is
11 required and will then determine whether an entity
12 should be registered, and I say in this circumstance,
13 in the context of this process, the second stream that
14 I've suggested dealing with other public interest
15 considerations dealing with the documents as part of
16 that, is required and should be put into the process.

17 And certainly as well, it's supported by
18 Rule 4.02 of the rules of procedure that the
19 Commission has, where notwithstanding the procedures
20 provided for in the rules, and there's not a
21 notwithstanding here because there's not a
22 contradiction, but the Commission may do whatever is
23 appropriate and permitted by law to enable it to
24 effectively and completely adjudicate the matter
25 before it. And I say that the process I've suggested
26 is squarely within that realm, so that it can

1 determine whether the public interest is served by
2 having the BC Hydro registration proceed, whether it
3 should only be on terms that involve changes to the
4 documents that are proposed and whether the situation
5 is satisfactory as a whole, not simply through the
6 WECC review.

7 And I believe I've touched in my comments
8 on each of the three issues, but of course if there
9 are any questions, I'd be pleased to answer them.

10 THE CHAIRPERSON: Thank you, Ms. Herbst. I'm going to
11 turn to Mr. Everett first.

12 COMMISSIONER EVERETT: I just want to understand. I
13 think you said that if the second stream couldn't be
14 completed, the Commission could make the order
15 appointing the reliability coordinator and the other
16 issues could be dealt with after? before? during?
17 First of all -- or we could make a partial order, I
18 think is what you said.

19 MS. HERBST: No.

20 COMMISSIONER EVERETT: And so -- while I was writing, you
21 were moving faster than I could write and I lost my
22 train of thought.

23 MS. HERBST: Sorry, my apologies.

24 COMMISSIONER EVERETT: No, it was my fault. But I want
25 to understand that point because -- are you saying you
26 can -- stream two can ultimately hold up stream one,

1 or are you saying there's something we can do
2 partially and address stream two later? before? at the
3 same time? I don't know.

4 MS. HERBST: Thank you for the opportunity to clarify.
5 So no, there wouldn't be a partial order. What would
6 happen is that so stream one being the WECC on-site
7 visit review, stream two being consideration of other
8 public interest matters would proceed alongside each
9 other, but would ultimately culminate in one
10 Commission determination. So the Commission would
11 have in hand both the WECC report, any response by BC
12 Hydro, any further technical process that it wants,
13 and certainly at this point, assuming there's a full
14 certification that turns out well, Fortis doesn't
15 envision have further technical comments.

16 **Proceeding Time 2:16 p.m. T17**

17 But alongside that it would the submissions that
18 parties had provided on public interest, including the
19 documents by April 30th. It would have BC Hydro's
20 submissions in response to those intervenor
21 submissions on public interest and documents, and with
22 those two together, the WECC technical assessment and
23 the submissions on public interest filed by both BC
24 Hydro and intervenors by that point, the Commission
25 would make a decision as to whether a registration
26 should proceed as reliability coordinator.

1 And I've made a -- the timing point that
2 I've tried to suggest is that because I do envision
3 that submissions could be made on public interest
4 issues by April 30th, by interveners without waiting
5 for WECC, there's no likelihood that this will take
6 any longer than if the only thing that we were
7 proceeding were the WECC process.

8 Because WECC, as I understand it, likely
9 won't be on site until the latter part of May and then
10 it still has to complete a report and so on. That
11 should likely, I would imagine, be after the
12 submissions are made on other public interest issues
13 and BC Hydro has a chance to respond to those.

14 So the two streams would converge into one
15 Commission decision. It wouldn't be partial, and I
16 don't think it could be partial here, because I think
17 that both components, both the technical side and the
18 other public interest issues, both those together go
19 into whether an entity is suitable in terms of
20 becoming a reliability coordinator. So I don't think
21 one or other would be sufficient.

22 The one thing I did say is that there are
23 certain other documents that I haven't mentioned. Not
24 one of the four categories. So the four being the
25 standards of conduct, the two sets of terms of
26 reference, dispute resolution mechanism. Certainly

1 there will have to be other documents that are arrived
2 at between the reliability coordinator and those it
3 deals with. So a service agreement, certain
4 operational documents, but those likely we're thinking
5 would maybe -- as long as there's a dispute resolution
6 mechanism that comes into place -- come to the fore
7 through the March provision of documents, we think
8 those could likely be addressed through that dispute
9 resolution mechanism rather than needing to be part of
10 this process.

11 COMMISSIONER EVERETT: Let's take the dispute resolution
12 as an example. Stream one is going along well and
13 heading to conclusion. Stream two isn't going well on
14 the dispute resolution process and you get to
15 September 2 and there's disagreement about the dispute
16 --

17 [CELL PHONE RINGING]

18 COMMISSIONER EVERETT: My apologies.

19 MS. HERBST: No problem.

20 COMMISSIONER EVERETT: I'm sorry. I turned it off and
21 then I turned it on again and I forgot.

22 MS. HERBST: That's my tendency too.

23 COMMISSIONER EVERETT: My apologies, sorry.

24 MS. HERBST: No, no.

25 COMMISSIONER EVERETT: And you're moving along with
26 stream two and agreement can't be reached. What is it

1 that the Commission can do? Can it only then, simply
2 because no agreement has been reached say, "Well, we
3 think a dispute resolution is in the public interest
4 so we turn the whole thing down," and there's no
5 reliability coordinator for the bulk energy system in
6 British Columbia, or do we have power to determine the
7 dispute resolution process?

8 MS. HERBST: Yes.

9 COMMISSIONER EVERETT: And I mean, you don't want to
10 start stream two and end up --

11 MS. HERBST: No.

12 COMMISSIONER EVERETT: Because people can't agree
13 undermining a very important thing that needs to be
14 considered.

15 MS. HERBST: Exactly, and so what I'd envisioned is BC
16 Hydro is providing the documents by March 1st,
17 including a draft dispute resolution mechanism.
18 Registered entities, interveners have some time to
19 look at it, and talk to BC Hydro and see if they can
20 reach -- I mean it's possible that BC Hydro will
21 present a mechanism that everyone thinks is fine.
22 It's possible that there will need to be some back and
23 forth.

24 But the back and forth on exchanging views
25 ends, necessarily, by April 30th, because that is the
26 date by which interveners have to put forward their

1 position. So at that point they either have to say
2 the dispute resolution mechanism as put forward by BC
3 Hydro or as now it's evolved between March 1st and
4 April 30th is satisfactory, We think that it's a
5 dispute resolution mechanism that if implemented going
6 forward would put BC Hydro into the category of an
7 appropriate reliability coordinator, registration
8 should be granted.

9 **Proceeding Time 2:20 p.m. T18**

10 Or they have to say the documents that BC Hydro has
11 put forward have been so egregious -- and I apologize,
12 I don't actually think that's going to be the case,
13 but another extreme would be, "This is not going to go
14 anywhere. If we have to deal with the terms like this
15 and the Commission doesn't fix them for us, there's no
16 way that BC Hydro could be reliability coordinator.
17 This is terrible. And what we have to do is either
18 not have a reliability coordinator, or either through
19 the Commission or independently explore whether
20 there's another entity out there that might be willing
21 to make an application to the Commission for approval,
22 or there might be a bit of a combination of the two
23 where it may be that terms of reference, for example,
24 which are another one of the March 1st set of documents
25 are very satisfactory. The dispute resolution
26 mechanism that's been put forward is not great, but is

1 not bad, and an intervener thinks, "Well, my
2 submission on the public interest is going to be that
3 on balance BC Hydro is appropriate with the mix of
4 terms and conditions we've been able to hash out
5 amongst ourselves by April 30th, or BC Hydro is very
6 close to being appropriate but a term of its
7 registration should be that it needs to have a dispute
8 resolution mechanism that is tweaked in this manner."

9 So it would be up to the Commission to
10 decide. It would be -- by April 30th the parties would
11 have to know what their position is on what had been
12 put forward. So stream 2 is not intended to drag
13 along. Stream 2 has a natural cut-off point on the
14 part of interveners, which is by April 30th they have
15 to put their position forward as to whether the
16 documents are satisfactory, can they be fixed or is
17 this going nowhere. In its submission. Obviously it
18 would be then for the Commission to combine that with
19 what it hears from BC Hydro with what it already
20 thinks based on the record and make its determination.

21 And that determination, I think, subject to
22 BC Hydro being able to resolve -- or put forward its
23 own submissions before say the end of June, would
24 still, I think, lead to a stability -- the
25 Commission's ability to combine both the WECC side and
26 the stream 2 public interest document side in making

1 one determination.

2 Sorry, that was a very long-winded answer
3 to your question. I apologize if I created any
4 confusion earlier.

5 COMMISSIONER EVERETT: And I just want to come back to
6 this point one more time. In the event there can't --
7 let's take the dispute resolution term, and it can't
8 be agreed, so something has to be done. Either the
9 application gets turned down, you say, at one scale or
10 it -- I think I heard you say the Commission has the
11 jurisdiction to direct the dispute resolution term?
12 Or are you going too far there?

13 MS. HERBST: No, I think that's effectively an option,
14 but I would characterize it as granting the
15 registration on a term. So BC Hydro may have the
16 ability to say that if it doesn't like this dispute
17 resolution mechanism that the Commission would foresee
18 is appropriate, and that perhaps on submissions of
19 the parties other than BC Hydro would be appropriate.

20 BC Hydro may, at that point, perhaps decide
21 it doesn't want to be reliability coordinator, or the
22 Commission may decide that it can say, "No, BC Hydro,
23 now that we've gone this far, you are going to be
24 reliability coordinator and it's on these terms. But
25 I would say it's more -- like it's an approval of the
26 registration if BC Hydro were to incorporate that

1 term.

2 COMMISSIONER EVERETT: So the kind of term you might be
3 talking about is an approval on terms that would
4 require a compliance filing of some type to -- at some
5 later date to deal with that issue, or maybe not, I
6 don't know.

7 MS. HERBST: My sense is -- and it may be good if I
8 check in with Fortis and perhaps come back to it in
9 the second go round, but I would think that by that
10 point -- and I don't want to -- these are very
11 important documents, but I'm also hoping they are not
12 ultimately going to be particularly controversial
13 documents.

14 **Proceeding Time 2:25 p.m. T19**

15 So I'm hoping that, for example, by way of
16 dispute resolution mechanism there will be a trigger
17 point or an identification of a category of disputes
18 that serve to invoke the dispute resolution mechanism.
19 That if the dispute resolution mechanism is invoked,
20 there will be a process that will be able to resolve
21 the matter through a -- I don't know, an arbitrator,
22 an adjudicator or the Commission, whoever is set out
23 in that mechanism.

24 So I think that by the time of April 30th
25 and the back and forth that goes on between March 1st
26 and April 30th, there should be enough of a granularity

1 that parties can make fairly precise submissions in
2 terms of what they envision should be the case. And I
3 think the precision there, and the likelihood that
4 there may not be too much of a point of departure
5 there should mean that rather than need a compliance
6 filing after the Commission determination, the
7 Commission determination can, itself, incorporate --
8 you know, if there's a matter of a sentence on which
9 the parties are having a dispute, it can resolve it
10 then and there. There may be a possibility. I'm not
11 ruling out the possibility of a compliance filing, but
12 it doesn't seem to me that that's likely going to be
13 necessary given the amount of effort and time that
14 will be put into it up front.

15 COMMISSIONER EVERETT: Maybe that was the wrong term.
16 But I'll leave it there, but thank you. You've given
17 me some understanding of what you were getting toward.
18 Thank you.

19 MS. HERBST: Thank you.

20 THE CHAIRPERSON: Ms. Herbst, I'm going to ask you a
21 question and if you don't know the answer to that,
22 feel free to say that. But are you aware of any other
23 applicant who has applied to be reliability
24 coordinator who has been required as part of the
25 registration process to negotiate these types of
26 documents with affected parties?

1 MS. HERBST: I think that the process in B.C. has so
2 far been -- because it's involved PEAK, my
3 understanding is that it's been at quite a high level
4 and PEAK being the entity that is not simply -- not in
5 BC Hydro's position in the sense of being one and the
6 same entity fulfilling various roles in B.C. but is
7 more -- is out there. I am not aware of negotiation
8 as part of that process, as part of PEAK being
9 approved.

10 In California, certain I'm aware of -- I'm
11 not sure if it was as part of registration of KISO,
12 but there has been a process around the tariff
13 amendments that would allow for KISO to serve as
14 reliability coordinator, and a discussion of terms on
15 which it would do so. And I have to confess, not
16 having great understanding of this, but in the
17 Province of Quebec where Hydro Quebec was approved --
18 and certainly where I'm most familiar with that
19 process is as the -- is as having a set of standards
20 of conduct for a reliability coordinator that are of
21 interest to FortisBC. I'm not aware of whether there
22 was negotiation but I believe there was greater
23 process and I'm not sure, I'm not able to say one way
24 or the other, and I partly confess, it's because some
25 of the proceedings are in French and I simply didn't
26 follow through and translate to know for sure.

1 And I can certainly inquire. My client may
2 be more aware of that.

3 THE CHAIRPERSON: Okay, thank you.

4 MS. HERBST: But I certainly -- I wouldn't say -- given
5 the situation in B.C., I would say that even if it had
6 not been done elsewhere, it would be warranted here.

7 THE CHAIRPERSON: And why do you say that? What is so
8 special about British Columbia?

9 MS. HERBST: Well, here we're going to have a situation
10 where BC Hydro is not simply reliability coordinator,
11 so an entity out there that is administering various
12 functions and has this role, but is also transmission
13 operator, as is FortisBC, is also balancing authority,
14 which is a role that it presently occupies and it
15 gives rise to some concern.

16 And again, none of this is intended to
17 suggest that it can't be managed and dealt with, but
18 on the face of the record so far without the documents
19 being provided and without greater detail being
20 provided about them, it's very difficult to have
21 assurances that that's going to be the case.

22 And in any jurisdiction, it's an important
23 role that would be fulfilled by an entity in BC
24 Hydro's position. And it deserves, I say, and merits,
25 the scrutiny that looking at these four documents
26 would provide. And public interest generally would

1 provide.

2 THE CHAIRPERSON: Thank you.

3 MS. HERBST: Thank you.

4 MR. BUSSOLI: Madam Chair, the next intervener to speak
5 is on the telephone. Catalyst Paper. If Mr.
6 Martiskainen or -- are you still on the phone.

7 MR. MARTISKAINEN: Yes, still on the call.

8 MR. BUSSOLI: You can go ahead.

9 **SUBMISSIONS BY MR. MARTISKAINEN:**

10 MR. MARTISKAINEN: Yeah, it's Jouni Martiskainen with
11 Catalyst Paper. M-A-R-T-I-S-K-A-I-N-E-N.

12 And on our side we do not have any specific
13 time constraints or unavailability issues going
14 forward. We do agree with Fortis that something like
15 a stream one, stream two might make sense. We have
16 less concerns about the technical certification, more
17 questions around the public interest or stream two.

18 I think the recommended March 1st and April
19 30th dates can work.

20 **Proceeding Time 2:44 a.m. T02**

21 But in, I guess in this time constraint, even if that
22 could be moved up and shortened that might be in the
23 interest of all the parties.

24 Also part of stream 2 or potentially Stream
25 3, again, would still be the question around an
26 alternative approach or perhaps you'd call it a little

1 bit of due diligence for the Commission to look at
2 alternatives. And I think Fortis had said perhaps if
3 Stream 2 doesn't go well, you would then maybe go out
4 and look at an alternative.

5 And, again, because of the time constrains
6 perhaps running a quick review of an alternative at
7 the same time might make sense. So, again, right now
8 we have an assessment by the proponent, but we
9 actually don't have any assessment or any
10 alternatives. And, again, if there are alternatives
11 it might be in everyone's best interest to at least
12 have a look at that and perhaps get proposals from
13 other entities.

14 THE CHAIRPERSON: Sir, are those all your submissions?

15 MR. MARTISKAINEN: Yes.

16 THE CHAIRPERSON: Thank you. Mr. Everett, any questions?

17 COMMISSIONER EVERETT: No.

18 THE CHAIRPERSON: So Mr. Martiskainen, I just want to
19 clarify, are you suggesting that the Commission needs
20 to go out there and solicit proposals from other
21 people to be reliability coordinator here? Because as
22 BC Hydro pointed out in its response to one of our
23 information requests, there is no other application
24 pending before the Commission to be the reliability
25 coordinator in this province.

26 MR. MARTISKAINEN: Correct. No one has applied. And I

1 guess on the opposite, if there was a request that was
2 out for entities that would be interested that would
3 be providing the services, would that provide the
4 Commission and interested groups an alternative
5 proposal to look at to see how it compares?

6 Again, technically folks might be similar,
7 there might be some advantages or disadvantages on
8 some of the public interest options and so, again, if
9 folks are looking at saying, "I really, you know,
10 think this is the right thing to do for the public
11 interest, having looked at an alternative," at least
12 that's a bit of a more informed choice than just
13 saying, "Well, is this good enough? And what else did
14 we look at?" and "We didn't look at anything else."
15 That's -- it's more difficult for interested parties
16 to comment on the right choice or the right decision
17 or even for the Commission to, you know, make the
18 decision at the end of the day.

19 The only other thing I can add is that with
20 this, the scope of stream 2 potentially, if an SRP or
21 streamline review process might make sense, we would
22 be supportive of something like that, again, in the
23 interest of time and efficiency.

24 THE CHAIRPERSON: Okay, thank you very much, sir.

25 MR. BUSSOLI: Madam chair, if I could just interrupt.

26 The next party in the order of appearances is WECC.

1 They're technically not an intervener and not to make
2 submissions. However, I note some of the questions
3 that were raised by the applicant in its initial
4 submission and I'm wondering if it might just be in
5 everyone's best interest that we get some responses to
6 the questions that were raised as far as timing goes
7 with the proposed timetable that was put forward.

8 THE CHAIRPERSON: That's a good suggestion, Mr. Bussoli.
9 So if the gentleman on the phone and Julie, Ms. Blair,
10 are willing to answer some of those timing issues that
11 was asked of BC Hydro earlier, that would be very
12 helpful.

13 **SUBMISSIONS BY MR. ALBRECHT:**

14 MR. ALBRECHT: This is Chris Albrecht at WECC. I'll be
15 speaking for WECC, at least initially. If there's
16 specific question regarding timing I'd be happy to
17 answer those.

18 MR. BUSSOLI: Mr. Albrecht, it's Lino Bussoli, Commission
19 counsel. I guess the question was the proposed
20 registration timeline that BC Hydro had put forward
21 sets out a BCUC certification decision by February 15
22 and WECC submitting precertification material on March
23 1st to BC Hydro, to allow BC Hydro to prepare for the
24 visit which would occur sometime in May. And I
25 believe the dates were May 13th or 20th, and I may have
26 that wrong, but.

Proceeding Time 2:31 p.m. T21

1
2 So I guess we'd like to know whether or not
3 those dates are feasible to you, one. And two, if a
4 certification decision was made earlier by the
5 Commission, would that change any of those dates for
6 WECC? Could they send out precertification material
7 earlier than March 1st or not?

8 MR. ALBRECHT: Yes, so I believe that those dates work
9 for WECC, the dates generally describe the Commission
10 issuing an order February 15th, WECC sending its
11 information request at the beginning of March and an
12 on-site visit the second or third week of May. I
13 believe those dates work for WECC. I don't have
14 concerns with those timelines. And I do believe that
15 if the Commission were to issue an order at an earlier
16 date that WECC could accommodate an earlier process,
17 issue data requests earlier, begin the process
18 earlier.

19 THE CHAIRPERSON: But you would have not have
20 availability for the site visit until the week of
21 March 13th or March 20th -- or sorry, May 13th and May
22 30th -- or sorry, May 23rd, I believe.

23 MR. ALBRECHT: I can't definitively answer that
24 question at this time. I'd be happy to work on
25 getting a response to that question for the
26 Commission. Our subject matter expert is currently on

1 a plane and I've tried confirming with him via email
2 that question, and he was unable to confirm that given
3 that he was on a plane and didn't have access to his
4 computer. So I'd be happy to work on getting a
5 response to the question of whether the first week of
6 May would work for WECC on an on-site visit but I
7 can't confirm that right at this point.

8 THE CHAIRPERSON: Okay, thank you, sir.

9 MR. BUSSOLI: Thank you. So the next in the order of
10 appearances is BCOAPO.

11 THE CHAIRPERSON: Actually, Mr. Bussoli and Ms. Worth,
12 so my apologies. I forgot to ask a question actually
13 of Mr. Martiskainen on behalf of Catalyst.

14 And that is, sir, do you support then the
15 full certification review process that's now been
16 found acceptable by BC Hydro? I just want to make
17 sure that I confirm that with you?

18 MR. MARTISKAINEN: Yes, confirmed. We support the full
19 certification.

20 THE CHAIRPERSON: Thank you. Ms. Worth. My apologies.

21 **SUBMISSIONS BY MS. WORTH:**

22 MS. WORTH: We certainly support any process that
23 allows interveners to put their positions on the
24 record.

25 So in regards to the first question that
26 the Commission asked which was about availability

1 restraints or constraints, aside from the time between
2 April 3 and 13 where I would be out of the country, we
3 stand ready to act in accordance with any schedule
4 that B.C. Utilities Commission may set provided that
5 there is further process for interveners. And in
6 particular one such as Ms. Herbst has proposed.

7 We don't have any other procedural issues.

8 And then going onto the more substantiating
9 things, I did want to start first with a comment on
10 the sort of stream one, stream two. It creates the
11 perception that stream two is something that is being
12 created rather than something that's already in
13 process. We are here not because BCOAPO and other
14 ratepayers within our client groups have an interest
15 in the technical issues that would be addressed by
16 WECC, but because of the public interest issues that
17 are engaged by BC Hydro seeking to undertake this
18 particular function.

19 And that was the gist of our questions that
20 we put to the utility both at the workshop and then
21 also in our IRs.

22 **Proceeding Time 2:40 p.m. T22**

23 So you know, for us, it's not a situation
24 where we're asking for -- like when we are supporting
25 Fortis's position on process where we're asking for
26 the Commission to convene a new process, it's actually

1 to continue one that is already underway. which is to
2 examine whether this particular application is in the
3 public interest, and then there is a technical
4 component to it which can fail on its own. The
5 Commission can determine that it would be in the
6 public interest for BC Hydro to actually go forward as
7 the RC but be unable to satisfy WECC as to their
8 ability to actually do so on the technical issues.

9 So for us we just want to be sure that
10 there's not this perception when we're referring to
11 stream 1 and stream 2 that we're asking for the
12 beginning of a new process.

13 I'd like to begin by saying that we're
14 pleased the BC Hydro has come to the position that it
15 is amenable to a full certification process and that
16 has proceeded today with that in mind. That was going
17 to be the meat of our submissions here today, you
18 know, both on sort of the cost as well as the benefit
19 to the public interest in going forward with the full
20 certification as opposed to the assurance.

21 So it has rendered, subject to any burning
22 desire by the Commission to hear me croak on at length
23 about the issues that really are irrelevant based on
24 BC Hydro's change in their position. I'm prepare to
25 kind of go onto issues that have arisen during this
26 process.

1 It appears to us in looking at this that BC
2 Hydro does not really appreciate the issues to be
3 decided by the B.C. Utilities Commission are as I have
4 already indicated, twofold, which is should the
5 utility be permitted to be registered as its own RC,
6 or -- and then there's sort of a second issue which
7 is, you know, if so, what format that review should
8 be, sort of the assurance or full review. Now, BC
9 Hydro has indicated that it is, of course, willing to
10 go ahead with the full review, but that doesn't answer
11 the first question which is, should this utility be
12 permitted to do that.

13 We're here on behalf of the ratepayers
14 which are serviced not only by BC Hydro and Fortis,
15 but any registered party that might take service and
16 that fall within the client groups of our clients here
17 today, and to us the first question is one that is
18 very important to have answered.

19 Ms. Herbst has made a number of suggestions
20 and has also made it clear that her clients, like
21 ours, have no expectation of commenting on the WECC
22 technical issues. That is not something that we were
23 seeking to have as part of our participation in this
24 process. We have full confidence that WECC is able to
25 address any of its concerns with BC Hydro and it is
26 far beyond our capabilities and our expertise to offer

1 any comments on that.

2 Our focus and our expertise is in actually
3 examining the public interest for these types of
4 things.

5 So Ms. Herbst has indicated that her
6 clients are seeking four documents on a March 1st
7 timeline. We were here in December as well and we did
8 hear that BC Hydro was in the process of drafting at
9 least one of the documents, if not all of the
10 documents, that Ms. Herbst has requested on behalf of
11 Fortis. So we, you know, pending what BC Hydro might
12 have to say, we think that that's a very reasonable
13 suggestion and these would address to a large degree
14 the public interest concerns that our clients would
15 have, which is to make sure that there is the
16 independence and the accountability and the dispute
17 resolution mechanisms in place that are going to allow
18 for smooth and efficient operation of the electrical
19 system within British Columbia.

20 **Proceeding Time 2:45 p.m. T23**

21 Despite my unavailability for a period of
22 time, the time between March 1st and April 30th, we see
23 no difficulties accommodating a discussion with BC
24 Hydro and having written submissions complete by April
25 30th. And we agree with Ms. Herbst that that really
26 would inform, same as we would in any other process

1 where we make our written submissions. That could
2 inform the Commission's decision on that first
3 question which is should this utility be permitted to
4 register as its own RC.

5 We agree that a response from BC Hydro
6 would be appropriate in that particular circumstance.
7 Because there may be issues that arise in our
8 submissions if we are not able to come to unity on the
9 views of how those four documents should be
10 formulated. But I think that there is a great deal of
11 interest on both sides of this in actually coming to
12 an agreement. BC Hydro -- it's in BC Hydro's best
13 interest as this is something that they've decided
14 that they want to undertake in order to be flexible
15 and to have these discussions where it doesn't
16 compromise their ability to operate as an RC. And
17 then also we as the representatives of ratepayers and
18 then Fortis has its own party, we would have
19 significant interests in actually achieving that
20 agreement as well.

21 So if there is a sticking point, the
22 Commission would, as it would in a revenue requirement
23 or a rate design or anything else where parties don't
24 necessarily agree, have before it the positions of the
25 parties, the information that informs those positions
26 and then the ability to actually make recommendations

1 to the utility or like in the Quebec Hydro case that
2 Ms. Herbst actually referred to, to order them to
3 incorporate certain things in those documents.

4 I am not aware of whether there was any
5 negotiation that took place, but Quebec Hydro was
6 ordered to incorporate certain things into its Code of
7 Conduct and that is something that I think that this
8 Commission could certainly do if there was some
9 sticking point where the parties were not able to come
10 to some sort of an agreement on those.

11 I think aside from that, I really don't see
12 much value in reiterating what Ms. Herbst has
13 indicated in her submissions. So, subject to any
14 questions, those are our submissions on this.

15 THE CHAIRPERSON: Thank you.

16 MR. BUSSOLI: Madam Chair, staff does not have any
17 submissions to make, and assuming Ms. Worth has no
18 further comments on her own comments, we can work our
19 way back up the list. So that would be Catalyst
20 Paper.

21 MR. MARTISKAINEN: We do not have any additional
22 comments.

23 THE CHAIRPERSON: Thank you. Ms. Herbst?

24 **REPLY BY MS. HERBST:**

25 MS. HERBST: Thank you, just three points to address. I
26 share and echo the helpful reminder of my friend Ms.

1 Worth regarding the status of the stream 2. Ms. Worth
2 is entirely correct that it is simply a continuation
3 of the existing process, and stream 2 is a label for
4 convenience, but is not a new proceeding, it is a
5 continuation of the existing one, split into two
6 parts.

7 The second point I would like to address is
8 just a brief mention by the representative of Catalyst
9 with respect to a potential streamlined review
10 process, and I will still call it with respect to
11 stream 2, but again understanding it is part of the
12 same process. FortisBC has no objection to that, that
13 would be fine, if the Commission would prefer that to
14 written submissions that we had proposed.

15 And the third thing that I would like to
16 address is that I think I had mentioned that I would
17 check with my client about one point that Madam Chair
18 had raised with respect to other processes involving
19 negotiation as agreements.

20 **Proceeding Time 2:49 p.m. T24**

21 I'm told that most entities -- in the case
22 of most entities this wouldn't arise in the sense that
23 they already have in place when they apply to be
24 registered as entities fulfilling the reliability
25 coordinator function, things like standards of conduct
26 or codes of conduct that participants -- registered

1 entities who might be affected can assess.

2 And so it's not the case that they're being
3 developed during the process, it's that they're
4 already there and can be assessed a part of the
5 process from the outset, should entities so choose.

6 And again, this is in the context of the
7 documents, the March 1st documents. They're the high
8 level documents, like standards of conduct or terms of
9 reference rather than granular documents that might
10 have to be negotiated as between particular registered
11 entities and the reliability coordinator.

12 The other thing I should note in respect of
13 this, and I was reminded by my client, it's not -- the
14 timeline that we've proposed is not requiring
15 negotiations so much as providing a window for
16 negotiations of the terms of those documents. So
17 between March 1st and April 30th the parties -- if
18 they're not dissat- -- if they're not satisfied
19 already with what BC Hydro has proposed, have an
20 opportunity to talk to BC Hydro and essentially take
21 some issues off the table for April 30th. If they're
22 happy with how things go in that time period, they
23 needn't address the terms of the four documents in the
24 April 30th submission. That would just be a way of
25 coming off the table, as opposed to an order to
26 negotiate per se.

1 And just for greater certainty I could say
2 that if even that is a point of some discomfort, what
3 we would say is that BC Hydro should at least put the
4 documents before that we requested on the record for
5 intervener comment, we would say for the April 30th
6 submission, and of course the Commission would be able
7 to determine whether they're an appropriate safeguard
8 for registered entities or not.

9 And thank you, subject to any further
10 questions, those are my points.

11 THE CHAIRPERSON: Mr. Everett?

12 COMMISSIONER EVERETT: No, thank you.

13 THE CHAIRPERSON: I do have one question for you, Ms.
14 Herbst. If, as you just pointed out, that March 1st to
15 April 30th timeline is simply an opportunity for
16 negotiation of the documents between yourselves and
17 anybody else who is interested and BC Hydro, why would
18 an SRP be appropriate?

19 MS. HERBST: I think -- so I'm assuming what Catalyst
20 was suggesting, and I would envision it as this.
21 Rather than having -- because the opportunity would
22 then be followed by April 30th written submissions in
23 our submission, and written submissions in response by
24 BC Hydro. And so I think the SRP suggestion -- or how
25 I would interpret it as is, in place of having written
26 submission and written submission, there would be a

1 gathering together where the same points could be
2 relay in the context of an SRP. I think it can dealt
3 with by written submissions, but I certainly don't
4 object to having it captured in an SRP.

5 If there are terms of documents at issue,
6 likely it would be handy at least to have something in
7 writing, so that parties can see it, but if an oral
8 component is preferred that is fine.

9 THE CHAIRPERSON: Okay, thank you very much.

10 MS. HERBST: Thank you.

11 THE CHAIRPERSON: I believe now that leads to the right
12 of reply by BC Hydro. However, I'm prepared to give
13 you a break if you would like, considering we've been
14 going at it now for two hours.

15 MS. FERGUSON: We would, thank you. The interveners
16 have given us a lot to digest. I know I have my
17 thoughts, but I definitely need to speak to my client.

18 THE CHAIRPERSON: Great. How long would you wish to
19 have, 15 minutes or 20?

20 MS. FERGUSON: If we could have a bit longer, 20.

21 THE CHAIRPERSON: 3:15 can we come back?

22 MS. FERGUSON: Sure.

23 THE CHAIRPERSON: All right, 3:15. Thank you very
24 much.

25 **(PROCEEDINGS ADJOURNED AT 2:54 P.M.)**

26 **(PROCEEDINGS RESUMED AT 3:31 P.M.)**

T26

1 THE CHAIRPERSON: Ms. Ferguson?

2 **REPLY BY MS. FERGUSON:**

3 MS. FERGUSON: Thank you. And thank you for indulging
4 our additional fifteen minutes. Like I say, we did
5 have quite a bit to digest.

6 I'll start at the top, I might be a little
7 bit back and forth as I go through some of my notes.
8 But in terms of the treatment of the WECC report, I
9 think what I heard at the end of the intervener
10 submissions, particularly from FBC and BCOAPO, was
11 that there would likely be no comments on the WECC
12 report. It is a highly technical report. All parties
13 I think are generally in agreement that WECC is
14 capable and very competent in undertaking its review
15 and we agree with all of that. So I would just
16 reiterate our comments that it should not be open to
17 comment and I do think I heard agreement from other
18 parties that there would likely not be any comments on
19 the WECC report.

20 So that gets us to the documents. So I'm
21 just going to call them the document bundle. Again,
22 what I heard from counsel for FBC is that there are
23 four documents. So three we have identified in -- I
24 actually don't have the IR reference. I think it
25 might be IR 1972.

26 Yes? Yeah. So those are the BCUC IR 1972,

1 that is the RC Standards of Conduct, the RC Registered
2 Entities Oversight Group Terms of Reference, the RC
3 and BA/TOP Operations Working Group Terms of
4 Reference, and then Ms. Herbst added Dispute
5 Resolution Mechanism Document.

6 So that fourth document is not something
7 that we, that BC Hydro, ever contemplated as being a
8 standalone document. Certainly in our IR responses
9 and other materials that's something that -- you know,
10 a dispute resolution clause is generally something
11 that would be included in other documents like the
12 operational documents, terms of service, things like
13 that.

14 We are not strongly opposed to a separate
15 document, but I guess I would say that with a caveat
16 -- and I don't think it's an insurmountable problem,
17 but that I think I would like to get a bit more
18 clarity on what Fortis is proposing in terms of a
19 dispute resolution "document". That's something that
20 I don't think the Commission needs to wade in on or
21 that needs to be settled today. I think that's
22 probably something that we -- BC Hydro and Fortis can,
23 you know, just talk about and figure out what that --
24 what they think that that document is. But I did just
25 want to say that at the outset we're not strongly
26 opposed to it, we just don't really know what it is.

1 be at best. At worst I actually think that bringing
2 any sort of consultation into the process could stall
3 the development of the documents.

4 So again, I think that we are in alignment
5 with Fortis and BCOAPO and Catalyst who made comments
6 about this stream. But I just want to be clear on
7 what BC Hydro's intention are.

8 So if we get into the sort of more nitty-
9 gritty, what I mean by that is it's true BC Hydro said
10 at the workshop that they were developing these
11 documents. Those documents are under development.
12 They are currently in the process of finalizing
13 drafts. Right now BC Hydro expects those documents to
14 be ready in draft form -- I may have to consult on
15 this date, but I think it's still in draft form in mid
16 to late February. Right. In draft form in mid to
17 late February. It may be a rolling process that we
18 get the documents out to stakeholders. When they are
19 ready, they will go out, but certainly Fortis's
20 suggestion of March 1st we can absolutely meet.

21 BC Hydro then intends to have a review
22 cycle. So share the documents with interested
23 parties, receive comments, certainly, you know, that
24 doesn't have to be -- you know, there's no structure
25 in terms of BC Hydro doesn't -- they don't have to be
26 solely written comments, they could be written and

1 verbal comments that a party wants to share with BC
2 Hydro. BC Hydro then would intend to revise, prepare
3 a draft that incorporates those comments that it's
4 received, and as part of this process proposes to host
5 a conference call to clarify and address any issues.

6 So at that point we sort of see that step
7 as being somewhat similar to an SRP. Obviously we are
8 not all here airing our concerns, but certainly it is
9 a gathering of all parties and an opportunity for
10 everybody to engage on the issues, if there are any.
11 We're hopeful, like everyone, that there won't be
12 insurmountable issues, but there will be that
13 opportunity.

14 That process, we think, could be complete
15 by April 15th or perhaps a little bit before April 15th.
16 And why I'm proposing April 15th is because I think
17 that that date is important in terms of the schedule
18 that may follow. And what I suggest is that the only
19 order that the Commission needs to make coming out of
20 this procedural conference is a process step that asks
21 parties to basically let the Commission know if they
22 require further process and what that may be by April
23 15th. But that's only if required.

24 **Proceeding Time 3:40 p.m. T28**

25 We're hopeful that nothing further will be
26 required at that point with respect to these

1 documents. But certainly if the Commission were to
2 set that date for parties to say, you know -- that
3 would be their opportunity to say "Well we haven't
4 come to terms on this particular issue, here's what we
5 propose."

6 I think as well it's important that I say
7 something about if there is a further process. So
8 let's say we get to April 15th and there is some sort
9 of process with respect to these documents. Again the
10 way I heard Ms. Herbst's submissions was that in my
11 view it sounds like essentially we would have an
12 argument phase. So BC Hydro's submissions on that
13 point or at this stage are that it's not strongly
14 opposed to an argument phase. We would request,
15 obviously, that it be short and focused to very
16 specific issues. But again that is something we think
17 can be addressed in the April 15th submissions, if and
18 when we get to that point.

19 Finally I think it's also important to
20 recognize that B.C. Hydro is not seeking approval of
21 any of these documents and in fact I think it would be
22 an error for the Commission to approve the documents.

23 Obviously these documents are going to be
24 living documents. They may require further
25 negotiation in the future. There is going to be an
26 oversight group that will include many of these

1 interested parties. There's going to be tweaks that
2 need to made. If the Commission were to approve a
3 document that would make for certainly a very unwieldy
4 process going forward in terms of flexibility of those
5 documents.

6 Again I don't know, I don't think I heard
7 Ms. Herbst say that, but I did just really want to be
8 clear that we aren't seeking any approval with respect
9 to these documents.

10 I'm just going to pause for a moment to
11 look through my notes.

12 So I think what I've said likely takes care
13 of -- at one point Commissioner Everett asked whether
14 or not the Commission could make an order appointing
15 the RC and then continue with the sort of review of
16 these documents, should that be required and
17 Commissioner Everett raised an excellent point which
18 is that we would be strongly opposed to any process
19 with respect to the governance documents holding up BC
20 Hydro's registration application.

21 **Proceeding Time 3:45 p.m. T29**

22 So again I think it's really important to
23 step back and remember that this application is an
24 application for BC Hydro to be registered as the RC.
25 In order for it to do that, it needs to meet the
26 capability requirements, at a high level and at

1 perhaps even its most granular level. That is what
2 the BC MRS scheme provides. If you have the
3 capability to perform the function, you can register
4 to perform that function. WECC is going to do a
5 review, a very thorough review that will at the end
6 recommend, provide a report as to whether or not BC
7 Hydro has those capabilities to perform that function.

8 BC Hydro, perhaps, could have sought to
9 register as RC for itself. It didn't. It sought to
10 register as RC for B.C., but there is no other party
11 before you, and I think this is very important. There
12 is no choice. The application in front of you is for
13 BC Hydro's registration.

14 A question came up, BC Hydro does not think
15 the Commission has the power to compel another party
16 to seek registration. And regardless, or related to
17 that, I believe Catalyst raised the point about an
18 assessment of alternatives. So again, this is getting
19 at another party other than BC Hydro. I think again I
20 would point out you have an application in front of
21 you with an applicant. The applicant is BC Hydro and
22 not any other party.

23 Secondly, to Catalyst's point, and with
24 respect all interveners, had an opportunity to file
25 evidence. Certainly something about evidence related
26 to an alternative to BC Hydro is something that any

1 part could have addressed through evidence. No party
2 chose to provide evidence on that point, so in BC
3 Hydro's view we would strongly object to any party
4 raising alternatives at the end of April. Well,
5 frankly, at this point, at the end of April or at any
6 point going forward in this process.

7 I think, subject to any questions from the
8 panel, those are all my reply submissions.

9 THE CHAIRPERSON: Thank you, Ms. Ferguson.

10 Mr. Everett.

11 COMMISSIONER EVERETT: Just one moment. Thank you, Madam
12 Chair.

13 THE CHAIRPERSON: Would you like me to go first? I
14 could.

15 COMMISSIONER EVERETT: You go first, thank you.

16 THE CHAIRPERSON: I do have a couple of questions, just
17 to be clear. Do I take it that BC Hydro's submissions
18 are that no order is needed with respect to providing
19 drafts of the documents and that the only order that
20 we should make is to provide for submissions for
21 further process on April 15th, with respect to further
22 documents?

23 MS. FERGUSON: Absolutely yes, that would be our
24 submission.

25 THE CHAIRPERSON: Thank you. And then I want to go back
26 to your very first comment with respect to process,

1 and that is the comment with respect to the WECC
2 report that -- and the submissions that Fortis and
3 BCOAPO have made, which indicate to you that they
4 would have no further comment on the WECC report and
5 they did not intend to provide comment.

6 **Proceeding Time 3:49 p.m. T30**

7 However, I think Ms. Herbst did say that
8 they would be interested in at least knowing the
9 outcome of that report.

10 So would you be amenable to the Commission
11 requiring that BC Hydro provide, if not the details of
12 the report then at least a summary of the outcome or
13 recommendations of the report?

14 MS. FERGUSON: So again I think you've heard my
15 submissions earlier on in terms of who I think the
16 report should be issued to, and its treatment. I --
17 provided that in putting the outcome of the report on
18 the record, if it's a stripped down summary of the
19 outcome on the record, that didn't lead to further
20 process, I think BC Hydro probably would be amenable
21 to that. I'm looking, I perhaps should take
22 instructions on that point.

23 But as I said, subject to confidentiality
24 concerns, I do know that WECC does in some instances
25 provide public and non-public versions of reports.
26 From our perspective I think perhaps a happy medium is

1 the outcome but it is filed for information purposes
2 only, that then resolves our concerns with respect to
3 further process, et cetera.

4 Maybe if I can just take one minute?

5 THE CHAIRPERSON: Please, go ahead.

6 MS. FERGUSON: Luckily they agree with what I've said.

7 THE CHAIRPERSON: Okay, thank you. Mr. Everett?

8 COMMISSIONER EVERETT: No, you did capture the question I
9 was looking for in my notes, thank you.

10 THE CHAIRPERSON: Thank you.

11 MS. FERGUSON: No further questions?

12 THE CHAIRPERSON: Thank you.

13 Mr. Bussoli?

14 MR. BUSSOLI: Did you want to hear -- sorry if I don't
15 quite understand the process. Did you want to hear
16 from other parties? I mean, those are the reply
17 submissions of BC Hydro, so I think that is the end of
18 it. But -- so there are no other issues that have
19 arisen that need to be addressed today, so it is up to
20 the --

21 THE CHAIRPERSON: Thank you.

22 Mr. Everett and I have just conferred about
23 this, and I think since BC Hydro has put forward a
24 proposal, I think we should hear from the intervenors
25 about their view of the proposal, because that is new,
26 nobody has had the opportunity to canvass, so. So we

1 can go back up.

2 MR. BUSSOLI: Sure, we will go back down the chain, so
3 that would be FortisBC Inc.?

4 THE CHAIRPERSON: That's right. But if you could make it
5 short and snappy, that would be wonderful. If you
6 need a few minutes, we can accommodate, Ms. Herbst?

7 MS. HERBST: If I might have just a couple of moments, I
8 just want to make sure I capture everything.

9 THE CHAIRPERSON: Absolutely. So maybe we will go to the
10 next person, and we will come back to Ms. Herbst.

11 MR. BUSSOLI: So that would be Catalyst Paper? If they
12 are on the phone?

13 **REPLY BY MR. MARTISKAINEN:**

14 MR. MARTISKAINEN: Okay, yeah, it is Joni Martiskainen
15 with Catalyst Paper. Just one comment or question I
16 guess if the Commission goes with the proposal for a
17 meeting between BC Hydro and the interested parties
18 rather than an SRP, I think that we can support that.
19 As long as there is some sort of a document that would
20 go with that. So, for example, on April 15th when BC
21 Hydro submits an update or revised documents, if they
22 could also submit. @@

23 Track 31

24 **Proceeding Time 3:55 a.m. T31**

25 comment forms, for example, that would come in from the
26 interested parties based out of the normal meeting,

1 that would be a similar way to capture in writing the
2 feedback. And just a comment form would be acceptable
3 to us if an SRP is not chosen.

4 THE CHAIRPERSON: So just so I understand, sir, I think
5 what you're proposing is that BC Hydro provides a
6 summary of comments they've received to the drafts on
7 or before April 15th, is that correct?

8 MR. MARTISKAINEN: Correct. So if we're not having an
9 SRP with Q&A and we go the route of having a meeting
10 with BC Hydro to review the draft document that come
11 out March 1st , then if there's a comment form that the
12 interested parties can fill out and hand back to BC
13 Hydro, and BC Hydro submits those feedback or comment
14 forms along with the other information on April 15th,
15 then at least that way we can capture the information
16 in a document form. And that would be acceptable for
17 Catalyst Paper if that's the decision instead of an
18 SRP.

19 THE CHAIRPERSON: Okay, I think I'm going to leave it
20 with Ms. Ferguson, because this process would
21 presumably unfold between yourselves and -- BC Hydro
22 actually and the interested parties. So you've heard
23 Catalyst's request and I will assume that you will
24 deal with it.

25 Yes? Okay, thank you.

26 MR. BUSSOLI: So then we'll just jump to BC Old Age

1 Pensioners.

2 THE CHAIRPERSON: Thank you. Ms. Worth?

3 MS. WORTH: So I'm just going to start by summarizing
4 what I believe my friend's suggestion for process was,
5 which was that they would have their drafts, provide
6 them to parties by March 1st or thereabouts, and then
7 we'd have some sort of consultation process. There
8 would be revisions made based on that, provided the
9 results of the consultations were something that BC
10 Hydro felt that they could accommodate, they would
11 provide a revised copy, and then parties would have an
12 opportunity to indicate on the record whether the
13 actions that sort of took place behind the curtain
14 were sufficient or whether they felt that there was
15 further process needed on April 15th, is that correct?
16 Okay.

17 I'm not sure that what BC Hydro is
18 suggesting is all that different than what the parties
19 here are actually putting forward, which was Ms.
20 Herbst's original position and that which we adopted.
21 Because the thing is is that if we come to a situation
22 where the parties have engaged in this process where
23 there's this consultation, the review, and we offer
24 our input. BC Hydro adopts it or they don't, they
25 provide us with a revision. There's the opportunity
26 for that to take place between March 1st and April 30th.

1 And then we have on the record parties in -
2 - you know, provided we are in accord with what BC
3 Hydro's putting forward, saying that we are satisfied
4 with the document and with the process that took place
5 and that there is this on the record for the public.
6 Because the interests of the public are engaged here
7 I'm just concerned that there be sufficient public
8 record. I'm not sure that the processes are all that
9 different or that we're going to end up mired down in
10 a lot of process if we proceed with what Ms. Herbst
11 and I have put forward today. There is the
12 opportunity, like I said, for us to engage in this
13 back and forth with BC Hydro and that was certainly
14 contemplated in what we had put forward jointly.

15 So, you know, it's just I'm not quite sure,
16 other than the fact that there wouldn't be on a
17 regulatory schedule written arguments on April 30th,
18 what the difference really is. So I'm having a bit of
19 difficulty in appreciating the difference, other than
20 the fact that there would be less on the public record
21 in potentially in BC Hydro's suggestion **than there
22 might be otherwise.

23 THE CHAIRPERSON: I think Ms. Worth that the main
24 difference that I can highlight is that -- and it's
25 one pointed out by Ms. Ferguson, is that BC Hydro is
26 not seeking BCUC approval of these documents. It's a

1 process that BC Hydro is engaging with interested
2 parties to ensure that you are happy with the
3 governance model that they've selected and they're not
4 asking for BCUC approval.

5

6

7 Track 32

8

Proceeding Time 4:00 p.m. T32

9

Hence regulatory process is not an
10 appropriate way for them to make those documents
11 available.

12

MS. WORTH: I believe that my friend, Ms. Herbst,
13 actually hit the nail on the head there, which was
14 that these documents will actually inform whether BC
15 Hydro's application is in the public interest.

16

You know, how these documents are
17 formulated, the specifics of it actually do go to the
18 heart of what I said was the first point of this
19 process which is should BC Hydro be allowed to -- be
20 sort of approved to apply for BNR and then WECC has
21 the sort of second component which is have they
22 fulfilled those sort of technical requirements in
23 order to be able to do that, to be certified to do
24 that.

25

26

The document that Ms. Herbst has -- the
four documents that Ms. Herbst actually specified, I

1 think, go to the heart of whether BC Hydro undertaking
2 this is in the public interest or not and absent that
3 then I think that it really guts the purpose of -- the
4 main purpose hearing from our perspective, which is
5 the public interest.

6 Again, the Commission is not going to be
7 engaging in this technical report and, you know,
8 you'll be looking at it and saying, okay, this is a
9 consideration but it's not the only consideration and
10 in my view these documents and process attached to it
11 are necessary. So they're inextricably entwined and
12 that consideration of those as part of this process is
13 necessary.

14 BC Hydro, when it comes to you, needs to
15 have that in place in order to assure you in your
16 inquiry as to whether this is in the public interest.
17 Whether they are seeking approval of those documents
18 or not that is a consideration, in my submission, that
19 you would look at in deciding whether it is in the
20 public interest.

21 So I think the process that Ms. Herbst
22 suggested is still what I would get behind in the
23 public interest, in, you know, public hearings. I
24 think that it's important for the -- it's important
25 for our clients certain to have that ability to make
26 fulsome comment and to do it in a timely manner

1 because again if we wait until April 15th and we
2 comment on whether further process is needed at that
3 point we are potentially getting into a situation
4 where we're butting up to September 15th or sorry
5 September 2nd.

6 If we deal with it in this manner we make
7 our submissions, we have that back and forth prior to
8 that so that hopefully we can come to some sort of
9 agreement, then there's little chance of that actually
10 happening and in my submission there's very little
11 chance, next to nil, that we'd end up butting against
12 that September 2nd date.

13 So from my perspective BC Hydro's position
14 in their reply doesn't change what I'm going to be
15 requesting as a process for this. Subject to any
16 questions.

17 THE CHAIRPERSON: Mr. Everett?

18 COMMISSIONER EVERETT: No, I haven't got any questions.

19 THE CHAIRPERSON: Thank you, thank you Ms. Worth. Ms.
20 Herbst, back to you.

21 MS. HERBST: Thank you and thank you for the
22 opportunity to consult. So I have for points to make
23 arising out of the process suggestion of BC Hydro and
24 in large measure they reflect the last remarks that
25 were just made by Ms. Worth.

26 So the first point is I agree the

1 Commission is not being asked to approve the
2 documents, including the four documents that I've put
3 forward as the March 1st document. But they're a vital
4 backdrop to determining

5

6

7 Track 33

8

Proceeding Time 4:04 p.m. T33

9 The Commission should grant the relief that's being
10 sought here which is to allow BC Hydro to be registered
11 as reliability coordinator. I say without the backdrop
12 of those documents, that decision can't be made. It
13 would be absent vital information that the Commission
14 should take into account.

15 So points 2 and 3 that I want to make relate to that
16 and they do go go, and again echoing Ms. Worth, they do
17 go to why I say the order the Commission should make
18 following this procedural conference should include two
19 dates that I suggested, March 1st and April 30th.

20 The March 1st date for the filing of the documents to
21 keep matters on track and to ensure that there is a good
22 opportunity before the next stage in the procedural
23 timetable to have an opportunity to review the
24 documents, reflect on them. The date doesn't seem to
25 be problematic and I think in terms of practicality for
26 BC Hydro but it is important to reflect it in the

1 procedural timetable so that everyone knows what's being
2 worked toward and that there will be an opportunity to
3 reflect and comment. And so time doesn't get away from
4 us as it may have leading up to the information request
5 process.

6 The third point unrelated to that is that the April 30th
7 date in my submission should be maintained in the
8 regulatory timetable that I say should flow from the
9 procedural conference and that by April 30th, it may be
10 the parties decide that they have very little to say in
11 which case their submissions that are due to be filed on
12 that date can say that they're satisfied with the public
13 interest, including with the documents given the
14 governance structure that's being set out, that they're
15 satisfied with BC Hydro's registration as reliability
16 coordinator, or they can say something different.

17 But BC Hydro's proposal would be—I agree with Ms.
18 Worth, inject an element of both uncertainty and
19 potentially lengthening the process by having a second—
20 or a separate stage on April 15th and it would also
21 contemplate the possibility that interveners would be
22 denied the possibility of making submissions at all.
23 And I say that shouldn't be the case. There's no reason
24 for it given the process and that the April 30th date
25 should be set now.

26 The final point I want to make arises out of a process

1 related issue regarding the four documents of March 1st
2 and it's just a point of explanation. I realize BC
3 Hydro also invited some discussion offline, and that's
4 the 4th of the documents, the dispute resolution
5 mechanism. Normally that's a matter that would be
6 embedded in another agreement. FortisBC is content with
7 it being, you know, on its own, or perhaps part of the
8 terms of reference. So it could be one of the other
9 three documents that are being put forward. The
10 important thing is to have it, somehow before the
11 interveners and registered parties by March 1st. Because
12 what the dispute resolution mechanism does is allow for
13 parties, interveners, registered entities to know that
14 there's going to be some recourse in case later on the
15 detailed other documents that need to be put together
16 don't work out, or that that mechanism that's going to
17 be provided in detailed operational documents or service
18 agreements will work. So we would be content either
19 with a separate dispute resolution mechanism document.
20 The draft of a clause that BC Hydro would otherwise
21 propose to incorporate in another document or somehow
22 the embedding of dispute resolution in one of the other
23 three documents. But one way or the other, dispute
24 resolution is important, and by the March 1st date.

25 So, subject to questions, those are my
26 submissions on BC Hydro's process suggestion.

Proceeding Time 4:08 p.m. T34

1
2 THE CHAIRPERSON: Thank you, Ms. Herbst. Mr. Everett?
3 COMMISSIONER EVERETT: No questions.
4 THE CHAIRPERSON: I do have one question and that arises
5 from your earlier submissions when you first proposed
6 this stream 2. And that is your suggestion initially
7 that BC Hydro's filing of the draft documents may not
8 need to be filed with the Commission as opposed to be
9 provided to the parties. What is your position on
10 this now?
11 MS. HERBST: Certainly what is important with -- we
12 certainly wouldn't object to a filing on March 1st. It
13 may be that the documents in between provision on
14 March 1st to registered entities, interveners and April
15 30th evolve, and so for efficiency it may be that the
16 documents only at the stage that they're finally at by
17 April 30th should be filed. We don't have a strong
18 position as to whether the initial draft should be
19 filed on March 1st, or at least -- but we certainly do
20 think that some drafts should be filed by April 30th.
21 THE CHAIRPERSON: With the Commission?
22 MS. HERBST: With the Commission, that's correct.
23 THE CHAIRPERSON: Okay.
24 MS. HERBST: To form a basis for any submissions that
25 might be made in respect of them.
26 THE CHAIRPERSON: Okay, thank you very much.

1 MS. HERBST: Thank you.

2 THE CHAIRPERSON: Ms. Ferguson, do you need a moment?

3 MS. FERGUSON: I do.

4 THE CHAIRPERSON: Thank you.

5 MS. FERGUSON: Thank you.

6 THE CHAIRPERSON: Please go ahead.

7 **REPLY BY MS. FERGUSON:**

8 MS. FERGUSON: That was helpful. I suppose in my mind
9 when I had originally said April 15th, I thought I was
10 pulling forward the April 30th date to April 15th. But
11 I do now understand that there is a difference between
12 what people are expecting on those dates.

13 So, I think what I suppose I'm having
14 difficulty with is that on April 30th we don't know if
15 submissions will be necessary at all. So it may just
16 be, like we have absolutely no idea about this process
17 that we are all committed to and hopeful will be a
18 successful process where parties come to agreement.
19 But on April 30 -- we right now in this position can't
20 say what those April 30th submissions will be and it
21 may be parties just say "we all came to agreement."
22 You know? "Thank you, Commission." So, I do propose
23 that we retain the April 15th date.

24 **Proceeding Time 4:14 p.m. T35**

25 That that date would provide an opportunity for
26 parties to say we have come to terms, or here are two

1 very specific things we haven't been able to come to
2 terms with, and more process is required. That then
3 could still have an April 30th date, you know, as
4 necessary or to be determined, the content of those
5 April 30th, but we have no problem retaining the April
6 30th date, and in fact, we agree, we don't want any
7 slippage to the timeline with what my friends have
8 said, but I do think the April 15th date is really for
9 us to say, you know, "Here, Commission, this is where
10 we've come to, and you know, nothing further needed."
11 So I would propose that we stick to that process order
12 coming out of today.

13 In terms of what Catalyst suggested, which
14 was on April 15th providing a summary of comments.
15 Again I don't see how that's necessary. The comments
16 between parties is going to be part of the March 1st to
17 April 15th process.

18 If there are no issues then a summary of
19 comments is, frankly, unnecessary. However, if there
20 are issues then Catalyst, just like all parties, BC
21 Hydro included, has an opportunity to raise those on
22 April 30th, if required. So I don't think Catalyst's
23 extra step or extra submission is required. I think
24 that they will a part of the process that has been
25 outlined and that will satisfy their concerns.

26 I also had in my notes that Fortis

1 previously had, on a number of occasions said they
2 didn't have a view on whether the agreements get
3 filed, but now you seem to suggest that they do want
4 them filed at some point. I would agree with what Ms.
5 Herbst said that March 1st. It is our expectation that
6 these will be pretty draft documents and they are --
7 the purpose of releasing them on March 1st is to start
8 the consultation and engagement process on those
9 documents. So I don't see any value in filing draft
10 documents with the Commission on March 1st. However,
11 as we've said in our IRs, we are absolutely happy to
12 provide, for information purposes, copies of the
13 documents on the record. For information purposes,
14 sorry, to the Commission, we will file after April 15th
15 copies of the documents.

16 THE CHAIRPERSON: Just so I understand specifically what
17 you are proposing, you're proposing that you file the
18 documents in whatever form they are in on April 15th
19 with the Commission, rather than April 30th which is
20 what Fortis and BCOAPO have proposed.

21 MS. FERGUSON: Yes, we can do that. Because by April
22 15th I think everyone has agreed that the process with
23 respect to the documents should be over, in terms of
24 engagement on the documents should be over. So they
25 should either be fully settled, or they may be subject
26 to some disagreement which is why we require -- why,

1 if at all, any further process is required.

2 And then is it your expectation then by
3 April 30th the interveners and interested parties would
4 provide submissions, further submissions at that point
5 on both whether or not the documents are acceptable
6 and whether or not BC Hydro ought to be accepted as
7 the registered reliability coordinator because it's in
8 the public interest to do so based on the documents in
9 whatever form they are in at that point. Is that your
10 expectation? That's why I want to make sure I
11 understand what it is that you are proposing here.

12 MS. FERGUSON: Absolutely. Absolutely. I think that
13 our submission is that this whole process has to do
14 with documents.

15 THE CHAIRPERSON: Yes.

16 MS. FERGUSON: So there may no further process, there
17 may be no submissions on April 30th. If there are
18 submissions on April 30th, those submissions are with
19 respect to the document.

20 **Proceeding Time 4:20 p.m. T36**

21 So they are, possibly, with respect to two
22 issues that have come up. One issue that parties
23 haven't come to terms on with respect to those
24 documents. That would be, like I said, an exchange of
25 arguments, for lack of a better term, and those would
26 be on April 30th.

1 THE CHAIRPERSON: But I don't think that's what Ms.
2 Herbst and Ms. Worth said. What they've advocated or
3 argued, and perhaps this is not even submissions it's
4 argument, actually, and perhaps I should postpone it
5 to the argument phase, but what they are suggesting is
6 that these documents are key to determining whether or
7 not the registration of BC Hydro is in the public
8 interest and hence that's why they want to see them
9 and that's why they want input on them and that's why
10 they want to make submissions on them.

11 MS. FERGUSON: But they've also both, from my
12 perspective, said that there may be no submissions.

13 THE CHAIRPERSON: Exactly.

14 MS. FERGUSON: It may be that we call come and we say
15 these documents are acceptable. We will file them for
16 information purposes with the Commission and we've all
17 come to terms.

18 The Commission has until September 2nd to
19 consider BC Hydro's application in terms of whether it
20 should be registered. On April 30th the only thing
21 that the Commission may need to hear from us on is if
22 there are issue still in contention with respect to
23 the documents and we're hopeful the Commission won't
24 even need to hear that.

25 And I think what I heard from Ms. Herbst
26 was that parties may -- we come to an agreement and

1 parties may say we have come to agreement and it is
2 that fact that the Commission can take into
3 consideration in making its ultimate determination
4 after it has had the full technical process also
5 proceed and the WECC review and has a WECC
6 recommendation.

7 COMMISSIONER EVERETT: So just trying to pin down the
8 difference between your submission and Ms. Herbst's
9 submission, March 1 BC Hydro delivers the documents.
10 Both of you agree on that, correct?

11 MS. FERGUSON: We agree.

12 COMMISSIONER EVERETT: March 1 BC Hydro files those
13 drafts with the BCUC so that --

14 THE CHAIRPERSON: No.

15 COMMISSIONER EVERETT: No?

16 THE CHAIRPERSON: No.

17 COMMISSIONER EVERETT: All right. So I wasn't sure
18 about that.

19 MS. FERGUSON: And we both agree, I think, on that too.

20 COMMISSIONER EVERETT: Both agree not at that time.

21 THE CHAIRPERSON: It's an exchange of documents.

22 MS. FERGUSON: It's an exchange of documents.

23 COMMISSIONER EVERETT: Exchange of documents, okay.

24 MS. FERGUSON: March 1st.

25 COMMISSIONER EVERETT: Now, then there's April 30th was
26 the next date proposed by Ms. Herbst. You were

1 proposing April 15.

2 MS. FERGUSON: Yes.

3 COMMISSIONER EVERETT: You take me just very briefly
4 through what you say is going to happen on April 15.

5 MS. FERGUSON: On April 15th --

6 COMMISSIONER EVERETT: Yeah.

7 MS. FERGUSON: -- I hope to write a letter to the
8 Commission saying all parties have to terms on the
9 agreements.

10 COMMISSIONER EVERETT: Okay.

11 MS. FERGUSON: The documents. We may also say, "Except
12 for this one issue which remains outstanding. We will
13 file submissions with respect to that issue on April
14 30th."

15 COMMISSIONER EVERETT: All parties will -- you will and
16 then there'll be a reply submission?

17 MS. FERGUSON: Absolutely.

18 COMMISSIONER EVERETT: Okay, and that's --

19 MS. FERGUSON: Those would be BC Hydro's submission.

20 COMMISSIONER EVERETT: That's BC Hydro's --

21 MS. FERGUSON: Fortis may have different submissions on
22 April 15th.

23 COMMISSIONER EVERETT: No, I understand that. Now I
24 understand what you're saying, and Ms. Herbst, you
25 were saying April 30 there would be written
26 submissions on where the differences, if any, are on

1 the documents, is that correct?

2 MS. HEBRST: But not exclusively so. The parties would
3 also have an opportunity to address any other public
4 interest elements that go into --

5 THE CHAIRPERSON: Yes.

6 COMMISSIONER EVERETT: Yes.

7 MS. HERBST: So it wouldn't be -- we might be saying on
8 April 30th that we're -- the documents are good but
9 there's some other issue and public interest that we
10 need to address.

11 COMMISSIONER EVERETT: Okay, and is there any concern
12 about April 30th -- what BC Hydro is suggesting, Ms.
13 Ferguson is suggesting is that Hydro gives a written
14 submission followed by a written response. You're
15 saying that the written submissions would all happen
16 on April 30th?

17 **Proceeding Time 4:25 p.m. T37**

18 MS. HERBST: My suggestion was although --

19 COMMISSIONER EVERETT: Ships in the night perhaps.

20 MS. HERBST: -- well, and my suggestion had been that
21 the interveners go first in that --

22 THE CHAIRPERSON: Yes.

23 MS. HERBST: Just in this context, because it may be
24 there are large elements of BC Hydro's application
25 that interveners don't have issues with --

26 COMMISSIONER EVERETT: I understand.

1 MS. HERBST: -- but are targeting. The targeting might
2 not be specifically to a document issue it might be to
3 another public interest issue. But my suggestion was
4 it might actually lessen the workload for BC Hydro in
5 responding because it would know the particular issues
6 that interveners are going for. In that sense, I
7 think it might be helpful to have staggered
8 submissions with interveners going first and then BC
9 Hydro, but if BC Hydro wants to go at the same time
10 with both sides responding, that's another option.

11 COMMISSIONER EVERETT: I'm sorry to ask you both to
12 parse this for me, but it has been helpful. Thank
13 you.

14 MS. HERBST: Thank you.

15 THE CHAIRPERSON: Thank you

16 MS. FERGUSON: So can I make one further comment?

17 THE CHAIRPERSON: Yes, please.

18 MS. FERGUSON: So that is with respect -- so again, Ms.
19 Herbst asking for on April 30th, basically almost like
20 an exchange of final argument?

21 THE CHAIRPERSON: Yes.

22 MS. FERGUSON: Okay.

23 THE CHAIRPERSON: That is exactly what she is asking
24 for.

25 MS. FERGUSON: Right. So again, I think on that point,
26 well you have our submissions with respect to an

1 alternative to that. BC Hydro, you also have our
2 submissions on the fact that we think the final and
3 only remaining step is the WECC review. But I will
4 say that BC Hydro is not opposed to a final argument,
5 an exchange of argument. And I agree to what Ms.
6 Herbst has suggested if we are getting into the nitty
7 gritty of the order of final argument, I appreciate
8 her comments in that regard, but I would strongly
9 stress that the argument phase would need to be -- so
10 as I've said with respect to the documents, would
11 really need to be focused and appropriately scoped.
12 And frankly, it needs to be scoped to keep in mind BC
13 Hydro's application, and the question in front of you
14 is whether or not to approve its registration as RC.

15 THE CHAIRPERSON: Thank you, Ms. Ferguson.

16 I think we will take five minutes to confer
17 and then we will be back. Thank you.

18 **(PROCEEDINGS ADJOURNED AT 4:28 P.M.)**

19 **(PROCEEDINGS RESUMED AT 4:39 P.M.)** **T38/39**

20 THE CHAIRPERSON: Thank you everybody for your
21 submissions. The panel now orders that by agreement
22 with all parties BC Hydro will undergo a full
23 certification review, including a review of all SIP
24 reliability standards by the Western Electricity
25 Coordinating Council in accordance with the schedule
26 proposed by BC Hydro in Exhibit B-8, with such

1 adjustments for an earlier date for the WECC
2 certification site audit as may be agreed to by BC
3 Hydro and WECC.

4 As for the remaining regulatory timetable,
5 the panel will consider all the submissions that the
6 panel has heard this afternoon and will issue an order
7 with reasons to follow in due course.

8 The panel also notes that BC Hydro has
9 agreed with interveners and interested parties to
10 provide them with copies of draft governance documents
11 that were referred to in the submissions this
12 afternoon by March 1, 2019. And the panel will expect
13 BC Hydro to do so.

14 This order will be reflected in a formal
15 written order and to the extent that there are any
16 inconsistencies between this oral order and the
17 written order, the formal written order will prevail.

18 And this concludes the proceeding this
19 afternoon and I thank everyone for your patience, and
20 your contributions, and your submissions.

21 **(PROCEEDINGS ADJOURNED AT 4:41 P.M.)**

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I HEREBY CERTIFY THAT THE FORGOING
is a true and accurate transcript
of the proceedings herein, to the
best of my skill and ability.


A.B. Lanigan, Court Reporter

January 30, 2019