

**Mr. Chairman, Commissioner Brownell,
Commissioner Kelly, ladies and gentlemen.**

My company, British Columbia Transmission Corporation (BCTC), was created by a Provincial Government legislation in 2003 as the independent operator, planner, and asset manager of the transmission system historically controlled and owned by BC Hydro.

The creation of BCTC was fundamental to enabling Our British Columbia Government Energy Policy which opened the door to the private developers to invest and meet the future electricity needs of the Province of British Columbia.

Furthermore, the BC Government called upon the electricity distributors to pursue a voluntary goal to acquire 50% of new supply from Clean Electricity sources over the next ten years.

We are currently in the middle of a new Open Access Transmission Tariff proceedings under the direction of the BC Utilities Commission.

We continue to avoid major seams and discrepancies with our neighboring transmission providers by adopting a FERC 888 Pro-Forma model as close as possible except where it is absolutely necessary.

We continue to recognize, however, that until a regional transmission organization is established in our region, flexibility in implementing 888 to accommodate the evolving needs of the remaining decentralized markets is becoming necessary.

Accommodating distributed generation resources, particularly the likes of Wind Power is a good example and this conference can't be more timely, or if I may say "I wish it came two months earlier".

The issues we needed to address in our new proposed Tariff are largely similar to those identified in the Commission Staff Paper

Let me share with you the highlight issues and our proposed solutions.

In this respect, please forgive me if I cross the line between the scope of this panel and the next Panel since the resolution of the issues in planning and operation resulted in new products in our proposed tariff.

As we all know, interconnection requests from all resources form a significant part of the basis for the network planning process.

- 1. First, we heard in the morning several calls for more efficient utilization of the existing system. At the high level of characterizing the issues associated with Wind Power planning and operation, we found that “size matters”.**

Surely, accommodating distributed resources of limited sizes around the network is of orders of magnitude less in complexity than significant volume concentrated in one spot of the network.

The latter drives the network planning and operation rather than relying on the network to support the special nature of the resource as in the case of the limited size distributed type.

That is to say that the impacts of contingencies and their mitigation is different for large single resource than for many smaller resources.

There is usually more volatility impact in a single large wind resource than there would be in several, small distributed resources, and this would result in a difference in the regulating margin to achieve the same overall level of reliable operation.

Therefore, we proposed an upper limit of 50 MW to take advantage of the special consideration in the proposed tariff.

However, we asked our Commission to facilitate a public debate as to whether a limit should be specified and if so, how much. I suggest to you a similar debate in this or future forums.

- 2. The “First Come First Served” principle turns out to be “First Come First Nail” when dealing with resources of peak capacity materializing in a small portion of the time and assuming the cost of the corresponding incremental network upgrade.**

The issue is common to all the resources but significantly amplified in the Wind case.

We addressed this issue by supplementing the “First Come First Serve” with a proposed “Open Season and Cluster” approach which enables the Transmission Provider to study all the applications made and aggregate those that can mutually benefit by shape and location to minimize the upgrade cost allocated to the members of the cluster.

3. Planning for a firm interconnection request based on the peak demand is neither fair nor realistic in the Wind Power case.

Depending on the seasonal variation, we have proposed in the new Tariff to allow resources of largely varying nature to apply for Shaped Long Term Firm Point to Point Service where there is no ATC available on a block basis.

If approved, this will make the plans more efficient and improve the utilization of the network.

It will also reduce the PTP charges to the applicant significantly.

- 4. The results of the facilities planning exercise and pricing go hand in hand.**

Applying the rule “Higher of embedded or Incremental cost” of the upgrade as a basis for transmission charge for Wind Power penalizes the producers significantly.

In our case this adds \$12/MWh on average. Therefore, we proposed a Two-Tier Rate structure for the clean/green projects of less than 50 MW.

The first Tier is priced based on the firm PTP price applied to only the average production over the year.

The second Tier applies to capacity generated above the contracted average and is based on the monthly average of the discounted daily short term rate which we post every day of the month based on transparent market indices in Alberta and Mid-C.

The total charges must be equal or higher than the cost of any facilities upgrade that may be required to avoid cost shifting to other customers as a result of the planning process for the new comer.

In the absence of RTO we extend the offer to out of province resources using our system if they prove/verify the source.

5. Lastly, the operation of the power system with largely varying output has its obvious challenges which the staff paper recognized nicely.

We believe that the tolerance for imbalance before imposing a hefty penalty on resources like Wind Power should be relaxed some but not totally.

The demarcation point is subject for debate and depends on the society's tolerance for cost shift for societal benefit.

In proposing all these initiatives, some have questioned whether this is discrimination against other resources.

To answer this question, the society has to come to grounds as to whether the distributed clean and green is a societal responsiveness or just another resource of energy measured strictly on delivered \$/MW.hr.

It is reasonable to come to conclusion that it is the former and if that is the case it is not different from many other examples in our daily life.

I drive to work but contribute in my gasoline and electricity bills to the benefit of those who use the public transit system.

I don't have school age kids but pay school taxes.

Encourage and invite innovative approaches in the adoption and implementation of 888 Order.

Thank you for the opportunity to speak to you today and I look forward to the debate.