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20 June 2007

Mr. Robert J. Pellatt
Commission Secretary
British Columbia Utilities Commission
Sixth Floor, Box 250
900 Howe Street
Vancouver, BC V6Z 2N3

Dear Mr. Pellatt:

RE: BCTC Assessment and Response to FERC Order 890

On 16 February 2007 the Federal Energy Regulatory Commission (FERC) of the United States issued order 890 concerning regulations applicable to the provision of transmission services under Open Access Transmission tariffs. This correspondence is to inform the British Columbia Utilities Commission (Commission) on the activities British Columbia Transmission (BCTC) plans to undertake to assess and respond to FERC order 890.

BCTC's Open Access Transmission Tariff (OATT) was approved by the Commission through Order G-58-05. BCTC is aware of the reciprocity requirements in the Open Access Transmission Tariffs of US Transmission providers which are similar to that contained in BCTC's OATT.

BCTC also notes that in the Commission's Decision on BCTC's F2008-F2017 Transmission System Capital Plan, issued together with Commission Order G-69-07, the Commission said;

“To continue to satisfy the reciprocity requirements under the pro-forma OATT, BCTC must carefully assess the implications of FERC Order No. 890, and therefore the Commission Panel directs BCTC to bring its assessment of FERC Order No. 890 forward to the Commission once its consultations and assessments are concluded.” (F2008-F2017 Transmission System Capital Plan Decision, 15 June 2007, page 93.)

BCTC's assessment of FERC order 890 and response will comply with this recently issued directive of the Commission.

BCTC has now identified what assessments are required to deal with FERC order 890. In responding to the order BCTC will conduct three streams of work. These work streams are:

1. Assessments of changes to the way the transmission system is planned to facilitate increased transparency,
2. Assessments of how to deal with changes to the way Available Transmission Capacity (ATC) is determined and made available to market participants, and
3. Assessments of how to deal with various other tariff revisions identified in the order.

Transparency of System Planning

FERC is requiring all US transmission planners develop and file system planning process “straw dog” proposals by 29 May 2007. To facilitate this each regional transmission planning organization (including WECC) have issued their own “straw dog” proposals which are being discussed by industry participants as a means of developing the proposals that will need to be filed with FERC.

BCTC is monitoring these proposals and discussions. BCTC intends to compare its existing planning processes with the regional planning organization proposals and assess what if any changes need to be made in light of planning process developments in the US. BCTC anticipates consulting with stakeholder on any potential planning process changes in the third and fourth quarters of 2007. BCTC would likely then be in a position to file with the Commission for any tariff changes that might be necessary to deal with desired planning process changes in the first quarter of 2008.

ATC Calculation

FERC is requiring US transmission providers to work with the North American Reliability Corporation (NERC) and North American Energy Standards Board (NAESB) to improve the consistency and transparency of the ATC calculation through the development of standards for ATC calculation and associated business practices.

BCTC will be actively participating in this work. NERC and NAESB are expected to issue the ATC calculation standards and business practices in March 2008. BCTC intends to hold stakeholder/customer consultation and information sessions in the second quarter of 2008 and be in a position to file with the Commission any necessary tariff amendments in respect of the ATC changes during the third quarter of 2008.

Other Tariff Revisions

BCTC is assessing any necessary tariff language amendments and/or system changes necessitated by FERC order 890. Some of the matters raised by the order were already under review initiated by BCTC on its own motion, or in response to Commission

decisions or stakeholder input and the need for review of these matters is reinforced by the issuance of FERC order 890. Others are new matters raised in first instance by FERC order 890. Some of the matters under consideration in this stream of work are tariff provisions for;

1. Conditional Firm Service,
2. Redispatch,
3. Ancillary Services,
4. Energy/generator imbalances,
5. Capacity reassignments, and
6. Roll over rights.

BCTC also anticipates consulting with stakeholders/customers on these matters in the fourth quarter of 2007, following its initial assessment. BCTC would then be in a position to propose any necessary tariff changes during the first quarter of 2008.

BCTC is also planning to include in the above consultation recommendations on LT-PTP Services identified in the Review of Rate Design Alternatives Report filed with the Commission on 20 December 2006. Consultation topics include:

1. Rate Design Alternatives,
2. Term Service,
3. Shaped Service, and
4. Non-dispatchable Service.

Sincerely,

original signed by

Marcel Reghelini

cc: OATT registered intervenors