DEMANDE RELATIVE À LA MODIFICATION DES TARIFS ET CONDITIONS DES SERVICES DE TRANSPORT D'HYDRO-QUÉBEC

DOSSIER : R-3669-2008, Phase 2

EVIDENCE OF

WILLIAM K MARSHALL

HYDRO QUÉBEC TARIFF RELATIVE TO FERC ORDER 890

SUBMITTED TO
THE RÉGIE DE L'ÉNERGIE DU QUÉBEC

JUNE 10, 2009

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Evidence of William K Marshall

Hydro Québec Tariff Relative to FERC Order 890

1. INTRODUCTION

William K Marshall was engaged by Brookfield Energy Marketing Inc (BEMI) to review the Hydro Québec evidence filed with la Régie de l'énergie (Régie) on March 29 with regards to FERC Orders 890, 890-A and 890-B (FERC Orders). More specifically, the proposed changes to the Hydro Québec Open Access Transmission Tariff (OATT) were to be considered relative to the pro forma tariff resulting from the FERC Orders and deviations from the pro forma were to be determined.

As a result of the review a number of deviations from the FERC pro forma tariff were determined. This report will concentrate on the following two deviations.

1. Section 15.4 - Obligation to Provide Transmission Service that Requires Expansion or Modification of the Transmission System, Redispatch or Conditional Curtailment
2. Attachment K – Transmission Planning Process

2. OBJECTIVE OF THE FERC ORDERS

The general purpose of Order 890 and the follow up re-hearing Orders 890-A and 890-B is "*amending the regulations and the pro forma open access transmission tariff adopted in Order Nos. 888 and 889 to ensure that transmission services are provided on a basis that is just, reasonable and not unduly discriminatory or preferential*." More specifically the changes in each of the Orders "*are designed to:*

(1) strengthen the pro forma OATT to ensure that it achieves its original purpose of remedying undue discrimination;

(2) provide greater specificity to reduce opportunities for undue discrimination and facilitate the Commission's enforcement; and

(3) increase transparency in the rule applicable to planning and use of the transmission system."

3. TRANSMISSION SERVICE SUBJECT TO RE-DISPATCH OR CONDITIONAL CURTAILMENT

In Section 15.4 (b) and (c) of the HQT tariff (other than wording related to Attachment K planning process which is considered in the next section) there are two wording deviations from the pro forma tariff resulting from the FERC Orders as follows:

a. The words *"upon reception of a written request from the Transmission Customer*" are inserted into section 15.4 (b) and section 15.4 (c) of the HQT tariff whereas they do not appear in the pro forma tariff.

b. The Transmission Provider's obligation to *"use due diligence to provide redispatch from <u>its own resources</u> until… "* in the proforma tariff is changed to *"use due diligence to provide redispatch from <u>resources in the Transmission Provider's Control Area</u>…"* in the HQT tariff. Underlines were added.

These changes are problematic.

This section 15.4 of the tariff specifies what the obligations of the Transmission Provider are subject to providing service and should not include an obligation placed on the Transmission Customer to provide *"a written request"*. The obligation on the Transmission Customer is simply to submit a Completed Application as set out in Section 17.1 to 17.3. If the Transmission Provider determines that a System Impact Study (SIS) is required then notification is provided to the Customer as per section 19.1 and to proceed the Customer completes an SIS Agreement as per 19.2 and 19.3. This SIS Agreement will provide the written request needed. It will also specify exactly what options the Customer wants studied – system upgrades, re-dispatch and/or conditional curtailment. The addition of a requirement for a "*written request*" by HQT in section 15.4 (b) and (c) is redundant and could delay provision of service.

The issue of providing re-dispatch from "*its own resources"* versus *"resources in the Transmission Provider's Control Area"* is one with serious ramifications. The obligation of HQT to study all resources in the Quebec Interconnection control area is not the issue. In fact it is its obligation as specified in 19.3 to "*identify all resources located within the Transmission Provider's Control Area that can significantly contribute toward relieving the system constraint and (2) provide a measurement of each resource's impact on the system constraint. If the Transmission Provider possesses information indicating that any resource outside its Control Area could relieve the constraint, it shall identify each such resource in the System Impact Study."* This information is to be provided to the Customer as a result of the SIS and to be acted upon by the Customer. If an agreement is to be struck between the Customer and a third party it should be negotiated by the Customer.

The role of the Transmission Provider should not be commercial with respect to the third party because it would inject the Transmission Provider into market negotiations. Its commercial role with respect to re-dispatch should be limited to *"its own resources"* and not all *"resources in the Transmission Provider's Control Area".* To be clear it is important to understand here that the Transmission Provider in the eyes of FERC is not just HQT but rather the integrated utility Hydro Québec and includes its generation resources. As such the corporate HQ can do an internal agreement to increase transmission usage in its total best interest. However

having HQT deal directly with a third party that is a potential competitor to HQP is problematic as it could introduce undue discrimination.

For these reasons explained above the wording "*use due diligence to provide redispatch from resources in the Transmission Provider's Control Area*…" in the HQT tariff in section 15.4 should be changed back to the wording "*use due diligence to provide redispatch from its own resources*" as set out in the pro forma OATT.

4. REQUIREMENTS FOR A COORDINATED, OPEN AND TRANSPARENT TRANSMISSION PLANNING PROCESS

4.1 Overview of the Planning Issues

A major new requirement under the FERC Orders is for the Transmission Provider to establish a coordinated, open and transparent transmission planning process with participation by its transmission customers, neighbouring systems, regulators and other interested parties.

The planning process is to be documented as an attachment to the Transmission Provider's Tariff (Attachment K in the Pro Forma) and must satisfy nine principles detailed by FERC - coordination, openness, transparency, information exchange, comparability, dispute resolution, regional participation, economic planning studies, and cost allocation for new projects.

The planning process requirement applies to all jurisdictional Transmission Providers, all transmission owning members of ISOs and RTOs and, through the retention of the reciprocity language in the Order 888 pro forma OATT, also applies to non jurisdictional transmission providers (including those located in foreign countries) that take advantage of open access due to improved planning.

The New Brunswick System Operator has undertaken actions to implement a planning process that is compatible with the FERC Orders for two reasons:

1. A coordinated, open and transparent process could contribute to the mandate of NBSO to facilitate a competitive market.
2. Meeting FERC reciprocity requirements would mitigate the potential risk of being denied access to the New England market for New Brunswick market participants.

In its tariff filing in Phase 2 of the R-3669-2008 hearing process Hydro Québec has not made any changes to its transmission planning process to make it compatible with the intent or requirements of the FERC Orders. Such action places a risk on HQ Energy Services (US) Inc. ("HQUS") and the marketing departments of HQD and HQP that they could be denied transmission access to adjacent markets on the grounds of failing to meet reciprocity obligations in the HQT OATT.

Documentation of the approach taken by NBSO is provided in this report for consideration by the Régie. It is an example of the kind of planning process that could be implemented in Québec in order to preserve market opportunities for Hydro Québec Affiliates and other potential marketers in Québec.

4.2 Planning Process Requirements

In Order 888 FERC set certain minimum requirements for transmission system planning. In Order 888-A FERC encouraged utilities to engage in joint planning with other utilities and customers. They also required that new facilities be constructed to meet the service requests of long-term firm point-to-point customers and that Good Utility Practice be applied to determine the need for and design of new facilities. However, specific requirements for coordination with customers and neighbors were not included.

FERC is concerned in Order 890 paragraph 423 about the "*economic self interest of transmission monopolists" who "naturally wish to maximize their profit*." These transmission-owning utilities "*thus can be expected to act in their own interest to maintain their monopoly and to use that position to retain or expand the market share for their own generated electricity.*" These incentives may cause a utility "*to refuse to deliver energy produced by competitors or to deliver it on terms and conditions less favorable than those they apply to their own transmissions*."

FERC note that the pre Order 890 pro forma OATT "*does not counteract these incentives in the planning area because there are no clear criteria regarding the transmission provider's planning obligation. Although the pro forma OATT contains a general obligation to plan for the needs of their network customers and to expand their systems to provide service to point-to-point customers, there is no requirement that the overall transmission planning process be open to customers, competitors, and state commissions. Rather transmission providers may develop transmission plans with limited or no input from customers or other stakeholders. There also is no requirement that the key assumptions and data that underlie transmission plans be made available to customers*." (Order 890 P. 424)

Also, transmission providers may develop transmission plans with limited or no input from customers or other stakeholders. FERC expresses its view in Order 890 at Paragraph 425 that "t*aken together, this lack of coordination, openness, and transparency results in opportunities for undue discrimination in transmission planning. Without adequate coordination and open participation, market participants have no means to determine whether the plan developed by the transmission provider in isolation is unduly discriminatory*."

To remedy this situation FERC issued Order 890 setting out the principles for a coordinated, open and transparent transmission planning process that needed to be detailed in an attachment to the Transmission Provider's OATT. This became Attachment K in the pro forma OATT and as stated at paragraph 602 "*the transmission planning attachment to a transmission provider's OATT must include sufficient detail to enable transmission customers to understand the transmission provider's planning process. This new attachment must therefore include:*

a) the process for consulting with customers and neighboring transmission providers;

b) *the notice procedures and anticipated frequency of meetings or planning related communications;*
c) *a written description of the methodology, criteria, and processes used to develop transmission plans;*
d) *the method of disclosure of transmission plans and related studies and the criteria, assumptions and data underlying those plans and studies;*
e) *the obligations of and methods for customers to submit data to the transmission provider;*
f) *the dispute resolution process;*
g) *the transmission provider's study procedures for economic upgrades to address congestion or the integration of new resources; and*
h) *the relevant cost allocation procedures or principles."*

Many details in Order 890 were challenged by interveners for rehearing and clarification. Subsequently, Order 890-A was issued and it re-iterated the need for the planning process, the requirement for Attachment K to explain the process and the principles to be followed in a transmission planning process.

> *"The Commission affirms the decision in Order No. 890 to amend the pro forma OATT to require coordinated, open and transparent transmission planning on both a local and regional level. Although the Commission encouraged utilities to engage in joint planning in Order No. 888-A, it placed no affirmative obligation on transmission providers to coordinate with their customers in transmission planning or otherwise publish the criteria, assumptions, or data underlying their transmission plans, nor were transmission providers required to coordinate planning activities with other transmission providers in their region. This lack of clear criteria regarding planning obligations has created opportunities for undue discrimination by transmission monopolists with an incentive to deny transmission or offer transmission on an inferior basis." (Order 890-A Paragraph 171)*

And at paragraph 181 the Commission "*identified nine planning principles in Order No. 890 that must be satisfied for a transmission provider's planning process to be considered compliant with that order. These nine planning principles are*:

(1) *Coordination – the process for consulting with transmission customers and neighboring transmission providers;*

(2) *Openness – planning meetings must be open to all affected parties;*

(3) *Transparency – access must be provided to the methodology, criteria, and processes used to develop transmission plans;*

(4) *Information Exchange – the obligations of and methods for customers to submit data to transmission providers must be described;*

(5) *Comparability –transmission plans must meet the specific service requests of transmission customers and otherwise treat similarly-situated customers (e.g., network and retail native load) comparably in transmission system planning;*

(6) *Dispute Resolution – an alternative dispute resolution process to address both procedural and substantive planning issues must be included;*

(7) *Regional Participation – there must be a process for coordinating with interconnected systems;*

(8) Economic Planning Studies – study procedures must be provided for economic upgrades to address congestion or the integration of new resources, both locally and regionally; and

(9) Cost Allocation – a process must be included for allocating costs of new facilities that do not fit under existing rate structures, such as regional projects."

4.3 Hydro Québec Position on a Planning Process

The applicant Hydro Québec as the Transmission Provider (referred to as HQT) discusses the need for a planning process in HQT-1, Document 1 pages 12-16. They acknowledge that an open and transparent planning process, to be documented in an Attachment K in the tariffs of FERC jurisdictional utilities, may be appropriate for American utilities and FERC but "*considère qu'il n'y a pas lieu de joindre un processus de planification en appendice K à ses Tarifs et conditions*."

Several Information Requests from different parties were submitted to attempt to gain some understanding as to the rationale for the HQT position and the details of their planning process. Little if any meaningful information that was additional to that supplied in HQT-1, Document 1 pages 12-16 was provided through the responses. Most responses were circular in that they either referred to this section of the evidence or referred to other information requests that referred to the same section of the evidence.

In summary the HQT position regarding the need for an open planning process is that it is not necessary in Québec and an Attachment K is not added to the tariff for the following reasons:

1. The physical situation in Québec is different than in American utilities. The driver behind FERC of increasing congestion and the need for significant new investment does not exist in Québec.
2. The regulatory situation in Québec is different than in the United States. Regulation in the United States is complex with authority split between the states for supply to local loads and FERC for wholesale transmission access. In Québec the Régie can deal with both.
3. There is a process in Québec that achieves the objectives that are sought by the FERC and it is subject to the authority of the Régie.

Let us then examine what has been submitted in evidence and in response to the information requests relative to the nine principles set out by FERC.

1. Coordination – There is no mention of any process for consulting with transmission customers and neighboring transmission providers other than through hearings before the Régie or meetings with external transmission providers regarding operations and maintenance as the case may be;
2. Openness – There is no explanation of planning meetings that are open to all affected parties except hearings before the Régie.
3. Transparency – There is some explanation of planning criteria and a cursory explanation of the process used to develop transmission plans in Attachment J of

the HQ OATT but no details on methodology and no provision of models and data for review by interested parties is available. As per the quote of the Régie by HQT in footnote 24 of HQT-1 Document 1 at page 15 the Régie supports an open transparent process for supply of the local load and that it be incorporated in the tariff. Such is the case in Part IV.

4. Information Exchange – The obligations of and methods for customers to submit data to transmission providers are not included in the tariff other than as a consequence of a transmission request or a system impact study request;

5. Comparability – HQT note that they have an obligation under the law to supply the local load and that the Distributor (HQD) is the only customer of HQT who serves the local load in the Québec Interconnection. This is not correct and it is misleading regarding the principle of comparability. There is load served in Labrador that is synchronized inside the Québec Interconnection that is not served by HQD. Also there are end use customers inside the municipal utilities that are not served by HQD. HQD may actually serve the total municipal utility loads at this time but they are not local loads. As stated in the Decision D-2002-95, R-3401-98, 2002-04-30 at page 335 the Régie state *"Les clients susceptibles de requérir le service de transport en réseau intégré sont les réseaux municipaux et la Coopérative -de-Saint-Jean-Baptiste-de-Rouville."* The principal of Comparability requires that customers that are eligible for Network Service are treated equally to HQD as the supplier of local load. For transmission planning these municipal utilities and co-op must be able to interact equally with HQT as does HQD. Similarly, treatment of point-to-point customers must be equivalent to treatment of HQP.

   Just as the Régie recognized the value of an open transparent process for supply of local load the comparability principal requires similar treatment for planning to supply other potential transmission customers.

6. Dispute Resolution – HQT have noted that there is a dispute resolution process that was approved by the Régie in its decision D-2002-95. It is not specifically for both procedural and substantive planning issues as required by FERC but would provide a procedure that could be followed prior to the need to lodge a formal complaint before the Régie for resolution. Formal litigation of a dispute before a regulator is possible in every jurisdiction in North America where the Transmission Provider is regulated and its use is to be a last resort.

7. Regional Participation – HQ have coordination agreements with external transmission providers and participate through NPCC in regional reliability studies but the participation is not open to interested parties and is limited to operational reliability issues;

8. Economic Planning Studies – No study procedures for economic upgrades to address congestion or the integration of new resources, both locally and regionally have been provided in the evidence. The only reference is that new investments greater than $25 million required to meet demand and maintain reliability are, according the law, subject to approval by the Régie. Also the Régie has required the policy for network upgrades (Attachment J) to be included in the tariff.

9. Cost Allocation – Attachment J provides details on cost allocation for all different types of network upgrades. While it applies cost allocation principles that are not

consistent with accepted industry standards it does lay out the method of cost allocation in a transparent manner.

Thus, as mentioned above, HQT's current planning process does not meet many of the principles set out by FERC. This may have potential consequences through the reciprocity provisions of the pro forma tariff as is discussed in the next section.

4.4 Reciprocity Provisions of FERC Orders

Utilities in the United States that are governed under the Federal Power Act (FPA) are subject to FERC regulatory authority under sections 205 and 206 of the FPA and are referred to by FERC as public utilities. Non public utilities are defined by footnote 111 of Order 890 as entities that *"are not FPA public utilities and therefore are not subject to the Commission's jurisdiction under sections 205 and 206 of the FPA."* These are sometimes also referred to as *"non-jurisdictional utilities"* and include foreign transmission providers as well as US non-public utilities such as federal power authorities and electric cooperatives.

"In Order No. 888, the Commission conditioned non-public utilities' use of public utility open access services on an agreement to offer comparable transmission services in return. The Commission found that, while it did not have the authority to require non-public utilities to make their systems generally available, it did have the ability and the obligation to ensure that open access transmission is as widely available as possible and that Order No. 888 did not result in a competitive disadvantage to public utilities." (Order 890 Paragraph 162)

'Under the reciprocity provision in section 6 of the pro forma OATT, if a public utility seeks transmission service from a non-public utility to which it provides open access transmission service, the non-public utility that owns, controls, or operates transmission facilities must provide comparable transmission service that it is capable of providing on its own system. Under the pro forma OATT, a public utility may refuse to provide open access transmission service to a non-public utility if the non-public utility refuses to reciprocate." (Order 890 Paragraph 163)

"The NOPR proposed to retain the existing reciprocity policy as applied to foreign utilities doing business in the United States, which we adopted pursuant to sections 205 and 206 of the FPA. By maintaining the same reciprocity requirement for these foreign utilities as for domestic, non-public utilities, the Commission stated that it would ensure that foreign entities will continue to be treated no less favorably than domestic, non-public utilities." (Order 890 paragraph 167)

In Order 890 at paragraph 190 the Commission "*retains the reciprocity language in the Order No. 888 pro forma OATT, but updates it to include references to ISOs and RTOs, as suggested by EEI. We also modify the reciprocity provision to provide that, if an ISO or RTO is the transmission provider, the reciprocity obligation is owed to all members of that ISO or RTO*."

At paragraph 191 Order 890 states "*We will also retain Order No. 888's three alternative provisions for satisfying the reciprocity condition, i.e.: a non-public utility that owns, controls, or operates transmission and seeks transmission service from a public utility must either satisfy its reciprocity obligation under a bilateral agreement, seek a waiver of the OATT reciprocity condition from the public utility, or file a safe harbor tariff with the Commission. Thus, for non-public utilities that choose to use the safe harbor tariff, its provisions must be substantially conforming or superior to the revised pro forma OATT in this Final Rule. A non-public utility that already has a safe harbor tariff must amend its tariff so that its provisions substantially conform or are superior to the revised pro forma OATT if it wishes to continue to qualify for safe harbor treatment. As the Commission stated in Order No. 888-A, a non-public utility may limit the use of its voluntarily offered safe harbor reciprocity tariff only to those transmission providers from whom the non-public utility obtains open access service, as long as the tariff otherwise substantially conforms to the pro forma OATT.* ***We reiterate that these reciprocity requirements apply equally to all non-public utility transmission providers, including those located in foreign countries."*** The bold underline was added for emphasis.

The key points in paragraph 191 are that reciprocity is required and that a foreign transmission provider (like HQT and NBSO) only meets the reciprocity requirement when its tariff has provisions that ***"substantially conform or are superior to the revised pro forma OATT"***. The bold underline was added for emphasis.

At paragraph 441 of Order 890 the Commission stated that it "*also expects all non-public utility transmission providers to participate in the planning processes required by this Final Rule" and "that reciprocity dictates that non-public utility transmission providers that take advantage of open access due to improved planning should be subject to the same requirements as jurisdictional transmission providers*." Although not stated explicitly here in paragraph 441, the clear reference in the last line of paragraph 191 indicates that the expectation in paragraph 141 also includes foreign non jurisdictional transmission providers like HQT and NBSO.

In Order 890-A at paragraph 214 the Commission states "*With regard to non-public utility transmission providers, we reiterate our expectation of participation in the planning processes established pursuant to Order No. 890 consistent with their reciprocity obligations. Reciprocity dictates that non-public utility transmission providers that take advantage of open access due to improved planning should be subject to the same requirements as jurisdictional providers.* ***A non-public utility transmission provider with reciprocity obligations that declines to adopt a planning process that complies with Order No. 890 therefore may not be considered to be providing reciprocal transmission service and may be at risk of being denied open access transmission services by a public utility transmission provider.***" The bold underline was added for emphasis.

In summary, the position of FERC is that provision of, and participation in, a coordinated, open and transparent planning process, which meets the principles and objectives outlined in Attachment K of the pro forma OATT, is a reciprocal requirement of all non jurisdictional transmission providers. If no such planning process is implemented then Affiliates and Market Participants of HQT run the risk of being denied open transmission access to United States markets and also potentially to Canadian markets in Ontario and New Brunswick.

The issue of reciprocity was raised by several interveners through information requests. In general the responses of HQT were as follows:

1. HQT does not do business in the United States and is not subject to the Federal Power Act or FERC jurisdiction.
2. HQT is subject to regulation by the Régie only and has never attempted to have its tariff recognized as reciprocal to the pro forma through any of the methods available
3. HQT is not aware of any actions taken by its Affiliates (HQP, HQUS or HQD) to have the tariff recognized as reciprocal to the pro forma
4. The situation in Québec does not require Attachment K and its absence has no affect on the requirements for reciprocity.
5. HQT does not consider itself a Non Public Utility under the FERC Orders
6. The issue of reciprocity is outside the scope of this Phase 2 hearing

The writer disagrees with the position of HQT for two main reasons.

Firstly, in the eyes of FERC and other external entities such as NBSO, the Transmission Provider is not just HQT. It is the complete integrated utility Hydro Québec. In its Decision D-2002-95, R-3401-98, 2002-04-30 at page 335 The Régie recognizes Hydro Québec as un integrated utility “La Régie est convaincue par la preuve au dossier, et plus particulièrement par le fait qu’Hydro-Québec est une entreprise intégrée, qu’il ne lui est pas nécessaire de signer une convention de service de transport en réseau intégré pour desservir la charge locale.” Given that it is an integrated utility to supply local load in Québec it is also an integrated utility that has a responsibility to deal with the reciprocity issue. It is not acceptable for HQT to hide behind its role as the Québec “Transporteur”. It has a duty to represent Hydro Québec the integrated utility in providing open non discriminatory transmission access under comparable terms in order to preserve the reciprocity rights of Hydro Québec and its US affiliate HQUS.

Secondly, the argument of HQT focuses on the driver behind FERC’s requirement for a coordinated, open and transparent planning process as a fix for the physical ills of congestion and the need for new investments. They completely ignore the concept of providing reciprocal and comparable open access to all customers. The size and the number of the customers is not the issue. It is the principles by which they are served that are important. By having HQUS participate in open transparent planning processes in New England and New York and not providing a reciprocal process in Québec is a complete violation of the intention and purpose of the reciprocity requirements in the pro forma.

4.5 NBSO Planning Process

Under the Electricity Act in New Brunswick NBSO is “*to undertake and coordinate power system planning and development responsibilities to maintain and ensure the adequacy and reliability of the integrated electricity system for present and future needs and for the efficient*

operation of a competitive market."[1] The means by which this object is carried out are specified in the NB Market Rules and Procedures.

NBSO is in the process of updating those Rules and Procedures and documenting its planning process in a coordinated, open and transparent manner such that it is compatible with the intent and reciprocity requirements of Orders 890, 890-A and 890-B. A series of meetings has been held with in province transmission owners, Maritimes Area Transmission Providers and neighboring control area operators. Draft documents have been prepared to explain the process and its relationship to the NB OATT, Market Rules and Market Procedures.

A workshop open to transmission customers, neighboring utilities, regulators, and interested parties has been scheduled for June 24 to discuss the process, review the documents and solicit input. It is the intent of NBSO to finalize the process and the documents following the workshop, and to present them for approval to the NBSO board of directors and the NB Energy and Utilities Board as required.

The agenda of the workshop and some of the documents to be considered are attached as appendices to this testimony. Details on the workshop and registration forms can be obtained at the Public and Media section of the NBSO web site www.nbso.ca. Presentations (and possibly other documents) are to be made available at or following the workshop.

4.6 Planning Processes of Other Non Public Utilities

In addition to NBSO there are a number of non public utilities that either have or are in the process of taking actions to prepare planning processes that meet the requirements of FERC and document them through an Attachment K to their transmission tariffs. Included are the US federal power authorities Tennessee Valley Authority and Bonneville Power Administration plus the Canadian utility British Columbia Transmission Corporation. We refer you to the following respective sites for more information on Attachment K filings or drafts or Order 890 updates..

Tennessee Valley Authority
http://www.tva.com/power/pdf/2008/FERC_Order890_OConnor.pdf

Bonneville Power Administration
http://www.transmission.bpa.gov/Business/Rates_and_Tariff/order890.cfm

British Columbia Transmission Corporation
http://www.bctc.com/NR/rdonlyres/96BA914C-7482-4EED-B339-42131B59C9AF/0/SignedAttachmentK.pdf

[1] New Brunswick Electricity Act, s. 42 Object of the NBSO, ss. (i).

5. CONCLUSION

This report has reviewed two areas where HQT has deviated from the FERC pro forma tariff wording.

Concerning the issue of "Transmission Service Subject to Re-dispatch or Conditional Curtailment" HQT has injected a requirement for a "*written request"* in Section 15.4 that is redundant and could delay provision of service. HQT has also altered its due diligence obligation in that section to include redispatch "*from resources in the Transmission Provider's Control Area"* instead of only from "*its own resources*". This change puts an obligation on HQT to take commercial actions in the marketplace that could introduce undue discrimination.

Concerning the issue of "*Requirements for a Coordinated, Open and Transparent Transmission Planning Process*" it has been shown that while HQT has not documented such a process in an Attachment K to its tariff other non-public utilities have. This lack of HQT to document its process and open its participation to interested parties constitutes a failure to meet the reciprocity requirements of the pro forma tariff.

Appendix 1

STAKEHOLDER WORKSHOP
Transmission Planning in New Brunswick
Preliminary Agenda
June 24, 2009

8:00 a.m. **Registration and Refreshments**

8:30 a.m. **Welcome and Opening Remarks**
(Alden Briggs, Director, Power System Engineering, NBSO)

- Relationship with Reliability Entities: FERC, NERC, & NPCC
- Planning Responsibilities
- Planning Coordination
- Types of Planning Studies
- Exciting Times: Future Transmission Requirements to
- Accommodate Major Energy Development

10:00 a.m. **Nutrition Break**

10:15 a.m. **New Brunswick Transmission System Needs Analysis and Proposed Solutions**
(Pat Masterson, Transmission Planning Engineer, NB Power)
(Ann Evans, Strategic Planning, NB Power)

- Meeting NPCC Design Criteria
- Overview of the New Brunswick System
- Methodology for Identifying System Needs
- Proposed Solutions

11:30 a.m. **Transmission Planning and the OATT**
(George Porter, Director, Market Development & Settlement, NBSO)

12:00 p.m. **Lunch**

1:00 p.m. **NBSO 10-Year Assessment of the Adequacy of Generation and Transmission Facilities in New Brunswick (2009 to 2019)**
(Scott Brown, Senior Engineer, NBSO)

1:45 p.m. **Market Procedure MP-21, Connection Assessments**
(Scott Brown)

2:15 p.m. **Nutrition Break**

2:30 p.m. **Stakeholder Involvement**
(Carl Gautreau, Technical Writer, NBSO)

- Role of the Planning Advisory Committee
- Stakeholder proposals to address System Adequacy and
- Congestion Issues

3:15 p.m. Open Discussion and Wrap-Up
(Alden Briggs).

Appendix 2

NBSO Transmission Planning Process

NBSO Transmission Planning Methodologies and Governance (NBSO-TPR-001.0)

Overview

The overall NBSO Planning Process is set out in this document along with the general means by which it is to be coordinated, open and transparent. It overviews the roles and responsibilities of the various parties, the studies and reviews to be undertaken, the need for transmission planning performance requirements, the formation and governance of a Planning Advisory Committee (PAC), the means by which NBSO will coordinate its activities through the Maritimes Area Technical Planning Committee and NPCC, and the guidelines for information disclosure and confidentiality. It is a framework document that references specific sections of the Market Rules, specific Market Procedures and other documents that provide greater details to support the planning process.

This document is attached as Appendix 2A. Explanations of two supplementary documents follow that are also attached as Appendices 2B and 2C.

NBSO Transmission Planning Performance Requirements – (NBSO-TPR-001.1)

This document itemizes the reliability standards adopted as appropriate for the New Brunswick bulk power system and notes that they are consistent with those established by the Northeast Power Coordinating Council (NPCC) for the "Basic Criteria for Design and Operation of Interconnected Power Systems" and "Bulk Power System Protection Criteria". They also comply with North American Electricity Reliability Corporation (NERC) Transmission Planning Standards. The purpose of these New Brunswick Reliability Standards is to assure the reliability and efficiency of the New Brunswick bulk power supply system through coordination of system planning, design and operation. These standards apply to all entities comprising or using the New Brunswick bulk power supply system. By entering into connection Agreements (Attachment J of the NBSO Tariff) and implementing NBSO Market Rules Chapter 4 Technical and Connection requirements ensures facilities that are connected to the Transmission System must also comply with NERC and NPCC criteria, guides, requirements, and standards. These Reliability Standards are intended to be used for planning and design of the New Brunswick bulk power system. Reliability criteria and procedures for operations are developed and maintained by the NBSO. This document is attached as Appendix 2B.

Maritimes Area Technical Planning Committee (NBSO-TPR-001.2)

This document overviews the Maritimes Area, its component entities and their NPCC participation, outlines the formation of the Maritimes Area Technical Planning Committee (MAPTC), and defines the role of MAPTC for coordination of plans, reviews and studies. This document is attached as Appendix 2C.

Reference Documents

Other reference documents that play a role in the Planning Process are not attached but are listed below along with a web address at which they can be accessed.

The New Brunswick Electricity Act (Part III)

http://www.gnb.ca/0062/acts/acts/e-04-6.htm

NBSO Market Rules:

Chapter 5 (System Reliability) and Chapter 9 (Transmission System Planning, Investment and Operations)

http://www.nbso.ca/Public/en/docs-EN/MarketRules/ElectricityMarketRules-e.pdf

NBSO Market Procedures

MP-10 (Information Required for Forecast and Assessments)
http://www.nbso.ca/Public/_private/MP-10.pdf

MP-21 (Connection Assessments)
http://www.nbso.ca/Public/_private/MP-21.pdf

MP-22 (Procedures to Address System Adequacy Issues)

Not yet posted

ATTACHMENTS:

Appendix 2A: NBSO Transmission Planning Methodologies and Governance (NBSO-TPR-001.0)

Appendix 2B: NBSO Transmission Planning Performance Requirements – (NBSO-TPR-001.1)

Appendix 2C: Maritimes Area Technical Planning Committee (NBSO-TPR-001.2)