

ATTACHMENT H

DESCRIPTION OF BRITISH COLUMBIA PARTICIPATION

The British Columbia Hydro and Power Authority (“BC Hydro”) and West Kootenay Power Ltd. (“WKP”) have actively participated in the RTO West negotiations.¹ The Filing Utilities, BC Hydro and WKP have reached consensus on a framework that would provide consistent RTO transmission service over the RTO West transmission system and the transmission system in British Columbia, while recognizing Canadian sovereignty and the differing regulatory structures in Canada and the United States. This framework is a major step towards achieving a “natural transmission region” in the Pacific Northwest that does not stop at the U.S.-Canada border.²

The basic elements of this framework, developed as a model by the Adjunct Committee Technical Work Group,³ are as follows:

- (1) An independent grid operator would be formed in British Columbia (“BC IGO”), that would meet the independence standards of Order No. 2000. The BC IGO would be a public utility regulated by the British Columbia Utilities Commission (“BCUC”);
- (2) RTO West and BC IGO would act in a coordinated fashion to provide RTO service to the Pacific Northwest region, including British Columbia;
- (3) BC Hydro and WKP would transfer operational control over their transmission systems to BC IGO, under Transmission Operating Agreements (“TOA”) that

¹ EAL (the Alberta Transmission Administrator) and the Alberta Power Pool also participated in these discussions.

² The Commission has recognized that its transmission jurisdiction under the Federal Power Act stops at the international border. *See* Order No. 2000 at 31,085.

³ This Group included U.S. and Canadian representatives from the Implementation, Ancillary Services and Congestion Management Work Groups of the RTO West collaboration process.

parallel the TOA between RTO West and its U.S. participating transmission owners;

- (4) The BC IGO, as a regulated utility in British Columbia, would ultimately be accountable to the BCUC for tariff administration and the reliability of the transmission grid within British Columbia, consistent with principles of Canadian sovereignty and Provincial regulatory requirements. The functional relationship between BC IGO and RTO West would be defined in an Operating Facilities and Services Agreement (“OFSA”) to be negotiated between the two entities and filed with the Commission and the BCUC. It is contemplated that the OFSA would adopt the following principles intended to further seamless wholesale transmission services in the region:
- (A) RTO West and BC IGO would file for regulatory approvals of a single, uniform wholesale transmission tariff covering both their transmission systems;⁴
 - (B) A single set of business practices would be applied on a regional basis;
 - (C) A single regional Ancillary Services market would be developed;
 - (D) One Internet web-site for transmission capacity reservations would be used in the region, to be operated by RTO West;
 - (E) There would be one Security Coordinator for the region; and
 - (F) A single regional Congestion Management Mechanism would be employed;

⁴RTO West would file the tariff with the Commission, and BC IGO would file the tariff with the BCUC.

- (5) RTO West and BC IGO will together perform a control area operator function for the Pacific Northwest, including British Columbia. BC IGO will provide control area operator functions within British Columbia. (This approach will be described in greater detail in documents to be submitted as part of the filing utilities' Stage 2 submission.) Inadvertent power flow with neighboring control areas and RTOs would be handled by RTO West; and
- (6) Electronic links between RTO West and BC IGO will be established to communicate the real time status of the RTO West Operating Plan and to deploy resources through RTO West.

The Filing Utilities, BC Hydro and WKP believe that this framework for coordinating the functions of RTO West and BC IGO advances the Commission's concept of a "dotted line boundary at the international border" for purposes of RTO formation.⁵ The framework is designed to further the objective of seamless wholesale transmission services throughout the Pacific Northwest, and to ensure that the region encompassed by the RTO is of the broadest possible scope.

BC Hydro has represented to the Filing Utilities that BC IGO will be structured to meet the Commission's requirements in Order No. 2000 that such an entity be independent from control by any market participant, including participating transmission owners. The functions reserved for BC IGO within the RTO recognize Canadian sovereignty, regulatory and tax requirements, and are well within the parameters the Commission found acceptable in a U.S. context in *Commonwealth Edison Company, et al.*, 90 FERC & 61,192, *reh'g denied*, 91 FERC & 61,178 (2000).

The Filing Utilities, BC Hydro and WKP intend to work within this framework to negotiate definitive agreements and tariffs, and to resolve the other open issues between the U.S.

⁵Order No. 2000 at 31,085.

and British Columbia entities. If closure on these issues can be reached, the Filing Utilities, BC Hydro and WKP would seek to obtain all necessary approvals for these arrangements from the appropriate governmental and other authorities in their respective jurisdictions.