

Janet Fraser

Chief Regulatory Officer

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June 29, 2011

Ms. Alanna Gillis
Acting Commission Secretary
British Columbia Utilities Commission
Sixth Floor – 900 Howe Street
Vancouver, BC V6Z 2N3

Dear Ms. Gillis:

**RE: British Columbia Utilities Commission (BCUC)
British Columbia Hydro and Power Authority (BC Hydro)
Network Economy Quarterly Report - First Quarter (Q1) 2011**

BC Hydro is writing to the BCUC in compliance with BCUC Order No. G-127-06 in connection with the British Columbia Transmission Corporation (**BCTC**) Application for Network Economy and Open Access Transmission Tariff (October 19, 2006). Section 9 of the Settlement Agreement, attached to Order No. G-127-06 as Appendix 1, requires that BC Hydro prepare reports for each quarter of the calendar year containing the information as set out in section 9 of the Settlement Agreement and in BC Hydro Tariff Supplement 80 - Network Economy Service – section 2, page 2¹.

Attachment 1 is the Q1 Quarterly Report related to the first quarter of calendar 2011.

As required by subsection 9 (e) of the Settlement Agreement I attest that the information contained in the Q1 Quarterly Report is accurate and changes to the Threshold Purchase Price were provided to staff in BC Hydro's Market Policy and Operations group within the Transmission and Distribution Business Group no later than they were provided to Powerex.

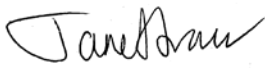
BC Hydro will be posting this letter and the attached report on its website at http://www.bchydro.com/planning_regulatory/regulatory.html.

¹ BC Hydro Tariff Supplement 80 - Network Economy Service – section 2, page 2 replaced section 3 of BCTC's Tariff Supplement 3 – Network Economy Service which was referenced in previous quarterly reports.

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Acting Commission Secretary
British Columbia Utilities Commission
Network Economy Quarterly Report - First Quarter (Q1) 2011

For further information, please contact the undersigned.

Yours sincerely,



Janet Fraser
Chief Regulatory Officer

jm/ma

Enclosure (1)

Copy to: **Powerex**
Attention: Mike MacDougall
mike.macdougall@powerex.com

BC Hydro Network Economy Quarterly Report – Q1 (January 1, 2011 – March 31, 2011)

Pursuant to BCUC Order No. G-127-06 and Tariff Supplement 80 - Network Economy Service – section 2, page 2:

Initial Threshold Purchase Price ¹ at January 1, 2011	Burrard Heat Rate at January 1, 2011
US \$25/MWh	10.0 MMBTU/MWh

Date of Notification	Threshold Purchase Price Change	Burrard Heat Rate Change	Reason for Burrard Heat Rate Change
January 26, 2011	Effective January 26, 2011 Change to Threshold Purchase Price US \$28	No Change	N/A
February 15, 2011	Effective February 15, 2011 Change to Threshold Purchase Price US \$26	No Change	N/A
February 23, 2011	Effective February 23, 2011 Change to Threshold Purchase Price US \$17	No Change	N/A
March 17, 2011	Effective March 17, 2011 Change to Threshold Purchase Price US \$999/MWh ² (Up to 8 GWh in HLH on March 19, 2011 and 10 GWh between hour ending 01 on March 20, 2011 and hour ending 06 on March 21, 2011) US \$17/MWh (for additional volumes)	No Change	N/A
March 18, 2011	Effective March 18, 2011 Change to Threshold Purchase Price US \$999/MWh ² (Up to 4 GWh in HLH and 8 GWh in LLH on March 22, 2011) US \$17/MWh (for additional volumes)	No Change	N/A

¹ Pricing is quoted in US\$. For the purpose of allocation of energy and cost of energy, price is converted to CAN\$ based on the Bank of Canada daily noon exchange rate.

Date of Notification	Threshold Purchase Price Change	Burrard Heat Rate Change	Reason for Burrard Heat Rate Change
March 21, 2011	<p>Effective March 21, 2011 Change to Threshold Purchase Price US \$999/MWh² (Up to 5 GWh in HLH and 8 GWh in LLH on March 23, 2011 Up to 4 GWh in HLH and 8 GWh in LLH on March 24, 2011 Up to 6 GWh in HLH and 7 GWh in LLH on March 25, 2011 Up to 6 GWh in HLH and 8 GWh in LLH on March 26, 2011)</p> <p>US \$17/MWh (for additional volumes)</p>	No Change	N/A
March 23, 2011	<p>Effective March 23, 2011 Change to Threshold Purchase Price US \$999/MWh² (Up to 5 GWh in HLH and 8 GWh in LLH on March 24, 2011 Up to 7 GWh in HLH and 7 GWh in LLH on March 25, 2011 Up to 6 GWh in HLH and 6 GWh in LLH on March 26, 2011 Up to 11 GWh in LLH on March 27, 2011 Up to 8 GWh in HLH and 2 GWh in LLH on March 28, 2011 Up to 8 GWh in HLH and 3 GWh in LLH on March 29, 2011)</p>	No Change	N/A
March 28, 2011	<p>Effective March 28, 2011 Change to Threshold Purchase Price US \$999/MWh² (Up to 9 GWh in HLH and 4 GWh in LLH on March 30, 2011 Up to 7 GWh in HLH and 2 GWh in LLH on March 31, 2011 Up to 8 GWh in HLH and 2 GWh in LLH on April 1, 2011 Up to 2 GWh in LLH on April 2, 2011)</p> <p>US \$17/MWh (for additional volumes)</p>	No Change	N/A
March 29, 2011	<p>Effective March 29, 2011 Change to Threshold Purchase Price US \$999/MWh² (Up to 1 GWh in HLH on March 31, 2011 Up to 2 GWh in HLH on April 4, 2011)</p> <p>US \$17/MWh (for additional volumes)</p>	No Change	N/A

² BC Hydro was required to import electricity to meet domestic load due to system conditions. In order to maintain transmission priority for imports that were required to meet load, BC Hydro adopted a two tiered pricing structure. A Threshold Purchase Price was specified for imports up to a GWh/day import limit (required to meet current load), and a separate Threshold Purchase Price was set for any additional energy after the import limit had been reached.

	January 2011	February 2011	March 2011
Net Domestic volumes (MWh)	219,242	230,690	220,370
Burrard Thermal Generating Station volumes (MWh)	467	355	1,194
Monthly System Peak for the integrated domestic system (MW)	9,509	9,282	8,859
Monthly Estimated Peak for the Lower Mainland (MW)	5,124	4,823	4,791
Monthly Estimated Peak for Vancouver Island (MW) ³	2,012	2,070	1,786

³ Does not include the Gulf Islands.