

Janet Fraser

Chief Regulatory Officer

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June 29, 2012

Ms. Erica Hamilton
Commission Secretary
British Columbia Utilities Commission
Sixth Floor – 900 Howe Street
Vancouver, BC V6Z 2N3

Dear Ms. Hamilton:

**RE: British Columbia Utilities Commission (BCUC)
British Columbia Hydro and Power Authority (BC Hydro)
Network Economy Quarterly Report - First Quarter (Q1) 2012**

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 2.

Attachment 1 is the Network Economy Quarterly Report related to the first quarter of calendar 2012 (**Q1 Quarterly Report**).

As required by subsection 9 (e) of the Settlement Agreement I attest that the information contained in the Q1 Quarterly Report is accurate.

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

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Ms. Erica Hamilton
Commission Secretary
British Columbia Utilities Commission
Network Economy Quarterly Report - First Quarter (Q1) 2012

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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, 2012 – March 31, 2012)

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

Initial Threshold Purchase Price¹ on January 1, 2012	Burrard Heat Rate on January 1, 2012
US -\$999/MWh	10.0 MMBTU/MWh

Date of Notification	Threshold Purchase Price Change	Burrard Heat Rate Change	Reason for Burrard Heat Rate Change
December 28, 2011	<p style="text-align: center;">Effective December 28, 2011 Change to Threshold Purchase Price US \$999/MWh² (Up to 8 GWh per day between January 1 and January 2, 2012 Up to 20 GWh per day between January 3 and January 6, 2012)</p> <p style="text-align: center;">US -\$999/MWh (for additional volumes)</p>	No Change	N/A
December 30, 2011	<p style="text-align: center;">Effective December 30, 2011 Change to Threshold Purchase Price US \$999/MWh² (Up to 5 GWh per day between January 3 and January 6, 2012)</p> <p style="text-align: center;">US -\$999/MWh (for additional volumes)</p>	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.

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.

Date of Notification	Threshold Purchase Price Change	Burrard Heat Rate Change	Reason for Burrard Heat Rate Change
March 9, 2012	Effective March 9, 2012 Change to Threshold Purchase Price US \$999/MWh ² (Up to 13 GWh, 21 GWh, 19 GWh, 17 GWh, and 20 GWh per day on March 12, 13, 14, 15 and 16, 2012 respectively) US -\$999/MWh (for additional volumes)	No Change	N/A
March 14, 2012	Effective March 14, 2012 Change to Threshold Purchase Price US \$40/MWh	No Change	N/A
March 19, 2012	Effective March 19, 2012 Change to Threshold Purchase Price US \$21/MWh (Up to 5 GWh per day) US -\$999/MWh (for additional volumes)	No Change	N/A
March 20, 2012	Effective March 20, 2012 Change to Threshold Purchase Price US \$999/MWh ² (Up to 5 GWh per day in LLH) US -\$999/MWh (for additional volumes)	No Change	N/A
March 21, 2012	Effective March 21, 2012 Change to Threshold Purchase Price US \$999/MWh ² (Up to 5 GWh per day) US -\$999/MWh (for additional volumes)	No Change	N/A

Date of Notification	Threshold Purchase Price Change	Burrard Heat Rate Change	Reason for Burrard Heat Rate Change
March 28, 2012	Effective March 28, 2012 No imports are to be accepted or allocated for domestic use at any Threshold Purchase Price Threshold Purchase Price Effectively US -\$999/MWh	No Change	N/A

	January 2012	February 2012	March 2012
Net Domestic volumes (MWh)	12,672	8,128	221,743
Burrard Thermal Generating Station volumes (MWh)	460	260	3,829
Monthly System Peak for the integrated domestic system (MW)	9,929	8,696	8,310
Monthly Estimated Peak for the Lower Mainland (MW)	4,777	4,415	4,246
Monthly Estimated Peak for Vancouver Island (MW) ³	2,140	1,865	1,729

³ Does not include the Gulf Islands.