

Tom A. Loski

Chief Regulatory Officer

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June 10, 2016

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

Dear Ms. Ross:

**RE: British Columbia Utilities Commission (BCUC or Commission)
British Columbia Hydro and Power Authority (BC Hydro)
Network Economy Quarterly Report – First Quarter (Q1) 2016**

BC Hydro writes in compliance with Commission Order No. G-127-06 approving the British Columbia Transmission Corporation's 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 (**TS 80**) - Network Economy Service – section 4, page 2.

The Network Economy Quarterly Report for the first quarter of calendar year 2016 (**Q1 Quarterly Report**) is enclosed as Attachment 1.

Pursuant to Commission Order No. G-158-15, effective April 1, 2016, the Threshold Purchase Price became the Trigger Price for the Network Economy Economic Test under TS 80 at all times of the year, replacing a Trigger Price calculation based on the Burrard Heat Rate during the winter peak period. As such, the requirements in section 4 of TS 80 to include the Burrard Heat Rate and Burrard Thermal Generating Station volumes in the quarterly reports were eliminated, and this Q1 Quarterly Report is the final Network Economy Quarterly Report that will include this information.

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

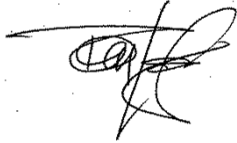
BC Hydro will be posting this letter and the attached report on its website at https://www.bchydro.com/about/planning_regulatory/regulatory.html.

June 10, 2016
Ms. Laurel Ross
Acting Commission Secretary
British Columbia Utilities Commission
Network Economy Quarterly Report – First Quarter (Q1) 2016

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For further information, please contact the undersigned.

Yours sincerely,



Tom Loski
Chief Regulatory Officer

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Enclosure (1)

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

BC Hydro Network Economy Quarterly Report – Q1
(January 1, 2016 – March 31, 2016)

Pursuant to Commission Order No. G-127-06 and Tariff Supplement 80 - Network Economy Service – section 4, page 2:

Initial Threshold Purchase Price ¹ on January 1, 2016	Burrard Heat Rate on January 1, 2016
-\$999/MWh	10.0 MMBTU/MWh

Date of Notification	Threshold Purchase Price Change	Burrard Heat Rate Change	Reason for Burrard Heat Rate Change
N/A	No Change	No Change	No Change

	January 2016	February 2016	March 2016
Net Domestic volumes (MWh)	(654,148) ²	34,391 ²	35,256 ²
Burrard Thermal Generating Station volumes (MWh)	12,129	0	0
Monthly System Peak for the integrated domestic system (MW)	9,602	8,964	8,220
Monthly Estimated Peak for the Lower Mainland (MW)	4,803	4,465	4,071
Monthly Estimated Peak for Vancouver Island (MW) ³	1,899	1,704	1,603

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 A positive volume indicates net domestic imports during the month.

³ Does not include the Gulf Islands.