


MADE at the City of Calgary, in the Province of Alberta, on 14th day of December 2006.	 ALBERTA ENERGY AND UTILITIES BOARD
Alberta Electric System Operator Amendments to AESO 2006 Rider F and Rate FDS	Application No. 1482458

1 INTRODUCTION

The Board received an application (the Application) dated October 12, 2006 in which the Alberta Electric System Operator (AESO) requested approval of certain amendments to Rider F and Rate FDS, as summarized below. The AESO further requested that the amendments be made effective January 1, 2006, that being the original effective date of the rate and rider schedules in question.

The corrections to Rider F (the Balancing Pool Consumer Allocation) would extend the applicability of the rider to Demand Opportunity Service (DOS) Customers and rescind the eligibility of the City of Medicine Hat (Medicine Hat) and BC Hydro Fort Nelson (Fort Nelson) customers. In addition to Rider F, the AESO also requested corresponding amendments to the relevant DOS schedules and DTS schedule.

The correction to the FDS Rate (Fort Nelson Demand Service) relates to the use of an incorrect billing determinant in the denominator for the calculation of the wires component of the demand charge.

The Board published notice (the Notice) of the Application on October 18, 2006. Notice consisted of direct email to all parties represented at the AESO 2006 GTA proceeding, including all those parties directly affected by the proposed amendments. No objections to the Application were received.

2 BACKGROUND

With respect to Rider F, the Balancing Pool is the agency responsible for managing the Power Purchase Arrangements of several major power plants. The Balancing Pool¹ was established in 1999 by the Government of Alberta to help manage certain assets, revenues and expenses arising from the transition to competition in Alberta's electric industry. The Balancing Pool may make distributions from its revenues to consumers. These distributions are made through the AESO

¹ Please refer to www.balancingpool.ca for full details on the Balancing Pool

tariff pursuant to section 30(2) of the Electric Utilities Act. 2006 is the first year such a distribution has been made to consumers. The AESO indicated that it did not initially consider DOS customers to be eligible for these distributions. In the Application, the AESO has requested that this oversight be corrected.

With respect to rate FDS the Board notes that prior to 2006 Fort Nelson was considered to be a DTS rate customer and as such was subject to the largely postage stamp provisions of the DTS rate. As part of the 2006 General Tariff Application process of the AESO, it was determined² that as Fort Nelson was not an Alberta customer it would be more appropriate to establish a separate rate for Fort Nelson so that costs directly attributable to the provision of service to Fort Nelson could be collected from this customer. The FDS Local System Charge is a component of rate FDS that is unique to Fort Nelson. It is designed to recover the costs related to a line that services Fort Nelson only. In this Application the AESO is seeking approval to correct the billing determinant upon which collection of this rate component is based. The correction will ensure the proper amount of revenue is collected from Fort Nelson with regard to this component of the rate.

3 DETAILS OF THE APPLICATION

3.1 Rider F

3.1.1 Eligibility of DOS Customers

As currently approved and implemented, Rider F provides a credit of \$1.00/MWh of metered energy for Demand Transmission Service Rate DTS and Fort Nelson Demand Transmission Service Rate FDS customers of the AESO. The AESO indicated that Rider F has not recently been applied to customers receiving transmission service under any other rates. This applicability has been questioned by Demand Opportunity Service (DOS) customers of the AESO, prompting the AESO to review the reasons for its original applicability requirements. As a result of this review, the AESO has concluded that Rider F should also apply to DOS customers.

The AESO noted that section 82(6)(b) of the EUA provides for “the allocation of the [Balancing Pool] annualized amount to the owners of electric distribution systems, industrial systems and persons that have made arrangements under section 101(2).” The AESO pointed out that section 82 provides no distinction between customers receiving non-recallable transmission service (such as DTS) and those receiving opportunity service (such as DOS). It submitted that since section 82(6)(b) simply refers to the majority of the AESO’s load customers, it provides no reason for opportunity service customers to be ineligible for Rider F.

The AESO stated that at the time of its filing of Rider F in December 2005, the AESO also incorrectly understood that opportunity service customers did not receive electricity rebates arising from the auction of Power Purchase Arrangements (PPAs) in 2000. As the Rider F rebate arises from a similar sale of a PPA by the Balancing Pool in late 2005, the AESO considers that customer eligibility for Rider F should be consistent with customer eligibility for the earlier rebates. The AESO indicated that a detailed review of the rebates that occurred in 2001 indicates

² Decision 2005-096, p. 33

that the rebates were in fact provided to opportunity service customers. The AESO was of the view that the earlier rebates present a precedent for applying Rider F to DOS customers.

In supplementary correspondence dated November 15, 2006, the AESO noted the following passages from the EUA:

- 30(3) The rates set out in the tariff
 - (a) shall not be different for owners of electric distribution systems, customers who are industrial systems or a person who has made an arrangement under section 101(2) as a result of the location of those systems or persons on the transmission system,

- 82(6) The Board must
 - (a) approve the annualized amount provided to the Independent System Operator by the Balancing Pool, without modification, and
 - (b) approve, with or without modification, the allocation of the annualized amount to the owners of electric distribution systems, industrial systems and persons that have made arrangements under section 101(2).

The AESO indicated that sections 30(3) and 82(6) used identical wording to indicate to whom the AESO's rates apply and to whom the Balancing Pool amount is allocated, with no distinction anywhere in the legislation between firm and opportunity service. The AESO interpreted section 30(3) to include DOS customers, and so concluded section 82(6)(b) should also be interpreted to include DOS customers, barring exclusion elsewhere in the legislation.

For the above reasons the AESO submitted the original ineligibility of DOS customers for Rider F to be incorrect, and requested the Board approve corrected Rider F and DOS Rate Schedules which reflect DOS eligibility for Rider F. For clarity, the AESO noted that, although Rider F was currently a credit to customers, in the event Rider F becomes a charge to customers in a future period it will equally apply to DOS customers for the reasons provided above. The AESO also requested this correction apply retroactively to January 1, 2006, which will result in prior period bill adjustments for DOS customers in addition to making them eligible for Rider F going forward.

No comments were received from any DOS customers.

3.1.2 Eligibility of the City of Medicine Hat & BC Hydro Fort Nelson Customers

The AESO also determined that Rider F should not apply to Medicine Hat and Fort Nelson customers. The AESO noted section 82(6)(b) of the EUA provides for "the allocation of the [Balancing Pool] annualized amount to the owners of electric distribution systems, industrial systems and persons that have made arrangements under section 101(2)." The AESO considers that "persons that have made arrangements under section 101(2)" refers to customers who receive electricity directly from the transmission system and who enter into an arrangement directly with the AESO for the provision of system access service after receiving prior approval

of the owner of the electric distribution system in whose service area the property is located and prior approval of the AESO.

With respect to Medicine Hat, the AESO pointed out that section 100 of the EUA specifically exempted the Medicine Hat from all requirements of Part 7 of the EUA relating to distribution (except where it provides services outside its service area). The AESO therefore concluded that Medicine Hat should not be considered an owner of an electric distribution system for the purpose of section 82(6) of the EUA. The AESO indicated that Medicine Hat is also neither an industrial system nor a person who has made arrangements under section 101(2). The AESO therefore concluded that Rider F should not apply to Medicine Hat.

In its supplementary correspondence dated November 15, 2006 the AESO submitted that together, the following provisions of the EUA suggest that Medicine Hat should not be eligible for Rider F.

1(1) In this Act...

- (m) “electric distribution system” means the plant, works, equipment, systems and services necessary to distribute electricity in a service area, but does not include a generating unit or a transmission facility
- (z) “interconnected electric system” means all transmission facilities and all electric distribution systems in Alberta that are interconnected, but does not include an electric distribution system or a transmission facility within the service area of the City of Medicine Hat....

82(6) The Board must

- (a) approve the annualized amount provided to the Independent System Operator by the Balancing Pool, without modification, and
- (b) approve, with or without modification, the allocation of the annualized amount to the owners of electric distribution systems, industrial systems and persons that have made arrangements under section 101(2).

100 Nothing in this Part applies

- (a) to the electric distribution system owned by the City of Medicine Hat or a subsidiary of the City in the service area of the City, or
- (b) to customers whose property is located in the service area of the City of Medicine Hat....

109 Nothing in this Part applies

- (a) to the electric distribution system owned by the City of Medicine Hat or a subsidiary of the City in the service area of the City, or
- (b) to customers whose property is located in the service area of the City of Medicine Hat....

Although section 82(6) provides that the Balancing Pool amount is allocated to owners of electric distribution systems, the AESO submitted that the legislative intention underlying the EUA is clearly that distribution-related provisions of the EUA do not apply to the City of Medicine Hat.

By letter dated October 25, 2006, Medicine Hat indicated that it had no objections to the Application as filed.

With respect to the Fort Nelson service, the AESO reached a similar conclusion. Specifically, the AESO concluded that BC Hydro is not an owner of an electric distribution system within the meaning of the EUA since such a distribution system exists only in a service area determined under the *Hydro and Electric Energy Act* (Alberta), which does not apply in British Columbia. The AESO acknowledges that the Board directed it to provide transmission service to Fort Nelson based on the AESO's DTS rate in Decision 2005-096, but notes that the Board also commented (page 32):

The Board rejects BCH's argument that it should continue to receive service under the DTS rate. The Board cannot ignore the obvious – Fort Nelson is not located in Alberta. As such, the Board does not consider that the AESO is obliged to offer the postage stamp service that it is obligated to provide to Alberta customers.

The AESO submitted that Fort Nelson is also neither an industrial system nor a person who has made arrangements under section 101(2). The AESO concluded that Rider F should not apply to Fort Nelson.

In its supplementary correspondence dated November 15, 2006 the AESO submitted that the following provisions of the EUA, when read together, suggest that Fort Nelson should not be eligible for Rider F:

1(1) In this Act...

- (m) “electric distribution system” means the plant, works, equipment, systems and services necessary to distribute electricity in a service area, but does not include a generating unit or a transmission facility
- (z) “interconnected electric system” means all transmission facilities and all electric distribution systems in Alberta that are interconnected, but does not include an electric distribution system or a transmission facility within the service area of the City of Medicine Hat....
- (ww) “service area” means the area determined under the *Hydro and Electric Energy Act* from time to time in which

- (i) the owner of an electric distribution system may distribute electricity,
or
- (ii) a rural electrification association may distribute electricity to its
members;

82(6) The Board must

- (a) approve the annualized amount provided to the Independent System Operator by the Balancing Pool, without modification, and
- (b) approve, with or without modification, the allocation of the annualized amount to the owners of electric distribution systems, industrial systems and persons that have made arrangements under section 101(2).

The AESO submitted that since Fort Nelson does not have a service area determined under the *Hydro and Electric Energy Act*, it cannot be an owner of an electric distribution system as defined in the EUA and that as such, section 82(6) is not applicable to it. The AESO maintained this was consistent with the Board's finding in Decision 2005-096 that Fort Nelson should not continue to receive service under the DTS rate because "Fort Nelson is not located in Alberta."

By letter dated November 1, 2006, BC Hydro indicated that it had no objections to the Application.

As in its assessment of Rider F applicability to DOS customers, the AESO also reviewed whether the Medicine Hat or Fort Nelson received electricity rebates from the PPA auctions in 2000. The AESO indicated that neither customer had received the earlier rebates, and indicated that this provided further support for not applying the current Rider F to those customers.

For the above reasons, the AESO submitted the original eligibility of Medicine Hat and Fort Nelson for Rider F to be incorrect, and requested the Board approve corrected Rider F and DTS, DOS, and FDS Rate Schedules which reflect the Medicine Hat and Fort Nelson ineligibility for Rider F. For clarity, the AESO notes that, although Rider F is currently a credit to customers, in the event Rider F becomes a charge to customers in a future period it will equally not apply to Medicine Hat and Fort Nelson customers for the reasons provided above. Also, as noted above, the AESO requested this correction apply retroactively to January 1, 2006, which will result in prior period bill adjustments for Medicine Hat and Fort Nelson in addition to making them ineligible for Rider F going forward.

3.2 Rate FDS - Fort Nelson Demand Transmission Service Rate Calculation

During the course of the review of Rider F applicability to Fort Nelson, the AESO determined it had incorrectly calculated Rate FDS in the first and second refilings of its 2006 tariff on September 27 and December 9, 2005, respectively. Specifically, the FDS Local System Charge is overstated due to the use of an incorrect billing determinant in the denominator for the calculation of the wires component of the demand charge.

To determine the FDS Local System Charge under the methodology directed in Decision 2005-096, the local system cost attributed to Fort Nelson is divided by the demand billing determinant forecast for Fort Nelson for 2006. However, the billing determinant used in the calculation filed by the AESO was the forecast *actual metered demand* for 2006 rather than the forecast *billing capacity* for 2006, where billing capacity represents the highest of actual metered demand in the billing period, 90% of highest metered demand in the previous 24 months, or 90% of contract capacity. This error understated the billing determinant and resulted in a higher-than-appropriate charge.

Although Rate FDS is subject to Deferral Account Adjustment Rider C, the AESO noted that Rider C deals with aggregate difference in revenues and costs by rate component, and would not adjust for an incorrect rate component that was applicable to only a single customer like Fort Nelson.

3.3 Implementation

The AESO submitted that as the requested corrections reflect incorrect assumptions and errors in the original rates and riders approved to be effective January 1, 2006, the corrections should also be effective January 1, 2006. The AESO accordingly requested the Board approve the attached corrected rate and rider schedules to be retroactive to January 1, 2006. The AESO indicated that after receiving Board approval, it will adjust the tariff programming code of its billing system to reflect these corrections, which may take up to three months to complete given current information technology priorities at the AESO. Prior-period bills will then be re-issued to the directly-affected customers in the normal course of billing procedures provided in Article 15.3 of its terms and conditions of service.

4 BOARD FINDINGS

With respect to Rider F, the Board notes that the AESO has determined that its original interpretation of Section 82(6)(b) of the EUA, regarding the eligibility of DOS customers, was incorrect. In particular the AESO stated:

Section 82(6)(b) of the EUA provides for “the allocation of the [Balancing Pool] annualized amount to the owners of electric distribution systems, industrial systems and persons that have made arrangements under section 101(2).” Section 82 provides no distinction between customers receiving non-recallable transmission service (such as DTS) and those receiving opportunity service (such as DOS). Section 82(6)(b) simply refers to the majority of the AESO’s load customers, and therefore provides no reason for opportunity service customers to be ineligible for Rider F.³

³ Application, p. 2

The AESO reached similar conclusions with respect to the ineligibility of Medicine Hat and Fort Nelson, stating:

With respect to the City of Medicine Hat, section 100 of the EUA specifically exempts the City from all requirements of Part 7 of the EUA relating to distribution (except where the City provides services outside its service area). The AESO therefore concludes the City of Medicine Hat should not be considered a distribution system owner for the purposes of section 82(6) of the EUA. The City is also neither an industrial system nor a person who has made arrangements under section 101(2). The AESO concludes that Rider F should not apply to the City of Medicine Hat.

With respect to the BC Hydro Fort Nelson service, the AESO reaches a similar conclusion. BC Hydro is not an owner of an electric distribution system under the EUA since such a distribution system exists only in a service area determined under the Hydro and Electric Energy Act, which does not apply in British Columbia.⁴

The Board concurs with the present interpretation of the AESO and considers the corrections to the eligibility criteria for Rider F to be just and reasonable. They are approved as filed.

With respect to the Fort Nelson rate (rate FDS) in particular the Board notes that the component of the rate at issue in this filing pertains solely to the provision of service to Fort Nelson. As such the Board considers that any over collection or under collection of this component of the rate should be made from or to this particular customer and notes that this is the intent of the Application. The Board further notes that the AESO's existing deferral account rider, Rider C, applies to all DTS customers. It would not, therefore, collect or refund the variance arising from the error identified by the AESO solely from Fort Nelson, the only customer outside of Alberta using the line. The Board therefore considers the correction to Rate FDS to be just, reasonable and in keeping with the determinations made in Decision 2005-096.

While the Board is willing to approve the AESO's requested corrections in the specific circumstances of this case, with respect to Fort Nelson, the Board notes that in Decision 2005-096, it found that:

... The Board cannot ignore the obvious – Fort Nelson is not located in Alberta. As such, the Board does not consider that the AESO is obliged to offer the postage stamp service that it is obliged to provide to Alberta customers.

Equally, however, the Board considers that the rate charged to BCH for Fort Nelson service must be just and reasonable, in accordance with established regulatory principles. The Board does not consider that the proposed FDS rate conforms to these principles. The Board also believes that the rate charged for Fort Nelson service must be designed in such a manner that it will provide a fair and reasonable template that can be used in determining rates for other inter-provincial service, be it service provided by the AESO to other BC customers or by BCH to customers located in Alberta. The Board does not consider the AESO's proposal to be either just or reasonable.

...

⁴ Application, p. 3

The Board considers the above will result in just and reasonable charges for service to Fort Nelson. The Board also considers that this provides a reasonable template for the provision of other inter-provincial services as well. The AESO's proposed tariff treatment of Fort Nelson is denied and the AESO is directed to continue to provide DTS and STS services to Fort Nelson on the basis set out above and the refiling should demonstrate this treatment.⁵

The Board notes that the applied for adjustments are to be implemented retroactively, however the impact on other customers is negligible due to the fact that the Balancing Pool will 'fund' the net impact of the revisions to the DOS amounts, related to the eligibility of Rider F to the affected customers. With respect to the FDS rate adjustment, the Board considers this more akin to a billing adjustment that would be made in the normal course. Finally, the Board notes that the AESO is a not for profit entity that will not profit or suffer as a result of these adjustments to the tariff, and that other customers are either unaffected or at the most only marginally affected. The Board notes that no party has objected to either the requested corrections, or the timing of those corrections. While the Board considers that there is a reasonable expectation of finality to rates approved by the Board, adjustments resulting from errors may be made in demonstrated special circumstances. In this case, given that the changes relate to amounts in the current year, the circumstances and the background to Rider F and Rate FDS, the Board is satisfied that the AESO has demonstrated special circumstances. The Board has also considered the AESO's arguments for making the corrections effective January 1, 2006. The Board notes that neither Medicine Hat nor Fort Nelson, the two customers who will have to refund the credits that they have received, have objected to the adjustments proposed by the AESO. The Board also considers that the rates that were initially implemented were based on errors in their applicability to certain customers. Therefore, in the circumstances of this case, the Board concurs with the AESO that the corrections to the specified rates should be effective January 1, 2006.

5 ORDER

It is therefore ordered that:

- 1) Rider F is approved as filed (copy attached as Appendix 1), effective January 1, 2006, and,
- 2) Rate FDS is approved as filed (copy attached as Appendix 1), effective January 1, 2006.
- 3) Rates DOS and DTS are approved as filed (copy attached as Appendix 1), effective January 1, 2006.
- 4) The AESO shall make the necessary billing corrections and report to the Board when the affected customers have been refunded/charged, along with a summary of the billing corrections made.

END OF DOCUMENT

⁵ Decision 2005-096, pp. 32, 33

DTS **Demand Transmission Service** Page 1 of 2

Applicable to: Demand Customers

Rate: Charges for DTS in any one Billing Period shall be the sum of the Interconnection Charge, the Operating Reserve Charge, the Voltage Control Charge, and the Other System Support Services Charge, where:

The **Interconnection Charge** equals:

(1) a **Bulk System Charge** of

- **\$1,233.00/MW/month** of Coincident Metered Demand in the Billing Period, plus
- **\$1.41/MWh** of Metered Energy during the Billing Period;

Plus

(2) a **Local System Charge** of

- **\$553.00/MW/month** of Billing Capacity in the Billing Period, plus
- **\$0.26/MWh** of Metered Energy during the Billing Period;

Plus

(3) a **Point of Delivery Charge** of

(a) **\$707.00/MW/month** of Billing Capacity in the Billing Period, plus

(b) **\$0.08/MWh** of Metered Energy during the Billing Period, plus

(c) (i) for a Point of Delivery at a substation at which multiple end-use services (consisting of any combination totaling more than one of DTS, STS, or distribution-connected services) are interconnected:

- **\$21,899.00/month** multiplied by the Substation Fraction in the Billing Period, or

(ii) for a Point of Delivery at a substation at which one single end-use service (one single transmission-connected service served either directly by the AESO or by a Distributor that flows through the AESO's tariff to the end-user) is interconnected:

- if Billing Capacity in the Billing Period is less than or equal to 5 MW, an additional charge of **\$4,380.00/MW/month** of Billing Capacity in the Billing Period, or
- if Billing Capacity in the Billing Period is greater than 5 MW, a charge of **\$21,899.00/month** in the Billing Period.

DTS

Demand Transmission Service

Coincident Metered Demand is the Metered Demand at the Point of Delivery averaged over the fifteen (15) minute interval in which the sum of the Metered Demands for all DTS Customers is greatest in each Billing Period.

Billing Capacity shall be the highest of:

- (i) the highest fifteen (15) minute Metered Demand in the Billing Period;
- (ii) the Ratchet Level; or
- (iii) 90% of the Contract Capacity,

where "Ratchet Level" is defined as 90% of the highest Metered Demand in the previous 24 months.

Substation Fraction is the ratio of the Contract Capacity for the Point of Delivery to the sum of all Contract Capacities (both DTS and STS) at the substation at which the Point of Delivery is interconnected.

The **Operating Reserve Charge** equals:

- Metered Energy in each hour \times **3.87%** \times **Pool Price**.

The **Voltage Control Charge** equals:

- **\$0.98/MWh** of Metered Energy during the Billing Period.

The **Other System Support Services Charge** equals:

- **\$76.00/MW/month** of highest Metered Demand in the Billing Period, plus a charge (where Power Factor is less than 90%) of **\$400/MVA** applied to the difference between the highest metered Apparent Power and 111% of the highest Metered Demand during the same Billing Period.

Terms:

- (a) References to Metered Energy in this Rate Schedule shall mean the amount of Metered Energy attributable to service under this Rate Schedule, which shall be determined in accordance with Article 10.4 of the Terms and Conditions.
- (b) The DTS rate is separately applicable at each POD.
- (c) The Terms and Conditions form part of this Rate Schedule.
- (d) When invoked by the AESO, Rate Riders B and C apply to customers under this Rate Schedule. When invoked by the AESO, Rate Rider F applies to customers under this Rate Schedule with the exception of the City of Medicine Hat.

FDS Fort Nelson Demand Transmission Service Page 1 of 2

Applicable to: BC Hydro for demand service to Fort Nelson, British Columbia

Rate: Charges for FDS in any one Billing Period shall be the sum of the Interconnection Charge, the Operating Reserve Charge, the Voltage Control Charge, and the Other System Support Services Charge, where:

The **Interconnection Charge** equals:

- (1) a **Bulk System Charge** of
 - **\$1,233.00/MW/month** of Coincident Metered Demand in the Billing Period, plus
 - **\$1.41/MWh** of Metered Energy during the Billing Period;

Plus

- (2) a **Local System Charge** of
 - **\$1,410.00/MW/month** of Billing Capacity in the Billing Period, plus
 - **\$0.81/MWh** of Metered Energy during the Billing Period.

Coincident Metered Demand is the Metered Demand at the Point of Delivery averaged over the fifteen (15) minute interval in which the sum of the Metered Demands for all DTS Customers is greatest in each Billing Period.

Billing Capacity shall be the highest of:

- (i) the highest fifteen (15) minute Metered Demand in the Billing Period;
- (ii) the Ratchet Level; or
- (iii) 90% of the Contract Capacity,

where "Ratchet Level" is defined as 90% of the highest Metered Demand in the previous 24 months.

The **Operating Reserve Charge** equals:

- Metered Energy in each hour × **3.87%** × **Pool Price**.

The **Voltage Control Charge** equals:

- **\$0.98/MWh** of Metered Energy during the Billing Period.

FDS**Fort Nelson Demand Transmission Service**

Page 2 of 2

The **Other System Support Services Charge** equals:

- **\$76.00/MW/month** of highest Metered Demand in the Billing Period, plus a charge (where Power Factor is less than 90%) of **\$400/MVA** applied to the difference between the highest metered Apparent Power and 111% of the highest Metered Demand during the same Billing Period.

Terms:

- (a) References to Metered Energy in this Rate Schedule shall mean the amount of Metered Energy attributable to service under this Rate Schedule, which shall be determined in accordance with Article 10.4 of the Terms and Conditions.
- (b) The FDS rate is separately applicable at each POD.
- (c) The Terms and Conditions form part of this Rate Schedule.
- (d) When invoked by the AESO, Rate Riders B and C apply to customers under this Rate Schedule.

DOS 7 Minutes Demand Opportunity Service (7 Minutes) Page 1 of 2

Applicable to: Qualified Opportunity Service Customers who are recallable within seven (7) minutes.

Available: For quantities of Metered Energy taken within the Opportunity Capacity for the relevant System Access Service Agreement for Demand Opportunity Service, and when sufficient transmission capacity exists to accommodate such quantity. This service will be available a minimum of one (1) hour for Customers deemed eligible in the pre-qualification process, following the execution of a System Access Service Agreement.

Rate: The charges for service per Billing Period shall be as follows:

(1) The greater of (a) and (b) below:

- (a) (i) **\$3.00/MWh** of Metered Energy during the Billing Period; plus
- (ii) Incremental Losses Charge, calculated as the sum over each transaction hour of the Billing Period of the following:

- Metered Energy in hour x location specific loss factor x Pool Price for the hour, where the location specific loss factor is an incremental factor determined by the AESO for each Point of Delivery.

(b) A minimum charge equal to:

- Opportunity Capacity under this Rate Schedule x number of hours in total transactions in the Billing Period x 75% x **\$3.00/MWh**.

Plus

(2) Transaction Fee: **\$500** per Billing Period.

Terms: (a) The rate is separately applicable at each POD.

(b) A Customer's pre-qualified eligibility for Demand Opportunity Service will be available for a maximum of one (1) year. The term for a System Access Service Agreement for Demand Opportunity Service will be:

- (i) no less than a continuous eight hours from 0:00 hr midnight to 24:00 hr, or such other minimum term as the AESO may, at its discretion set; and
- (ii) no greater than one (1) calendar month.

DOS 7 Minutes Demand Opportunity Service (7 Minutes) Page 2 of 2

(c) To the extent practicable, service for Opportunity Service Customers taking service under this Rate Schedule shall be recallable in advance of service for Non-Recallable Customers in an Emergency.

5

(d) In the event that a Customer's service is recalled, the Customer shall be required to curtail load by the amount directed by the System Controller, which can be an amount up to the Opportunity Capacity, subject to no requirement on the Customer to curtail to below the DTS Contract Capacity. Curtailment of such amount shall be achieved within seven (7) minutes of receiving a directive from the System Controller.

10

(e) References to Metered Energy in this Rate Schedule shall mean the amount of Metered Energy attributable to service under this Rate Schedule, which shall be determined in accordance with Article 10.4 of the Terms and Conditions.

15

(f) When invoked by the AESO, Rate Rider E applies to customers under this Rate Schedule. When invoked by the AESO, Rate Rider F applies to customers under this Rate Schedule with the exceptions of the City of Medicine Hat and BC Hydro at Fort Nelson.

20

(g) The Terms and Conditions form part of this Rate Schedule.

DOS 1 Hour Demand Opportunity Service (1 Hour) Page 1 of 2

Applicable to: Qualified Opportunity Service Customers who are recallable within one (1) hour.

Available: For quantities of Metered Energy taken within the Opportunity Capacity for the relevant System Access Service Agreement for Demand Opportunity Service, and when sufficient transmission capacity exists to accommodate such quantity. This service will be available a minimum of one (1) hour for Customers deemed eligible in the pre-qualification process, following the execution of a System Access Service Agreement.

Rate: The charges for service per Billing Period shall be as follows:

(1) The greater of (a) and (b) below:

- (a) (i) **\$5.00/MWh** of Metered Energy during the Billing Period; plus
- (ii) Incremental Losses Charge, calculated as the sum over each transaction hour of the Billing Period of the following:

- Metered Energy in hour x location specific loss factor x Pool Price for the hour, where the location specific loss factor is an incremental factor determined by the AESO for each Point of Delivery.

(b) A minimum charge equal to:

- Opportunity Capacity under this Rate Schedule x number of hours in total transactions in the Billing Period x 75% x **\$5.00/MWh**.

Plus

(2) Transaction Fee: **\$500** per Billing Period.

Terms: (a) The rate is separately applicable at each POD.

(b) A Customer's pre-qualified eligibility for Demand Opportunity Service will be available for a maximum of one (1) year. The term for a System Access Service Agreement for Demand Opportunity Service will be:

- (i) no less than a continuous eight hours from 0:00 hr midnight to 24:00 hr, or such other minimum term as the AESO may, at its discretion set; and
- (ii) no greater than one (1) calendar month.

DOS 1 Hour Demand Opportunity Service (1 Hour) Page 2 of 2

(c) To the extent practicable, service for Opportunity Service Customers taking service under this Rate Schedule shall be recallable in advance of service for Non-Recallable Customers in an Emergency.

- 5 (d) In the event that a Customer's service is recalled, the Customer shall be required to curtail load by the amount directed by the System Controller, which can be an amount up to the Opportunity Capacity, subject to no requirement on the Customer to curtail to below the DTS Contract Capacity. Curtailment of such amount shall be achieved within one (1) hour of receiving a directive from the System Controller.
- 10 (f) References to Metered Energy in this Rate Schedule shall mean the amount of Metered Energy attributable to service under this Rate Schedule, which shall be determined in accordance with Article 10.4 of the Terms and Conditions.
- 15 (f) When invoked by the AESO, Rate Rider E applies to customers under this Rate Schedule. When invoked by the AESO, Rate Rider F applies to customers under this Rate Schedule with the exceptions of the City of Medicine Hat and BC Hydro at Fort Nelson.
- 20 (h) The Terms and Conditions form part of this Rate Schedule.

DOS Term **Demand Opportunity Service (Term)** Page 1 of 2

Applicable to: Qualified Opportunity Service Customers who are recallable within one (1) hour.

Available: For quantities of Metered Energy taken within the Opportunity Capacity for the relevant System Access Service Agreement for Demand Opportunity Service, and when sufficient transmission capacity exists to accommodate such quantity. This service will be available a minimum of one (1) hour for Customers deemed eligible in the pre-qualification process, following the execution of a System Access Service Agreement.

Rate: The charges for service per Billing Period shall be as follows:

(1) The greater of (a) and (b) below:

(a) (i) **\$20.00/MWh** of Metered Energy during the Billing Period; plus
(ii) Incremental Losses Charge, calculated as the sum over each transaction hour of the Billing Period of the following:

- Metered Energy in hour × location specific loss factor × Pool Price for the hour, where the location specific loss factor is an incremental factor determined by the AESO for each Point of Delivery.

(b) A minimum charge equal to:

- Opportunity Capacity under this Rate Schedule × number of hours in total transactions in the Billing Period × 75% × **\$20.00/MWh**.

Plus

(2) Transaction Fee: **\$500** per Billing Period.

Terms: (a) The rate is separately applicable at each POD.

(b) A Customer's pre-qualified eligibility for Demand Opportunity Service will be available for a maximum of one (1) year. The term for a System Access Service Agreement for Demand Opportunity Service will be:

- (i) no less than a continuous eight hours from 0:00 hr midnight to 24:00 hr, or such other minimum term as the AESO may, at its discretion set; and
- (ii) no greater than one (1) calendar month.

DOS Term

Demand Opportunity Service (Term)

Page 2 of 2

5

(c) To the extent practicable, service for Opportunity Service Customers taking service under this Rate Schedule shall be recallable in advance of service for Non-Recallable Customers in an Emergency.

10

(d) References to Metered Energy in this Rate Schedule shall mean the amount of Metered Energy attributable to service under this Rate Schedule, which shall be determined in accordance with Article 10.4 of the Terms and Conditions.

15

(e) When invoked by the AESO, Rate Rider E applies to customers under this Rate Schedule. When invoked by the AESO, Rate Rider F applies to customers under this Rate Schedule with the exceptions of the City of Medicine Hat and BC Hydro at Fort Nelson.

(f) The Terms and Conditions form part of this Rate Schedule.

Rider F **Balancing Pool Consumer Allocation Rider** Page 1 of 1

- 5 Purpose: To collect from or refund to AESO Customers an annualized amount estimated by the Balancing Pool and transferred to the AESO under section 82 of the *Electric Utilities Act*.
- 10 Applicable to: Customers receiving service under the following Rate Schedules:
- DTS, with the exception of the City of Medicine Hat
 - DOS, with the exceptions of the City of Medicine Hat and BC Hydro at Fort Nelson
- 15 Effective: The rider is effective for all billing periods from January 1, 2006 to December 31, 2006.
- Rate: A credit of **\$1.00/MWh** of Metered Energy during the Billing Period.
- Terms: The Terms and Conditions form part of this Rate Schedule.