Harvard Electricity Policy Group Meeting
January 30-31, 2003 in Palm Springs

Presentation by

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The Vision - Backward and Forward

* In the 1990’s, many have seen the melt-down of 2000.

* In 2000, we have seen the average-IQ-test results.

* We are currently living in a broken system.

* Now, “We see the future: It is working.”
Long Term Planning - The Current Chronical Choke

* Local or sub-regional at best.

* Sliding window of 10-year plan, the first year has nothing.

* Hypothetical reactive regional coordination process.

* Multi-state, multi-utility, multi-regulator, multi-year approval process, multi-year construction, and low return investment.
The Result
Growth Rates of Transmission Capacity & Summer Peak Growth Rates in North America

Transmission Capacity Growth (MW Miles)  Summer Peak Demand Growth (GW)

Growth Rate (%)

<table>
<thead>
<tr>
<th>Period</th>
<th>Transmission Capacity Growth</th>
<th>Summer Peak Demand Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>1978-1988</td>
<td>3.0</td>
<td>1.5</td>
</tr>
<tr>
<td>1988-1998</td>
<td>2.0</td>
<td>1.0</td>
</tr>
<tr>
<td>1998-2008</td>
<td>1.5</td>
<td>0.5</td>
</tr>
</tbody>
</table>

Source: E. Hirst, Expanding US Transmission Capacity
Existing loads in 1999 = approx. 130,000 MW of peak summer demand and 755,000 gigawatt hours of annual energy requirements.

In 2010, peak summer demand is expected to be approx. 162,000 MW and 960,000 gigawatt hours of annual energy requirements.
Transmission Capacity
2010 Gas Scenario

2004 Base System Lines
(Width Indicates Relative Capacity)

Added Capacity
(Width Indicates Relative Capacity)

Source: Conceptual Plans for Electricity Transmission in the West - Report to the Western Governors' Association, August 2001
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The Future Planning Process

* Centralized
* Regional - Natural Market
* One shot - Multi State + Federal
* Market Driven
* Incentive Rates
A non-linear, overly subscribed system.

The physical approaches are:
  • emotionally sound
  • technically torturous
  • practically impossible
  • competitively questionable

The future is LMP that accommodates hydro.
The emotional bottom line:
Transmission = fraction of total cost
Third party transmission revenue = fraction of transmission cost shift = fraction of third party revenue
= fraction x fraction x fraction
<<< Market Impact

The future dictionary - The following words are not recognized:
Export Fee, Import Premium, Transfer Payment, ....
1. Get fully involved in the process.

2. Operating responsibility in Canada is in the hands of a provincially-regulated independent utility.

3. Canadian Regulatory Oversight

4. That is all !!!
Conclusion

* Coordinated, open, multi-national, and efficient common carrier of electricity is simply a “good public policy”.

* The rest is emotional details.