

Submission from Teck Resources Limited to the IEPR Task Force

On behalf of Teck Resources Limited (Teck), please find the following key interest points as they relate to the current Industrial Electricity Policy Review (IEPR). We have reviewed a number of the written submissions and generally we align well (e.g. AMPC's submission). Here are the specific points Teck would like to reinforce as important to us:

1. Deferral Accounts – first, we feel it is important to address how the deferral accounts are being used and create a recommendation to restrict their use back to our understanding of their original intent (i.e. a financial mechanism to eliminate yearly rate fluctuations due to low or high water years). Second, make a recommendation on a plan to eliminate the current liability, being mindful of the impact on the rate payer.
 - a. On a related note, the efficient operation of BC Hydro and the effective regulation by the BCUC needs to be addressed.
2. Contribution Policy – first, we feel it is important that a contribution policy be fair and equally applied across the province. There are rules and definitions that have a material impact on a project evaluation, that can appear arbitrary. As examples: a new radial connection versus a significant service upgrade of an existing loop, or the 150 MW threshold in TS No. 6. Mines (and other industries) do not have the freedom to move their projects, they only have the choice to go ahead or not – these rules are additional barriers to development in some areas.
 - a. On a related note, we feel clear definition is needed on how a project will be treated so that it can be factored into a project evaluation. Having allowances or subjective items included will delay project decisions, especially if costs to include only become accurately available at advanced stages.
 - b. Contribution policy (in the above context) will provide clarity for new projects; however, we have a number of operating sites that are approaching the upper limit of existing infrastructure. With growth plans, these cases need to be considered as well. One major point of concern is the time and cost for BC Hydro to study the interconnection impacts of a project. This can be greater than a year to complete and in some cases, the cost to study is comparable to the system upgrade costs (i.e. spend \$150,000 to study \$160,000 worth of system upgrades). Some consideration of improvements to this process is warranted.
3. Stepped Rate – we feel the stepped rate remains a good system for the industrial customers. It has been effective to date, with most industrial customers being less than

100% of their Customer Baseline Load (CBL) – this has been via both customer-funded as well as BC Hydro-funded (or enabled) energy reduction projects. We don't feel a need to drastically alter this (i.e. from 90/10 to 80/20, end use rates, or other). The stepped rate is applied equally and transparently to all transmission customers, and continues to incent Teck to reduce its energy consumption.