

British Columbia Utilities Commission Information Request No. 2.578.1 Dated: July 21, 2010 British Columbia Hydro & Power Authority Response issued August 16, 2010	Page 1 of 1
British Columbia Hydro & Power Authority Fiscal 2011 Revenue Requirement Application	Exhibit: B-11

*BC Hydro Capital
 + Operating Costs
 Appendix 2*

**578.0 Reference: Exhibit B-8, Chapter 5 Updated F2011 Revenue Requirement, Sec. 5.3 F2011 Cost of Energy, pp. 44-45; Exhibit B-1-3, Application Erratum, Sec. 4.4.3.5 Natural Gas for Thermal Generation, pp. 4-8
 Cost of Energy and Natural Gas for Thermal Generation**

2.578.1 Please reconcile the following statement from the referenced erratum "Burrard is not expected to be an economic source of energy in F2011 due to the combined impact of assumed average inflow conditions" with the following statement from the Evidentiary Update "[t]he \$236 million increase in the forecast cost of energy is principally due to low inflows resulting in changes in the forecast mix of sources of supply."

RESPONSE:

The combination of a high heat rate and the provincial carbon tax result in Burrard being an uneconomic resource relative to electricity markets, even under the current low inflow conditions.