Q: Reference: Brattle's report page 14 (footnote 21) notes BC Hydro's definition of financial security to be: "The security for costs may include an irrevocable letter of credit, a contract bond, a guarantee by a corporation other than the Customer, a bank term deposit to be deposited in trust for B.C. Hydro, a negotiable bearer bond that is government guaranteed at face value, or a prepayment on account."

Is Brattle's concept for financial security the same as BC Hydro's definition? Does Brattle recommend requiring financial security for all loads with an expected 25 plus years worth of sales or only for those which are more mobile or speculative (e.g., cryptocurrency versus hard rock mines)?

A. Conceptually yes, we agree that multiple types of financial security may be used to back the credit for anticipated revenues. The types of security that may be used should carry acceptable level of risk, which would require the view of a finance expert.

Our recommendation includes financial security equal to the anticipated revenue credit, which would be applied to all customers. This credit reduces the upfront payment required for directly allocated network assets. We have not recommended a specific time horizon for the calculation of the anticipated revenue credit. Please refer to NLH-PUB-006 for a discussion of trade-offs as related to the amount required in security deposits versus upfront payment.