
OPINION EDITORIAL

THE FACTS ON INDEPENDENT POWER PRODUCTION IN B.C.

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Let me lay out the following facts on independent power production to correct misleading claims about private electricity generation in British Columbia.

Claim: British Columbia does not need to be electricity self-sufficient; we should just import any new electricity we need from other jurisdictions.

Fact: Quite simply, B.C. needs more power. We are consuming more electricity than we produce. We are net importers of electricity in an average water year and what we need is a guaranteed supply of reliable, clean electricity.

- Many other jurisdictions where these critics would have us purchase power from generate electricity from traditional coal-fired power plants, not the clean, green sources we enjoy in this province.
- As our province's population and economy continue to grow, so does our demand for electricity. While B.C. was once self-sufficient, we have been relying on power imports to meet up to 15 per cent of electricity needs over the past six years.
- This gap between demand and supply is expected to widen as demand increases a projected 35-45 per cent in B.C. over the next two decades.
- To meet B.C.'s growing electricity needs we need to build more, buy more and conserve more.

Claim: The 2002 Energy Plan bans BC Hydro from building new electricity generation facilities.

Fact: BC Hydro is currently looking at building and expanding electricity generation.

- It is moving to Stage 2 of reviewing the feasibility of the new Site C project on the Peace River.
- In addition, BC Hydro is planning to expand electricity generation at Revelstoke by adding a fifth 500-megawatt turbine with the potential to add another turbine there and two new turbines at the Mica dam. As well, BC Hydro has undertaken capital investments on several dam sites including: Seven Mile Dam Safety improvements, Peace Canyon Stator replacement, GM Shrum Stator upgrade, Aberfeldie Dam Redevelopment and Coquitlam Dam Seismic Improvement Project.
- As a result, enough additional power will be produced for tens of thousands of homes.

Claim: B.C. ratepayers are paying the capital costs of new power projects being built by private energy developers through Electricity Purchase Agreements with BC Hydro. Yet the public gets no assets, no guarantee that the energy will not be exported in future, and no price protection once contracts have expired.

Fact: Price protection and energy supply is assured within the contracts between BC Hydro and an independent power producer.

- This provides price stability as the price can be predicted over the term of the contract. Water licences and tenures for the use of Crown land are for a maximum of 40 years.
- When water licences and land tenures expire, the IPP must reapply. Any renewals will be subject to conditions that reflect society's values and government policies at the time of the renewal. The BC Utilities Commission reviews the contracts to make sure they are in the public interest.
- IPPs may own their generating infrastructure but they do not own the rivers and streams. The people of British Columbia continue to own these water resources.

- Increasing competition among IPPs will help keep the price of IPP power competitive with other options.

Claim: The government has approved 495 run-of-river licences.

Fact: Between 2001 and 2007, 396 power licence applications were received and 80 were issued.

- Only one out of every five applications for water licences meant for power generation have been approved since 2001.
- A water licence application merely starts the review process. If environmental, engineering and economic considerations cannot be appropriately addressed, the project will not proceed.
- Of all the province's waterways that are of sufficient size to accommodate a hydro project, less than .01 per cent is currently being considered for power generation.

Claim: Because BC Hydro is required to purchase energy from private power developers located within the province, it is now paying as much as double current energy market rates.

Fact: Electricity prices for independent power projects reflect the cost of electricity from new power plants.

- Building new projects is more expensive today than it was several decades ago. It costs more, not because they are independent power projects, but because they are new projects. Similarly, a new home or vehicle costs more to build today than it did in the 1960s or 1970s.
- The price of electricity on the spot market is volatile. In comparison, long-term contracts with independent power producers bring price certainty and guarantee long-term supply.

Claim: The move toward increased independent power production will mean the privatization of streams and tributaries across B.C.

Fact: IPPs do not own the rivers and streams. The people of B.C. continue to own these water resources.

- If private producers want to use the water in streams and rivers, they must apply for and receive water licenses and pay water rental fees that typically amount to millions of dollars over the life of the project.
- Producers must also follow the terms contained in the water licence. Once the licence expires, the IPPs need to apply to have them renewed in order to keep operating.

Claim: Bill 30 was passed to put an end to meaningful local input into the approval of private power projects.

Fact: Local input is still requested in the application process.

- When a project proponent applies for a water licence and Crown land tenure, the application is made available to agencies, local government, First Nations and special interest groups for feedback.
- This feedback is used by the permitting agencies when setting conditions for any approvals.

Claim: the Environmental Assessment Office (EAO) never rejects a project.

Fact: The environmental assessment office makes recommendations on project applications and refers the application to the approving minister(s) for a final decision.

- Approximately 15 per cent of the projects that have entered the EA process since 1995 have not made it through to the end of the process. These projects have either been officially terminated due to economic and/or regulatory factors, or have been inactive for more than five years.

Claim: B.C.'s rivers and streams are being exploited by private electricity generation.

Fact: Of all the province's waterways that are of sufficient size to accommodate a hydro project, less than .01 per cent is currently being considered for power generation.

Claim: Power projects that fall under 50 megawatts may be 'fast tracked' with minimal environmental review.

Fact: The IPP review process for projects less than 50 megawatts in size still requires environmental review with input from stakeholders, local government and First Nations on topics such as the environment, existing land uses, recreational uses, other resource uses, and First Nations' asserted rights and title.

- Approvals from numerous federal and provincial agencies are required before a project can proceed.

Claim: There is no agency assessing the potential cumulative effect of multiple developments in remote wilderness areas.

Fact: IPP applications are subject to provincial regulatory processes under numerous acts including the Water Act, Land Act and the BC Environmental Assessment Act (EAA).

- The processes involve consultations and feedback from federal and provincial environmental agencies, stakeholders, First Nations and interest groups.
- These projects are also reviewed under the federal EAA, normally co-ordinated with the provincial review. These environmental agencies look at the effects on fish and fish habitat, wildlife and wildlife habitat, other uses including traditional use by First Nations and the effects of existing projects in the area.
- Assessments of cumulative effects of projects are normally carried out during the review. In addition, applications for Crown Land tenures are reviewed by the Integrated Land Management Bureau.

Claim: BC Hydro's Standing Offer Program means small power projects can be built without environmental and social assessments or consultation with local communities and governments.

Fact: The Standing Offer program requires that independent power producers still need to go through all the necessary provincial and federal regulatory processes to obtain licences, Crown land tenures, or any other provincial or federal permits or approvals.

- These processes require input from stakeholder, local government and First Nations on topics such as the environment, existing land uses, recreational uses, other resource uses, and First Nations' asserted rights and title.
- This will ensure the development of IPPs occurs in a responsible and sustainable manner.

Claim: First Nations do not support independent power projects.

Fact: Several First Nations are involved in independent power projects:

- The Squamish First Nation participates in the Furry Creek and Ashlu hydro projects.
- The Hupacasath First Nation has an electricity purchase agreement for a waterpower project on China Creek on Vancouver Island.
- The Taku Land Corporation also has an electricity purchase agreement for a 2 MW waterpower project on Pine Creek.
- The Kanaka Bar Indian Band is involved in the Kwoiek Creek waterpower project.
- The Klahoose First Nation on Cortes Island signed an "impact benefits agreement" with Plutonic Power which intends to build a run-of-river hydroelectric project through East Toba River and Montrose Creek on the Mainland coast.