



## **SOME FACTS ON PRIVATE VS. PUBLIC POWER IN BRITISH COLUMBIA**

### **ESSENTIAL BENEFITS OF PUBLIC POWER IN BC**

#### **Public Power = Public Benefits for British Columbia**

- ☐ From 1994 to 2008, our public utility, BC Hydro, has contributed an enormous \$9.5 billion to the province—revenue used to build hospitals and schools, provide social services and programs, and reduce the tax burden on citizens and businesses.

#### **Public Power = Lower BC Hydro Rates**

- ☐ British Columbia has enjoyed the 3<sup>rd</sup> lowest electricity rates in North America for years thanks to public power—assets that are publicly owned and paid for, with cost benefits passed onto consumers.

### **CURRENT RESTRICTIONS IMPOSED BY THE BC GOVERNMENT**

#### **Limiting BC Hydro's Activities**

- ☐ The BC government prohibits BC Hydro from constructing any new public power generation projects. Only improvements to existing BC Hydro dams are permissible. The one potential BC Hydro project under consideration is Site C on the Peace River. This contentious project is presently being examined in a five year feasibility review; and even if approved, there are no guarantees of public ownership.

#### **BC Hydro Forced to Purchase Private Power**

- ☐ Rather than authorizing BC Hydro to research and develop new sources of energy, the government's 2007 *Energy Plan* "directs BC Hydro to develop a program.... to purchase, continuously or in regular offer windows, electricity from projects with a capacity of 10 MW or less."

#### **No Meaningful Regional Consultation**

- ☐ The *Globe and Mail* newspaper reported on June 12, 2007: "In June 2006 the provincial government passed an amendment to Bill 30 that abolished local zoning authority so that no one can say no to a private power project on a river in BC." The BC Liberal government rejected calls from BC municipalities to drop the amendment in order to allow locally-elected councils to regulate power developments in their jurisdictions.

### **PROBLEMS POSED BY PRIVATE POWER DEVELOPMENT IN BC**

#### **The High Cost of Private Hydro**

- ☐ BC Hydro is already paying more for the 10% of electricity produced by private energy companies than the 90% generated through public power facilities. The per megawatt price of private power electricity is approximately 15 times the cost of existing public power.
- ☐ The Joint Industry Electricity Steering Committee, representing industrial power customers, commissioned a study that predicts a typical residential BC Hydro customer currently paying \$715/year for electricity will see that rate jump to \$1,618/year by 2016—more than double an increase!
- ☐ BC Hydro rates are set to rise by 15% over the next two years, and 25% by 2011, as consumers are forced to subsidize higher cost private power. An increase in hydro rates might be more palatable for consumers if they were subsidizing the development of new *public* power projects.

- ☐ Effective October 1<sup>st</sup> 2008, the government introduced 2-tier BC Hydro rates that will further increase costs to households where more electricity is consumed—increases of up to 60% over three years, according to the Joint Industry Electricity Steering Committee. Basing such increases on household consumption penalizes larger families and northern communities electricity consumption is higher due to harsh winter climates.

### **The Proliferation of Private Power Projects**

- ☐ As of October 1<sup>st</sup> 2008, there were a total of 672 water licences granted and applications filed for Independent Power Projects. The 113 licenses issued represent 116 points of diversion on BC waterways, while the 559 applications under consideration presently represent potentially 674 points of diversion. [Courtesy [www.ippwatch.info](http://www.ippwatch.info)]
- ☐ A water licence for a power plant that could potentially generate \$10 million in annual revenue costs a company \$5,000 - \$10,000 to purchase.

### **Guaranteed Revenues & Contracts for Private Power Producers**

- ☐ BC Hydro has already entered into long-term Energy Purchase Agreements (EPAs)—some for up to 40 years on specific projects—totaling a whopping \$28.4 billion. Additional contracts continue to be negotiated while the specific terms and conditions of the EPAs are kept private.

### **First Nations Objections**

- ☐ The rapid expansion of IPPs on First Nations land led the Union of BC Indian Chiefs to pass a resolution in June 2007 “call[ing] for a moratorium on all private power facility development on rivers and streams until such time as there is an assurance for transparent consultation on any private power development agreement.”

### **Environmental Impacts**

- ☐ Each private hydro project—hundreds, potentially thousands projected for throughout BC—requires logging, access roads, transmission lines, rock blasting, and river diversion. Without public ownership and oversight, regional planning, and adherence to strict environmental standards, these projects risk major damage to forests, wildlife, and many aquatic species.

### **Promises of Private Power Mislead the Public**

- ☐ The BC government claims that the province desperately needs more power. But that’s misleading because BC Hydro uses its vast supply of reliable hydroelectric power to buy electricity elsewhere when prices are low and sell BC power to other jurisdictions when prices are high, making substantial profits for the province— \$1.4 billion in 2007! In fact, over the past decade, some years BC is a net exporter of electricity and other years a net importer.
- ☐ The government also claims that private power producers will help BC achieve energy self-sufficiency by 2016. This statement is also misleading. Run-of-river power produces in the spring, when BC Hydro’s reservoirs are full, supply is high, and electricity needs of British Columbians are declining. More likely, this power is intended for export to the US—like California—when electricity consumption increases with air conditioning and other cooling system requirements.
- ☐ Private companies are driven by profit, and profit in this case is measured by energy *consumption*, not conservation. By contrast, because Crown corporations measure their profitability through economic, social, and political objectives, a public utility can be profitable through green energy generation, achieving conservation objectives, and fair pricing.