



THE STRAIGHT GOODS ON INDEPENDENT POWER PRODUCERS (IPPs) AND PUBLIC POWER IN BC

BC Liberal Energy Minister Richard Neufeld recently produced an opinion/editorial intending to expose “misleading claims about private electricity generation in British Columbia.” In fact, that document amounted to little more than a collection of exaggerations and half-truths about the government’s actual position on the subject of public vs. private power.

Here are some of Neufeld’s claims, contrasted by the straight goods. For more information, visit our website: www.citizensforpublicpower.ca.

Neufeld Claim: “BC Hydro is currently looking at building and expanding electricity generation.”

Straight Goods: BC Hydro has been prohibited by the government from creating any new public power generation projects. The only exceptions are improvements to existing BC Hydro dams, such as adding or replacing turbines. Neufeld says BC Hydro is “reviewing the feasibility” of the Site C project on the Peace River, but that Stage 2 review is a two year process. Meanwhile, dozens of private power licences and applications are being approved. To make matters worse, the government’s Energy Plan aims for a full 40% of all power generated in BC by 2020 to come from private power instead of BC Hydro.

Neufeld Claim: “BC needs more power ... we have been relying on power imports to meet up to 15 per cent of electricity needs over the past six years.”

Straight Goods: The BC government stopped BC Hydro from building any new power projects over the past six years while it promoted private electricity producers—and now complains about a power shortage! In fact, many critics assert that the government’s claims about a power shortage in BC are grossly exaggerated and could be remedied through conservation. [see Martin Shaffer’s research: *Lost in Transmission: A Comprehensive Critique of the BC Energy Plan*].

Neufeld Claim: “Price protection and energy supply is assured within the contracts between BC Hydro and an independent power producer.”

Straight Goods: IPPs have contracts giving them up to 40 years of grossly overpriced rates to supply power to BC Hydro. At the end of this period, BC consumers will have no assets, and no guarantee that future power generated will not be exported to the highest North American bidder. This hardly seems like energy self-sufficiency.

The Joint Industry Electricity Steering Committee, representing industrial BC Hydro customers, commissioned a study that predicts a typical residential Hydro customer paying \$715 a year for electricity will see that rate jump to \$1,618 by 2016—more than double. Some price protection!

Neufeld Claim: “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.”

Straight Goods: The number of power licence applications is surging, with the total number of applications and licenses issued totaling 607 (effective: March 9, 2008). There are now 124 licenses granted on 113 water bodies, and 483 more applications on 516 unique water bodies. What’s worse is that these numbers continue to increase. [Data courtesy of: www.ippwatch.info]

Neufeld Claim: “Electricity prices for independent power projects reflect the cost of electricity from new power plants. It costs more, not because they are independent power projects, but because they are new projects.”

Straight Goods: BC Hydro is already paying more for the 10% of electricity produced by private energy corporations than the 90% supplied through public power facilities. The MWh price of private sources of electricity is approximately 15 times the cost of public power.

Private power producers borrow money to build projects at much higher interest rates than BC Hydro can obtain. The companies are also expected to turn a substantial profit for shareholders, adding to the cost of their electricity. But BC Hydro’s \$8.8 billion in surpluses from 1994 to 2006 supported health care, public education, and social programs in BC. In this way, profits from Crown Corporations are returned to the people.

Neufeld Claim: “Local input is still requested in the application process.”

Straight Goods: Requested and then rejected! While public consultation can take place, the BC government remains the ultimate decision maker. As the *Globe and Mail* 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.”

Neufeld Claim: “IPPs may own their generating infrastructure but they do not own the rivers and streams. The people of BC continue to own these water resources.”

Straight Goods: Ownership of a river or stream with a dam diverting its flow, disrupting fish and wildlife, and blocking public access and benefits significantly devalues that resource.

Neufeld Claim: “Several First Nations are involved in independent power projects.”

Straight Goods: While a few First Nations communities have approved construction of private power projects, the Union of BC Indian Chiefs passed a resolution in June 2007 with a: “call 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.”

Neufeld Claim: “Approximately 15% of the projects that have entered the EA [Environmental Assessment Office] process since 1995 have not made it through to the end of the process. IPP applications are subject to provincial regulatory processes under numerous acts including the Water Act, Land Act, and the BC Environmental Assessment Act (EAA).”

Straight Goods: The EAO has yet to reject any private power application. To date, none of the 15% of projects that Neufeld mentions were cancelled by the government due to environmental impacts or public opposition. Rather, plans were abandoned by the private power producers themselves, usually because the projects were not considered financially viable.

BC Hydro has already entered into long-term energy purchase agreements with private power producers totaling an outrageous \$28.4 billion.

Neufeld Claim: “BC 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.”

Straight Goods: In fact, over the past decade, some years BC is a net exporter of electricity and in other years, the province is a net importer. BC Hydro uses its vast supply of reliable hydroelectric power to purchase electricity elsewhere when prices are low, then sells its power to other jurisdictions when prices are high, making substantial profits—\$1.4 billion in 2007—to support provincial services and social programs. A key factor is water supply—in low years BC Hydro reduces exports.