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Green power proposals swamp Hydro

BC Hydro has agreed to consider 30, out of an original 70, proposals from independent power producers for its 2002/03 Green Power Generation (GPG) procurement process. The proposals would total approximately 3300 gigawatt-hours, over four times Hydro's original target, which was to bring 800 new green gigawatt-hours on line each year.

They include 24 small hydro, 4 biomass, one biogas and one wind energy project proposal. Together, these projects represent a combined potential capacity of approximately 700 MW.

'We were extremely pleased with the strong response received from the private sector and have a good variety of pre-qualified project types,' said BC Hydro's senior vice president of distribution, Bev Van Ruyven. 'BC Hydro is relying on the private sector to meet the future energy needs of our customers, and this response confirms they can do that. Green power generation projects will also help BC Hydro meet its clean energy commitments and stimulate economic growth and development.'

The pre-qualified projects are predominately small hydroelectric, but woodwaste, biogas and a wind proposal were also pre-qualified. Ten of them were on Vancouver Island; the Minister of Energy disclosed this week that they were at Port Alberni, China Creek, Gold River, Cypress Creek, Nanaimo, Nanaimo reservoir, Mount Brandes wind farm, Holberg, Ucona River at Gold River, and Zeballos Lake.

BC Hydro will now issue a Call for Tenders document to the pre-qualified bidders, who must submit their bid by August 29, 2003. Projects are required to meet a commercial

operation date of September 30, 2006.

Hydro Sets Ceiling Price

Bid prices from proponents will be adjusted, for comparison purposes, for several factors—including location, firmness of energy and transmission impacts—that represent the proposed project's costs and benefits to BC Hydro. Adjusted bid prices will then be compared against the ceiling price of 5.5 cents per kWh (Hydro's long run marginal cost).

(The Minister of Energy estimated this week that electricity from the proposed Duke Point gas-fired generating plant would cost an estimated 7.3 cents per kWh. This would appear to be more expensive than the green power 'ceiling price'.)

BC Hydro will then award electricity purchase agreements based on the ranked adjusted bid prices below the ceiling price, starting with the project with the lowest adjusted bid price until the 800 GWh/year energy cap for the 2002/03 GPG procurement process is reached.

Previous Proposal Calls

This is BC Hydro's third request to independent power producers for project proposals. The 2000/01 call resulted in the signing of electricity purchase agreements for more than 20 proposed green projects with a combined potential to generate 930 gigawatt-hours/year.

The 70 proposals received that year represented a combined potential capacity of approximately 1,000 MW, with a potential output of about 5,500 GWh/year. Fifty-three proposals were for hydroelectric projects; the balance were for projects involving biomass, biogas, wind, ocean wave, pumped storage or other energy sources. ☺

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Island Tides, Box 55, Pender Island, BC, Canada. Phone: 250-629-3660. Fax: 250-629-3838.
Email: islandtides@islandtides.com. Website: <http://www.islandtides.com>