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## **NorskeCanada introduces new power plan for Vancouver Island; claims Hydro tried to suppress it**

Pulp mill operator NorskeCanada, the largest consumer of electricity on Vancouver Island, has proposed a plan to generate power at its plants, and save power it presently uses. The proposal has been made through an April 14 letter to the BC Utilities Commission (BCUC), framed as an intervention in the Commission's consideration of the Vancouver Island Generation Project (VIGP) proposal put forward by Hydro subsidiary Vancouver Island Energy Corporation (VIEC).

NorskeCanada's lawyers, Bull, Housser & Tupper, indicate in their letter that they understand that BC Hydro wished to avoid making the proposal public during the BCUC hearing process. However, NorskeCanada made it clear that they wished to advise BCUC of their proposal at the beginning of the process.

NorskeCanada's total proposed new generation and savings, 362 Mw, might be sufficient to make it unnecessary for BC Hydro to build the Georgia Strait Crossing (GSX) pipeline and the proposed VIGP plant at Duke Point, south of Nanaimo. NorskeCanada estimates its costs at \$420 million, considerably less than BC Hydro's estimates for the combined GSX/VIGP project.

The NorskeCanada plan includes new gas turbine and condensing steam turbine projects at Elk Falls, Crofton, and Port Alberni, totalling 257 Mw, and power savings from new technology and demand management of 105 Mw, totalling 362 Mw. The plan would necessitate agreement with BC Hydro on the exchange of power. It would also necessitate a pressure increase in Centra Gas's existing pipeline to Vancouver Island, but no additional pipeline building.

NorskeCanada claims that the plan would produce more power than Hydro's VIGP/GSX proposal, at lower cost to Hydro, and with less additional greenhouse gases (distributed

over three airsheds).

The plan would presumably enable NorskeCanada to control the cost of electricity to its plants, rather than becoming vulnerable to higher power prices which might result from Hydro's increased costs of natural gas-powered generation.

### **More Questions for Hydro**

Meanwhile, on April 8 NorskeCanada asked BC Hydro for more detail on its Duke Point proposal. Bull, Housser & Tupper indicated that the questions raised would normally have been asked later in the hearing process. Saying that earlier answers 'would benefit all participants,' the NorskeCanada information request asks for answers before the April 22 and 23 BCUC workshops.

The questions include information on: the year by year GSX costs and charges for 25 years, the allocation of charges, contracts between Powerex and GSX, and the gas purchase agreement between Powerex and VIEC. NorskeCanada also requests confirmation that GSX estimated capital costs have increased 75% between the filing of the original application and the National Energy Board/Canadian Environmental Assessment Agency GSX hearing, and that overall gas costs per Gigajoule increased 32% between March 2002 and February 2003.

Other questions raised include cost-of-service model details for VIGP, and more information on Hydro's efforts to increase power supply from Independent Power Producers and the Resource Smart, Customer Based Generation, and Green Energy programs, including the price caps used for these programs.

Finally, NorskeCanada requested a detailed history of system outages, forced load shedding, and brownouts on Vancouver Island for the past three years. ☺

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