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Hydro abandons Duke Point proposal

The Duke Point gas-fired generating plant proposal is no more. BC Hydro has decided to give up its efforts to gain approval for the plant, which has been widely criticized as too expensive, too dependent on fossil fuel and a major contributor to both pollution and greenhouse gas production.

In announcing the abandonment of the project, Bev Van Ruyven, Hydro's vice-president of distribution, said, 'I think (people) will be shocked, we fought pretty hard right up until this point in time.'

Recent Project History

On February 17, 2005, after a long and bitterly fought public hearing, the BC Utilities Commission (BCUC) had ruled that the Duke Point gas-fired generating plant could proceed. The plant would have been built by a Limited Partnership headed by Pristine Power Inc. of Calgary, and BC Hydro would pay Pristine between \$30 million and \$40 million annually for 25 years. Hydro would also assume the risk of future increases in the cost of natural gas to be supplied by Terasen.

Pristine would pay Hydro \$50 million for the gas turbine generator (which Hydro had already purchased) and as a contribution to Hydro's preliminary expenses for engineering and approvals. In all, Hydro had spent over \$120 million on the project, including \$50 million on the Georgia Strait Crossing (GSX) gas pipeline proposal, which Hydro abandoned on December 20, 2004.

Broad Support for Appeals of BCUC Approval

Since the BCUC approval, appeals of the decision were launched by the Joint Industry Electricity Steering Committee (JIESC), the GSX Concerned Citizens' Coalition (GSXCCC), the BC Sustainable Energy Association (BCSEA) and the Society Promoting Environmental Conservation (SPEC). They claimed that BCUC had unfairly limited the scope of the hearings and had taken the position that the Pristine contract was in the public interest unless proven otherwise; had relied in its decision on confidential information from BC Hydro that was not made available for cross examination by other parties, and had shown bias through holding an in camera hearing in which the chair appeared to have already decided to approve the project.

On April 12, 2005, Mr Justice Thackray dismissed their

application for leave to appeal on the basis that their arguments had no chance of succeeding; they appealed his decision to the Court of Appeals.

On June 14, the three judges of the Appeals Court allowed an appeal on one of the grounds, the disclosure of confidential information. It was a split decision; Madame Justice Rowles allowed an appeal on all the claimed grounds, Mr Justice Hall refused an appeal on any of the grounds, and Madame Justice Levine allowed an appeal on the confidential information only.

Following a June 16 Board meeting, BC Hydro announced on June 17 that they were taking advantage of a clause in their agreement with Pristine which allowed them to exit the contract with no penalty, on the basis that uncertainties and delays in the judicial process meant that the plant could not be in operation in time to meet a 2007 deadline.

Shock and Awe

People were shocked by the project abandonment. But all the parties involved moved quickly to reassure Vancouver Islanders that the anticipated brownouts, which Hydro had used to justify the Duke Point project, would not occur.

'We commend BC Hydro for cancelling the Duke Point power project,' said GSXCCC president Tom Hackney. 'It's hard to cancel a committed project, but this is the right move. With mounting concerns about global climate change, BC should not be building new fossil fuel electricity generation.'

'We looked carefully at the evidence in three regulatory reviews over five years,' said Steve Miller, GSXCCC vice-president. 'BC Hydro overstated the demand for electricity on the Island and they overstated the risk of blackouts. We are confident the Island's supply will remain secure with the expected October 2008 installation of the new sub-sea cables linking us to Mainland supply.'

Hydro's Van Ruyven indicated that they would pursue other means of overcoming a possible energy crunch on Vancouver Island until the new high-voltage transmission line was constructed from the Mainland: 'We will do that by trying to extend the life of the current transmission cable and making load curtailment arrangements with industrial customers...'

Disappointment for Some

Pristine Power was disappointed. Said president Jeff Myers, 'There is a very clear need for this project. The business case is very strong and the need for this type of project will only

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increase. We do not agree with BC Hydro's decision and its assessment of risk with respect to the potential for delay. We reject the assertion that the project would not be built on time. The in-service date was guaranteed.'

'The appeal court challenge was expedited with a hearing date already set for July 8 and we were confident that BC Hydro and our partnership would succeed on the very narrow procedural issue in question,' he continued.

Also disappointed was Nanaimo Mayor Gary Korpan. 'It has been a total waste of everyone's time, money and worry,' he said. 'How BC Hydro management has any credibility in the business community or with the public now, eludes me. If there is any vestige of decency left at BC Hydro, those executives who did this need to apologize to the citizens of Vancouver Island and resign.'

He called for an enquiry. 'Time after time, BC Hydro said to the public that Vancouver Island was at severe risk of insufficient electricity supply. It is absolutely clear that we on Vancouver Island have been lied to for these last several years.'

The Political Front

On the political front, the Liberals blamed the NDP for starting the project ten years ago with the conviction that future

electricity generation would be from natural gas, which was thought to be plentiful and cheap at the time. The NDP blamed the Liberals for continuing the project when it became apparent that natural gas might be neither plentiful nor cheap, and also for privatizing it.

But BC's Energy Minister Richard Neufeld was philosophical. 'I think they reviewed the whole project and decided it would be in the best interest of the ratepayers to actually walk away from it,' he said outside a cabinet meeting in Victoria.

The Green Party's John Hague expressed his concern about the entire public process, 'Without any public interest watchdogs capable of fulfilling their duties for the public trust, it appears that we had better get used to fighting for the common good on our own. The BCUC cannot be trusted in its current form. The Environmental Assessment Office is dysfunctional as well. And the BC Hydro Board only acted when it looked like the 'contrivances' were about to fall to pieces. This unholy collusion among government, Hydro, BCUC, EAO, Terasen and others who stood to gain is the current state of things, unless major changes are made.' ☞

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