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Commentary by Patrick Brown

## **Premier takes direct control of energy policy**

Not agreeing with watchdog British Columbia Utilities Commission's projections for future power requirements for BC, Cabinet has taken back the reins for planning power requirements for the province. On November 2, speaking at the annual conference of the Independent Power Producers Association of BC, Premier Campbell announced the formation of four task forces to work on policy for 'Green Power' in BC. The announcement followed an October provincial budget 'specific direction' to BCUC to go back to the drawing board and exclude Burrard Generating Station (a natural gas-fired plant) from future projections.

The October directive was significant because the government's plans to assist the development of a run-of-river power industry as an export resource had been derailed in late July by BCUC's decision to include Burrard Generating Station in its projection of the province's generation capacity. Located in Vancouver on the Burrard Inlet, including the generating station's top-up capacity meant that electricity self-sufficiency would be met without the need to contracting for any further power generation from independent power producers (IPPs).

### **BC Hydro's Traditional Mandate**

Ever since the days of Premier WAC Bennett, the objective of the province's power utility, BC Hydro, has been to ensure that power is available to meet the needs of the province at minimum cost. When independent regulator BCUC was formed, it also assumed the same public interest sufficiency and affordability objectives. BCUC's July decision on the power program submitted to it by BC Hydro was based on these traditional values.

Up to now, BC Hydro has met its self-sufficiency and cheap power objectives through an ingenious combination of seasonal and daily power purchases and sales, use of existing storage dams to 'buffer' less reliable power sources, and a ramped-up 'PowerSmart' program which projects considerable potential for conservation.

### **Government Wants To Change Direction In A Hurry**

The provincial government's 'specific direction' made it crystal

clear that BCUC, and BC Hydro, have been given a new objective: to grow power generation for export, using BC Hydro as a springboard. No longer would self-sufficiency and low power rates for British Columbians be its prime objective.

In what is probably a related development, six-year BC Hydro CEO Bob Elton is 'transitioning' to a 'Special Advisor' position. BC Hydro chairman Dan Doyle says Elton will be replaced by January 1.

An early signal of the government's dedication to changing traditional provincial energy policy objectives came with its announcement in March of a Long-Term Electricity Transmission Inquiry to be carried out by BCUC. Looking ahead 30 years, the inquiry was intended to assess generation resource potential throughout the province; economic development opportunities (eg mining etc); and opportunities for trade in power with 'neighbouring jurisdictions.'

The inquiry was then to design a power transmission grid that would make all this possible; expected to be completed by the end of 2010.

It was clear that a major objective was to provide a publicly-owned transmission infrastructure to facilitate private power generation for export to US markets (See *Island Tides*, July 30, 2009).

In mid-October came another stumbling block to the government's plans—the BCUC inquiry's meetings were postponed indefinitely following requests from BC Hydro, BC Transmission Corporation, and a number of First Nations for more time to prepare their 'initial information'.

### **'Green' Targets A Cover For Developing A Private Export Industry At Public Expense**

Following the upset caused by BCUC decision to stick to its 'serve the province' mandate, the government's directive to exclude Burrard's 'black' power capacity from inclusion in future plans (despite its essential, and continuing, use as a back-up, peak-load facility) makes it very clear that 'green' targets are a cover to make use of BC Hydro as a means to develop and subsidize generation capacity for electricity to be sold to the US market.

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The exclusion 'for planning purposes' of Burrard power from the total of existing generation capacity establishes a need for another 5,000 GWh/yr of power—'green' because that is the only kind of power California will buy.

To make up this 'shortfall' BC Hydro would sign long-term contracts to buy power from IPPs, who would purchase their water licenses from the province at a very favourable rate; thus kick-starting the 'green power' export industry. Any loss on BC Hydro's power trading would be borne by BC Hydro customers in BC.

### What Colour Is Green?

'Green' up to now has generally been defined as 'run-of-river' hydroelectric generation, although more recently wind generation has come to qualify. Even more recently comes the suggestion from the premier that power from combustion of beetle-killed wood in the BC interior might even be green.

### Watchdog For The Watchdog

When Premier Campbell overrode BCUC in October, he indicated that some sort of 'watchdog' group would be formed to monitor BCUC. The Premier's task forces now seem to fulfill the 'watchdog' objective and a commitment made in the August throne speech. The task forces will report to a new Cabinet Committee on Climate Action and Clean Energy. The members

of the advisory task force groups have not yet been announced, but the government says that clean-energy experts, energy consultants, renowned climate experts, leading academics, First Nation representatives and environmentalists will be included.

The Cabinet Committee to which it will report includes: Premier Gordon Campbell; Minister of Aboriginal Relations and Reconciliation George Abbott; Minister of State for Climate Action John Yap; Minister of Energy, Mines and Petroleum Resources Blair Lekstrom; Minister of Environment Barry Penner; Minister of Forests and Range Pat Bell; Minister of Housing and Social Development Rich Coleman; Minister of State for Intergovernmental Relations Naomi Yamamoto; Minister of Small Business, Technology and Economic Development Iain Black; Minister of Transportation and Infrastructure Shirley Bond; MLA Vernon-Monashee Eric Foster; BC Hydro Chair Dan Doyle (ex-officio); BCUC Executive Chair and CEO David Emerson (ex-officio).

It seems clear from this lineup that BCUC is no longer trusted with the planning of power development in BC. The premier has taken over. ☞

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## Editorial: The Public's Right to Know & Be Consulted

Dismantling BC's common wealth—BC Hydro, BC Ferries—should surely not be done behind closed doors. These institutions are covered by laws. Full public consultation or, at the very least full parliamentary debate in the Legislature should be necessary. Anything less looks like contempt for BC's citizens. Worming one's way round BC's statutes to distort long-held purposes of institutions is a poor business. Premier Campbell can do better.

The Premier is now horning in on the work of an independent watchdog body, the British Columbia Utilities Commission. Why, you say.

There's a very good reason; he wants to warp BC Hydro's 40-year mandate—to provide cheap power to the province's residents—in order to kick-start a private power industry. BC Hydro has knuckled under but BCUC is not cooperating.

Maybe a private power export industry is a good thing; maybe it's not but, if public institutions are being used and the public is footing some of the bill, the premier should be the first to tell us and invite discussion.

Profits from this new industry would go out of the country, rather like building our new ferries in Germany. Why, you say.

Why can't this 'green' power be developed by BC Hydro? BC Hydro has an excellent track record. It's going to provide the transmission infrastructure at public cost anyway.

Why order this new power to be developed by IPPs? Why weaken our public utility and its public watchdog body? Why proceed with mystifying haste on a dubious 'green' platform?

Good questions going unanswered. ☞

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