

# Reprint **Island Tides**

Visit [www.islandtides.com](http://www.islandtides.com) for more interesting articles on other BC, national & international topics

Reprint from Volume 24 Number 13

June 28, 2012

## Special report by Tom Hackney, BC Sustainable Energy Association **BCHydro planning for LNG and Site C**

This summer, BCHydro is touring the Province, hosting open houses and webinars on its draft *Integrated Resource Plan* (IRP). The possible development of liquid natural gas plants in the Kitimat area is the single biggest influence on the IRP, driving plans for surprisingly large power acquisitions and large, expensive transmission upgrades.

BCHydro assumes that two liquid natural gas (LNG) facilities will be built in or around Kitimat (Kitimat LNG and Douglas Channel LNG), to export to Asia. The refrigerating compressors would be powered from Hydro's grid and would require 5,300 Gigawatt-hours per year (GWh/yr)—about as much electricity as is used by half a million BC homes, or as much as the Site C dam would produce. Demand from these LNG plants would increase Hydro's overall load by 8% and would potentially cause a large jump in electricity rates, on top of the already large increases Hydro needs to maintain existing facilities and pay current power acquisition costs.

Hydro also has contingency plans to power a third LNG plant (Shell). If electrified, this would draw some 13,000 GWh/yr, increasing Hydro's total demand by 18%.

Hydro now says it needs the Site C dam on the Peace River as soon as possible, whether or not the LNG plants proceed. Site C would flood the best of the remaining Class 1 agricultural land in northern BC, along with large areas of valley-bottom woodland habitat. On the positive side, Site C would supply 5,100 GWh/yr of power that can be switched on and off at will—Hydro's favourite kind, especially for firming intermittent power sources like wind. Permits are being sought, consultations are being pursued and engineering is being detailed, aiming toward a 2021 in-service date.

As well, Hydro plans to acquire 2,000 GWh/yr of new clean energy from independent producers, with an in-service date of 2017. Further acquisitions could go as high as 25,000 GWh/yr by 2030, if the highest scenarios for growth materialize. Meanwhile, opponents of clean energy are calling for gas-fired power to be used instead.

Hydro also proposes to ramp up its energy conservation goals. In its 2008 long-term plan, Hydro shied away from pursuing all cost-effective energy conservation. Now it says it will do so, achieving an additional 1,000 GWh/yr of energy savings.

Notably, Hydro's conservation plan would fail to achieve the legislated target of meeting at least 66% of new demand through energy conservation. Without the LNG loads, Hydro would easily achieve this; with the LNG, Hydro says it can only meet about 58%.

### Commentary

The BC Sustainable Energy Association challenges Hydro on this. BCSEA recently filed expert evidence with the Utilities Commission showing that, based on best practices around North America, Hydro could cost-effectively double the amount of energy conservation it acquires. Hydro should meet the 66% target, even with the added LNG load, and government should insist on this. If the LNG plants do not proceed, the need for new supply will be greatly reduced, and Site C may not be needed within the planning horizon.

If the plants proceed, their effects will go beyond the scope of the IRP. Government is negotiating with the plants' proponents over access to Hydro's 'Heritage' electricity prices that reflect cheap power from old dams. Alternatively, the LNG plants could be charged at the price for acquiring new power, anywhere from 7-13¢ per kilowatt-hour, versus 4¢ for existing industrial users. The outcome will affect all our rates and perhaps the economic viability of the LNG proposals.

On June 21, Premier Christy Clark announced that gas-fired generation to supply and power LNG plants would be re-defined as being 'clean' under the Clean Energy Act. This would negate the current restriction that forces Hydro to ensure that 93% of its generation comes from non-fossil fuel sources. Still unclear is whether the LNG plants would be charged the full cost of this new power or if current Hydro ratepayers would have to share the cheap 'Heritage' power rates with these new customers. Meanwhile, it appears that

© Island Tides Publishing Ltd. This article may be reproduced with the following attribution, in its entirety, and notification to Island Tides Publishing Ltd.

*This article was published (June 28, 2012) in 'Island Tides',  
an independent, regional newspaper distributing across the Southern Strait of Georgia from Tsawwassen to Victoria to Nanaimo.'*

Island Tides Publishing Ltd, Box 55, Pender Island, BC V0N 2M0 • 250-629-3660 • [islandtides@islandtides.com](mailto:islandtides@islandtides.com) • [www.islandtides.com](http://www.islandtides.com)

BC's legislated greenhouse gas reduction targets have effectively been abandoned.

The gas from just the first two facilities, when burned, would cause 15 megatonnes of CO<sub>2</sub> emissions per year, almost 20% of BC's total current domestic emissions. The third plant would export 30 megatonnes of emissions per year, and cause increased emissions from gas production within BC. This would challenge BC's ability to meet its domestic emissions targets.

Attend an open house or webinar, or visit [www.bchydro.com](http://www.bchydro.com). Give Hydro your comments by July 6. Write to the final decision-makers, too: your MLA; Energy Minister Coleman; Premier Clark; Energy Critic John Horgan; Opposition Leader Adrian Dix. Between now and the approval of the IRP (next spring?), big decisions will be made about BC's energy future. Tell government not to cave in on clean energy, energy conservation and greenhouse gas emissions! ✍