

A Modern Proposal

The BC government has set a stage on which significant actions with respect to clean energy and climate change can unfold. A major energy decision on February 17 will show whether BC “walks its talk” on environmental stewardship, and will signal to British Columbians, Canadians and the world, that in BC, we’re taking it seriously. Or the decision will undo all this excellent preparatory work, and will reveal the pronouncements of BC’s political and energy leaders as duplicitous, unreliable and irresponsible.

Setting the stage

1. Energy Plan: “50% of new electricity supply from BC Clean”

In November 2002, the BC government introduced its Energy Plan. Policy Action #20 said that “*electricity distributors will pursue a voluntary goal to acquire 50 percent of new supply from BC Clean Electricity over the next 10 years.*”[1]

Skeptics have seized on the ‘voluntary’ nature of this policy action. Untrusting minds have speculated on what awful fuels might be included in the definition of BC Clean. Seasoned policy wonks still don’t know what a Policy Action is.

Notwithstanding, there’s still a message in there that gives hope to environmentalists and progressive energy buffs – 50% of new electricity supply should result in a net environmental improvement relative to existing energy production. That’s the language, right there in the Energy Plan.

2. BC Hydro: “nonrenewable projects to pay for their total costs”

In March 2004, Bob Elton, the CEO of BC Hydro, spoke to the Vancouver Board of Trade in a speech that goes beyond the usual platitudes by CEOs about environmental responsibility. Elton sees

a general increase in acceptance of the idea that we should be responsible for our actions and that we should not be transferring that responsibility to our children.

For us in the electricity business, that means it will get harder to increase supply by building nonrenewable projects. When they are built, there will be an increasing trend to make them pay for their total costs.[2]

That obviously means no more externalizing environmental and social costs in BC Hydro. And indeed, in 2001, BC Hydro committed to offset half of the greenhouse gas emissions from its gas-fired generation projects on Vancouver Island. Mr. Elton was clearly foreshadowing that things would only get better.

3. BC Hydro to have “no net incremental environmental impacts”

In October 2004, Mr. Elton was again speaking to the Vancouver Board of Trade. On this occasion, after invoking future generations, and his own children, he firmed up the commitment:

Reliable power at low cost for generations – those generations are not an abstraction. They are real people. They are children who look up at me, and at you, with that look in their eyes that is full of hope, that says: “I trust you to look after my future.”

Let me talk particularly about the environment. What right do we have to leave our children with an environment that is blighted, that is worse than the one we inherited?

What we must do is become a generation of leaders, who will accept responsibility for our actions.

To do that at BC Hydro we are ... setting a long term goal to make sure that ... we have no net additional impact on the environment. It will not be easy, but it is a goal that will energize our company.

I’ve become committed to this environmental goal relatively late in life.[3]

Wow. No net additional impact on the environment. A noble goal. A stunning commitment.

4. BC will “lead the world in sustainable environmental management

On February 7, 2005, BC’s Lieutenant Governor, Iona Campagnollo, read the Throne Speech. After the fruit and veggies, Her Honour said that BC will “lead the world in sustainable environmental management with the best air and water quality.”[4]

5. BC to “reduce provincial greenhouse gas emissions”

On February 16, the Kyoto Protocol on climate change becomes international law. As a signatory to the protocol, Canada is readying a climate change action program to reduce the country’s emissions of greenhouse gases. The BC government has implemented its own climate change plan, in which it states that:

It is prudent for B.C., as it is for other jurisdictions around the world, to take both actions that reduce provincial greenhouse gas emissions and actions that enable the province to adapt to anticipated climate change impacts.[5]

It’s rather half-hearted language, but it’s still a phrase worth hanging some hopes on.

February 17, 2005: Kyoto Plus 1 – did we really mean any of it?

With these five statements, the BC government, BC Hydro and its CEO, personally, have set the stage for a magnificent drama to unfold. When the curtain is drawn on the first morning of a Kyoto world, on February 17, BC may stand proudly committed to reducing greenhouse gases, to clean energy, to global leadership in environmental management, to never again incurring an environmental debt with energy projects.

Or not.

What does Duke Point have to do with it?

On that same day, February 17, the BC Utilities Commission releases its decision on an application by BC Hydro for an electricity purchase agreement (EPA) with a company that wants to build a \$300 million, 252 megawatt natural gas-fired generation project at Duke Point, in Nanaimo.

If the Utilities Commission approves the EPA, if the Duke Point project is approved, all of the promise in the five statements will be revealed to have been empty rhetoric.

1. With respect to 50% BC Clean, this one large project will incur such a deficit on the 50% BC Dirty side of the ledger, it's doubtful that the province would ever catch up to the 50% clean target. Given the BC government's encouragement of coal-fired generation in the Energy Plan, and in the disgracefully outdated emission levels that are permitted for such plants in BC, 50% clean seems like so much, well, gas.

2. As for BC energy projects paying their total costs, BC Hydro recently dropped its 2001 commitment to offset 50% of the greenhouse gas emissions from new gas-fired generation projects. In the EPA for the Duke Point facility, costs and liabilities for greenhouse gas emissions – estimated at \$88 million over 25 years - have likewise disappeared. Odd thing, for a company that sounded, briefly, committed to take the lead in making projects pay for their total costs.

3. With Duke Point, BC Hydro has made no undertakings or statements as to how it hopes to reconcile the no net environmental impacts promise, against the fact that the plant would be a major emitter of greenhouse gases and other regulated substances. Duke Point doesn't appear to have anything to do with the projects Elton was referring to back in October.

4. How can approval of a 252 MW gas-fired generation plant be reconciled with the Throne Speech promise that BC will lead the world in sustainable environmental management? If BC were to go on a diet of fruit and vegetables, let's say, the Duke Point project would be a lot like kicking off the diet with a 25 year binge of supersized double fatburgers.

5. If BC is to reduce its provincial greenhouse gas emissions, it is, once again, going the wrong way with Duke Point. That one plant could emit 925,000 tonnes of carbon dioxide every year, which would add 1% to our provincial output. (A Toyota Prius weighs 1300

kg, so you'd need a stack of 711,538 Priuses to match the annual greenhouse gas output from Duke Point.)

Doesn't Vancouver Island need the power from the Duke Point plant?

The BC Utilities Commission is examining an electricity purchase agreement for a project which will cost BC electricity ratepayers more than \$1.5 billion over 25 years [6], according to the Joint Industry Electricity Steering Committee, plus the cost of natural gas over the period, plus future greenhouse gas liabilities. This will be outrageously expensive electricity – which is why BC's industrial users are such strong opponents of the project.

Furthermore, it's a massively expensive long-term solution to what is really only a short term problem. In 2007 BC Transmission Corporation plans to “de-rate” two of the existing cable systems to Vancouver Island, but will not have replaced that transmission capacity until 2008. During this one to two year period, and only when peak load periods occur in winter – a matter of a few days, at worst – there may be a need for additional capacity. It is for this short-term and iffy contingency, that this grossly expensive Duke Point “solution” is being proposed.

A “square peg for a round hole”, the BC Public Interest Advocacy Centre calls it. Along with other intervenors, PIAC points out that a “bridging” solution is available, that has much lower costs and relatively insignificant environmental impacts. A “no award” decision by the BC Utilities Commission on February 17 would most likely result in implementation of this bridging solution.

BC could greet the new Kyoto world with an impressive first step in never again incurring an environmental debt with energy projects.

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[1] http://www.gov.bc.ca/em/down/solutions_sept_27.pdf

[2] http://www.bchydro.com/rx_files/info/info10188.pdf

[3] http://www.bchydro.bc.ca/rx_files/info/info17090.pdf

[4] <http://www.legis.gov.bc.ca/37th6th/4-8-37-6.htm>

[5] http://wlapwww.gov.bc.ca/air/climate/cc_plan/pdfs/bc_climatechange_plan.pdf

[6] http://www.bcuc.com/Documents/Proceedings/2005/DOC_6873_C19_JIESC_Final_Argument.pdf