

Why the Duke Point Power Plant Failed

In the midst of the various emotions (both shock and joy) in response to the recent news that the Duke Point gas-fired power plant has been cancelled, perhaps now is an opportunity to examine what led us to the edge of this cliff-hanger.

About 10 years ago, when natural gas was abundant, cheap, and a cleaner alternative to coal, the government of the day decided (with support from the opposition) that the future electricity needs of Vancouver Island would be best served by building a series of gas-fired power plants. The NDP would be able to create union jobs; the oil and gas industry-supported Liberals would increase their business. One plant was built in Campbell River, and another was planned in the economically depressed Port Alberni area.

Local opposition squashed that second plant in both Alberni and Duncan. Duke Point was then chosen because of its proximity to the grid and appropriately zoned and serviced land. Despite local opposition, Hydro got as far as the B.C. Utilities Commission (BCUC) hearings. By then the price of natural gas had begun to rise.

The BCUC, charged with finding the lowest cost source of power that was in the "best interest" of the users, declined the permit, saying that other options appeared to be superior. They established guidelines for Hydro to follow that narrowly focused on finding a new, highly secure, source of power.

When the winning bid was announced there was little surprise that the original proposal was again chosen, this time funded by private interests.

This time the BCUC accepted the original plan, despite the fact that natural gas prices had now doubled. Now it was not only "environmentalists" who were in opposition, so were the big industrial users who didn't want their energy prices to increase.

In the meantime the BC Transmission Corporation had decided to replace the ageing sub-sea power cables that were being blamed for the expected shortfall of power in 2007.

Why would the exact same project pass the second time around, despite much higher gas prices, and a promise of new cables?

The mandate of the BCUC had subtly changed by the same government that claimed to be at an "arms length" from the process. No longer charged primarily with assuring "the lowest cost power" and serving "the public's best interests," the BCUC was now mandated to fulfil the official energy plan of the government.

Even before the hearings got underway one of the appointed panel members was embarrassed into stepping down because of his connections to the gas industry. During the hearings the chairperson acknowledged that the proposal was not the lowest cost option, and had apparently made up his mind that the plant was going ahead, even before hearing evidence from those opposed to the project.

As a result of these "technicalities" a panel of three judges agreed that the decision could be appealed. Time was running out, according to Hydro's own time-schedule. Just about everybody was opposed to the plant. Gas prices were rapidly rising. Wind energy was now cheaper. The major industrial users preferred to shut down their operations for some select winter-time "peak" times rather than face the higher power bill. The political pressure may have already contributed to a local M.L.A. losing his job.

BC Hydro was feeling the heat. It decided to use an escape clause to bail from the project. While Hydro's official position was "a lack of time to meet the expected short-fall of power," in reality too many variables had changed.

The lights could easily be kept on for a year or two until the cables were replaced. Paying out \$50-60 million annually for a very seldom-used white elephant did not make good economic sense.

While this decision may delight Gold River (who hopes to burn garbage to generate electricity) and the coal company up-island, the Island has a huge potential in truly clean, renewable energy. The Islanders could also save more power than one or two Duke Point plants could *generate*. In April some residents of Gabriola Island proved this by reducing the peak demand of power by 25%.

The termination of the power plant may open new possibilities. Sea Breeze has an already-approved wind-generated power project waiting to be built. If the provincial government and BC Hydro invested just 1-2% of the 1 Billion dollars that the gas plant would have likely cost (over 25 years) by assisting homeowners in reducing their power demand, plus minimally increased the offered purchase price for run-of-the-river, wind and other sustainable sources, Vancouver Island could become a show-case for the country in how to create visionary, long-term solutions.

This is being done in Europe, as well as the three Pacific-coast states to our south. It is time it was done here.

And the best part: almost everybody would support it.

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