

DUKE PT. PLANT – BACKGROUND / FACTS

March 10/05

* The plant will produce over 800,000 tonnes of CO₂ every year it runs, flying in the face of common sense, Canada's recent commitment to the Kyoto accord, and BC's recently announced *Climate Change Plan*. Although natural gas is a relatively clean fuel, recent studies have shown its noxious combustion byproducts adversely affect human health;

* The plant is not necessary. There are simpler, cheaper, cleaner, and more socially acceptable ways of dealing with VI's electricity needs - namely conservation, load management, cogeneration, and the development of VI's abundant green/sustainable resources.

* Natural gas is a valuable and dwindling resource, and it's not wise to waste it. If more is going to be burned on VI, it makes much more sense thermodynamically to burn it directly as a replacement for electric heating. If the 252MW worth of gas slated to be burned each year by the plant were instead burned directly as a replacement for electric heat, approximately 380MW worth of electricity would be saved, and thus created for meeting peak demand, export, or whatever.

* The same plant was turned down by the BC Utilities Commission in 2003, on the grounds that BC Hydro had not proven it to be the least costly option for ratepayers. Based on a long-range gas price of US \$3/GJ, BC Hydro predicted at the time (against much protest) that electricity produced by the plant would cost \$.068/KWh. Nowadays gas price is around US \$6/GJ, and all indications are that it is rising. As well, Pristine Power will be throwing in a no-doubt healthy profit margin.

* With high fixed costs and non-desirability of stop/start operation, it makes sense to run a plant like this full time - any surplus power being sold for export. That was the plan up to and including the VIGP hearing. However, if electricity isn't needed to meet a peak demand situation, and the cost of electricity produced is higher than export price, the plant will be shut down. BCH is no longer saying the plant will run continuously – something which brings into question the validity of the Environmental Assessment, which was based on continuous operation. Using actual gas prices over the last year, the Joint Industry Electricity Steering Committee has estimated that the plant would have run at most 20% of the time, and, because of the fixed costs, the cost of electricity produced would have been in the order of \$2.20/KWh. The production cost of the heritage hydroelectricity we enjoy today is about \$.035/KWh.

* According to the Electricity Purchase Agreement, BC Hydro assumes gas price and delivery risks. This means ratepayers, instead of Pristine Power, get saddled with the cost/risk of increased gas prices. As well, BC Hydro must pay \$35M/yr to Pristine for the next 25 years to cover fixed costs of the plant, even if the plant doesn't run. .

* The Call For Tender process which led to the selection of Pristine Power's proposal disallowed obviously sensible solutions to possible (but unlikely) short-duration and short-term peak capacity deficiencies - namely load reduction (conservation), load curtailment, and peak shifting. Furthermore, the tender specifications ruled out virtually all green/sustainable alternatives (such as small-scale hydro, wind, tide, etc) by requiring that any power tendered needed to be available 97% of the time between October and March. If the generation proposal happened to be fuelled by natural gas, BC Hydro protected the bidder against gas price increases by assuming gas price and delivery risks. (This guarantee/subsidy was not offered to bidders using other fuels.) And finally, if the generation proposal happened to feature a 252-265 MW combined-cycle gas turbine, BC Hydro would sell the bidder \$120M worth of assets left over from the nixed VIGP project (including a shiny new turbine now sitting in a crate in a warehouse in Surrey) for \$50M. To cap things off, BC Hydro management had by now written the \$120M worth of VIGP assets off the books, so, should a bidder decide to go this route, BC Hydro would realize a \$50M 'profit' from the sale of the 'scrap' assets.

DUKE PT. PLANT – WHAT YOU CAN DO TO HELP STOP IT

1. Contribute to the VI-wide fund-raising campaign currently being undertaken by the GSX Coalition of Concerned Citizens to raise the approximately \$8,000 required to appeal the recent BCUC decision. Contribute at tonight's meeting, or make a deposit to the GSXCCC Appeal Fund at any Coastal Community Credit Union. If funds are left over after the appeal, they will be refunded on a pro-rata basis, provided you leave your name when you donate. Phil Marchant, 247-0021 or marchant@islandnet.com, for further details. Buy Kristen Miller's CD featuring both the redacted and unredacted versions of the beautiful slide show she presented at the BCUC Town Hall meeting on Jan 15th – kristinmiller@shaw.ca (247-7656) and/or Darlene Mace-Harvey at maceharvey@shaw.ca.
2. Become more informed by visiting www.sqwalk.com and www.ncoc.info.
3. Participate in a lively and informative Gabriola-centered e-mail conversation by subscribing to the NoGasPlant list-serve. To do so, put the command SUBSCRIBE NOGASPLANT in the body of an email and send to sympa@lists.onenw.org. You'll then receive a confirmation message with instructions on how to send email to everybody on the list and how to do things like checking who's on the list, changing subscription options, unsubscribing, etc. Essentially, once you're subscribed, you can reach everyone on the list by sending your email to one address: NoGasPlant@onenw.org.
4. Participate in a lively and informative VI-wide e-mail conversation by subscribing to the GSXCCC list-serve (gsxlist@onenw.org). Do so by contacting arthurcaldicott@sqwalk.com.
5. Add your name to Erik Andersen's letter calling for Premier Campbell to put a stop to this costly/senseless project and placing a moratorium on the burning of fossil fuels to generate electricity on Vancouver Island. Back future statements from NoGasPlant-ers as they materialize.
6. Stand by to participate in a public demonstration of Gabriola's ability to conserve electricity and reduce power usage at peak demand time, probably during Earth Week in April - details to come.
7. BC Hydro is presently soliciting public input for its 2005 Integrated Electricity Plan, whereby it chooses electricity resources to cover the next 20 years. Provide your input by going to <http://www.bchydro.com/info/epi/epi18599.html>, and let them know this time you want it heard.
8. Let politicians know your views, with copies to any and all media. A complete list of addresses may be found at <http://www.sqwalk.com/blog/ContactsList.pdf>

* The BC Hydro Board of Directors is at the centre of all this. They're the ones that spent \$50M of our \$'s trying to push through the GSX pipeline against strong opposition, only to decide recently that it wasn't necessary. They tried to push VIGP through against strong opposition, spending \$120M for a not-least-cost project. They decided load-management proposals weren't of interest prior to the new cable coming on stream, and instead allowed the rigged Call For Tenders for generation proposals to go out. They instructed their lawyers to argue in the recent BCUC hearing against common sense, the public, and industry in favour of this nonsensical scheme. They will (or possibly might not) instruct their lawyers to argue against the JIESC and GSXCCC in the BC Court of Appeal. They're the ones who allow fallacious information, such as 'VI will run out of power if this plant isn't built', to be put forward by BCH public relations personnel, and even by senior vice presidents.

* The BC government is responsible for the BC Hydro Board of Directors. It's also responsible for the BC Utilities Commission. And it's **meant** to be responsive to us – the public it serves.

* There's an election coming up in May.

This backgrounder/fact sheet was prepared by Bob McKechnie - bobmck@shaw.ca, 250 247-8197.