

# BC Hydro slows green energy development

## Claim that slowing provincial economy to blame draws some questions

BY SCOTT SIMPSON, VANCOUVER SUN    JANUARY 6, 2009

A slowing provincial economy is getting the blame for BC Hydro's decision to slash by 40 per cent the amount of power it sought in its recent call for green energy.

Tumbling demand for electricity in the forestry sector, an expected decline in sales of consumer goods, and a presumed drop in housing starts over the next two years are all cited by Hydro in a recent filing to the British Columbia Utilities Commission.

Hydro forecasts that those factors, and others including a mining industry slowdown, will dampen overall growth in demand for electricity in B.C. — reflecting a global economic downturn over the next two years.

As a result, it's cutting the amount of power it proposes to buy from independent power producers in the Clean Call for electricity, which closed Nov. 25, 2008 from 5,000 gigawatt hours per year to 3,000 gigawatt hours per year.

The total amount of potential power bid in response to the call was 17,000 gigawatt hours annually, so Hydro's decision will leave a lot more disappointed bidders on the sidelines.

"We're moving ahead with our plan [but] in light of recent economic indicators, at least over the short term we need to be more cautious in our predictions for growth," Hydro spokeswoman Susan Danard said Monday in an interview.

Danard said adjustments are made each year to Hydro's long-term plans to acquire electricity, so there's nothing unusual about a projected change in demand.

"Obviously it may be of more interest this year than others because there are some changes in the economy."

Danard noted that Hydro actually bought more green energy than was called for in its 2006 call, so it's still possible more bids will be accepted than what's technically available to the independents.

Business Council of B.C. executive vice-president Jock Finlayson agreed that growth in demand for power "will obviously moderate as a consequence of a much weaker economy."

But Finlayson said he nonetheless found Hydro's decision curious because electricity demand will grow over the medium and long term — and Hydro must also meet the provincial government's requirement to eliminate its dependence on imported power by 2016.

Energy sector commentator David Austin said he was puzzled because the cutback failed to take full account of the demand growth that could soon emerge with the popularity of plug-in hybrid cars, a

booming natural gas sector in northeast B.C., and government actions to reduce greenhouse-gas emissions from the combustion of fossil fuels.

Paul Taylor, president and CEO of NaiKun Wind Energy Group, said he remained confident that the company has all the attributes, including proven technology and community support, to ensure its bid to develop a 396-megawatt offshore wind farm in Hecate Strait will be accepted by Hydro.

But he said the company will participate in the upcoming hearing before the utilities commission on Hydro's long-term electricity acquisition plan, and will challenge Hydro's decision to cut back on green power.

"At the end of the day, in my view, it has to be blessed by the provincial government because it's a long-term acquisition plan that has to hit the mark on a number of public policy fronts," Taylor said.

"We will be questioning some of the assumptions, which I think can be questioned, and making the case that in our view they've underestimated the requirement for generation in our province."

Melissa Davis, executive director of BC Citizens for Public Power, said Hydro's decision casts in doubt the "grossly inflated" numbers Hydro and the government previously used to bolster the case for private-sector development of new electricity generating sources in B.C.

"Public power proponents and many environmental groups recognize that the government has been manufacturing an energy crisis to line the pockets of private power producers," Davis said.

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