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Mr. Robert J. Pellatt

Commission Secretary  
British Columbia Utilities Commission  
Sixth Floor 900 Howe Street  
Vancouver, BC V6Z 2N3



November 19, 2004

**Regarding BCUC Order Number G-99-04**  
**Filing by BC Hydro Regarding Vancouver Island CFT**

Green Island Energy ("GIE") requests registration as an Intervenor with respect to this filing. Our interest in this matter is as follows.

According to BC Hydro's Independent Reviewer, our Vancouver Island Call For Tender ("VI CFT") submission satisfied all of BC Hydro's exhaustive criteria including Tender Security, Technical and Financial Mandatory Criteria, and a Completeness and Conformity Review. However, our Tender was not considered by BC Hydro in its evaluation process because our Project's size (75 MW) did not fit into a portfolio matrix. We suggest that this unintended outcome of the CFT process results in BC Hydro being unable to offer an EPA to our low cost, non-gas, firm capacity project.

In the Invitation to Tender, Pre-Qualified Bidders were invited to submit Tenders for projects ranging from 25 MW to 300 MW in size. Accordingly, it would seem reasonable for a bidder who submits a tender for a project in that size range to at least be considered. We also refer to the September 2003 BCUC Decision which stated the following: "The Commission Panel encourages BC Hydro to seek approval for projects... as long as each project is cost-effective, and the aggregate capacity is required to meet Vancouver Island and system load requirements." This statement was reiterated in the BCUC January 23<sup>rd</sup> letter to BC Hydro with respect to the VI CFT.

On May 26, 2003 GIE made a submission to the BCUC during the VIGP hearing process. In that submission we offered what we believed was an attractive price for on-island capacity and associated energy. Since that time, and following more extensive engineering, procurement, and construction cost estimates for the Gold River Power Project, GIE is still prepared to offer our generation resource at nearly the same tender price as the value we offered in 2003. The BCUC in their decision indicated that GIE's Gold River Power Project looked attractive compared to the VIGP project and the risks associated with escalating gas prices. GIE had every expectation that a Tender would be considered and fairly evaluated. Accordingly, we have invested a significant amount of money and effort participating in BC Hydro's VI CFT.

The Independent Reviewer's report on the Results of the Tender Phase indicated that a 75 MW Biomass "Tender did not fit into any portfolios due to size thresholds". Four of the six remaining Projects that were qualified for evaluation involved VIGP like projects ranging in size from 252 to 280 MW and one other project was a 47 MW gas peaking project. Unfortunately, because GIE's Project was 75 MW in size, BC Hydro was not able to fit us into any Portfolio that was between 150 to 300 MW's. Thus GIE became a 'stranded' project in the evaluation process despite passing all of the BC Hydro mandatory criteria. The Commission in their VIGP Decision indicated that the aggregate capacity should be a minimum of 115 MW as opposed to the 150 MW minimum selected by BC Hydro. The 300 MW cap limit however, was not stipulated by the Commission and was a limit that was set by BC Hydro in their VI CFT process.

The 75 MW/h Gold River Power Project shares the same reliability as the Duke Point Power Project with no gas price risk (GIE is taking all of the fuel price risk over the 25 year term). Our Project is environmentally sound, provides tremendous social and economic benefits for the region, affords BC Hydro some valuable diversity of generation (in addition to the Duke Point Power Project), and could make an early and lasting contribution to improved operational reliability on Vancouver Island.

Accordingly, we request that BC Hydro be approved to negotiate an EPA with Green Island Energy on the condition that the Gold River Power Project meets all of the criteria established by BC Hydro in the VI CFT and that the levelized cost for capacity and associated energy from our project would be lower than the proposed EPA with Duke Point Power Limited Partnership.

Sincerely,



Sean Ebnet  
Green Island Energy  
(360) 380-3231 phone  
(360) 380-1297 fax  
(250) 885-7722 cell