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VIA E-MAIL

weisberg@shaw.ca

January 11, 2005

British Columbia Hydro and Power Authority
Call for Tenders for Capacity on Vancouver Island
Review of Electricity Purchase Agreement

Exhibit No. A-27

Mr. Fred J. Weisberg
Weisberg Law Corporation
Barristers & Solicitors
2730 Ailsa Crescent
North Vancouver, BC V7K 2B2

Dear Mr. Weisberg:

Re: A Filing by British Columbia Hydro and Power Authority ("BC Hydro")
Call for Tenders for Capacity on Vancouver Island ("CFT")
Review of Electricity Purchase Agreement ("EPA")

Enclosed is Commission Information Request No. 1 to Green Island Energy Ltd. Please provide the Commission with an electronic and hard copy response no later than Monday, January 17, 2005.

Yours truly,

Original signed by:

Robert J. Pellatt

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Enclosure

cc: Mr. Richard Stout
Chief Regulatory Officer
British Columbia Hydro and Power Authority
Registered Intervenors

BRITISH COLUMBIA UTILITIES COMMISSION
Commission Information Request of Green Island Energy Ltd.

**British Columbia Hydro and Power Authority (“BC Hydro”)
Call for Tenders for Capacity on Vancouver Island (“CFT”)
Review of Electricity Purchase Agreement (“EPA”) Filing dated November 19, 2004**

- 1.0 Reference: Exhibit No. C9-10, Evidence of Green Island Energy Ltd., January 2005**
- 1.1 Page 4, last paragraph: If Green Island has made this calculation, please provide the operating range that Green Island believes a gas-fired project would be afforded at the Gold River location, allowing for a typical range of temperature and humidity at Gold River.
- 1.2 Page 5, paragraph 1: If Green Island were successful in its bid, would the intention be to sell the 10 MW “spare” as energy and/or capacity to third parties when BC Hydro did not require it?
- 1.2.1 What restrictions, if any, in the final form EPA might have frustrated Green Island’s ability to sell to third parties, and how would the restrictions do so?
- 1.2.2 What consents of BC Hydro, if any, would allow Green Island to bypass any such restrictions?
- 2.0 Please provide the sources and detailed assumptions used to generate Table No. 1 (including base year and discount rate that was used).
- 3.0 Please confirm that Table 1 compares the Green Island Energy Plant alone with the Duke Plant. If this is the case, please confirm that the net tender cost per MW of bid capacity for each option shown in Table 1 is approximately \$1.6 million/MW and \$1.3 million/MW, for GIE and Duke Point respectively.
- 4.0 Green Island Energy contends that 66% of the total project costs of DPP are subject to escalation risk and that risk is borne by ratepayers. At the same time, Green Island argues that 49% of the project costs for Green Island’s case are fixed.
- Does Green Island see no possibility that gas prices may actually turn out to be lower than the forecast price? In addition, is this risk not mitigated at least in part by possible simultaneous changes in the value of electricity and in BC Hydro’s ability to not dispatch the plant in the event that the spark spread does not cover operating costs?
- Does Green Island Energy see any risk to ratepayers that future electricity prices may be lower than the fixed energy charges in Green Energy’s bid?
- Does Green Island Energy see any other potential risks to ratepayers associated with fixed price take or pay contracts?
- 5.0 Green Island Energy seems to have found a way to meet the 97% availability requirement, albeit at a higher project cost (page 4). Do the capacity charges in Table No. 1 reflect the costs as bid or the costs assuming some relaxation of the payment terms? What would be the effect on net tender costs if the availability requirement was relaxed per the analysis in Table 2.
- 6.0 Did Green Island Energy consult with the proponents of the Ladysmith plant in preparing its evidence?

- 7.0 According to Table 4, Green Island believes the portfolio comparison should focus solely on capital costs. Does Green Island see no value to the energy produced by each portfolio for ratepayer?
- 8.0 What is the source of Green Island's assumptions for LM6000 costs?