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**VIA E-MAIL**

TonyDuggleby@seabreezepower.com

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-31**

Mr. Tony Duggleby  
President  
Sea Breeze Pacific Regional Transmission System, Inc.  
Suite 1400 – 600 West Hastings Street  
Lobby Box 91  
Vancouver, BC V6B 5A6

Dear Mr. Duggleby:

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”)

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Enclosed is Commission Information Request No. 1 to Sea Breeze Power Corp. 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 No. 1  
to Sea Breeze Power Corp.

**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**

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**1.0 Reference: Exhibit C23-5**

Sea Breeze states (page 2): “The EIA has consistently overstated fossil fuel reserves and underestimated prices.” Please provide a more explicit analysis of the evidence that supports this statement.

Sea Breeze seems to be proposing BC Hydro should minimize or eliminate any risk of under-estimating future gas prices. Does Sea Breeze see any risk to ratepayers from over-estimating future gas prices? How should the possibility of these two risks be balanced?

Does Sea Breeze see any financial risks to ratepayers of assuming fixed price take or pay energy production? For example, while gas price risk is a concern, BC Hydro always has the option of shutting a plant down when production costs exceed the market value of energy. This effectively places a ceiling on the risk associated with a gas-based option (i.e., dispatch cannot be less than zero). How would Sea Breeze propose dealing with “quantity” risks associated with must run or non-dispatchable facilities where there is some possibility of excess energy and/or costs above the market value of energy?