

Mr. Robert Pellatt, Secretary  
British Columbia Utilities Commission  
Box 250, 900 Howe Street  
Vancouver BC V6Z 2N3

Feb 4/05

By email to [commission.secretary@bcuc.com](mailto:commission.secretary@bcuc.com), and cc'd to registered intervenors

RE: Order G-106-04: BCH CFT/EPA – My Final Argument

Dear Mr. Pellatt,

Generally, BC Hydro has failed to convince me that contracting with Pristine Power to build and operate a 252MW gas-fired generating plant at Duke Pt. is in my best interests as a ratepayer and member of the public. Fact of the matter is, I think this is a totally dumb idea, and I want the Commission to toss it out on its ear in the most expeditious manner possible. If the Commission cannot do that, for some reason of law or whatever, then I think the matter should be referred to the appropriate government ministry and/or Premier Campbell asap. After all, the government has some not insignificant responsibility for creating this mess.

I understand and agree with BCH and DPP that VI has an immediate capacity problem, and I also agree that it makes sense to create more electricity on-island. However, I do not agree that the proposed IPP owned/operated gas-fired generation scheme, complete with gas cost subsidies and potential future GHG liabilities at Duke Pt. to be paid by ratepayers, etc, is the best way of achieving either of these ends.

As far as the immediate capacity problem is concerned, it is clearly a short-term problem which will disappear when the new 230KV transmission is in place, by all accounts sometime in 2008 or 2009. Accordingly, my first final argument is that:

*1. Because the VI capacity problem is short-term, long-term planning criteria (per WECC, etc) need not apply to the evaluation and selection of any solution being considered as a means of mitigating potential capacity shortfalls prior to the new transmission coming on stream.*

I see the short-term capacity problem as an operational problem, brought about because BC Hydro management failed to start taking steps to replace the aging HVDC transmission years ago, instead becoming fixated on foisting an expensive and environmentally damaging gas-fired generation scheme onto an unwilling VI populace.

With long-term planning criteria not a factor in the selection process, many ways of remedying potential capacity shortfalls become feasible. These include drastically reducing demand(eg - by establishing stepped rates), peak shifting, expediting the 230KV transmission project, converting electric heating processes to gas, and developing/encouraging cogeneration and a variety of smaller renewable energy alternatives. Green Island Energy's 75MW looks good to me.

As far as generally increasing the supply of electricity on VI, it makes no sense to me whatsoever to be burning gas to do so. Gas is a valuable/dwindling commodity, it's price is going to do nothing but go up, CO2 and noxious emissions are a byproduct, it's thermodynamically inefficient to do so, and the public has spoken strongly against the idea. (Ref - Nanaimo Town Hall meeting transcript, Vol 5 Jan 15, 2005, plus numerous Letters of Comment received by the Commission, E-1 to E-285 when I last looked). With regard to the thermo-dynamic inefficiency of burning gas to generate electricity, I refer you to the calculation done by Dr. Earl St. Denis, P.Eng., in his Letter of Comment, Ex. E-138. Basically he showed that burning gas to generate electricity in the proposed Duke Pt. plant, and then using the electricity to create heat on VI requires 65% more gas than providing the same heat by burning the natural gas directly. Put another way, if the 252MW worth of gas slated to be burned in the proposed Duke Pt. plant were instead burned to

create heat directly through replacement of electric heating processes, some 380MW worth of electricity would be created (I'll go so far as to say 'generated') on VI for much less cost.

In light of the forgoing, I think it is wrong that the Commission agreed with BCH that the principal issue for this proceeding is: 'Is Tier 2, Tier 1, or the No Award option the most cost-effective option to meet the capacity deficiency on Vancouver Island commencing in the winter of 2007/08'.

I think the appropriate definition of the principal issue for this proceeding is something along the lines of: 'Is the proposed EPA with Pristine Power to build a 252MW gas-fired generating plant at Duke Pt. in the best interests of the general public?' (Ref – Letter of Comment from lawyer Bill Pearce, E-280)

Following from this, I believe/submit that the Commission was wrong in agreeing with BCH that alternatives such as I previously mentioned (para 6 above) are outside the scope of this hearing. I believe/submit that no proposal can be considered best, most cost-effective, least cost, and/or most in the public's interest without a consideration of, and comparison to, all feasible alternatives. As a specific example, I think it was wrong for the Commission to have supported BCH's claim that my IR's 1.5 a-g and I (having to do with triple-bottom-line costs of various alternatives to gas-fired generation) are out of the scope in this hearing.

With BC Hydro proposing to contract with Pristine to build an expensive and unnecessary gas-fired solution to potential capacity shortfalls on VI, and with the general public so much against this proposal and in support of green/sustainable solutions, I think the Commission was wrong to go along with BCH's request for an "expedited" hearing. As a specific example, I don't like it that things needed to move so fast that there was not enough time on January 17th for my neighbour John Hill to cross-examine Panel 1 (V6, p1203, L15-24). Furthermore I have a lot more to say, and now the 4:30PM deadline is upon me. So I will (necessarily) close by making a few final remarks in a very abbreviated and somewhat disjointed manner:

\* I feel certain the price of gas will increase in the future. As a ratepayer I don't want to have that cost added to my electricity bill every month.

\* Like Dr. Jaccard, I think there's a good chance greenhouse gas liability will wind up in BCH's lap in the future. As a ratepayer I don't want that cost added to my electricity bill every month.

\* I'm concerned that if Pristine goes broke or otherwise fails to complete its contractual obligations, the Duke Pt. project will wind up belonging to BC Hydro, and hence me.

\* I believe the CFT was biased because of the way it subsidized proposals using natural gas as a fuel, while at the same time not subsidizing other fuels.

\* Of immediate concern to me is what will happen if VI becomes isolated from the mainland by a major earthquake. BCH needs to get on with implementing its contingency plan immediately. It is highly unlikely a gas-fired generating plant, which relies on many miles of pipeline for its fuel, will survive a major earthquake . . . .

Etc. (Much more to say. Out of time!)

Sincerely,

Bob McKechnie, D.Eng  
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