



## ***NEWS RELEASE***

**For release at 3:00 p.m.  
February 17, 2005**

### **British Columbia Utilities Commission Approves an Electricity Agreement between BC Hydro and Duke Point Power Ltd. Partnership**

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**Vancouver** - The Commission has today issued an Order accepting an energy supply contract between BC Hydro and Duke Point Power for the purchase of electricity from the plant over a 25 year period commencing in 2007. This approval is the culmination of a regulatory process which commenced in 2003 with an Application from a BC Hydro subsidiary to build the project at Duke Point near Nanaimo. That project was not approved because the Commission determined that BC Hydro had not established that its project was the most cost effective means to reliably meet Vancouver Island power needs. BC Hydro was encouraged to proceed with a Call for Tenders process to find the most cost effective on-Island generation option, and the Commission committed to undertake an expedited review of the successful project. In meeting the deadline of February 17, 2005, the Commission has issued the attached Order accepting the contract with detailed Reasons for Decision to be issued in the near future, probably in early March.

The Commission has a mandate to ensure cost-effective reliable electricity service on Vancouver Island. As a result of the derating of the high voltage direct current transmission lines from the Lower Mainland to Vancouver Island in 2007 a peak supply requirement for planning purposes begins in the winter of 2007/08. The contract for electricity supply from Duke Point Power's 252 MW natural gas-fired thermal power plant will ensure a new resource is available for the winter of 2007/08.

At the start of the review process for the Duke Point Power project the Commission accepted earlier determinations that a capacity shortfall on Vancouver Island would otherwise commence in the winter of 2007/08, and the appropriate next resource addition should be on-Island generation. The Commission also endorsed the development of a simplified net present value model to compare the on-Island generation costs of competing projects.

In coming to its determination that electricity supply from the Duke Point Power project is in the public interest the Commission considered several natural gas price forecasts and has concluded that it is likely that gas prices will drive market power prices in the Pacific region of North America for most if not all of the term of the contract with Duke Point Power. Natural gas is expected to be delivered to the plant through the utility pipeline assets of Terasen Gas (Vancouver Island) Inc.

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**For further information:**

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