

BC HYDRO UNDERTAKING NO. 46

HEARING DATE:

March 3, 2009

TRANSCRIPT REFERENCE:

Volume 11, Page 2045, Lines 11 to 26

REQUESTOR: JIESC (Mr. Wallace)

QUESTION:

Subject to any confidentiality agreement, please indicate why the Island Cogeneration Plant (ICP) is being operated as a base load facility, what level it can be turned down to and why it has not been dispatched in a manner consistent with the statements identified on page 5-17, Lines 13-15 of Exhibit B-1.

RESPONSE:

To date, ICP has been operated as a base load facility because its incremental cost of generation is generally lower than the marginal value of energy in BC Hydro's system. BC Hydro's decision to operate ICP is dependent on the marginal value of energy in BC Hydro's system which takes into consideration the price of market electricity but can be higher or lower depending on system factors. ICP is generally run to meet Vancouver Island or other domestic system load but is curtailed when it is uneconomic to run, such as when market prices are low during spring freshet or when BC Hydro system storage is approaching full.

Historically, ICP could be dispatched down to about 150 MW given its steam delivery obligation to the adjacent Elk Falls mill. Due to the recent production curtailments at the Elk Falls mill, BC Hydro will be working with the owner of the Island Cogeneration facility to establish new turndown limits for ICP.

With regard to the reference on page 5-17 of Exhibit B-1 regarding the dispatch of gas-fired generation, this statement was made in the context of new natural gas power plants for portfolio modeling purposes. As noted on page 5-16 of Exhibit B-1, all new gas-fired generators in B.C. will be required to immediately offset 100 per cent of their greenhouse gas GHG emissions whereas existing natural gas plants have until 2016 to implement full GHG offsets.