



Mr. Robert J. Pellatt
Commission Secretary
British Columbia Utilities Commission
Sixth Floor – 900 Howe Street
Vancouver, BC V6Z 2N3

September 9, 2005

Re: Project 3698388
British Columbia Hydro and Power Authority (“BC Hydro”)
Resource Expenditure and Acquisition Plan (“REAP”)
Green Island Energy Intervenor Evidence

We support the approval of the F2006 Call for Power per the Supplemental F2006 Call Evidence submitted by BC Hydro to the BCUC, dated July 8, 2005. We strongly and respectfully recommend that this Call should be released before the end of the year because with each delay, the cost of acquiring power will be increased.

For our part, we intend to submit a proposal for 680 GWh and note that there are a number of other developers who are in a position to submit proposals for projects per BC Hydro’s CFT conditions. Accordingly, there will be a strong competition for the 1000 GWh minimum amount of firm power that BC Hydro will be purchasing. BC Hydro has indicated that they will be purchasing more than this amount only if it is cost effective.

Moreover, if the call is delayed, there is a serious concern that our investors will give up on the B.C. electricity market, as will other IPP developers. If BC Hydro’s purchase of power continues to be mired in regulatory processes, developers will not be able to cost-justify continuing to investigate and develop projects.

Our concern, based on recent events, is that the upcoming Negotiated Settlement Process is going to turn into a protracted debate on BC Hydro’s overall Electricity Plan and Strategy. We understand that BC Hydro will be filing an Integrated Electricity Plan in November of this year and we suggest that any discussion on overall strategy and long-term plans could well be deferred to that filing. BC Hydro has the awesome responsibility of acquiring sufficient power to meet all the needs of British Columbia; they will surely be hampered from meeting this responsibility if before every specific action that they take to acquire power they are confronted with a protracted hearing on a host of general planning issues – all with the end result of driving purchased power costs higher

September 6, 2005

Page 1 of 3

With respect to this current CFT, the following process has been followed:

- Need to issue CFT in 2005 was indicated in 2004 Integrated Electricity Plan;
- The CFT process was proposed as part of BC Hydro's REAP submission dated March 7, 2005;
- BC Hydro has responded to Information Requests from the BCUC and from intervenors;
- A number of workshops and stakeholder sessions were conducted to obtain stakeholder input;
- BC Hydro revised the CFT process per Stakeholder input and submitted Supplemental Call Evidence on July 8, 2005
- Current Negotiated Settlement Process.

If the Fiscal 2006 CFT is approved, EPA's awarded as part of the process will be submitted to the BCUC for approval per Section 71(3) of Utilities Commission Act. We suggest that this process should be sufficient to satisfy the regulatory requirements.

We understand that there are a number of general planning issues that are important to some intervenors, including the need to purchase a much larger amount of electricity from IPPs and that the required Commercial Operation Date should be extended so that larger project sizes might participate. Both of these recommendations are long-term electricity planning issues. BC Hydro's need to acquire large amounts of power over a long-term period should be part of the IEP filing in November. BC Hydro has indicated that they do need 1000 GWh by 2009. Based on our perusal of Information Requests (IRs), responses to IRs and comments submitted to date, there appears to be a compelling consensus that BC Hydro does need to purchase at least 1,000 GWh. BC Hydro has put together a process for accomplishing this power purchase including extensive stakeholder input and accordingly, it is strongly suggested that they should be given approval to proceed.

We are strongly opposed to extending the required Commercial Operation Date because it could lead to further confusion and delays resulting, in the worse case scenario, no power acquired by BC Hydro for the foreseeable future. We along with other IPP developers have scheduled and invested in the development of our projects on BC Hydro's earlier stated need for acquiring power in the short-term period (prior to 2009). This investment in human and financial resources has meant acquiring the site, acquiring environmental permits, paying for BCTC to determine interconnection requirements, obtaining strong community and First Nations support and spending a considerable amount of funds in engineering design, procuring turbines, and initiating early stage construction. We (as perhaps others) are now in a position to provide power to the grid well before 2009. Extending the Commercial Operation Date would result in projects being allowed to bid that have done none or very little of this upfront work and would result in an apples to oranges bid comparison process. BC Hydro has stated that there will be additional CFT in the coming year, we suggest that those projects requiring more time to develop with later COD dates should direct their resources on the next CFT,

rather than delaying the 2009 COD and disadvantaging those projects that are ready to proceed now and driving up the costs.

The worst case scenario of this process would be giving credence to the unfounded assumption that a large non-clean project with no environmental permits in place and with strong public and first nations opposition may have a slightly lower bid price than clean projects that are essentially ready to go. The strong public opposition, if any, would be due to the need for a large non-clean project not having been identified in the IEP process. The result could well be that ratepayer groups would oppose the approval of the clean projects in Section 71 hearings because they are more expensive than the large non-clean project. At the same time public opposition to the large project or projects would result in the large projects never receiving the necessary permitting. The sad end result being BC Hydro not acquiring any power from within British Columbia and having to rely on imports to an even greater extent.

As an IPP we are interested in continuing to work with BC Hydro and stakeholder groups to further streamline the process for future calls to be more responsive and less costly. We do agree with comments of other intervenors in that the process is more complicated than it needs to be and that the EPA could be further simplified and optimized. As things stand now, we suggest that there is a significant danger of creating a situation of paralysis by analysis. The IPP community was expecting this Call to be released in July of this year and many IPP developers, including Green Island Energy, have scheduled their development work and construction bids to suit. Delaying the Call further in order to get additional changes and improvements will only serve to frustrate the project proponents that have dutifully followed earlier instructions and are ready to submit bids. We trust that intervenors proposing further improvements will agree to focus their attention on the F2007 Call and allow the F2006 call to proceed as planned.

Yours truly,

Sean Ebnet

Sean Ebnet
Green Island Energy Ltd.