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**Subject:** DCAT/ RE:BCH Project No. 3698640

**BC HYDRO – CPCN FOR DAWSON CREEK/CHETWYND  
AREA TRANSMISSION PROJECT EXHIBIT C1-3**

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date Wed, Oct 10, 2011  
subject BCH Project No. 3698640

Dear Ms Gillis

Please find below my comments on the DCAT application generally which I would like BCUC and BCH to consider and also the reason why I continue to support the CEC paca Application

I do not wish to criticise BCH engineers , planners, and accountants, who are obviously hardworking, but I now see they may be handcuffed ,blinkered and TRAPPED by some lawyers misinterpretation of the intent of well-meant rules to reduce global warming,

I believe the specific case of producer gas compression was obviously never foreseen when the rules ' words were crafted,. and passed by MLA's, who I believe are intelligent, well meaning people, regardless of party, and don't intend to shoot themselves in the foot

I believe BCH lawyers misinterpretation is forcing BCH planners and enegineers to shoot MLA.s , BCH , ratepayers and environmentalists in the foot at a cost of \$80 million/year, which is added to the BCH customer's bills,.and causes rate hikes and subsidises producers energy costs which they don't ask for,

I also believe BCH lawyers are mistaken when they ask BCUC to stop CEC from investigating possibly better alternatives for ratepayers,

I would like BCUC and BCH to consider the following about the DCAT application

I read the following

“Section 2.6.1 sets out the government’s energy objectives that BC Hydro is required to pursue, including:

“(a) Reduce B.C. greenhouse gas (GHG) emissions pursuant to the legislated targets...” and

“(b) Encourage the switching from one kind of energy source or use to another that decreases greenhouse gas emissions in British Columbia...” and

“(c) Encourage Economic Development and the Creation and Retention of Jobs...”

Accordingly, BC Hydro is required to encourage economic development, while also encouraging energy switching to reduce greenhouse gases.”

I am not a lawyer , so I cant use legal language . I am just a ratepayer and reasonable person and a professional engineer reading these objectives

But it appears to me that ,In this particular DCAT, involving the gas producers, BCHydro seems to be trapped into making a fundamental error in its statements and bureaucratic interpretations and proposals for DCAT

## Physical Reality

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1/ BCH wants to switch BC gas producers from using gas drive to electric drive ,BCH claims that will save X bcf gas fuel and 1 million tons of GHG and shooting skywards in BC and causing GLOBAL warming

2/ But the producers will then simply ship the X bcf and 1 million tons GHG( “saved” in BC ) . to US or Asia ,where it will shoot skywards and produce the same 1 million tons GHG and global warming, which will hit BC just a few days later

3/ So regardless whether BCH switches producers from gas drive to electric drive or not ,THE SAME 1 MILLION TONS GHG WILL SHOOT SKYWARDS AND CAUSE THE SAME GLOBAL WARMING IN THE NORTHERN HEMISPHERE INCLUDING BC,US AND ASIA.

4/Conclusion. it makes absolutely no difference to GLOBAL warming whether the 1 million tons GHG shoots skywards in BC or US or Asia. So it makes absolutely no difference to GLOBAL warming whether BCH switches producers from gas drive to electric drive or not.

4b/BCH claims the BC gas shipped by producers to US and Asia goes to replace coal, but has no specifics to back it up,

Costs and Who pays

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5/ If BCH switches producers from gas drive to electric drive, the net cost to other BCH customers for so doing is over \$80 million/year .BCH has applied to BCUC to OK adding that \$80 million to the total billed to captive BCH customers

6. If BCUC approves 5/ all captive BCH customers end up subsidizing producers' energy cost and increasing the profits of producers, even though it makes no difference to GLOBAL warming ,and the same 1 million tons GHG shoots skywards either way

7 If BCUC denies 5/,BCH ,BC government coffers, and captive BCH customers pockets are spared by \$80 million dollars per yr , and it makes absolutely no difference to GLOBAL warming and the same 1 million tons GHG shoots skywards either way .  
That is the only commonsense option.

8/It should be noted Alberta producers mostly use gas drive for compression and no one in Alberta has ever claimed that switching to electric drive reduces GHG Global warming. Also BCH stated that producers can use either gas or electric drive,and that gas production does not depend on the availability of electric drive.

9/BCH state that the BC gas would replace coal etc ( which produces about 80% more GHG ) IN THE US AND ASIA and that environmentalist should cheer producers for REDUCING GHG. But BC ships lots of gas to California which prohibits any significant amount of coal burning .And BCH hasn't backed up specifically where exactly that X bcf gas and 1 million tons of GHG "saved in BC" would replace coal

BCH cant have their cake and eat it too . Using their COMMON SENSE and physical reality, BCH engineers and planners ,IRs etc ,SPECIFICALLY RECOGNISED (ADMITTED) THAT THE INTENT OF a/ and b/ IS TO REDUCE GLOBAL WARMING ,AND THEREFORE THEY recognise IT MATTERS TO GLOBAL WARMING WHAT HAPPENS WITH GHG PRODUCED BY BC GAS OUTSIDE OF BC ,eg to US and Asia.

10 /it therefore makes makes more sense and is less costly for ratepayers to let producers use gas drive. It therefore makes sense for CEC and also BCH to look into the Transmission and backup needed with that and other backup options, which may possibly cost less and have less rate impact,.

11/It makes no sense for BCH to claim they are forced to electrify producers , and force other ratepayers to pay the resulting cost of \$80 million/year for energy plus the cost of extra transmission

I realise it is of course up to BCUC ,and ultimately the BC government and Minister of Energy Mr Coleman to clarify and say exactly what is intended. And I believe Mr Coleman is a reasonable person trying to do his very best to keep costs and rates down, as his recent panel indicates.

I therefore respectfully suggest that BCH refer DCAT to Mr Coleman in case of doubt and tell him that \$80 million/yr seem at stake-- please see below

Any reasonable person can understand that , say if BC Paper mills and industry used a quantity X Bcf of natural gas as fuel for diesel or gas turbine drives requiring a 1962 gwhrs equivalent energy load( (according

to IR 1,8,1 for 1962 gwhrs BCH estimates that will produce about 1 million metric tons of GHG ) So if that Papermill and industry switched to electric drives it will indeed achieve the objectives of a/ and b/

But it's a completely different situation in the case of gas producers . Because that same quantity of gas X bcf/yr that is used for gas compression( and produces 1 million tons/yr GHG)they will save, will simply be shipped by them, according to statements clearly made by BCH ,to either the US or Asia, where the same X bcf gas it is bound to produce the same 1 million metric tons of GHG.

I am sure BCH planners and engineers would never assert like" Animal Farm" that "all animals are equal ,but some are more equal than others"

So 1 ton/yr of GHG in BC is not more equal or polluting than 1 ton of GHG in the US or Asia,( where BCH says the producers are shipping gas in gaseous or liquid form)

( I don't think the amount of X is material to the issue, so I haven't calculated X bcf /yr because I would need to get the specific heat rate ,efficiency, load curve, power, sizes and kind of diesel or gas turbines used by the producers . I believe BCH s engineers used a reasonable average estimate)

Also to a reasonable person, the valid stated reason for BC legislation for reduction of GHG s is the reduction of GLOBAL warming, and BC, as well as the US and Asia are all in the Northern Hemisphere of our GLOBE. After the recent Japan Nuclear accident fallout ,that was accurately measured all over the globe, I don't think BCH can claim that any GHG shooting skywards in the US or Asia will not hit BC just a little later.

Bottomline, there is no need to electrify gas compression for the gas producers  
Because it SAVES ABSOLUTELY NOT ONE SINGLE TON OF GHG IN THIS WORLD, INCLUDING BC, AND THEREFORE DOES NOT COMPLY AT ALL WITH THE INTENT OF a/ and b/ above

. If in doubt please ask the BC govt and Energy Minister what he intends. And if it ends up with saving some proposed transmission line construction and other costs, the govt, BCH engineers and the minister and captive ratepayers will all cheer. BCH engineers and/or CEC are certainly very capable of providing alternative options to the DCAT application that may possibly save money

At worst, it provides futile jobs for lawyers to argue. So please don't end up in a silly academic legal argument (about use of words and forget the intent ), whether a/ and b/ above is intended ,under the specific circumstances, to apply just to GHG produced in BC ,and forces BCH to ignore the GHG where they know the gas is shipped, forces BCH to electrify producers at needless great cost, and also forces other captive BCH ratepayers to subsidise the producers electric energy cost out of their pockets..

The Gas Producers are good honest truthful BC businessmen and engineers and have no need for BCH to imply they want electric drive to REDUCE global warming. Gas producers are a valued BC business and provide royalties and jobs for BC, and there is nothing wrong with shipping BC gas , Alberta ships even more gas and oil, but never pretends burning more gas or oil doesn't produce more GHG's, or that electrifying all gas compression in Alberta would save any net GHG and GLOBAL warming

BCH DCAT claims as to saving 1 million tons of GHG by electrifying producers compression would seem like a joke in Alberta and to professional engineers and global businessmen in the US and Asia who would laugh also about selling power at \$48 and buying it at \$85 .

But they are not a joke to BC ratepayers, or to BC govt coffers, if BCH fail to alert Energy Minister Mr Coleman and Finance Minister Mr Falcon and get their OK specifically for DCAT financial proposals.

Another cake that BCH can't have and eat it too is their DSM claims for the gwhrs used by producers . BCH can achieve 100% DSM ,reduce the "producer" demand " by simply letting producers use their usual gas drive, instead of first trying to persuade producers to 100% electric drive , and later trying to persuade them to reduce their demand by say 4%, or some other theoretically computed figure nobody can check when the loads grow most every year. Its like pushing the producers 100% down the stairs and then asking them to slow down a bit by 4%?

Bottomline BCH can save all the DSM budget that BCH plan to otherwise spend on producers DSM. That should please AMPC ratepayers who complain about DSM budgets.

BCH in the latest letter also says that any delay due to CEC investigating alternatives to the one proposed by BCH will delay the gas production through electrifying the anxiously awaiting producers, But BCH report and IR states that producers are willing and able to use gas drive, and say some producers prefer it, and BCH reported it is not critical to the decision whether the gas production occurs.

If BCH want to speed up rather than object to and delay CEC investigation of alternatives, they could offer to consider some of the alternatives proposed by CEC And report the results to BCUC . BCH lawyers talk about dangerous precedents . The real dangerous precedents seem to be  
1/ " The King can do no wrong" ,  
2/" regardless of costs" and  
3/ if you don't agree, you can apply to " pass the buck for " post-mortem review" by another "more appropriate BCH forum".(by which time it will be too late to save \$80 million/yr) . By contrast , I quote Dal Grauer., President of BC Electric, the predecessor of BCH:  
"If you agree with me every time, one of us is superfluous".

I believe CEC is performing a valuable public service to BCH and BCUC , and deserve thanks , rather than fend-offs from lawyers getting paid ,when CEC obviously devoted much effort and time to carefully analysing DCAT and proposing feasible alternatives, that may possibly reduce costs and rate impacts by \$80,000,000 +Million yr , or \$2,400,000,000+ over the 30 year period of gas production. Anyone that suggests CEC doesnt deserve getting paid seems to lack any sense of proportion.

Since BCH proposals do not save any net GHG whatsoever, please re-consider what they may do to captive ratepayers pockets before rushing BCUC into rubber stamping the only alternatives presented by BCH.

That is the reason I wrote my earlier self-explanatory letter to BCUC supporting CEC's request to investigate alternatives, which I would request BCH to please re-consider

I note that meantime CEA have written a letter saying that the \$129/mwhr stated in the panel report for new IPP power is a 2008 figure and not what would be quoted today in 2011. Also that the latest wind-turbines are now \$85/mwhr

May I please suggest that BCH and BCUC therefore get and publish the latest official estimates, because it will be important for any CEC or BCH study of alternatives.

The lowest energy cost I used in my earlier letter was \$90/mwhr.which is higher than \$85 by \$5 (5.9%) Therefore, in case BCH and BCUC find that \$85 is now the correct figure , I have recalculated all the figures in my letter with the lower \$85/mwhr figure claimed by CEA, and \$85 /mwhr is also the lowest figure for Site C stated in the Panel report

Below ,.For reference, are the corrected relevant paragraphs in my earlier letter, assuming \$85/mwhr.

I find it does not alter my general conclusions, which I would like BCUC and BCH to consider on behalf of the public and captive ratepayers

1/ On Top of the one time transmission costs of over \$200 million, plus future dismantling costs, there is a huge \$80 million/yr energy cost deficit at stake., totalling \$2.4 BILLION over 30 years of gas production

6/As CEC correctly points out, producers pay industrial rates in the order of \$48/mwhr, whereas assuming BC hydro can buy new power at around 85/mwhr as claimed by CEA, or later \$85 from future Peace Site C., and about 85/mwhr for windmills

7/Any ordinary business that promotes sales of product at \$48 and buys it at \$85, lacks caution and judgment, and would fast go bankrupt

8/And every single extra mwhr BCH plans to sell to producers will lose BCH an extra \$ 41 per mwhr. So BCH must apply more often to BCUC every year for more rate hikes, if producers buy more electric power, and BCH calls for more, what BCH calls 'undependable', interruptible wind farms like BCH's submission shows

9/According to IR 1,8,1 BCH estimates producers will use 1962 gwhrs /yr, That means BCH will lose 1,962,000 mwhr x \$41= \$80 million/ yr cash energy cost.

Bottomline, Since over \$80 million/yr is at stake, I propose that the public and BCUC would be well served, if BCH re-considered DCAT in accordance with the foregoing, and if BCUC approved CEC PACA to look into various options that might possibly lower costs and rate impact

I would be willing to briefly meet with you to explain my proposition to BCH and/or CEC and answer any questions you may have.

Yours sincerely  
Vernon Ruskin  
V.W.Ruskin & Associates Ltd

Ps  
REF 12/ RUBIN, J ""Why Your World Is about To Get a Whole lot Smaller“, Random House Canada, Chapter 6

>  
REF 13/The GlobalCarbon Project> [www.globalcarbonproject.org/global/PDG/GCP\\_Carbon\\_Budget\\_2007.pdf](http://www.globalcarbonproject.org/global/PDG/GCP_Carbon_Budget_2007.pdf)

REF 20/[http://www.engineeringtoolbox.com/co2-emission-fuels-d\\_1085.html](http://www.engineeringtoolbox.com/co2-emission-fuels-d_1085.html)