



Friday, April 26th 2013

**The Industrial Rates Review Panel
Messrs. Chris Trumpy, Peter Ostergaard and Tim Newton**

C/o Mr. Scott Barillaro
Director, Transmission and Industrial Electricity Policy
Ministry of Energy, Mines and Natural Gas
4th Floor, 1810 Blanshard Street
Victoria, BC, V8T 4J1
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Dear Sirs:

Re: Industrial Electricity Policy Review

The Clean Energy Association of B.C. (CEBC) is pleased to provide our comments in general terms on the submissions others have made to the Task Force.

CEBC agrees there is a place for natural gas fired electrical generation in B.C. provided that the costs and benefits of this generation are evaluated on an equal life cycle basis with other forms of generation such as renewable generation. This includes fully accounting for the risks associated with natural gas fired generation and in particular the fuel and carbon price risks.

In various submissions submitted to the Task Force there is very little discussion about these risks or other risks associated with changes in law, such as the introduction of taxes like the carbon tax or the risk of increasing natural gas royalties or changes to the existing royalty structure.

The seller of electricity generated from natural gas or the buyer of this electricity has to accept these risks in a written agreement. The allocation of these risks in the agreement has to be equal to the allocation of risks in agreements electricity generated from renewable sources as evaluated over the same time period. Both forms of contract have to be made available, on a confidential basis if necessary, so that interested parties can conduct their own reviews.

Similarly, imports of electricity into B.C. have to be evaluated on an equal life cycle basis with other forms of generation. For example, currently there is no carbon tax payable on electricity imported into British Columbia. At a price of \$30.00 per tonne of carbon dioxide, a BC based

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generator would be paying the approximately \$13.00 per megawatt hour of electricity produced. If this generator's plant is in the State of Washington, it would not be paying any carbon tax. Unless this and other factors (such as an income tax regime comparison between the generating jurisdiction and British Columbia) are taken into account, any evaluation will therefore not be made on an equal life cycle basis.

We would expect the same comparative analysis to be undertaken for any and all projects undertaken by BC Hydro.

We welcome your review of these comments.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Paul Kariya", written in a cursive style.

Paul Kariya
Executive Director