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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-55-03

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**IN THE MATTER OF
the Utilities Commission Act, R.S.B.C. 1996, Chapter 473**

and

**An Application by Vancouver Island Energy Corporation
(a Wholly-Owned Subsidiary of British Columbia Hydro and Power Authority)
for a Certificate of Public Convenience and Necessity for the Vancouver Island Generation Project**

BEFORE: R.H. Hobbs, Chair)
N.F. Nicholls, Commissioner) September 8, 2003

O R D E R

WHEREAS:

- A. On March 12, 2003, Vancouver Island Energy Corporation ("VIEC") applied pursuant to Sections 45 and 46 of the Utilities Commission Act ("the Act") for a Certificate of Public Convenience and Necessity ("CPCN") for the Vancouver Island Generation Project ("VIGP") ("the Application"); and
- B. VIEC is a wholly-owned subsidiary of British Columbia Hydro and Power Authority ("BC Hydro"). The Application stated that VIGP is BC Hydro's preferred option for securing reliable electricity supply for Vancouver Island and the Gulf Islands; and
- C. VIGP is comprised of a combined-cycle natural gas turbine power generating plant at Duke Point near Nanaimo, a connection and upgrade to the existing transmission grid, a short gas supply pipeline and related works. The Application stated that VIGP would provide 265 megawatts of power, has an estimated cost of \$340 million, and has an expected in-service date of July 2006; and

- D. The environmental, economic, social, heritage and health effects of VIGP have undergone an assessment by the Environmental Assessment Office. VIEC expects that its application for an Environmental Assessment Certificate will be referred to Ministers within fifteen days of the Commission Panel's Decision on the Application; and
- E. VIGP is associated with the Georgia Strait Crossing Project ("GSX Project"), a proposed international natural gas pipeline from Washington State to Vancouver Island. The Canadian portion of the GSX Project has been reviewed by a joint panel of the National Energy Board and the Canadian Environmental Assessment Agency, who found that the GSX Project is not likely to have significant adverse environmental effects and recommended the project proceed to regulatory consideration; and
- F. The Commission, by Order No. G-21-03 dated March 20, 2003, established a Regulatory Agenda and Timetable for two Workshops and a Pre-hearing Conference regarding the Application; and
- G. The Commission Workshops and the Pre-hearing Conference were held on April 22 and 23, 2003 in Nanaimo, B.C.; and
- H. The Commission, by Order No. G-30-03 dated April 30, 2003, established a Regulatory Agenda and Timetable for an oral public hearing commencing June 16, 2003 in Nanaimo, B.C.; and
- I. On May 28, 2003, the Commission sent out a Procedural Information Letter dated May 27, 2003 and a Revised and Updated Issues List for the oral public hearing; and
- J. The oral public hearing took place from June 16 to July 3, 2003 in Nanaimo and Vancouver, B.C.; and
- K. During the proceeding several Intervenors identified other projects to generate electricity on Vancouver Island. Terasen Gas (Vancouver Island) Inc. submitted an alternative to the GSX Project that would expand its existing natural gas pipeline system to and on Vancouver Island to transport gas to VIGP and other gas-fired generation; and

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- L. During the oral public hearing VIEC proposed that in the event the Commission was unable to grant an unconditional CPCN for VIGP, a conditional CPCN be provided. The conditional CPCN would require BC Hydro to undertake a Call for Tenders to determine if there are other more cost-effective projects to meet its obligation to serve Vancouver Island with reliable and timely electricity supply; and
- M. Written Final Arguments and Reply Argument were completed by July 25, 2003. An additional oral proceeding day was held on July 28, 2003 so that counsel could respond to specific issues identified by the Commission Panel; and
- N. The Commission Panel has considered the Application, the written evidence filed prior to the hearing, the evidence presented at the hearing, the Letters of Comment that were filed and the written and oral arguments that were submitted.

NOW THEREFORE, pursuant to Sections 45 and 46 of the Act, the Commission orders that the March 12, 2003 Application by VIEC for a CPCN for the Vancouver Island Generation Project is denied for the reasons set out in the Decision that is issued concurrently with this Order.

DATED at the City of Vancouver, in the Province of British Columbia, this 8th day of September 2003.

BY ORDER

Original signed by:

Robert H. Hobbs
Chair