

**BC HYDRO EXTENDS CONTRACT WITH CAMPBELL RIVER INDEPENDENT POWER PRODUCER FOR 4.5 YEARS**

The employees of the Island Generation (owned by Capital Power) electrical generation facility at Campbell River received welcome news on 8 May 2022, when BC Hydro extended the contract with the natural gas generated facility for another 4.5 years.<sup>1</sup> With a maximum output of 275 MW, BC Hydro had given notice that it would not renew the contract after 1 April 2022.

Vancouver Island residential and business users consume approximately 9,300 GWh of BC Hydro electricity annually, mostly from four major transmission cables from the mainland.<sup>2</sup>

On 8 July 2021, BC Hydro detected abnormalities in the transmission cables connecting the Sunshine Coast with Vancouver Island near Qualicum. On 12 July 2021, a BC Hydro Bulletin advised that one cable had been taken out of service and the load in the other two cables had been reduced pending repairs being made. “BC Hydro is using its available generation capacity on Vancouver Island and independent power producers to meet customer demand. It is also informing its largest industrial customers on Vancouver Island of this challenge in the event they need to reduce load in the future.”<sup>3</sup>

In September 2021, BC Hydro advised the BC Utilities Commission (BCUC) that initial repairs to the cables were expected to be completed in September, but additional work will be required over the next two to four years. This will entail taking one or more cables out of service temporarily.

From 1 July 2021 to 1 October 2021 the total load for Vancouver Island was 2,018 GWh, of which transmission from the mainland provided 62%, while island based independent producers supplied 30%, with the majority from the Island Generation site.<sup>4</sup> Clearly, BC Hydro’s threatened termination of the supply contract with Island Generation would leave Vancouver Island users in a precarious position if there were more problems with the transmission cables. The council of Campbell River urged BC Hydro to extend the contract to preserve the 15 jobs and the tax payments.<sup>5</sup>

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<sup>1</sup> [https://www.bchydro.com/ex/rr/pdfs/IGEPAR\\_PUB.pdf](https://www.bchydro.com/ex/rr/pdfs/IGEPAR_PUB.pdf)

<sup>2</sup> [https://docs.bcuc.com/Documents/Proceedings/2021/DOC\\_65128\\_B-8-BCH-responses-to-Intervenors-IR-No1-Public.pdf](https://docs.bcuc.com/Documents/Proceedings/2021/DOC_65128_B-8-BCH-responses-to-Intervenors-IR-No1-Public.pdf) pdf 1695/3232.

<sup>3</sup> [https://www.bchydro.com/news/press\\_centre/news\\_releases/2021/bc-hydro-taking-steps-to-ensure-safe-reliable-delivery-of-power-to-vancouver-island.html](https://www.bchydro.com/news/press_centre/news_releases/2021/bc-hydro-taking-steps-to-ensure-safe-reliable-delivery-of-power-to-vancouver-island.html)

<sup>4</sup> [https://docs.bcuc.com/Documents/Proceedings/2021/DOC\\_65128\\_B-8-BCH-responses-to-Intervenors-IR-No1-Public.pdf](https://docs.bcuc.com/Documents/Proceedings/2021/DOC_65128_B-8-BCH-responses-to-Intervenors-IR-No1-Public.pdf) pdf 1701/3232.

<sup>5</sup> <https://www.timescolonist.com/local-news/uncertain-future-for-private-plant-that-provides-backup-power-for-island-4691698>

## **Financial Details Not Released**

In announcing the agreement to extend the contract with Island Generation, BC Hydro did not release any financial details, claiming that this information is commercially sensitive:

BC Hydro is in the process of negotiating EPA renewals with various Independent Power Producers. BC Hydro considers the commercial terms and conditions relating to the Island Generation EPA renewal included in this Filing, such as the pricing information and related cost analysis, are commercially sensitive and the public disclosure of such information, which includes the EPA in its entirety, will harm BC Hydro's negotiating position with respect to further EPA renewals.<sup>6</sup>

## **No Viable Alternative**

BC Hydro has made the correct decision to retain the Island Generation back-up capacity to service its customers on Vancouver Island. In its letter of 29 July 2022 to the BCUC, BC Hydro advised that there were no Viable alternatives.

While BC Hydro considered a "Do Nothing" approach, given the potentially high consequences of not being able to serve a large number of customers on Vancouver Island, potentially for an extended period, BC Hydro determined that further review of options that could provide back up supply in the near-term, was warranted. Accordingly, BC Hydro considered a range of possible on-island resources including Industrial Load Curtailment. However, none of these options are viable or effective alternatives to the Island Generation ...<sup>7</sup>

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The writer is a retired senior BC government public servant whose paper describing the BC government's manipulation of the finances of BC Hydro from 2008 to 2014 was published by *BC Studies* in November 2016. *BC Studies* published his paper on the 40-year financial history of ICBC in 2013. He was an intervener in the BC Utilities Commission's recent reviews of ICBC's and BC Hydro's rate requests.

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<sup>6</sup> [https://www.bchydro.com/ex/rr/pdfs/IGEPAR\\_PUB.pdf](https://www.bchydro.com/ex/rr/pdfs/IGEPAR_PUB.pdf) p. 2.

<sup>7</sup> *Ibid.*, p. 29.