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To: Honorable Richard Neufeld, Minister of Energy
CC: Honorable Gordon Campbell, Premier
Re: BC Energy Policy Task Force report

We understand that the BC Energy Policy Task Force completed its final report on March 15, 2002 and submitted several recommendations to government on a long-term provincial energy policy for British Columbia. We have not been party to the final report, but would like to share our views with you on the interim report which was released to the public on November 30, 2001. We shared our views with the Task Force members on January 14, 2002 during a 2 hour meeting.

Our comments on the interim report relate to resource development and management. We have some serious concerns about the implications of explicitly stimulating the coal industry through a variety of mechanisms – including fast tracking air emission standards, including “progressive applications” of coal in the definition of “alternative energy”, and prioritizing coal development within government programs. We believe that the emphasis on coal in the Task Force report is contrary to the government objectives around “competitiveness” and “best environmental practices”. We regard the Task Force’s interim report as paving the way for an unfair market advantage for coal over clean energy options.

The Task Force’s energy policy recommendations overlooked the energy sector impacts on climate change, an unimaginable oversight when climatic changes already threaten British Columbia’s forestry, fishery and tourism industries and many areas of the BC coastline which are highly vulnerable to sea-level rise. Under the Kyoto Protocol, which Canada is expected to ratify shortly, Canada will be legally required to reduce its emissions significantly by 2008. The Task Force’s final report must include recommendations for a balanced energy policy that seeks to meet the energy needs of British Columbians while minimizing environmental impacts, including contributions to climate change.

The Pembina Institute has proposed a climate-friendly energy policy for British Columbia to the Task Force. This policy would eliminate subsidies for coal development, and would instead build on BC Hydro’s existing climate-protection and “green” energy programs which have already proven their worth. These programs aim to internalize the future costs of emissions today, so that wise investment decisions can be made that will protect the public from the costs of environmental impacts tomorrow. We are concerned that the Task Force recommendations will reduce or cancel these programs and instead subsidize climate-impacting coal and other fossil fuel developments.

As you know, BC Hydro has already committed to purchase 10% of all new supplies from “green” renewable energy sources including low-impact hydroelectricity, wind, wave, sawmill waste, and landfill gas. The current cost of that commitment to BC Hydro is equivalent to about \$5 per household each year. We recommend that the Task Force call for an expansion of this “Portfolio Standard” to 30% given that green energy is climate-friendly, cost-effective, and provides other substantial social and environmental benefits.

“Energy conservation and efficiency” opportunities are widespread in the British Columbia economy. The deployment of efficient technologies and management practices can stimulate growth in the economy with less energy and a lower cost. BC Hydro’s “PowerSmart” program has historically achieved significant efficiencies through incentives and programs for efficient building designs, lighting fixtures, heating systems, and industrial process improvements. We urged the Task Force to recommend the revitalization of energy efficiency through programs which offer province-wide information, building audits, technical support, incentives, appliance standards, and financing options to British Columbians to help them save energy.

Finally, recognizing that we will need to use fossil fuels to meet part of our energy needs, the Task Force must recommend that power companies be required to assess the full costs of their resource choices, including the cost of emissions. The cost of renewable energy and energy efficiency, will often be lower when environmental impacts are included in the calculation.

Coal is the most greenhouse gas polluting energy source. Electricity generated from natural gas only produces 40% of the greenhouse gas emissions generated by coal, and green energy produces none. A single 1000 MW coal power plant (same size as BC Hydro’s Burrard Thermal plant) produces 7.9 million tonnes of climate-impacting emissions every year, more than BC Hydro’s entire emissions of 4.2 Mt this year. Any effort by government to subsidize the development of coal will impose long-term costs on British Columbians in exchange for short-term benefits to a few coal mining companies. And, once a coal-fired power plant is built, we will have to live with its impacts for up to 40 years. These impacts, in addition to damaging our climate and human health, will severely impede our competitiveness in the global energy market, as it continues its rapid transformation to more environmentally-friendly energy sources.

The benefits of the green energy programs that we recommend would outweigh the costs, estimated at between \$15 and \$30 per household per year. For example, the policy would result in 3,000 million kilowatt-hours of green electricity in 2010 and climate emissions reductions of approximately 1.5 million tonnes every year. This is equivalent to the reductions of taking 250,000 trucks off the road. Furthermore, these reductions are expected to translate into an annual benefit to British Columbians of \$15 million or more under the emissions trading regimes likely to be in place in the next few years. Our energy efficiency recommendations would result in additional energy savings and emission reductions.

The BC Government has an important choice to make with regard to the environmental issues surrounding its new energy policy. Should it recommend increased dependence on the highly-polluting energy sources of yesterday, or should it recommend new investments in the climate-friendly energy supply and efficiency solutions of tomorrow? We would be very interested in meeting with you to discuss these issues further.

For your information, the Pembina Institute for Appropriate Development is an independent, environmental non-governmental organization specializing in the fields of energy, climate change and environmental economics. The Pembina Institute engages in environmental education; policy research, analysis and advocacy; community sustainable energy development; and corporate environmental management services to advance environmental protection, resource conservation, and environmentally sound and sustainable resource management.

Sincerely,

Andrew Pape-Salmon