Info Session Date and Location
February 21, 2005
Riverlodge Recreation Centre
654 Columbia Street, Kitimat, B.C.

Attendees

<table>
<thead>
<tr>
<th>Name</th>
<th>Interest/Organization</th>
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<tr>
<td>John Denholme</td>
<td>Aurora Charters</td>
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<td>Dan Bouillon</td>
<td>Interested Citizen</td>
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<tr>
<td>Gaetan Pozsgay</td>
<td>Interested Citizen</td>
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<td>P. MacLeod</td>
<td>Interested Citizen</td>
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<tr>
<td>April MacLeod</td>
<td>Interested Citizen</td>
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<td>F. Young</td>
<td>Interested Citizen</td>
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<td>Patrick Lafferty</td>
<td>Interested Citizen</td>
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<td>Robin Lapointe</td>
<td>Interested Citizen</td>
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<td>Graham Anderson</td>
<td>District of Kitimat</td>
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<tr>
<td>Tony Nuzzo</td>
<td>Orca Electric</td>
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<tr>
<td>Cheryl Brown</td>
<td>Interested Citizen</td>
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<tr>
<td>Carl Whicher</td>
<td>Northwest Communities Coalition</td>
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<td>Bob Corless</td>
<td>District of Kitimat</td>
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<tr>
<td>Ken Haun</td>
<td>Interested Citizen</td>
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<tr>
<td>Larry Thompson</td>
<td>Interested Citizen</td>
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<tr>
<td>Lois Mendel</td>
<td>Interested Citizen</td>
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<tr>
<td>Tom Goyert</td>
<td>Economic Development Office</td>
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<tr>
<td>Lloyd Hubbard</td>
<td>Contractor</td>
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BC Hydro/IEP Representatives

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<tr>
<th>Name</th>
<th>Organization and Department</th>
<th>Role</th>
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<tr>
<td>Charmane Edwards</td>
<td>BC Hydro/Community Relations</td>
<td>Host/Facilitator</td>
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<tr>
<td>Rohan Soulsby</td>
<td>BC Hydro/Power Planning and Portfolio Management</td>
<td>IEP Presenter</td>
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<tr>
<td>Kristann Boudreau</td>
<td>BC Hydro/Stakeholder Engagement</td>
<td>Workshop Facilitator</td>
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<tr>
<td>Cam McAlpine</td>
<td>JaJa Communications/ External Consultant</td>
<td>Note Taker</td>
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Discussion Highlights

The following were the key issues raised at the Kitimat information session:
• **Reliability and low rates are very important.** While a large number of factors were identified as important, participants were almost unanimous in agreement that they were not willing to have hydro rates increased to pay for those other factors.

• **Support for maintaining public ownership of BC Hydro.**

• **Regional economic development.** There was much discussion around the desire to see local benefits from any regional electricity supply developments in any combination of the following ways: cheaper rates for local consumers, permanent jobs, guaranteed supply, reinvestment in communities in regions from which the resources came.

• **Renewable resources first.** There was more support for resource options that were "renewable" or "green", that is, hydroelectric projects, Power Smart, biomass.

• **Environmental and social responsibility.** BC Hydro should maintain its present standards, including no net environmental impacts. IPPs should be required to meet or beat the same standards.

1. **Introduction/Overview**
Charmane Edwards welcomed everyone on behalf of BC Hydro and introduced other staff members: Rohan Soulsby, Kristann Boudreau and Cam McAlpine. She gave a brief explanation of what is involved in BC Hydro’s Integrated Electricity Planning (IEP). She then welcomed anyone who was interested to attend the workshop session the following day and noted that anyone is able to provide input on the IEP, either at the meeting or later by mail, email or phone. She then handed the meeting over to Rohan to provide an overview presentation on the IEP process.

2. **IEP Presentation**
Rohan provided an overview of the Integrated Electricity Plan and of BC Hydro’s Engagement Plan for 2005. Highlights of the presentation are as follows:

• The IEP is a twenty-year plan, updated every two years, that describes how BC Hydro will meet customers’ needs for electricity. It is estimated that electricity consumption will grow at a rate of about 1.5% per year.

• There is an identified need to fill the gap between the available supply and the expected future demand for electricity.

• The B.C. government has stipulated BC Hydro will not be developing new supply beyond projects already in the planning stages, but that it would be part of the planning process and would issue calls for proposals from Independent Power Producers (IPPs).

• BC Hydro operates within a western North American electricity trade network and will continue to work within this network to leverage trade opportunities that are to BC ratepayers’ advantage.

• There are a number of Resource Options available to BC Hydro to produce electricity, including but not limited to: biomass, coal, cogeneration, large hydro, natural gas, Power Smart, small hydro, tidal, wave and wind power. Each Resource Option is available to differing degrees in different parts of the province. Each brings costs and benefits, referred to in the IEP process as Attributes. Following this round of stakeholder
engagement, a Resource Options Report will be filed with the British Columbia Utilities Commission (BCUC) in May 2005.

- Resource Options will be combined in a variety of different ways (portfolios) according to stakeholder input and will be compared before selecting a preferred portfolio that best meets BC Hydro’s needs.

- An IEP Action Plan identifies the short-term steps to meet the long-term vision of the preferred portfolio and will then be created to support BC Hydro’s regulatory filings, including the Resource and Expenditure Acquisition Plan (filed by the end of 2005) and the Revenue Requirements (filed in February 2006).

- The 2004 IEP process preceded and provided direction for the 2005 IEP process. The chosen direction included continuation of the Power Smart program, sending out a call for tenders on Vancouver Island, ongoing investigation of the Burrard facility, Site C options and a new round of stakeholder engagement.

- General feedback from First Nations during the 2004 IEP process included: a desire to be engaged earlier, a request that historical grievances be addressed, some interest in remote electrification and reliability of service to First Nations communities, concern about the impacts of transmission lines, interest in revenue sharing.

- General feedback from other stakeholders during the 2004 IEP process included: support for triple bottom line planning, high value placed on reliability and cost before environment, support for IPPs, support for maintaining public ownership of BC Hydro.

- Feedback from the north in 2004 showed support from some areas for low cost, but not at the expense of reliability and environment, while other areas supported environmental goals, but not at the expense of low cost. There was also strong support for reliable supply and mixed views on increasing electricity exports.

- The 2005 IEP will build on what was learned during the 2004 process. It was stressed that BC Hydro must be able to demonstrate that feedback and input was listened to and is being implemented where appropriate.

### 2.1 Questions and Answers about IEP Presentation

The 1.5 per cent annual increase in electricity consumption seems low. Wouldn’t it be closer to between 3 and 5 per cent? There is higher than expected load growth and the 1.5 per cent estimate is net after conservation.

How do you offset future costs of meeting environmental goals today? How do you know what the costs will be? Are IPPs responsible for the costs of meeting environmental targets? There are forward markets for greenhouse gas emissions and BC Hydro needs to make a case to BCUC that they are realistic costs. IPPs will be required to meet the same targets and will have to build costs into their plans as well.
What happened to the Gold River proposal?
Proposals needed to either provide 150 MW on their own, or be able to be combined with other projects to provide a total 150 MW to meet the requirements of the Vancouver Island call for tenders. The Gold River project could not meet the 150 MW requirement by itself and no other small projects were submitted to be combined with it. As a result, it could not be put into an eligible portfolio for evaluation.

Is there anything specific you can say about the concerns of the Haisla or other First Nations?
Not specifically about the Haisla, however there is a separate and parallel engagement process being conducted with First Nations throughout the province.

Is it true that we rely on energy imports?
BC Hydro has always had sufficient energy to meet domestic needs and will plan to make sure that is the case going forward. Having said that, BC Hydro sometimes engages in trading when it is more economically advantageous to do so. For example, BC Hydro can import electricity from neighbouring jurisdictions (U.S.A. and Alberta) at low cost during low load periods of the day and sold back at a higher cost during high load times.

Why did BC Hydro choose the proposal that uses gas in the Vancouver Island (Duke Point) project? Why not develop Mica and Revelstoke first?
The Vancouver Island call for tender was made specifically to satisfy on-island capacity reliability requirements. Regarding the use of gas, the call for tender project resulted in the gas proposal being the cheapest proposal. BC Hydro is the largest gas consumer in the province and is in a position to get the lowest costs on the resource. BC Hydro’s deferral accounts will allow it to absorb market volatility and will therefore not necessarily result in being passed onto ratepayers.

Was the Kyoto Accord considered in the Vancouver Island tendering process?
The proponent is responsible for meeting any current or future regulatory requirements regarding green house gas emissions. Any costs that the proponent foresees in meeting future regulatory requirements should have been incorporated into the design of the bid price submitted to BC Hydro.

How many new meters have been installed to measure “energy efficiency”, which resulted in my hydro bill increasing $1700 this year? (Asked by a commercial business owner)

How are you going to ensure rates stay low when Independent Power Producers (IPPs) being private companies, will naturally try to get the highest possible return on investment?
As long as there is a competitive process, BC Hydro will continue to get the lowest cost for energy. There are checks and balances in place to ensure the process is competitive.
Now that BC Hydro will be part of integrated electricity grid, won’t U.S. states be able to control what we charge just based on their larger economies of scale and their ability to throw their weight around?
The response was that BC Hydro can control the flow of electricity across the boundaries between different parts of the grid. BC Hydro also has protections to allow it to withdraw from the agreements if they are not to our benefit.

Geothermal energy projects have been developed in other countries. We have geothermal hot spots here in BC. Is BC Hydro looking into any geothermal options?
BC Hydro has done so in the past when it was still considering infrastructure development. There are numerous sites with potential, such as Meager Creek, that are being analyzed by IPPs for potential development.

What’s the smallest capacity BC Hydro will look at for an IPP project?
BC Hydro will consider proposals for projects as small as 50 KW, although the lowest that would likely be economic is about 1 MW.

Galveston is working on a Liquid Natural Gas (LNG) proposal for Kitimat. Is BC Hydro doing anything to make people aware of the proximity of the project, and the resulting potential to locate a generating station in Kitimat?
IPPs are approaching BC Hydro regularly to see how these sorts of projects might be developed. BC Hydro’s role is to ensure calls for proposals are made at the appropriate time, when they are feasible and that communities and IPPs are kept informed.

2.2 Recommendations following from IEP Presentation

- Costs of meeting future environmental targets: Reduce costs as much as possible now and invest in new technologies as soon as possible to reduce those environmental costs in the future.

- Relocate a service manager to Kitimat to reduce downtime during power outages.

- Northern allowance: There should be some recognition of the disparity between north and south and the additional cost borne by northerners for higher heating costs. Northerners should be given a rate break.

- Invest now rather than paying dividends: BC Hydro should be building more infrastructures for the future using the money being made today, rather than paying out dividends. Rates should be kept down to benefit consumers, who are the owners of the resource, as well as to attract foreign business investment. In response to discussion about costs and revenues, Rohan noted that 80 per cent of surplus every year goes to the province and that the BCUC allows BC Hydro to earn a return comparable to that earned by Terasen Gas.

2.3 Other Discussion Points Following IEP Presentation

One participant noted there is a high rate of computer usage in Kitimat and that society is becoming more reliant on electricity for information technology needs. The need for reliable electricity still exists, but for different reasons. For example, he said he has a wood stove to stay warm and cook if the power goes out, but he can’t work without a computer.
There was some debate between participants about the actual reliability of hydro service in Kitimat. Some said that downsizing had led to longer waits after power outages, while at least one person said that, even if there are periodic outages, power is returned quite quickly.

It was noted a number of times that BC still has some of the cheapest rates in the world and there is a desire to keep them low.

There was some confusion around the differences between Kemano II and the Kemano Completion Project. Some participants suggested BC Hydro should reconsider Kemano II. Rohan noted that since it’s a diversion project, it is not something BC Hydro is considering. The Kemano Completion Project was an Alcan proposal.

3. Large Group Discussion

Kristann facilitated a large group discussion about the two following questions:
1. In developing future electricity resources, what are the most important factors to you?
2. Which of these factors would you be willing to pay more for?

3.1 What are the most important factors to you?

The following were the first most important factors people listed when asked about developing future electricity resources. There was no effort made to find consensus on ranking factors in order of importance.

- Reliability.
- Low rates.
- Public ownership.
- Renewability.
- Conservation.
- Biomass.
- Incentives for northerners and industrial economic development in the north.
- Reduce BC Hydro’s debt.
- Leaving more in BC Hydro’s pockets for future investments.
- Transparency, accountability and oversight. Who’s making decisions about electricity in the province: BC or foreign ownership offshore?
- Look at developing projects that are ready to go:
  - Consider developing Kemano 2 and/or Kemano Completion Project
  - Look seriously at Site C
- Consider integrating liquid natural gas (LNG) as energy producer and economic driver for the north, as long as it is socially and environmentally acceptable.
The fact Manitoba and Quebec both have lower rates than BC demonstrates large hydro remains the most cost-effective energy source and should remain BC Hydro’s primary resource option.

There should be local power benefits from any development.

Develop wind energy to replace diesel power on Vancouver Island and Queen Charlotte Islands.

Develop Site C gradually over time while maintaining, but gradually phasing out, Burrard Generating Station.

Stay as “green” as possible.

Local air emission standards should never be discussed independently of other airshed issues, that is, GHGs.

Price volatility makes natural gas a poor choice.

Develop local Eurocan Pulp and Paper into a cogeneration facility.

Use BC Hydro as an economic development tool to provide incentives to create jobs and other benefits in communities in the north where the resource comes from.

3.2 Which of the above factors would you be willing to pay more for?

There was general consensus that those attending the information session were not willing to pay more for electricity than they currently do. There was also general agreement that ownership of BC Hydro needs to remain public and should maintain its low-cost position in order to benefit ratepayers. The resulting benefits should be used as an incentive to business investment. It was felt that reinvesting profits to attract business to B.C. would be a better course of action than paying dividends to the government.

3.3 Questions and Answers Following Facilitated Large Group Discussion

Why is BC Hydro not looking at Kemano II when they are considering developing Site C?
The response was BC Hydro is constrained by government energy policy: it is only allowed to look at Site C and improvements to already existing BC Hydro dams such as Mica and Revelstoke.

If there was so much opposition to Sumas II, which was going to be fueled by natural gas, because of the air pollution, why was Duke Point allowed to go through?
In both places people weren’t happy about having the plant in their backyards. However, specifications for both plants did meet or exceed environmental standards that were in place. There were also cross-border transmission issues with the Sumas II project.

What about the impacts of wind energy production on wildlife, that is migratory birds? This matter will be looked into further.
Does BC Hydro have any plans in place to do anything to compensate ratepayers for conversion to more conservation-friendly systems?
Power Smart is doing some of this and is coming out with new programs all the time.

What’s the status of Eurocan’s cogeneration proposal?
It is still in the works.

How long would it take to develop Site C?
It would likely take up to seven years, given the need for consultation and regulatory applications in addition to the actual development.

What is the input from these meetings going to be used for?
The input will be consolidated and presented to the Provincial Integrated Electricity Plan (IEP) Committee, which will take the information and develop a range of possible resource portfolios to analyze, eventually resulting in a recommendation on a system-wide preferred portfolio and action plan.

How do the final decisions about the IEP get made? Will it be made by the “experts”?
The Provincial Integrated Electricity Plan Committee (PIEPC) will try to arrive at a consensus decision based on input collected during the engagement process. It will then make recommendations to BC Hydro, which will develop a twenty-year plan. That plan will then be translated into a short-term three to five year action plan. The budget for that action plan will need to be approved by the BCUC.

Who will control (regulate) IPPs to protect against price gouging and holding consumers hostage?
There will be very strict contracts in place to ensure electricity is kept online at all times at competitive prices.

4. Summary of Meeting and Next Steps
Charmane once again invited anyone who was interested to attend the next day’s workshop. She also asked about people’s interest in attending a follow-up meeting in September and where they would prefer it be held. There was interest from a majority of the participants and unanimous agreement that participants would prefer it to be held in Kitimat. Charmane also reiterated that comments on the IEP process can also be made by phone, fax, mail and email.

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