

Largest source of independent power in B.C. goes on the grid

\$663-million Toba run-of-river project outperforms many BC Hydro facilities

BY SCOTT SIMPSON, VANCOUVER SUN AUGUST 10, 2010

Plutonic Power passed a milestone for its Toba Inlet projects on Monday with the commencement of full-scale power delivery to BC Hydro.

Befitting its status as an aggressive and entrepreneurial developer of independent power for the Hydro grid, the combined electricity generation of Plutonic's new run-of-river facilities at East Toba River and Montrose Creek is effectively the largest source of privately generated renewable power in B.C.

The companies said they have received confirmation from Hydro that the \$663-million Toba Montrose project has met its guaranteed commercial operations date commitment. Vancouver-based Plutonic owns 51 per cent of the project and gets 40 per cent of the revenue while 49-per-cent owner GE gets 60 per cent of revenue.

Toba Montrose has a 196-megawatt combined generating capacity that is larger than all but eight of Hydro's largest publicly owned facilities -- and it could get even larger.

Hydro in April awarded energy purchase contracts to Plutonic and GE in April for two more run-of-river generating facilities in the Toba Valley -- which would add a further 120 megawatts of generating capacity.

"The transmission line is already there and all those kinds of things," Plutonic vice-chairman and CEO Donald McInnes said in a phone interview, "but we still have some risks that we have to manage and understand before we would be in a position to make a financing decision on it.

"But the good news is that the project has its provincial environmental assessment certificate and it has gone through a federal screening process that hasn't identified any show stoppers."

Plutonic has an even bigger multi-stream hydro project on the books, at Bute Inlet, but withdrew it from consideration by BC Hydro for the Crown corporation's recently completed Clean Power call -- likely because Hydro had a number of lower-priced rival bids.

McInnes said the Bute project has not been abandoned, but noted that many independent power producers around B.C. are hesitant to invest capital in project development until Hydro makes clear its intentions for the timing of its next call for power.

The independents recommended to the provincial government earlier this year that Hydro make power calls on a scheduled and predictable basis in order to provide the industry with enough certainty to attract financing to keep projects active.

Hydro is in the midst of developing what it calls an integrated resource plan that is expected to include a schedule for power calls, but the exact details of that plan won't be known until at least November 2011 -- and could take many subsequent months to implement.

Hydro has to consider the possibility of accelerated growth in power demand by mining and a recovering forest sector plus electric vehicle market growth -- as well as meeting the B.C. Liberals' order that the Crown corporation be free of dependence on import electricity by 2016.

Hydro must also determine the degree to which its own expansions at the Mica and Revelstoke generating stations, plus the Site C hydro project on Peace River, will support new power demand.

"It's frustrating because you don't know if you should be spending more money on Bute or looking for other sites that might make sense, because there isn't a specific time horizon when there may be a market for [more] electricity for domestic use," McInnes said.

"Depending on some pretty large assumptions [such as growth in power demand from the mining and transportation sectors], the numbers in this plan could yield an opportunity for more private sector power participation, or not."

Paul Kariya, executive director of Clean Energy B.C., agrees the industry is in "a bit of a lull."

"People in the development community know where their next projects might be," he said. "But are they seeking investment money to move these along, and thereby generating jobs and activity?"

"No. I think people are just sitting on their hands a bit."

ssimpson@vancouver.sun.com

© Copyright (c) The Vancouver Sun