

ECONOMIC BENEFITS OF PRIVATE POWER PROJECTS IN B.C.

BC Hydro currently records 89 Electricity Purchase Agreements (EPAs) with private power companies including those generally recognized as 'independent power producers' and large generators such as Alcan and Columbia Power Corporation. These EPAs represent about 14,244 gigawatt hours per year (GWh/year) of energy purchases. Of these agreements, 63 projects are in operation with several more scheduled to reach commercial operation by the end of fiscal 2011. During fiscal 2010, private producers provided 8,893 GWh of energy to the BC Hydro system, which accounted for about 16% of total domestic electricity requirements.

In April 2011, the Clean Energy Association of B.C. (CEBC) released a report commissioned from PricewaterhouseCoopers LLP entitled *Economic Impact Analysis of Independent Power Projects in British Columbia - 2010*, based on information available from public sources and from CEBC.

The report separated the analysis into two categories: (1) Existing projects that were currently operating and generating power, excluding large non-BC Hydro storage projects and projects serving non-integrated areas; (2) Potential projects arising from existing EPAs and EPAs expected from current BC Hydro power calls, and potential projects arising from CEBC's forecast of future electricity demand.

Demand to the year 2020 was estimated at 33,487 GWh including 21,487 GWh of domestic demand and 12,000 GWh of export demand. Total supply in 2020 from existing and potential private power projects was estimated at 47,493 GWh. The economic impacts were summarized as follows and include direct, indirect and induced impacts. Note figures are expressed in millions of dollars.

Construction Phase (\$2009 millions)

	<u>Capital spending</u>	<u>GDP Impact</u>	<u>Employment</u> (person years)	<u>Government Revenue</u>
Existing operations	\$ 4,522	\$ 1,896	17,966	\$ 378
Potential operations	\$ 36,221	\$ 11,719	117,140	\$ 2,326

Operations Phase (\$2009 millions)

	<u>GDP Impact</u>	<u>Employment</u>
Existing operations	\$ 129.4	1,811
Potential operations	\$ 631.4	11,689

Community Economic Benefits

Employment benefits: Many clean energy projects are located in remote locations and in areas where communities have suffered from the economic downturn, particularly as this has affected the forest industry. Because many of the skills employed in forestry are transferable, clean energy projects may provide an economic stimulus to economically depressed regions.

Benefits to First Nations: First Nations benefit economically through negotiation of impact and Benefits Agreements with private power producers operating in their traditional territories. These agreements can provide a wide range of provisions including education and training, direct employment, contracting, revenue sharing, business development and social/cultural measures.

Other benefits: Private clean energy projects contribute to the goal of energy self-sufficiency, have zero or reduced greenhouse gas emissions compared to fossil-fueled generation, and use renewable energy technologies.

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