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ENERGY FACILITY SITE
EVALUATION COUNCIL

April 27, 2000

FAXED
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Mr. Allen J. Fiksdal, EFSEC Manager
Energy Facility Site Evaluation Council
925 Plum St. SE Bldg. 4
PO Box 43172
Olympia, WA 98504-3172
United States of America

Dear Mr. Fiksdal:

Subject: Sumas 2 Generation Facility - Application No. 99-1
Draft Environmental Impact Statement

The Ministry of Employment and Investment is the British Columbia agency responsible for electricity policy and development in British Columbia. As such, the Ministry has a close working relationship with BC Hydro, the provincial Crown Corporation which owns and operates most of the electricity system in British Columbia. Given the Ministry's responsibility for electricity policy and development, our primary area of interest in this project relates to the impacts it will have on the British Columbia electricity system.

In a letter dated September 23, 1999 (copy attached for reference) the Ministry of Employment and Investment provided the Energy Facility Site Evaluation Council with comments regarding the scope of the Environmental Impact Statement for the Sumas 2 Generation Facility.

I note from the Draft Environmental Impact Statement (DEIS) dated March 2000, that the size of the plant has been reduced to 660 megawatts. While this is smaller than the original 800 megawatt plant that had been proposed, it may still be necessary to construct a new 230 kV transmission line to connect the plant to the BC Hydro transmission system to the north, through which power would be transmitted for ultimate sale to potential purchasers in British Columbia, Alberta and the Western United States.

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Ministry of
Employment
and Investment

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Victoria BC V8W 9N3

Location:
4th Floor, 1810 Blanshard Street
Victoria



The DEIS also notes that as an alternative to the 230 kV transmission line in Canada, the site could be connected to the Bonneville Power Administration (BPA) system by way of two 115 kV lines running to two separate substations at Bellingham and Custer. In our September 23, 1999 letter to you we stated that:

“The addition of new generation at Sumas, irrespective of whether it is connected to the BC Hydro or BPA system, may potentially limit the transfer capability of the Northern Intertie between British Columbia and Washington State. BC Hydro, Bonneville Power Administration, Puget Sound Energy, and Seattle City Light have recently expended considerable resources to study, in the context of reliability standards, the transmission system conditions in the Northwest which presently adversely affect the transfer capability from British Columbia. These transmission owners are currently implementing system changes to support the intertie transfer capabilities while maintaining system reliability. Given the current transmission constraints which have been driven by reliability concerns, we believe the Environmental Impact Statement should consider and address the potential for further negative impacts on the transfer capability of the Northern Intertie.”

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Our review of the March 2000 DEIS indicates that there has been no attempt to examine the potential impacts of the Sumas 2 Generation Facility on the transfer capability of the Northern Intertie. We continue to believe that potential impacts on the reliability of the transmission system must be examined as part of the review process.

Yours sincerely,



Denise Mullen-Dalmer
Director
Electricity Development Branch

Attachment

cc: Mr. Don Fast
Assistant Deputy Minister
Ministry of Environment, Lands and Parks

Mr. Ross Curtis
Assistant Deputy Minister
Ministry of Energy and Mines



September 23, 1999

Mr. Allen Fiksdal, EFSEC Manager
Energy Facility Site Evaluation Council
PO Box 43172
Olympia, WA 98504-3172

Dear Mr. Fiksdal:

I refer to your letters dated August 10, 1999 and September 9, 1999 seeking comments from various U.S. and Canadian agencies on the scope of the of the Environmental Impact Statement for the Sumas 2 Generation Facility.

The Ministry of Employment and Investment is the British Columbia agency responsible for electricity policy and development in British Columbia. As such, the Ministry has a close working relationship with BC Hydro, the provincial Crown Corporation which owns and operates most of the electricity system in British Columbia. Given the Ministry's responsibility for electricity policy and development, our primary area of interest in this project relates to the impacts it will have on the British Columbia electricity system.

I note from the materials provided by your office that the Sumas 2 Generation Facility will be an 800 megawatt natural gas-fired combined-cycle merchant plant. The proposal could involve the construction of a new 230 kV transmission line to connect the plant to the BC Hydro transmission system to the north, and through which power could be transmitted for ultimate sale to purchasers in British Columbia, Alberta and the eleven western states. No doubt, the proponent is aware that the conditions for interconnection with BC Hydro will be governed by BC Hydro's Wholesale Transmission Services tariff as approved by the British Columbia Utilities Commission, including charges for interconnection costs, transmission service and upgrades if necessary.

From a generation perspective, British Columbia has adequate resources to meet current electricity requirements. In addition, BC Hydro has an ample portfolio of committed, planned and possible new generation resources located within British Columbia from which to meet load growth over the next several years. Thus, while the project will have access to BC Hydro, its subsidiary Powerex, and a number of other wholesale customers such as West Kootenay Power Ltd. and the utilities which serve the City of New Westminster and a number of smaller communities, I am not optimistic that the developers of the Sumas 2 project will be able to successfully market the electricity within British Columbia.

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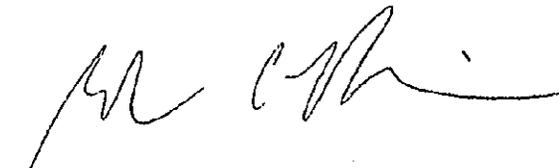


Your letter of September 9, 1999 indicates that the Sumas 2 project has added an alternative option for transmission interconnection with BPA's system. The addition of new generation at Sumas, irrespective of whether it is connected to the BC Hydro or BPA system, may potentially limit the transfer capability of the Northern Intertie between British Columbia and Washington State. BC Hydro, Bonneville Power Administration, Puget Sound Energy, and Seattle City Light have recently expended considerable resources to study, in the context of reliability standards, the transmission system conditions in the Northwest which presently adversely affect the transfer capability from British Columbia. These transmission owners are currently implementing system changes to support the intertie transfer capabilities while maintaining system reliability. Given the current transmission constraints which have been driven by reliability concerns, we believe the Environmental Impact Statement should consider and address the potential for further negative impacts on the transfer capability of the Northern Intertie.

I will share this letter with the appropriate officials in the Ministry of Energy and Mines (MEM) and the Ministry of Environment, Lands and Parks (MELP), as they may have additional comments regarding natural gas supply (MEM) and land, air and water quality impacts in British Columbia (MELP).

I would appreciate receiving information on future developments regarding Sumas 2 with respect to the issues outlined in this letter.

Yours sincerely,



Gordon Robinson
Assistant Deputy Minister
Economic Development Division

cc: Mr. Don Fast, Assistant Deputy Minister,
Ministry of Environment, Lands and Parks

Ms. Cheryl Brooks, Assistant Deputy Minister
Ministry of Energy and Mines