



LETTER NO. L-27-95

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ROBERT J. PELLATT
COMMISSION SECRETARY

June 29, 1995

Mr. John Hall
Princeton Light and
Power Company, Limited
President's Office
Box 908
Penticton, B.C.
V2A 7G1

Dear Mr. Hall:

Re: Princeton Light and Power Company, Limited
Draft Integrated Resource Plan

Commission staff have reviewed the Draft Integrated Resource Plan (IRP), dated November 28, 1994. When reviewing the IRP, staff have taken into consideration the size of the utility and have remained flexible in its application of the Commission's Guidelines. Nonetheless, despite staff comments with respect to the previous draft IRP (November 2, 1993), staff have identified a number of areas in this draft which require further refinement. Please find enclosed the staff analysis. Recognizing the limited resources of a smaller utility, staff have provided some suggestions which may be of assistance to you in preparing revisions to the IRP in a timely and cost-effective manner.

The Commission requests that PLP submit a revised IRP by September 30, 1995. If you have any questions or require further clarification or assistance, please contact Deborah Emes at 660-4731.

Yours truly,

A handwritten signature in black ink, appearing to read "R. Pellatt", written over a horizontal line.

Robert J. Pellatt

SAW/ssc
Encl.

BRITISH COLUMBIA UTILITIES COMMISSION

Princeton Light and Power Company, Limited

Draft Integrated Resource Plan

Staff Analysis

In reviewing the November 29, 1994 draft IRP, staff are concerned that many of the recommendations made in its November 2, 1993 letter have not been sufficiently corrected or addressed. In the areas in which no changes were made, there was no indication or reasons offered why staff suggestions were not incorporated. The following comments are organized according to the Commission Guidelines.

Identification of the Objectives of the Plan

The list of objectives has not changed from the October 15, 1993 Plan. The Commission staff letter of November 2, 1993 requested further clarification of the objectives identified. In the updated Plan, no such clarification or detail of the objectives was provided.

Development of a Range of Gross (pre-DSM) Demand Forecasts

Staff note that PLP has incorporated some staff comments about the development of demand forecasts in its draft IRP. However, staff still have concerns which have not been addressed. First, as suggested, PLP has produced a range of demand forecasts--minimum, most likely and maximum. However, once again, no supporting documentation is provided about the underlying assumptions of these demand forecasts to allow staff to assess whether these demand forecasts are reasonable.

Secondly, staff requested further information regarding demand forecasts since it was not clear whether earlier forecasts included DSM impacts. The revised draft IRP contains four forecasts of customers and consumption in kilowatt hours for the period 1995 to 2002. One schedule contains demand forecasts before energy conservation, load displacement and load shifting, and three schedules include energy conservation, load displacement and load shifting, respectively. It appears, however, that only difference among these four schedules is the inclusion of the actual 1993 savings from DSM programs in the three 'after' schedules. The demand forecasts from the period 1995-2002 do not differ before or after the inclusion of the DSM programs. This raises concern about the means PLP employed for including DSM impacts. However, since no supporting documentation about the underlying assumptions was provided, it is not clear to staff how net and gross DSM demand projections were calculated or whether this methodology is reasonable.

Third, once again staff refer PLP to the IRP Guidelines which recommends a 15 to 20 year time horizon. Staff still do not consider eight years to be a sufficient time period on which to base long-term resource decisions; and suggest a forecast period of 10 to 15 years.

Staff Suggestions:

Staff suggest that PLP include a written description of how the demand forecasts were calculated, and include all the information regarding assumptions, growth projections, etc. Staff are not suggesting that another methodology necessarily be employed. Rather, at this time, there is not sufficient information to assess these demand forecasts. PLP should be reminded that demand forecasts including DSM should include estimated savings in future years from ongoing participation in the Power Smart programs administered by West Kootenay Power Ltd.

Identification of Supply and Demand Resources; Characterizing Supply and Demand Resources

Staff are not clear whether the resource options included in the plan are considered exclusively to replace existing supply options, or whether they are incremental resources to meet future demand. Since PLP is currently a

wholesale customer of West Kootenay Power Ltd., it is inferred that the resource options presented are alternatives which could replace some or all of the existing supplies from WKP, now or at some time in the future.

Since the earlier draft, PLP has added a wood-waste cogeneration plant to its list of project alternatives. In every other regard, the identification and characterization of supply and demand resources has not changed from the previous draft.

Once again, not all of the objectives of the IRP developed earlier in the draft are used to develop attributes to characterize the resources identified. On page 3, Section B, PLP notes that the options are "being evaluated for preferences under four major categories: Cost/Benefit, Environmental Impacts, Social Impacts and Reliability of Supply." The Commission has not yet received updated information including this analysis. Staff view this analysis as key to Princeton's IRP.

Staff note that PLP has included Section E on Environmental Impacts, but cautions PLP that this information is not sufficiently descriptive for the IRP. This section does not describe qualitatively or quantitatively the expected impacts of each resource supply option. Although PLP notes that the Similkameen Hydroelectric Project is "environmentally well-suited" PLP has not provided any evidence to support this statement. PLP notes that wood waste co-generation plant would correct current air quality problems, Commission staff are not clear whether this is a benefit of the project or whether this would occur as a result of current legislation requiring closure of beehive burners.

Staff Suggestions:

Staff recognize information about the characterization of resources may be forthcoming. Given the four categories, PLP could organize the information in tabular format, summarizing the impacts of each project, more clearly identifying and presenting the information, and making the projects easier to compare.

Where possible, PLP should draw on information that is already available, or information which will be necessary for other project approval processes. For example, where environmental, economic or social, health, cultural or heritage impacts of a project will be required as part of the application under the Environmental Assessment Act, this information should be briefly, but descriptively summarized in the IRP. (These are requirements for a project application as described in Appendix I, *Draft Guide to the B.C. Environmental Assessment Act, April 1995*).

Development of multiple integrated resource portfolios/Evaluation and selection of resource portfolios

The revised Nov. 29, 1994 draft IRP still does not contain multiple resource portfolios despite staff comments in earlier letters. Each resource appears to be evaluated in isolation, rather than as part of a portfolio, although it appears unlikely that any one option fully satisfies PLP's criteria.

Furthermore, although a ranking of options has been specified, it does not appear these resources have been compared on an attribute-by-attribute basis to determine the most desirable resource. Moreover, there is still no clear indication of how tradeoffs were made to arrive at the ranking of options and no indication of whether public participation was used to determine these tradeoffs.

Staff Suggestions:

Staff suggest that PLP develop a few plausible portfolios, in which load is met through different combinations of resources. For example, one portfolio could include supply from a wood-waste cogeneration plant with additional supply coming from WKP. Alternatively, another portfolio could contain some supply from WKP and some supply from B.C. Hydro. Once a few plausible scenarios are developed, each portfolio can be evaluated according to the list of attributes in the tabular format described above.

The action plan

The action plan in the revised draft IRP does not differ substantially from the previously submitted action plan. It still does not address the Commission staff concerns that the action plan covers only the next fiscal period. Additionally, the action plan does not specify those actions necessary to develop the preferred resources.

Staff Suggestions:

The action plan should consist of a set of detailed acquisition steps to proceed with the preferred set of resources, over the next four years. For example, as currently specified in the IRP, the action plan should include a schedule of steps necessary to proceed with the chosen wood-waste generation plant such as project application, contracts, etc. Also, the action plan should include an indication of how the plan would be adapted to accommodate new information.

Public input

In its previous letters, staff have clearly indicated that the requirement of public input specified in the IRP guidelines refers specifically to public input in the development of the IRP. Although Commission staff recognize the role that Mr. Hall plays within the community, this, unfortunately, does not constitute public input into the development of its IRP.

Although Mr. Hall has ranked a list of resources in the IRP, it is not clear if this ranking reflects the views of the public in his service area, since there is no indication that the public has been directly consulted on this issue. Since it appears that PLP is considering major changes to its resource supply mix, Commission staff believe that public input commensurate with the resource decision would be appropriate.

Staff Suggestions:

Staff recognize that it may be unduly onerous for a small utility such as PLP to undertake a full stakeholder collaborative. However, given the major changes in the resource mix, staff find it reasonable to expect that the public be consulted and be made aware of potential benefits or risks to the public interest of such a major resource change.

Noting PLP's experience holding 'Town Hall' type meetings for major issues, staff suggest that PLP sponsor at least one Town Hall meeting, in which members of the public are invited to discuss the objectives of the IRP, and provide input into tradeoffs between various resource portfolios. Additionally PLP may want to consult with members of WKP's consultative committee for additional suggestions on how to ensure cost-effective public consultation.

Regulatory input, government input

Mr. Hall should be reminded that project approval under the Environmental Assessment Act will require a Commission-approved IRP (page 22 *Draft Guide to the B.C. Environmental Assessment Act, April 1995*).

Staff Suggestion:

Staff suggest that Mr. Hall should provide the Commission with information about the status of project applications of proposed projects.