

BC Hydro CEO confident about conservation

Company plans to meet half of electricity demand through new energy-saving measures

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British Columbia's goals for electricity conservation are aggressive but reasonable when compared to cutbacks achieved by other developed nations, BC Hydro president and CEO Bob Elton said Wednesday.

Hydro is forecasting a major increase in infrastructure spending, including \$3.4 billion in the next two years, as well as planning to meet half of new electricity demand through conservation over the next 20 years.

Measures to encourage conservation include the pending introduction of a two-tier electricity rate structure that sees Hydro residential customers pay a lower rate for a basic level of electricity consumption and a higher rate for customers using greater amounts of power.

Elton told the Vancouver Sun editorial board that Hydro is also planning to spend between \$730 million and \$930 million on a "smart metering" program that will see interactive power meters installed at each home to enable consumers to fine-tune their power consumption on a full-time basis if they wish.

He said a key reason for the two-tier rate system is "because we want to send a price signal."

"We want to encourage people to conserve, and so the principle we're looking for is -- if you consume a lot more than other people do, and your consumption goes up then you should pay more than if you consume less than other people do," Elton said.

"I think most people would agree that some form of rate structure that rewards conservation is a good thing."

Conservation is expected to save Hydro more than 10,000 gigawatt hours per year by 2020 -- that's about 20 per cent of B.C.'s present annual consumption, roughly enough to light one million homes.

"If people in British Columbia used electricity in their homes like people in Germany or Britain do, then we'd consume half as much residentially, or a bit less -- we are two and a half times as much now," Elton said, adding that more efficient use of energy by large industries and commercial buildings would make a big difference.

"So, clearly, technology exists today. There are many millions of people in the world today with the same standard of living that we have, who have achieved consumption that would make these [B.C.] goals look very small."

Elton said government policy won't allow Hydro to charge flat rates closer to those on the western North American electricity trading grid -- but "we can look to change our rate structure so that we can send a price signal at the margins" in a two-tier rate.

Price isn't the only option -- "awareness, knowledge and consumer education will also move Hydro toward the conservation goal," Elton said.

Hydro is also increasing its incentive programs for rewarding consumers who buy energy-efficient appliances, and supports government plans for building code changes and tougher standards for energy-efficient appliances, Elton said.

"It is not going to be easy, but I believe it is doable."

Elton acknowledged that people who rely on electric heating may be at a disadvantage as two-tier rates take effect -- but noted that for consumers who heat homes and hot water with natural gas, rates for customers on the Terasen variable rate program have jumped more than 20 per cent this year.

"I think it's a particular challenge for people on electric heating who are on low incomes or on fixed incomes."

Hydro's rates are among the lowest in North America, but Elton said people on low or fixed incomes won't be left behind. Hydro has free energy-savings kits and is planning other programs to help those people who can't afford or are unable to modify their homes in a way that cuts electricity consumption.

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