

**Hon. Richard Neufeld, Minister of Energy, Mines and Petroleum Resources
Independent Power Producers of BC (IPP BC) AGM
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Thank you very much Steve for the kind introduction. Your reference to new policy, it's not something that I do, personally, on my own. Those kind of issues especially around Bill 30 is something that a political party actually has to make a collective decision that they're going to go somewhere and actually eat some political capital to be frank. I believe and I still do believe it was the right thing to do.

I'm pleased to be here with you again this year. I want to take a few minutes to talk to you about some of the things that are happening here in British Columbia and some of the things that could happen.

Before I go any further, I want to look around the room and see if any of my colleagues are here. I know at least one is here, John Horgan, the member from Malahat-Juan de Fuca.

As Steve announced in his introduction, there were 38 contracts signed in the province from 53 separate projects and I am ecstatic about what took place. It's wonderful that you Steve, and your organization-the people here in this room, entrepreneurs that we as a government, wanted to get involved in the generation of electricity-actually ponyed up to the pump and said "You know what, we're going to actually bid into that call and bid seriously". The call for power was 2500 gigawatts of electricity and most of you did. And most of you got contracts.

I want to thank BC Hydro. Bev van Ruyven, stand up please Bev. Bev played a big part, and the people at BC Hydro. When we first took office and I was appointed Minister, it was a daunting task I can tell you, with what we faced. For me it was, because there is so much responsibility in this ministry for such a varied group of industries. One of them being BC Hydro. BC Hydro, I think all of us know, is a big ship. A huge ship. Sometimes it takes a while to turn big ships around, to even make them turn a little bit. Through the hard work that folks at BC Hydro, like Bev and Bob (Elton) that ship is steering in the right direction for all of us. It's steering in the right direction most of all, for Fred and Martha. And that's who we should all remember we are serving, it's Fred and Martha, the people that actually pay the costs.

So I want to give credit to BC Hydro for their work that brought us here today. Let's think about it, before 2002 we never had an Energy Plan. It was more pillar to post than anything. Premier Gordon Campbell said, "Neufeld, you better get on with developing an Energy Plan in this province. Start looking out into the future and figure out what we're going to do not only with electricity but all the other energy sources including mining." It was a great learning curve, it was lots of fun working with many of you in this room, to try to put together that plan which was actually released in November 2002.

In terms of government, it's not all that long ago. To change the direction that government is going, to change the direction of a major Crown corporation in that short period of time is great. I think it shows the tenacity of the folks in your industry in working with BC Hydro but also the responsiveness when BC Hydro says "Let's look at some of this a bit differently and there is another way to do it."

We want to draw on your expertise and your entrepreneurship not just now but in the future for building electricity generation for the province of British Columbia. We don't have that type of entrepreneurship at BC Hydro. Bev know that. There are good people working at BC Hydro and they know all about large dams, how to generate electricity, how to distribute it, how to move it through transmission lines. Thank goodness they do, they've been doing it long enough. But their expertise is not out there on the ground scouting run-of-river projects or building wind energy that we are seeing now in the province.

You know no longer do I go to Ministers meetings across the country and people point at me and say, "You don't have any wind energy." Well let me tell you, we've got 300 megawatts of wind energy coming up in this province before long. We should give a hand to the folks who are actually doing that.

There's all kinds of projects like run-of-river. We are leading, I think, all of North America when it comes to run-of-river projects. Why? You people building those run-of-river projects had a dream. You had the dream and you thought also, I can make a dollar. That's important. And if you can't make a dollar, you're not going to bid on it. I understand that and our government understands that. We know there has to be a profit in this for you folks to actually put up your capital, to put up the risk and build a project. We will continue to think that way as long as we continue to be elected.

We have waste heat projects. We have biomass. We had coal and biomass projects bid into this call last fall. You know, I want to talk just briefly about coal and biomass. This will be the first coal projects in the province. We should all be proud of the fact and never quit saying that we generate 90 per cent of electricity in British Columbia from clean sources. There are not a lot of jurisdictions in North America that can say that. We can, along with two other jurisdictions in Canada. We should be constantly reminding the public, each and every one of us-it's not just my responsibility. It's also I hope your responsibility to remind the public that we generate very clean electricity that power our industries and homes.

You know after the last number of calls for green energy, this call with all the clean energy that came in, and the two coal/biomass plants, we're still at 90 per cent. When those projects come on stream in 2010, 2011 somewhere in there, those projects that have been signed up to date-our capacity will be generated from 90 per cent clean electricity. We should continue to be proud of that. I know some folks in the crowd here probably have some questions around coal. I'm going to be taking questions after I'm done speaking. The two coal projects bid into the process knowing they had to deal with greenhouse gases and whatever the directive was that came from the province or the

federal government they had to deal with that. They had an option. They could take the responsibility on themselves or Hydro would add a rider on to their costs. Well one chose to do it on their own and one chose Hydro to do it. It's interesting. We'll see how that works out in the future.

Mercury. A lot of people talk about the pollutants that go into the air from coal generation. The Federal government and the Ministries of Environment across Canada just signed new protocols on mercury. They beat those standards. Let me be clear. Both projects will go through an environmental assessment process. And they will meet the standards in British Columbia or they won't be built. It's simple. It's the same for all the projects. I've said that many times. If they don't meet the standards, they won't be built.

I think realistically we have to start thinking about how we are going to generate our energy well into the future. Wind, biomass, waste heat, and run-of-river, hydro-it's all part of the mix. You can't just say, "We're just going to have wind." It won't work. But it can be part of the mix. We can't stick with just run-of-river. But it will be part of the mix. We can actually mix coal in with it. And in looking at clean coal technology into the future, that's coming. Look at the USA. Sixty per cent of their electricity, I believe it is that number, comes from coal. In fact, in Canada, a fair amount of our electricity is generated by coal. In Europe, when they tell us they are building all this wind energy and that they are ahead of the stream, well they generate mostly by coal. An interesting dynamic.

As a government, we have to seriously think about how we are going to actually produce that electricity in the future because each and every one of us, regardless of who we are and where we live, consume more electricity. On average, in the last forty years, we consumed four times the electricity that we did forty years ago. BC Hydro gave me those stats. About forty years ago, the standard house was about 900 square feet, one bathroom and it might have a tv set. What's the standard house size today in British Columbia? About 1600 square feet, maybe a bit bigger, three bathrooms and four tv's. Do we consume more electricity? Yes we do. When you see the high resolution tv's that are coming out, they consume four times the electricity that the older style tv's consumed.

When BC Hydro filed the Integrated Electricity Plan and said to the BC Utilities Commission, "This is what we think we will need over the next 20 years, our gross is going to be somewhere between 25 and 45 per cent. At the high end, that's about 30,000 gigawatt hours. That's pretty good news I would think, to this crowd.

There are some future opportunities out there for you to take advantage of. The first item that BC Hydro has been instructed to look at is conservation. Conservation-that's not just my responsibility, not just government's responsibility, that's everyone's responsibility. All of you in the crowd with building projects, and selling electricity to BC Hydro, you need to remember that conservation is the first thing we need to start looking at. Every gigawatt hour that we conserve is the gigawatt hour we don't have to build. And that makes good sense for Fred and Martha. We should remember we are here on behalf of Fred and Martha.

Steve, I want you to think back a little back. It's not even two years ago when there was talk about a 400 gigawatt call. It amazed me at the time that we were talking about a 400 gigawatt hours and this is the ship that took a while to turn. When I came to talk to your group back then, and I said we need to build these projects, we need independent power producers to build these projects there were probably a few in the crowd who said, "I don't think that guy knows what he's talking about." I can appreciate that, because if I had been sitting in the crowd, and listening to someone saying those things, I would have thought, "What in the world is that guy smoking?" And, "How are we going to build an industry out of 400 gigawatt hours? That's a flash in the pan."

Well, the dream has started to come true. Think about what you can do, dream about what you can do. If we dream about what we can do in the province of British Columbia, it is unbelievable. If we think about the growth that can take place in British Columbia, the Pacific province, in all of Canada, think about all we can do to create jobs, economic benefits, environmentally sound, a great place to live... Things that people talk about are here, right here in this beautiful province. Opportunities that are unbelievable, just put on our plate. China. India. Huge, huge growth areas. The opportunities are endless. When we get that investment going, guess what they all use? Energy. All you have to do is look around the world and see which countries don't have energy, they don't have good economies. We need to be ever vigilant about making sure we have enough energy. That's why the Premier tasked me awhile ago with becoming self sufficient.

There's a whole bunch of ways you can look at, in becoming self-sufficient. Imports. Do all kinds of different things. We're going to release the Energy Plan at the end of December so I'm not going to give away any secrets. When I think about being self-sufficient, that means we are self-sufficient in British Columbia. That means we are on top of the curve. That means we actually have excess electricity that we can sell into the market. I think that's where we have to be. Now we'll wait awhile to see what my colleagues have to say with the Energy Plan when it comes out. But self-sufficiency is one of the keys.

We know BC Hydro is going to make another call for 5,000 gigawatt hours of electricity. That's coming later this fall or early spring. Think of the opportunities that come with that call. Last time, it was 2500 gigawatt hours and Hydro took 7,000, almost three times what the call was for.

We have mining companies that want to develop mines in British Columbia like never before. There's about some 50 mining projects in the environmental assessment process federally, 25 of those are in British Columbia. Think about what's out there. Think about what we can do together, not just the government. Government only sets the parameters. It's folks like you that actually put your hard-earned dollars on the line, your reputation. You do the work. That's what we need you to continue doing.

I want to talk just a little bit about consultation. Steve, you briefly touched a little on Bill 30. Yes it was a difficult decision that our government made but it was a decision made

in the best interests of all British Columbians. For some communities who think there won't be an effect in their community when these projects are built, they are dreaming in Technicolor. There are things happening all over this province that are pretty phenomenal.

I digress a little. I drove to Victoria from Fort St John because I had to for lots of reasons. When I drove south, it reminded me how large this province is. How sparsely populated it is. And how many opportunities there are. When I think about going across my constituency, from one end to another by highway, it's almost the same as driving from Prince George to Vancouver. That's just one constituency and there's about 35,000 people living in that area. Are there some opportunities in that area? There certainly are. Are there opportunities in central British Columbia? Yes, there are.

We ought not be shy about taking those opportunities. When we do, the world changes dramatically also and we should remember that. You need to actually consult with those folks who you are affecting. Remember in those sparsely populated areas, people know every creek, every river. They know where the good stands of trees are. They picnic in there. They holiday in there. It is incumbent upon you folks, and it is incumbent on this government to actually talk to those people in a meaningful way about what we want to do on the land base. So I encourage each of you, I'm not going to write out a consultation process, that would be wrong, in my opinion anyway. There is an obligation from both sides to consult with people when we go to those areas, or when we're working in those cities and those towns. And not be shy about the effect we might have on their environment. Will there be some blowback? Yes. Let me tell you, if you don't talk to them, the blowback is going to be bigger. I know that from experience. So up front Steve I'm asking you folks in your organization to keep that in mind as you move forward with these huge opportunities.

I also want to thank you Steve for the work you have done in keeping this organization together from the start. I know it hasn't been easy from the start. You've done a remarkable job, you and the group you work with. I know I single you out all the time but I don't know all the rest. They should know that we as a government, and me as a Minister are happy that you have your organization together the way it is, in such a short period of time. To come from zero to 160 is pretty nice. Does that mean we have had some bumps along the way, it certainly does. Does it mean growth will be smooth from here on in? I doubt it. But you've got a good group, some really good entrepreneurs here and that's what we are proud of here in British Columbia.

That's all I really want to say but I want to touch briefly on an issue the Premier has asked us all to talk about every time we talk to a group. And that is called "The Conversation on Health". I look around the room and when I look in the mirror (now there's a few of you that are pretty young) but some of you are getting a bit older. In fact, we all are! We know we have a great system in Canada and in British Columbia. Right now, it consumes 42 cents on every tax dollar. We don't know if that's sustainable. When you look into the future, the baby boomers getting older –that's where I come from. I'm getting older, I'm going to consume a bit more of that health care dollar every year I live.

And people are living longer. Like the Premier says, people are living into their nineties, a lot more than they used to. And we consume a lot more of our health care dollars when we arrive at that age. So if you look out, in a short ten or 12 years, we understand that given all the things that are taking place, health will consume about 70 per cent of the total budget. Think how that extrapolates out once you get twenty years out and it takes 100 per cent of the budget to fund health care. What happens to all the rest? Do we have a problem? I believe we have a problem. Do we as a government have a solution? No we don't. In fact I defy any government to stand up here and say they have a solution because there is no easy answer.

So the Premier wants you to get involved. To start talking to one another about what we can do to make our health care system continue to work well into the future. There are websites available to you, you can mail in and become part of the process. The Ministry of Health will give information back to you. We need your ideas on how we'll be able to continue to have the health care system that we have today. It's incumbent on all of us to do that, along with conservation. We need to be more healthy. It's one of the ways we can help the health care system. But I think the health care system needs a little bit more help than that.

You can actually email conversationsonhealth@victoria1.gov.bc.ca to get all kinds of information and become part of the process. We're going to take a year to have this done and we want your input.

I know from all the input I got in regards to the generation of electricity that there is a lot of good knowledge out there. So please give us your input. Thanks very much, I appreciate the opportunity to speak with you today.