

KEYNOTE ADDRESS

BRITISH COLUMBIA'S ENERGY
REVIEW PROCESS

by

E.R. Macgregor
Energy Resources Division
Ministry of Energy, Mines and Petroleum Resources

Note: The text of Mr. Macgregor's address was not available for publication,
however, an outline of his presentation notes are included.

THE ENERGY REVIEW PROCESS

CONTEXT

- Utilities Commission Act
- Regulated Projects

ENERGY REVIEW PROCESS

- Purpose
- Procedures
- "Disposition" Options
- Inter-Agency Framework

ENERGY PROJECT CERTIFICATE

- Requirements
- Application Process
- Pre-Application
- Application

ENERGY REMOVAL CERTIFICATE

- Purpose
- Requirements
- Handling

UTILITIES COMMISSION ACT

KEY FUNCTIONS

1. Approval of major, "regulated" energy projects
 - energy project certificate
 - energy operation certificate
2. Approval of energy removals from the province
 - energy removal certificate
3. Regulation of public utilities
 - B.C. Utilities Commission responsibilities and authority
 - gas utilities
 - electricity
 - B.C. Hydro

"REGULATED ENERGY PROJECTS UNDER
PART 2 (SECTION 16) OF THE ACT

"Regulated projects" are defined according to the amount of energy used or involved in production or transmission. This includes new projects and additions to existing projects falling within defined limits, as follows:

- | | |
|-------------------------------------|---|
| Transmission Lines | - 500 kV or higher |
| Pipelines | - capable of transporting 16 pj per year |
| Transshipment or Storage Facilities | - capable of storing 3 pj energy equivalent to 482,000 barrels of crude oil or 2.8 billion cubic feet of natural gas |
| Electricity | - a hydro or thermal power plant, or an addition to a plant, of 20 MW or higher |
| Energy Use | - any new project capable of using 3 pj per year, or the addition of 3 pj to an existing project |
| Other | - an undertaking of any kind that the Lieutenant Governor in Council designates to be significant in the matter of energy |

ENERGY REVIEW PROCESS

- The "Energy Review Process" describes the process for review of applications under the Utilities Commission Act.
- Intended to evaluate proposals for development and use of B.C.'s energy resources, primarily in terms of energy and environment policies.

Aim is toward integration and streamlining.

- The process is used to work with applicants and to assist Ministers in making "Disposition Decisions" under Section 19 of the above Act.

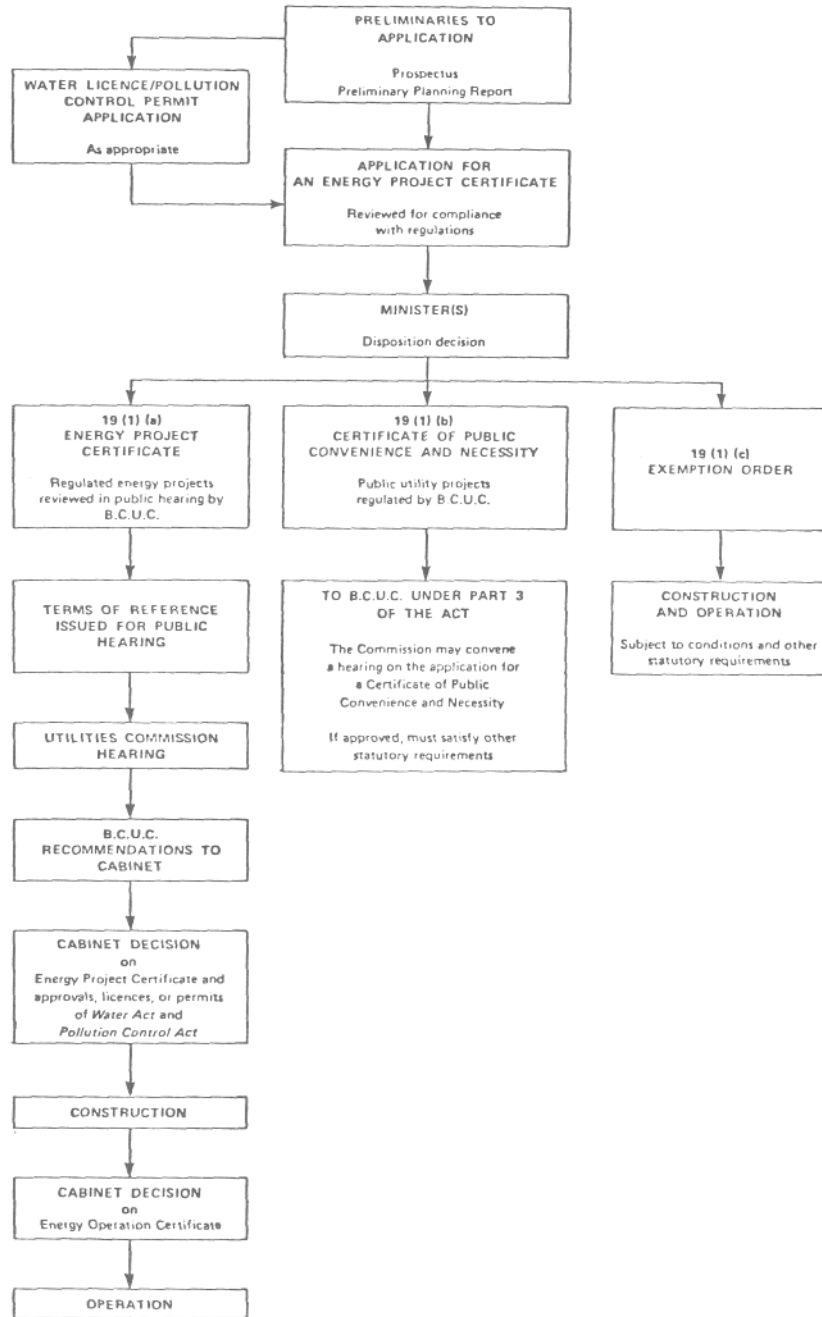
Decisions set subsequent course.



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ENERGY PROJECT REVIEW:
CERTIFICATION PROCEDURES



DISPOSITION: OPTION 1

REVIEW BY COMMISSION/DECISION BY CABINET

SECTION 19 (1) (a)

- Minister of Energy, Mines and Petroleum Resources, with the concurrence of the Minister of Environment, may refer the application to BCDC for review according to Terms of Reference specified by the Ministers. The Terms of Reference may include a requirement that the Commission recommend whether or not a Pollution Control Permit and/or Water Licence be issued.
- Commission conducts a public hearing on the application according to its own procedures.
- Commission's report and recommendations are submitted to Cabinet.
- Cabinet decides upon issuance of an Energy Project Certificate and, where appropriate, a Pollution Control Permit and/or Water Licence. Terms and conditions may be specified.
- Upon completion of construction, and substantial compliance with the Energy Project Certificate, Cabinet issues an Energy Operation Certificate, with any necessary terms and conditions.

DISPOSITION: OPTION 2

REVIEW AND DECISION BY COMMISSION

SECTION 19 (1) (b)

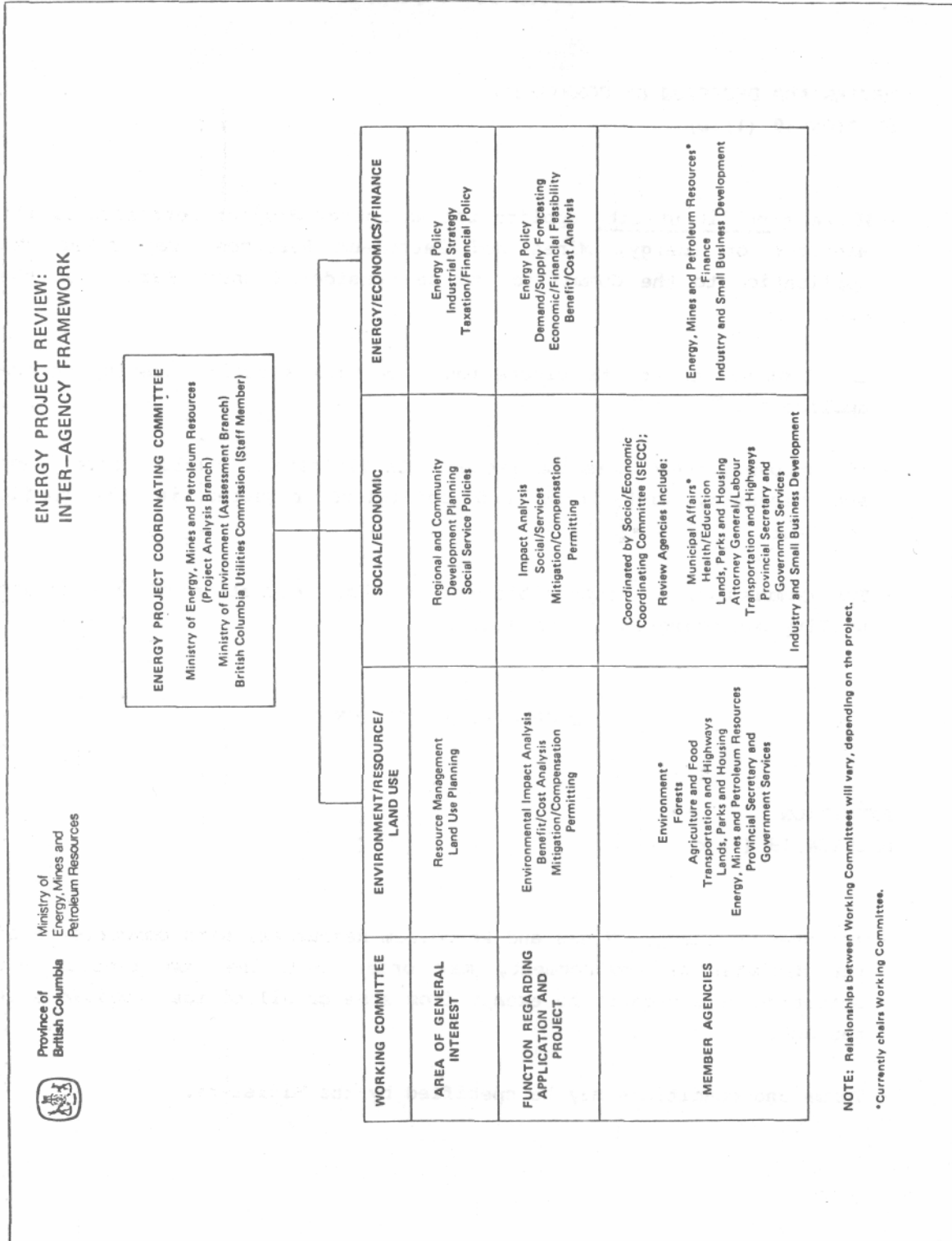
- Where a public utility applies for an Energy Project Certificate, the Minister of Energy, Mines and Petroleum Resources may refer the application to the Commission to be considered under Part 3 of the Act.
- The Commission, at its discretion, may hold a public hearing on the application.
- If approved, the Commission issues a Certificate of Public Convenience and Necessity with terms and conditions required in the public interest.
- The Commission is responsible for ongoing regulation of any public utility operating in the province.

DISPOSITION: OPTION 3

EXEMPTION

SECTION 19 (1) (C)

- Minister of Energy, Mines and Petroleum Resources, with concurrence of the Minister of Environment, may order that the construction and operation of a project be exempt from some or all of the provisions of the Act.
- Terms and conditions may be specified by the Ministers.

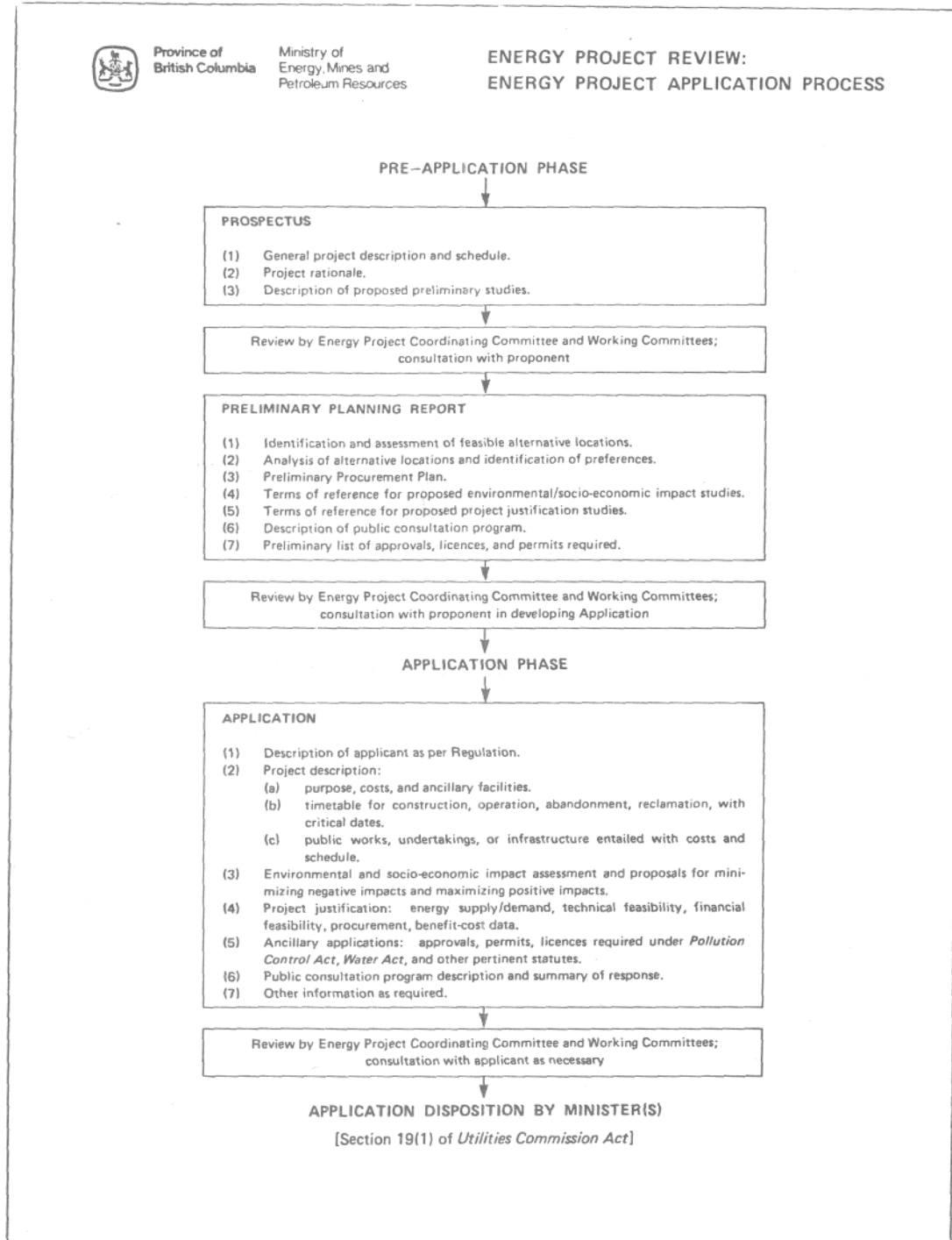


ENERGY PROJECT CERTIFICATE

REGULATION 388/80 REQUIREMENTS

1. Description of Applicant
2. Project Description
 - a. Purpose, costs, and ancillary facilities.
 - b. Timetable.
 - c. Public works, undertakings, or infrastructure.
 - d. Environmental and socio-economic impact assessment and proposals for minimizing negative impacts and maximizing positive impacts.
3. Project Justification
 - a. Studies of technical, economic, and financial feasibility.
 - b. A study estimating the value of all project costs and benefits and their distribution.
4. Ancillary Applications

Approvals, permits, licences required under Pollution Control Act, Water Act, and other statutes.
5. Public Consultation Program
6. Other Information as Required



PRE-APPLICATION PHASE

PROSPECTUS

Concise resume of:

1. Project description
2. Project rationale
3. Proposed preliminary studies

PRELIMINARY PLANNING REPORT

1. Preliminary environmental and socio-economic impact assessment.
2. Preliminary procurement plan.
3. Terms of reference for detailed studies.
4. Description of public consultation program.
5. Preliminary list of approvals, licences, and permits required.

APPLICATION PHASE

1. Application Description

2. Project Description
 - description, purpose, costs, and timetable
 - ancillary facilities and infrastructure

3. Environmental and Socio-economic Impact Assessment
 - summarize results of preliminary impact assessment of alternative locations and selection of preferred location(s)
 - assess impacts associated with preferred location(s) and present proposals for reducing negative impacts and obtaining maximum benefits from positive impacts
 - outline plans and procedures for site-specific impact, mitigation and/or compensation
 - outline plans and procedures for clean-up, revegetation, reclamation, and abandonment (as appropriate)

4. Project Justification
 - energy supply and demand forecasts
 - technical feasibility information
 - financial feasibility information
 - procurement plan
 - benefits and costs information

5. Ancillary Applications
 - list of all approvals, permits or licences required
 - indication of simultaneous applications under the Pollution Control Act and Water Act

6. Public Consultation

- report on public information and consultation program

7• Other Information

- as requested by the Minister

ENERGY REMOVAL CERTIFICATE

- certificate required for removal of an energy resource produced, manufactured, or generated within the province, except for exemptions listed in Regulation 385/80
- energy resource is defined as natural gas or oil, all forms of liquid and gaseous hydrocarbons, and electricity
- application to Minister

EVALUATION CRITERIA

- efficient use of energy resources
- surplus to present and future requirements for British Columbia

REGULATION 389/80 - REQUIREMENTS

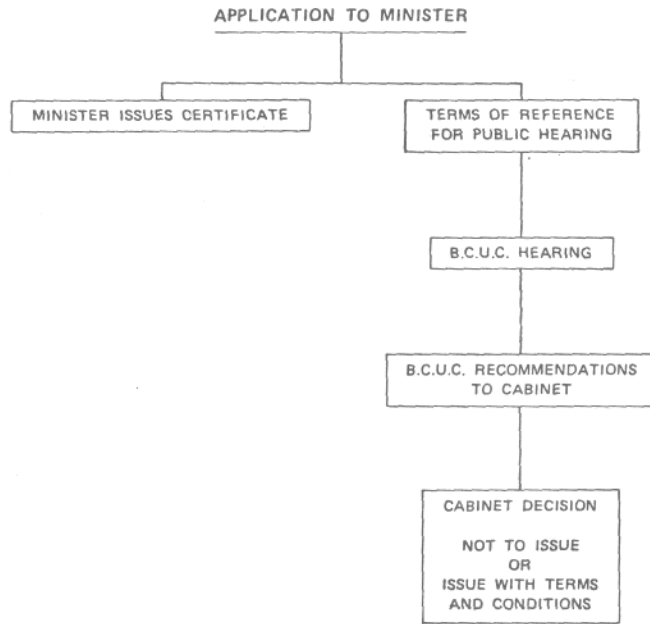
1. Description of Applicant
2. Energy Removal
 - type, quantity, and source
 - duration
 - market, price, and means of delivery
 - facilities and infrastructure
 - rationale for surplus
3. Other Information
 - as requested by the Minister



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ENERGY PROJECT REVIEW:
APPLICATION FOR ENERGY REMOVAL CERTIFICATE



CURRENT PROJECTS

Electrical Generation Projects

Electrical Transmission Projects

Gas Transmission Projects

Petrochemical Proposals

LNG Proposals

Removal Applications

Related "Applied Research" problem solving, and procedural projects