

Ministry Report

June 2007

Ministry of Energy, Mines and Petroleum Resources



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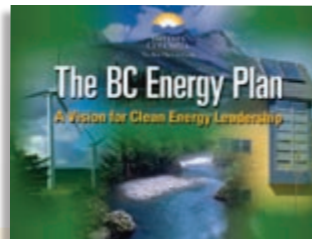
VISION FOR CLEAN ENERGY: Minister of Energy, Mines and Petroleum Resources Richard Neufeld addressed the Vancouver Board of Trade on March 7, 2007.

THE BC ENERGY PLAN: A VISION FOR CLEAN ENERGY LEADERSHIP

The BC Energy Plan supports government's core values and is particularly focused on two of government's goals for British Columbia:

- ▶ Lead the world in sustainable environmental management, with the best air and water quality, and the best fisheries management – bar none.
- ▶ Create more jobs per capita than anywhere else in Canada.

The BC Energy Plan builds on the cornerstones of the 2002 Energy Plan to meet future challenges and ensure benefits continue to flow to British Columbians in the years ahead.



- 1 **Environmental Leadership.**
- 2 **A Strong Commitment to Energy Conservation and Efficiency.**
- 3 **Energy Security.**
- 4 **Investing in Innovation.**

MINISTER'S MESSAGE

The BC Energy Plan presents a clear vision for clean energy leadership with strong, achievable targets and important goals. This plan is ambitious: it sets the stage for the future development of the energy sector in British Columbia and builds upon the foundation laid by Energy Plan 2002.



Richard Neufeld
Minister of Energy, Mines and Petroleum Resources

The current reality is that we use more power in British Columbia than we produce. As our energy needs increase, we need to work towards electricity self-sufficiency. Energy efficiency, clean energy and conservation are the keys to our success.

By using our resources efficiently and conserving where we can, we will help preserve the environment and uphold a quality of life future generations can enjoy. At the same time, we need to ensure we have a reliable supply of energy for British Columbians and for the success of our provincial economy. Increasing the diversity of our energy supply will enhance energy security, and our commitment to public ownership of key electricity assets will ensure that all British Columbians benefit for years to come.

The success of the BC Energy Plan depends in part upon the day-to-day choices individual British Columbians make and the impact of our collective efforts to conserve energy. From post-secondary training to working directly with industry groups, the Ministry is supporting British Columbians in making shifts that promote conservation.

British Columbia is committed to the production of clean energy and use of renewable sources. At the end of February, I travelled to Quebec to discuss with other ministers responsible for renewable

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GOALS FOR ENERGY CONSERVATION AND EFFICIENCY

Achieving the BC Energy Plan goal of meeting half of BC Hydro's incremental resource needs through conservation and increased energy efficiency by 2020, will require a shift in use and demand.

"The electricity component of the BC Energy Plan is really a very big breakthrough. This is the stuff we've been asking for over the last four or five years. When they say it's one of the best energy plans in the world I'm willing to say yes, that's about where it is."

Guy Dauncey,
BC Sustainable Energy Association

Since the announcement of the BC Energy Plan in February almost \$1 million has been committed to support this shift through programs that:

- ▶ Encourage developers to make energy-saving choices in design, such as installation of high efficiency windows and heat recovery/ventilation systems.

- ▶ Screen building plans to establish energy demand profiles and options for improving energy performance.
- ▶ Implement energy efficiency and conservation upgrades, designs and solutions in First Nations and remote communities.
- ▶ Engage communities across the province in energy efficiency planning.

We will implement energy efficient standards for buildings by 2010. The BC Energy Plan goals for energy conservation and efficiency will help British Columbians tailor the use of energy to specific activities.

ELECTRICITY SECURITY

As the province's population has grown, so have its electricity needs. At present, British Columbia relies on other jurisdictions for as much as 10 per cent of its electric supply. Under the BC Energy Plan we've committed to ensuring self-sufficiency to meet electricity needs, by 2016.

"The BC Energy Plan is "an important start and shows real leadership. We trust the federal government and other provinces will follow B.C.'s lead."

Doug Hooper, Canadian Bioenergy

To address the increasing demand for electricity while ensuring British Columbians enjoy the competitive rate advantages resulting from public ownership of BC Hydro and the BC Transmission Corporation, we will:

- ▶ Bring a range of new power sources on line through a standing offer contract for clean electricity and high efficiency electricity cogeneration projects up to 10 megawatts.
- ▶ Acquire an additional supply of insurance power beyond projected increases in demand to minimize the risk and implications of relying on electricity imports.

"I think the key thing is [energy conservation] doesn't have to be about enjoying life less. It's more a question of figuring out where we waste it."

Bob Elton, BC Hydro

▶ Ensure a reliable transmission network is in place and that our infrastructure remains capable of meeting customer needs.

Many would be surprised to learn that clean or renewable electricity generation accounts for at least 90

per cent of the province's total generation. To maintain our leadership in clean energy, we will:

- ▶ Require all new electricity generating facilities to achieve zero net greenhouse gas emissions.
- ▶ Require zero greenhouse gas emissions from any coal thermal electricity facilities.
- ▶ Require existing thermal generating power plants to achieve zero net greenhouse gas emissions by 2016.

FULFILLING ALTERNATIVE ENERGY POTENTIAL

The BC Energy Plan recognizes the enormous potential to build on the province's natural bioenergy resource advantages. British Columbia has an abundance of underutilized wood residues and a growing supply of timber damaged by the mountain pine beetle. Rather than incinerating

"Credit the provincial government for crafting a forward-thinking energy plan which thrusts B.C. among world leaders in pitching sustainable power generation, conservation and environmental sensibility."

Prince George Citizen

these materials with no energy recovery and potential impact on local air quality, they can be used for energy production.

In March, BC Hydro announced a Request for Expressions of Interest for power production from sawmill residues, logging debris and beetle-damaged timber. The Request for Expressions of Interest

elicited more than 80 responses and will help assess the potential of these fuel sources in meeting the province's future electricity needs.

In the BC Energy Plan, British Columbia made a commitment to work with other agencies to maximize opportunities to develop, deploy and export clean and alternative energy technologies.

Additional BC Energy Plan commitments in alternative energy include:

- ▶ Establishing a new Innovative Clean Energy Fund to support the development of clean energy and energy efficient technologies.
- ▶ Investment in the world's first fleet of hydrogen fuel cell buses and refuelling infrastructure.
- ▶ Implementation of a five per cent average renewable fuel standard for diesel and gasoline by 2010.

HYDROGEN AND FUEL CELL INNOVATIONS

Hydrogen and fuel cell technologies hold the potential to reshape our economy and dramatically reduce the impact we have on our environment. The BC Energy Plan supports the Hydrogen and Fuel Cell Strategy for British Columbia which envisions the province as the world's preeminent hydrogen economy by 2020.

Through a federal-provincial partnership, British Columbia will invest \$89 million in the world's first fleet of 20 hydrogen fuel cell buses, which will be used in regular service in Whistler by 2010 for the Olympic and Paralympic Winter Games.

The Government has further supported hydrogen and fuel cell research through funding for a first-of-its-kind fuel cell systems laboratory at the University of Victoria and a continued Hydrogen Highway outreach and communications project. Eventually, a Hydrogen Highway will extend from British Columbia to California.

BIOENERGY CALL LAUNCHED



Minister of Energy, Mines and Petroleum Resources Richard Neufeld (centre); Minister of Forests and Range Rich Coleman (right) and BC Hydro CEO Bob Elton launched the Bioenergy call process with a Request for Expressions of Interest.

MEETING DEMAND FOR SKILLED LABOUR

The BC Energy Plan outlines the need for skills training in the energy sector to ensure the labour needed to support growth is available. Investing in a variety of training programs, the Ministry will focus on groups with excellent employment potential and industries in need of skilled labour.

In partnership with the oil and gas industry through the Education and Training Initiative, the Province is providing \$1 million for training programs in schools and colleges in all areas of the province. These programs will develop high demand skills, including health and safety certification, heavy equipment operation and environmental monitoring.

The Ministry is also providing almost \$700,000 to support programs which provide energy efficiency training for industry professionals and post-secondary students. These programs familiarize those already in the industry with new product choices and train those entering the job market to use new technologies.

These initiatives are an important component of meeting the vision of the BC Energy Plan for clean energy leadership through comprehensive, coordinated and concerted efforts.

SERVICE SECTOR TRADE SHOW June 11, 2007 in Calgary

Choose B.C. Service sector companies! They...

- **Are competitive and growing to meet the needs of the oil and gas industry.**
- **Know the land, regulations and B.C. standards.**
- **Will help you build relationships in the communities you work in – and gain long-term, local support and expertise.**

BECOMING NORTH AMERICA'S MOST COMPETITIVE OIL AND GAS JURISDICTION

The BC Energy Plan is designed to take British Columbia's oil and gas sector to the next level and enhance a sustainable, thriving and vibrant oil and gas sector. The plan adopts a triple bottom-line approach to competitiveness with an attractive investment climate, environmentally sustainable development of B.C.'s abundant resources and benefits for communities and First Nations.

How will B.C. increase its competitiveness with other jurisdictions and attract additional investment in the oil and gas industry? By promoting our service sector and geoscience programs, updating regulations, implementing a net profit royalty program, implementing a clear and structured infrastructure royalty program for road and pipeline initiatives, establishing a Petroleum Registry, encouraging the development of unconventional resources and new technologies, and exploring the potential for a petroleum refinery and petrochemical industry.

At the same time, British Columbia is committed to leadership in sustainable and environmentally responsible oil and gas development. Our coalbed gas practices are among the best in North America, and we will continue to earn this reputation through the BC Energy Plan commitments of not allowing companies to surface discharge produced water and requiring companies to re-inject any produced water well below any domestic water aquifer. We will also eliminate all routine flaring by 2016 and explore new technologies for safe underground disposal or sequestration of carbon dioxide from oil and gas facilities.

The exploration and development of the Interior basins continues to be a priority, and the Province has partnered with the University of Victoria to research the geology, mineral and oil and gas potential of the Nechako Basin. Because streamlined service is also important to promote investment, the Ministry's Titles and Offshore Division, which administers more than 14,000 active petroleum and natural gas tenure agreements, is in the process of having a pre-authorized debit system developed to provide clients with the ability to pay annual rentals electronically.

Minister's Message: Continued from page 1

fuels the steps Canada must take to become an important player in the development and production of these fuels internationally. My counterparts from Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, and Nunavut agree on the importance of being competitive with the programming and tax treatment offered for renewable fuel development in other countries, particularly the United States.

Progress is underway on achieving the goals of the BC Energy Plan, and I want to recognize the hard work of Ministry staff. Two teams received Premier's Innovation & Excellence Awards and another two teams received Improvement Awards. Their ability to negotiate successful partnerships with diverse stakeholders and to find innovative solutions to complex issues are excellent examples of the results achieved thanks to the contributions of dedicated staff.

I feel very fortunate going forward to have the support of such talented staff members working with British Columbians to continue to develop a healthy energy industry.

CONTACT US

The Ministry of Energy, Mines and Petroleum Resources welcomes your comments. If you would like to comment on one of our stories or suggest a future story please e-mail us at:

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Please advise us by e-mail if you would like to unsubscribe to this newsletter. Please view our [privacy statement](#).



BRITISH COLUMBIA
The Best Place on Earth

MINISTRY RECOGNIZES AWARD WINNERS



The Upper Similkameen Indian Band and the Ministry developed a consultation framework for permitting mineral exploration and development that reflects the principles of the New Relationship and reflects a commitment to working in partnership.

Cross-government Integration Finalist Award Recipients for Negotiating the Upper Similkameen Indian Band Protocol Agreement: Karina Brino, Carmeletta Holmes, Mike Cathro, Jessica McDonald, Philippe Batini, Robert Hutton. Seated: Miranda Squakin, Giovanni Puggioni, Chief Rick Holmes, Geraldine Hutchings, Glenn Ricketts, Joe Seguin. Missing: Peter Robb, Charlene Allison, Brenda Gould.

Through the Province's strategy, *Energy Efficiency for Buildings*, and the combined efforts of the building industry, governments and others, programs to improve energy efficiency in new and existing buildings have been implemented in several communities in British Columbia. Additional partnerships are in place to create a permanent social shift toward a culture of energy conservation.

Partnership Finalist Award Recipients for Energy Efficiency and Community Energy Solutions: Standing: Peter Sundberg, Louis Marmen, Pat Mathot, Anne Auger, Keith Veerman, Jessica McDonald, Liz Kelly, Dan Green, Sharon Jorgensen, Christina Ianniciello, Jim Vanderwal, Blair Weston. Seated: Sarah Smith, Andrew Pape-Salmon, M.J. Whitmarsh, Peter Kirby and Paul LaBranche.



Under the Aggregate Mapping Program, 23 partnerships have been established with industry, provincial and federal government agencies. Program results include the opening of three new aggregate mines, savings for road upgrade and maintenance, definition of aggregate deposits, and identification of aggregate prospects, sand and gravel.

Improvement Award Recipients for NE British Columbia Surficial Geology and Aggregate Mapping Program: Paula Wieringa, Tania Demchuk, Sheldon Harrington, Greg Reimer, Adrian Hickin, Ben Kerr, Travis Ferbey and Vic Levson

In addressing the need to streamline the Terasen Gas Squamish operating agreements, Ministry staff successfully negotiated a solution which balanced taxpayer, ratepayer and shareholder interests.

Improvement Award Recipients for Terasen Gas Squamish Project: Stirling Bates, Michael D'Antoni, Greg Reimer, Grant Bierlmeier, Ken Downing and Paula Barrett.



The Energy Council of Canada has asked Jessica Verhagen, Senior Community Relations Advisor, Marketing and Community Relations Branch, to attend the World Energy Congress in Rome this November as one of five Canadian youth delegates.