

We are in peril of losing control of one of B.C.'s .great job-drivers

B.C. Hydro underpins every industry in the province, a former director writes, and it, does so efficiently. The government should not accept al proposal to dismantle the Crown corporation.

By **MARJORIE GRIFFIN COHEN**
SPECIAL TO THE SUN

An interim report of a provincial government task force is not usually the stuff of wide public notice. But Mark Jaccard's report to government on electricity-market reform demands close consideration because of the radical nature of change that it advocates: The recommendations of this report, if implemented, would adversely affect the advantages associated with the public ownership and control of electrical energy in our province.

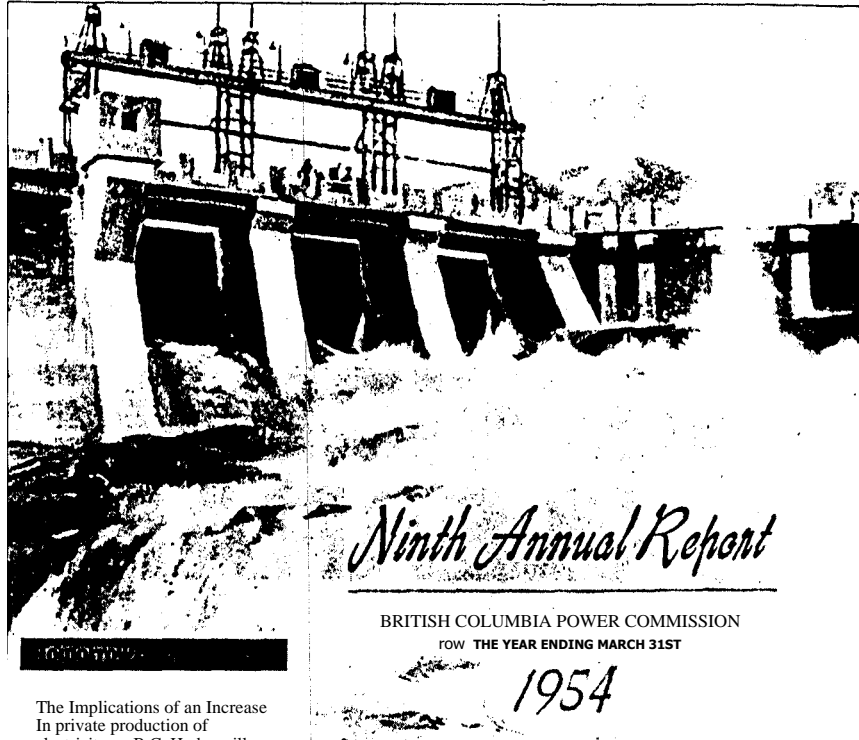
Two recommendations in the Jaccard report are especially significant. One, if accepted by government, would allow B.C. Hydro's largest industrial customers - pulp and paper mills, for example - to buy electricity from private suppliers - American power producers, for example. This group of customers accounts for about 22 per cent of B.C. Hydro's revenues; all their consumption could be supplied privately within three years and half their consumption by the beginning of next year. The second recommendation would provide for a "B.C. Grid" company which would take away from B.C. Hydro its transmission system.

B.C. Hydro, because it is a public corporation, provides most of B.C.'s electricity. It is a high performance corporation with very low prices for electricity. It consistently manages to maintain costs and customer rates lower than most other electrical utilities in North America. This is partly because the extensive hydroelectric system generates electricity more cheaply than is possible in any other way. It is also an efficient corporation and, according to the Canadian Electrical Association, maintains the second lowest unit costs in Canada for all aspects of operating, administering and maintaining the system.

Low cost, a high level of reliability and "clean" energy are all features of B.C. Hydro and pass what economists refer to as the "inter-ocular" test: They are findings that hit you right between the eyes. On top of these benefits, B.C. Hydro also returns to the province between \$600 million and \$700 million each year in dividends, taxes and water rentals. The public ownership and control of electricity serves the interests of people in B.C. very well.

The question, then, is this: If B.C. Hydro is doing so well, why would anyone want to change it?

This is a question which the



The Implications of an Increase in private production of electricity on B.C. Hydro will be examined in an all-day conference, "Power Grab," on Saturday.

- Sponsors: Canadian Centre for Policy Alternatives - B.C. Office and the Institute for Governance Studies. The author of today's commentary is chair of the CCPA's B.C. office.
- Venue: Simon Fraser University Harbour Centre, 515 West Hastings
- Time: 9 a.m. to 4 p.m.
- Cost: \$40 or \$15 for those who qualify for subsidized spaces
- More Information: 8015121

public must seriously consider. The Jaccard proposal for changes asserts that competition in electricity is necessary because of the "benefits for consumers [which] include greater choice, customer responsiveness, lower prices and less risk." What is not mentioned is which customers will see lower prices and less risk.

B.C. Hydro will not be able to maintain its low rates for households if it either loses its large industrial customers or has to lower dramatically its charges to them because of private competition. Hydro's low rates would seem to place it in a good position to compete on the market, but the determination of the private sector to take control of the public generation of power should not be underestimated. B.C. offers the potential of huge profits to private suppliers of electricity. Capturing the electricity market is worth the losses involved in engaging in predatory pricing over a fairly long period of time. According to the chair of Kansas Power and Light, the

THE PEOPLE'S POWER: British Columbia Power Commission was the Crown corporation the government merged with B.C. Electric in 1962 to create today's B.C. Hydro. Above, the cover of an annual report is a reproduction of an oil by Peter Ewert of one of the John Hart dams on Vancouver Island. Below left and right, the same report's back cover bears this evocative symbol of an era's aspirations.

mergers of electrical companies and the acquisition of electrical companies by gas companies is necessary because only by being very large will corporations be able to "absorb heretofore unthought-of losses of revenues to competitors without experiencing significant damage to their over-all financial well-being."

There is no reason for B.C. to be following the model of market reforms which are occurring in the U.S. We do not have the same problems as do places which have relied on either expensive nuclear energy or environmentally damaging coal-fuelled electrical generation. These places have undertaken market reform to achieve the benefits B.C. already enjoys.

Where are high risks in pursuing the course recommended by Jaccard. The encouragement of private production of electricity is likely to result in a greater use of gas, a non-renewable resource, for electricity generation. This will be damaging to the environment at a time when greenhouse emissions need to be reduced. The return to the provincial government will undoubtedly be lower, which may require high taxes to replace the income from B.C. Hydro. The efficiencies which are achieved by having an integrated system of generation, transmission and distribution will be lost with the removal of transmission from B.C. Hydro. Finally,

the prices to households would increase as a result of a less efficient and smaller system.

The views of this interim report are only those of Jaccard and do not represent the views of the members of the task force. Before the final report is written Jaccard is asking for feedback from British Columbians. The general public's voice, not just that of industry, needs to be heard on this issue.

Electricity is not a commodity like other commodities. It is an industry which provides for human survival in a densely populated and complex world and is the basic infrastructure for every industry and virtually every job in the province. The significance of who controls this industry cannot be underestimated.

Like Mark Jaccard, Marjorie Griffin Cohen is a Simon Fraser University professor. She teaches political science and chairs the women's studies department. She is also a former director of B.C. Hydro. Jaccard wrote about his report yesterday on this page.



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