SITE C DAM

By Mike Harcourt

At the November 7, 2016, Clean Energy B.C. Conference I voiced opposition to the Site C dam on the Peace River in N.E., British Columbia for economic, fiscal, environmental and aboriginal treaty rights reasons.

I personally, and professionally, think Site C is an economic, fiscal, environmental and aboriginal treaty rights disaster!

B.C. Hydro's demand across the three core demand groups (residential, commercial and industrial) has been dead flat for the last 10 years regardless of economic and population growth; as the extractive industries show no sign of increasing their demand, this base-load demand, is expected to wither further.

Site C we're told will cost $8.9 billion. While an Oxford University study of hydro's projects worldwide over the last 70 years shows that the average cost overrun has been 90%. What a coincidence both recent B.C. Hydro transmission line projects have recently seen 90% cost overruns. Muskrat Falls in Labrador is going the same way and is at least two years behind schedule, and behind some serious downgrades by the rating agencies. A similar situation exists in Manitoba Hydro, which currently faces rate increases of 7+% because of substantial cost overruns on their recent hydro developments.

Recently in Manitoba, the Manitoba Utilities Board retained its own experts to review the planning and economic aspects of Manitoba's Hydro's preferred development plant. Their review sidelined the proposed Conawapa project. So more likely Site C will cost $15-17 billion!

This situation with Site C, given the absent export market which was NOT the case when WAC Bennett negotiated the Columbia River Treaty, will lead to:

- a huge increase in borrowing and costs;
- a severely damaged B.C. Hydro and B.C. credit rating;
- and huge increases in B.C. Hydro rates for consumers, way beyond the 80 % imposed on consumers the last 10 years;
- environmentally over 5000 hectares of prime agricultural land will be flooded; and
- 10,000 hectares of Aboriginal hunting, fishing and gathering lands will be affected.

Dr. Harry Swain's joint panel on Site C clearly delineated the methylmercury risk that has ruined the fishing on Lake Williston.

Proponents say it is too late, too expensive to cancel Site C because - $1.5 billion has been spent. More coming. UBC has looked at this project and sees it as an overall loser, so it is never too late to minimise one's losses. I say it is better to cut loses, then go bankrupt.

We did in Vancouver when we stopped the Waterfront Freeway, in 1970, even though the Georgia Viaduct was built, and much of Strathcona expropriated.

I relied on advice from energy, government policy and international infrastructure experts, plus my own knowledge of B.C. Hydro and energy issues, from my days as a B.C. political leader in 1987-96, and since in sustainable cities and alternative energy initiatives.

Those reasons still stand. Furthermore, a recent report, from many energy experts Chaired by U.B.C.'s Dr. Karen Bakker, reinforces the damning arguments against Site C.

The Report, "Reconsidering the need for the Site C Project", released in April 2017, through the Program on Water Governances, University of British Columbia, made the following key points about Site C:

- ✓ A weak business case
    - Dramatic decline in projected electricity needs since 2012.
    - Significant decline in the cost of alternative sources of electricity.
- ✓ Site C surplus will create significant losses for ratepayers and taxpayers.
    - Site C energy will be 100% surplus upon commissioning, and will not be fully required until nearly a decade after commissioning.
    - Export market prices are low, and so Site C electricity will need to be sold at a loss.
    - Losses anticipated on the order of several hundred million, and potentially well over $1 billion if the surplus period is longer (in addition to construction cost of the project).
- ✓ Not past the point of no return
    - Analysis includes sunk construction costs as well as cancellation costs.
    - Cancelling Site C would save between $500 million and $1.65 billion.
- ✓ Recommendation: Suspend Site C Project and refer to the B.C. Utilities Commission.

And to be frank, Dr. Bakker was kind, she only assumed a 25% cost-overrun as opposed to the 90% which is the world average.

In a nutshell, economically and energy wise Site C will cost far more than $9 Billion, harm B.C. Hydro's credit rating, (already alluded by Moody's) and; substantially raise consumer rates. Also B.C.'s Hydro's own figures show demand for electricity has been flat to declining the last 10 years.

Plus, in 2017 there are many other ways to supply renewable (Columbia River Downstream benefits and Columbia Power Corp.) and closer to home energy for heating and cooling, power and transportation.

So, the recent May 30 NDP/Green agreement is a welcome first step to stop Site C, refer to the B.C.U.C. explore and implement demand-risk management, extend the existing IPPs, alternative energy supply, renewable, wind, solar, biomass, geothermal, and others. Just look at the power market south of the border where generation plants are going for a quarter of what Site C costs, and you can see that others are economising as well.

(Energy efficient buildings, alternative transportation approaches, power smart metres, energy efficiency, and conservation measures. Plus create Smart Energy Communities and Cities.)

So, while existing contract work on Site C is concluded, all other proposed contracts should be stopped except for the geotechnical work on the disturbing cracks appearing where the dam is proposed. The referral to B.C.U.C. as proposed by the NDP & Greens May 30 agreement should be commenced ASAP.

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