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British Columbia Utilities Commission
Suite 410, 900 Howe Street
Vancouver, BC Canada V6Z 2N3

August 30, 2017

To David Morton, Richard Mason, Karen Keilty, Dennis Cote and the BC Utilities Commission,

We are writing to share our analysis of the Site C dam in regards to its economic viability. This analysis is based on secondary sources and is motivated and informed by our experiences living in the context of northern BC communities that are frequently faced with decisions about the costs and benefits of major industrial development proposals.

The Sea to Sands Conservation Alliance is a volunteer-run citizen's organization in Prince George, BC, Lheidli T'enneh territory. We have a membership of approximately 1,000 people and our aim is to inform residents about industrial developments that pose risks to the environmental, social, cultural and economic sustainability of northern BC communities. We are also interested in the development of alternative/sustainable energy projects. Members of the Sea to Sands Conservation Alliance believe the long-term risks can far outweigh the short-term economic benefits that some developments may provide for northern communities.

In the case of the Site C dam, we are writing to express that based on what we have read, and based on our experiences, the Site C dam is not an economically sound project that will contribute to the long term economic well-being of northern communities or the province as a whole. It should therefore be cancelled. We will comment on the following topics that the BCUC is considering in its review: 1) energy demand 2) whether the project will remain on budget, and 3) the costs to ratepayers (and communities).

1) Energy Demand

A report released in April 2017 by a group of UBC researchers led by Dr. Karen Bakker identified that energy demand in BC became flat in 2005[1]. It further identified that BC Hydro has over-predicted energy demand in the past[1]. For example, we have not reached the energy demand levels that BC Hydro first predicted when the dam was proposed in the 1990s. Based on the UBC analysis, it is predicted that energy generated by the dam will be 100% surplus to BC energy needs and will not be needed for another decade, or possibly ever. For this reason, the Site C

[1] Report #5 – Site C- Economic Report. Retrieved from http://watergovernance.ca/projects/sitec/

dam should be cancelled now to prevent further public expenditures on an unnecessary project.

2) Project Budget

Dams are known to have cost over runs. A study from Oxford University that considered 245 large hydro-electric projects in 65 countries around the world found that on average costs to build the dams were 90% higher than what the project was originally predicted[2]. Further, the study identified that this trend has not changed over time; dams that were built in the 70s had cost overruns similar to those that were built in more recent times. As identified by the UBC report[1], BC Hydro originally estimated that Site C would cost approximately $5.8 billion to construct. That prediction has now increased to $9 billion. Some analysts predict that the costs of the dam could escalate to upwards of $12 billion dollars[3]. These costs would be borne by BC Hydro ratepayers. For this reason, the Site C dam should be cancelled as it is an unneeded, expensive project that we will collectively pay for. The UBC study concluded that cancelling the dam would save $500 million to $1.65 billion[1].

3) Costs to ratepayers

Both the lack of energy demand and the expected cost overruns will lead to increased costs to BC Hydro ratepayers. Given that there is no demand for the electricity in BC, it will be exported lower prices than what the energy cost to produce[4]. As identified by the former chair of the Site C Joint Review Panel, Harry Swain, this could lead to $7 billion of the predicted $9 billion in construction costs never being returned. This $7 billion will be paid for by BC Hydro ratepayers. For this reason, Swain recommends that if the project costs more than $2 billion to construct it should be cancelled. Already, lower income individuals experience energy poverty as a result of current energy prices. Increased hydro rates will only further marginalize lower income households. Rate payers also include small businesses and other existing industries that contribute to employment and economic development in BC. This raises an important question of what jobs might be lost as a result of increased rates associated with Site C.

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[2] Large hydro-electric dams unviable and seriously damaging to emerging economies. Said Business School, University of Oxford. Retrieved from https://www.sbs.ox.ac.uk/school/news/press-office/press-releases/large-hydro-electric-dams-unviable-and-seriously-damaging-emerging-economies

[3] Site C Dam 'Doesn't Make Sense,' Says Former BC Hydro CEO. Huffington Post. Retrieved from http://www.huffingtonpost.ca/desmog-canada/marc-eliesen-site-c-dam_b_7953034.html

[4] Pull Plug on Site C Dam if Completion Costs More than $2B: Former Chair of Review Panel. DeSmog Canada. Retrieved from https://www.desmog.ca/2017/08/28/pull-plug-site-c-dam-if-completion-costs-more-2b-former-chair-review-panel

Lastly, these three items have not addressed the social and cultural costs of the project that are, and will continue to be, borne upon Indigenous peoples of the Peace River Valley and other residents who rely on this fertile valley for farming, recreation, sustenance, tourism and well-being. The costs of increased social strife, cultural loss, and loss of arable land have not been calculated in the estimated costs of Site C. One cannot put a price tag on the cultural, spiritual and social values that are held by the Peace. These costs go beyond increased hydro rates and we hope that you will also factor them into your decision.

Thank you for your time in reviewing and considering our submission on this very important matter.

Sincerely,

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