This report has been prepared by McCullough Research for the Peace Valley Landowner Association (PVLA) and the Peace Valley Environment Association (PVEA).

Site C Expert Report: In First Year, Site C will lose $376 Million Exporting Power to USA

The PVLA and PVEA filed a report yesterday with the BCUC’s Site C Inquiry from McCullough Research on export prices. In the report, energy expert Robert McCullough found that Site C will lose $376 million in its first year of operation alone. This is due to the fact that unneeded power will be sold at a loss to the USA. Losses in future years may be more or less depending on the demand for electricity.

“This new expert report only reinforces the already strong case for cancelling Site C,” said PVLA President Ken Boon. “Unlike big hydro dams, renewables
to sell unneeded power at a loss.”

Date: September 24, 2017

To: British Columbia Utilities Commission

From: Robert McCullough, Eric Shierman, Robby Gottesman

Subject: Question 22: Export Sales

The following is an excerpt from the report, starting on page 2:

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22.1 Please provide a breakdown of BC Hydro’s market price forecast for F2025 (US $36/MWh) and F2034 (US $46/MWh) showing (in Can $ and US $): Mid C price; wheeling costs; real power losses; other (please describe).

We cannot answer questions concerning British Columbia’s market forecast since details have not been made public. We can observe that it is a relatively poor forecast since it diverges from actual market prices.
The red line represents forward prices taken from the ICE MDC (on-peak) and OMC (off-peak) markets on September 22, 2017.

The differential between the LCOE of Site C and the forward Mid-C price is considerable. In 2024, for example, selling the output at September 22nd prices on the Intercontinental Exchange would lead to a significant loss:

\[(\$31.25 - \$105) \times 5,100 \text{ GWh} = - \$376.1 \text{ million}\]

Robert McCullough is Principal of McCullough Research in Portland, OR, and for over thirty-seven years has advised governments, utilities, and aboriginal groups on energy, metals, paper, and chemical issues. He has testified repeatedly in state, federal, and provincial courts as well as before Congress and regulatory bodies. His testimony in front of the Senate Energy Committee is credited with initiating the Enron trading investigations during which he worked for the U.S. Department of Justice and three western attorney generals. He has consulted for U.S. and Canadian clients on hydroelectric issues in many states and provinces, including on many occasions, presenting on issues before Canadian regulators.

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