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'Fatal flaws' in business case for Site C, says landowners association

Mike Carter / Alaska Highway News
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A PVLA-commissioned report identifies 'fatal flaws' it says skewed the business case for the Site C dam. Photo By File

A report by a leading American energy economist says the Site C dam is likely to be more than twice as expensive as a combination of renewable energy and natural gas alternatives.

The Peace Valley Land Owners Association (PVLA) — which has a lawsuit pending to prevent BC Hyrdo from building the dam — commissioned economist Robert McCullough to study the business case the project.

The findings were presented to media Tuesday before the PVLA urged the government to suspend the start of construction, which could begin within weeks.

"The results of this study are astounding," said Ken Boon, president of the PVLA. "They simply reinforce the findings of the joint review panel that these critical financial questions need to be reviewed by the British Columbia Utilities Commission."

McCullough pointed to several “fatal flaws” which show BC Hydro’s business case for the dam was skewed to favour Site C over alternatives.

Delaying construction by at least two years would also save ratepayers $200 million, the report claims.

At the crux of the issue are a number of assumptions that BC Hydro made in arriving at the decision that Site C was the cheapest option for power.

"While the cost and choice of options deserve further analysis, the simple conclusion is that Site C is more expensive — dramatically so — than renewable/natural gas," McCullough states in his report.

McCullough took aim at BC Hydro's discount rate for the project — used to compare the long-term borrowing cost of capital — saying these rates "appear arbitrary and inconsistent."

Further, he said that if the project was delayed, ratepayers could save up to $200 million.

This is contrary to an affidavit signed by BC Hydro's Commercial Manager Michael Savidant, which states the dam would cost $175 million more if the project was delayed for a year.

"The $175 million cost of delay ... is incomplete and misleading," the report reads, because it does not take into account the sale of surplus Site C power at a loss until the dam's full power potential is needed, which would not be until at least 2028, according to the joint review panal.

McCullough's report has been criticized because generating power using a mix of renewables and natural gas would require scrapping the Clean Energy Act's requirement that 93 per cent of all new power generation produce no emissions.

Mark Jaccard, professor of environmental economics at Simon Fraser University, said that if McCullough is using a mix of renewables and thermal power from natural gas for his comparisons, then he has made “a huge mistake in misunderstanding the Clean Energy Act.”

— *With files from Business in Vancouver*

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