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Halting Construction of Site C Could Save \$112-million Annually, Says Energy Expert ^[1]

[Judith Lavoie](#) ^[2] | October 11, 2016

By [Judith Lavoie](#) ^[2] • Tuesday, October 11, 2016 - 11:37



As the cost of producing energy from wind and sun continues to drop, power produced by the **Site C dam** ^[3] will be an increasingly bad bargain, according to leading U.S. energy economist Robert McCullough.

In a report comparing the cost of nuclear, hydro and natural gas energy with power produced by solar and land-based wind farms, McCullough concludes that renewables cost less than half the cost of hydro.

“While there would be costs associated with suspending or halting construction of Site C, I remain of the view that **BC Hydro could save \$112.74-million on an annual basis by instead building wind and solar.** ^[4] This amount could

be higher if tax credits for renewable energy were considered,” McCullough wrote in a [cover letter](#) [5] to Ken Boon, [Peace Valley Landowner Association](#) [6] president.

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The initial report by McCullough looked at the economics of closing the aging Diablo Canyon nuclear plant in Southern California. A major factor in the decision to close the plant was that nuclear, like coal and hydropower, no longer compared favourably with increasingly low natural gas prices and renewable energy.

“While natural gas prices plummeted over the past decade, the cost of renewables also fell — sharply — as economies of scale in wind and solar dominated the market,” McCullough wrote.

McCullough, an expert on power utilities in the Pacific Northwest and principal of an energy policy research company based in Portland, then looked at conclusions drawn in the Diablo Canyon report in relation to Site C.

If BC Hydro put a halt to Site C construction it would free up more than \$112 million annually to spend on other pressing infrastructure projects or BC Hydro could write a cheque for \$57.84 to every B.C. household every year, McCullough suggested.

The provincial government has said that wind and solar are not viable options because they are intermittent, rather than firm sources of power.

But McCullough noted that hydroelectric energy is also subject to monthly and annual variability.

“As penetration of renewables increases, the portfolio effect of many different projects has reduced the overall variability of output very significantly in recent years,” he said.

McCullough concluded that the 2016 cost of producing solar energy would be \$59 per megawatt hour, while wind would be \$72 and Site C almost \$84.



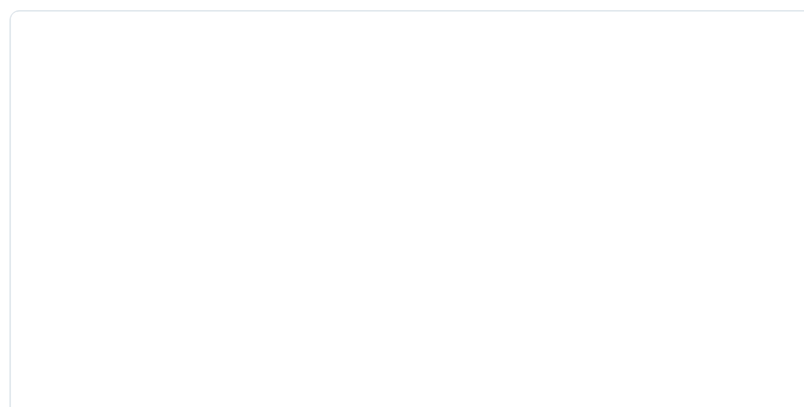
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Last year, shortly before construction began on the \$9-billion project that will create an 83-kilometre reservoir on the Peace River, McCullough was commissioned by the Peace Valley Landowners Association to take a look at the business case for the project and concluded that BC Hydro had taken liberties with its figures to make Site C look better than alternatives, such as small, independent hydro projects.

That report found that Site C was more than three times as costly as renewables and natural gas and McCullough publicly called Site C an expensive luxury.

The government has stuck to its figures, saying they have been rigorously scrutinized, and has steadfastly refused to send the project to the B.C. Utilities Commission for review.

Ken Boon said in an interview that it should not come as a shock to government that there are cheaper options, but they have insisted on using “trumped up and very optimistic numbers.”

“But even using those figures they don’t compare to using renewables and then what happens when it inevitably goes over budget as always seems to happen with large projects such as hydroelectric dams?” he asked.

“Then there’s the whole problem of building a big white elephant instead of small green projects as and when you need them...Building 1950’s technology in 2016 is not making much sense.”

McCullough’s report looks only at the financial aspects, but the cost also has to be counted in other areas, such as environmental harm and socio-economic problems, Boon said.

A recent analysis from a group of academics at the University of British Columbia found the [Site C dam is the most environmentally destructive project](#) ^[12] ever considered under the federal *Canadian Environmental Assessment Act*.

“This just reaffirms once more that this project needs to go to a robust B.C. Utilities Commission hearing with cross-examination and witnesses under oath. What this report says is that it’s not too late,” he said.

Image: Site C dam construction along the banks of the Peace River. Photo: Garth Lenz/DeSmog Canada

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