



Site C dam not needed for power, B.C. Utilities Commission says



Treaty 8 Indigenous First Nations, Human Rights and Environmental Groups gather with supporters to deliver petitions, postcards and messages of solidarity inside a canoe following the government's reports on the controversial Site C dam study during a protest on Lekwungen Territory at the Legislature in Victoria on Thursday.

CHAD HIPOLITO/THE CANADIAN PRESS

JUSTINE HUNTER >
VICTORIA
4 HOURS AGO

BC Hydro's independent regulator says British Columbia could obtain power equivalent to that generated by the Site C dam from the province's existing hydroelectric infrastructure, at a savings of billions of dollars.

The B.C. Utilities Commission (BCUC), in its final report on the Site C dam, swept aside BC Hydro's long-standing objections to reclaiming the power it currently sells to the United States under the Columbia River Treaty.

Under the treaty, British Columbia manages the flow of the Columbia River to reduce the risk of flooding in the United States through a series of three dams: Mica, Revelstoke and Keenleyside. In exchange, the province is entitled to a share of U.S. power and flood-control benefits. Currently, B.C. sells most of its share of the power back to the United States. By keeping the energy, BC Hydro would give up revenue from the sale of power, and it would have to build a new transmission line to bring the energy to its own customers. But the BCUC calculates those measures – lost revenue and construction costs – to be \$2.4-billion at present value – a fraction of the cost of completing the Site C dam.

"The [BCUC] panel noted that the amount of energy and capacity available to the province in the treaty is approximately equal to the amount of energy and capacity that Site C will provide. In addition, it is as clean as the energy that will be produced by Site C," it found.

BC Hydro gave the BCUC multiple reasons to ignore the option: It says it is not allowed to use that power under the Clean Energy Act, which requires that the province be energy self-sufficient; it says there isn't enough transmission capacity to move the power to the B.C. grid; and it

However, the panel said it found the arguments made by energy expert Robert McCullough, who was retained by Site C opponents, more persuasive than Hydro's objections. Mr. McCullough said the United States needs B.C. to continue to manage water flows.

"The panel is also persuaded by McCullough's arguments describing the significant benefits of the Columbia River Treaty to the U.S. by regulating the timing of stream flows." It goes on to say it "therefore discounts BC Hydro's arguments" that the benefits should not be considered as potential energy and capacity options to meet B.C.'s future energy needs.

The treaty expired in 2014 and either side can apply to opt out with ten years' notice. Currently both sides have indicated a desire for a treaty to continue in some form, but the U.S. is seeking a reduction of power benefits to Canada – what it terms a modernization of the treaty. B.C. has taken the position that the treaty, signed in 1964, should be renewed. No negotiations have begun.

The BCUC panel on Site C heard testimony from Mr. McCullough and others that the U.S. is unlikely to entirely bail out on the treaty, as it provides co-ordinated storage and regulation of flows between the United States and Canada, improving both hydro-power production and flood mitigation in the Columbia Basin.

The BCUC was asked by the NDP government to review the cost of completing or terminating the Site C construction project. In its final report released Wednesday, it found that the project is overbudget and will likely cost at least \$10-billion. It also concluded that there are an array of alternatives available.

The panel said government does have the option to repatriate some or all of the Columbia River Treaty entitlement. "This energy is generated from water stored behind BC Hydro dams in British Columbia and is as firm and flexible as the energy from Site C," the report says. The benefits "are roughly equivalent to Site C in terms of capacity and energy."

The panel made no recommendations to the government, and the cabinet is expected to make a decision on Site C by the end of the year.

The panel noted that the power from the treaty is not free, because B.C. currently earns \$150-million each year in power sales. As well, it would have to build a new, high-voltage power line, which the BCUC calculated would cost in the range of \$500-million to \$750-million.

BC Green Leader Andrew Weaver said the BCUC report provides the provincial government with all the economic evidence it needs to cancel the Site C dam, which is already \$2-billion into construction. But he said it would take some strong political will to give up the annual cash flow of the treaty benefits.

"It's been a cash cow for government and that money flows straight into general revenue," Mr. Weaver noted. Although spreading out capital costs over 70 years – as BC Hydro intends to do with Site C – might look better on the books in the short term, "over all, you would save a ton of money by using the power, instead of taking the cash."

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351 King Street East, Suite 1600, Toronto, ON Canada, M5A 0N1

Phillip Crawley, Publisher

