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## **Falling Costs of Renewable Power Make Site C Dam Obsolete, Says Energy Economist**

[Judith Lavoie \(/user/judith-lavoie\)](#) | September 12, 2017

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energy consultant.

Robert McCullough, who is recognized as a North American expert on hydroelectric issues, was asked by the Peace Valley Landowner Association and Peace Valley Environment Association to make a submission to the BCUC, using up-to-date figures and research.

His conclusion is that BC Hydro could meet the province's power needs at a much lower cost than the projected \$8.8-billion Site C price-tag, without supply risks.

"Alternatives to Site C have expanded in scale while declining precipitously in price since the studies submitted by BC Hydro in the environmental process," McCullough wrote in his submission.

"Renewable prices have fallen by 74 per cent for solar and 65 per cent for wind since 2010 when the B.C. government announced it wished to pursue approval and development of Site C," he said.

The report questions BC Hydro's projections of the need for power and points out that the province's LNG industry is unlikely to expand.

"We can conclude that most of the LNG terminals currently under consideration in B.C. won't see the light of day. Thus, BC Hydro's expected increase in consumption to electrify LNG facilities will not materialize," said McCullough who agreed to a Q&A with DeSmog Canada. This interview has been edited for brevity and clarity.

## **DeSmog Canada: In your opinion, what is the best way forward with Site C?**

McCullough: The day of the megaproject has passed. Policy inertia is present throughout the industry with stalled nuclear projects, shuttered coal plants and even operating nuclear plants closing. It isn't that Site C is bad. The situation is simply that

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## **What has changed since the decision was made to go ahead with the project and why would BC Hydro be selling power at a loss?**

The rapid decline in natural gas prices over the decade has driven prices to all time lows. The dramatic increase in solar and wind resources in California and the Pacific Northwest has also driven prices lower. Today, at certain times of the year, the competition is so intense that prices have even fallen below — producers will pay you to take power. BC Hydro did not forecast this — few did — but this is now the market we will face for many years in the future.

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### **Falling Costs of Renewable Power Make Site C Dam Obsolete,...**

The cost of renewable energy sources, such as wind and solar power, has dropped dramatically since the previous B.C. government  
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## **You point out problems faced by Manitoba Hydro and Muskrat Falls (Labrador). Why are the similarities not being taken into account by BC Hydro?**

Canadian politics have always favoured quick employment bumps over economic efficiency... Within the utility there is enormous peer pressure to go along with a large project like this. For someone who has been a utility executive during a failing megaproject (the nuclear projects in the 1980s) it is frightening to face the sheer desire to go ahead at all costs. Manitoba Hydro and Nalcor Energy (Muskrat) have stayed on course long after any sensible business would have stopped and reconsidered.

## **You note the drop in solar and wind price, but would they be able to bridge any future gap in supply if Site C is cancelled? Is it possible to anticipate that prices will continue to drop?**

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## **Some storage and reliability technology seems lagging. Would solar and wind produce steady, reliable power. If Site C is cancelled, could B.C. be looking at power shortages?**

The Northwest Power Pool has an enormous capacity surplus. Load growth is effectively zero as new technologies like LED lighting have reduced lighting loads by 90 per cent. Our largest energy users — pulp and paper and LNG (potentially) are facing tremendous challenges. BC Hydro's loads have been flat for a decade. To make their case for Site C, they are assuming a take-off into continuous sustained growth for the next 30 years.

## **You describe BC Hydro's load forecasting as dangerously vintage. Could you explain?**

BC Hydro is still forecasting rapid growth even though demand had been flat for many years. Pulp and paper — BC Hydro's largest sector — is contracting as the Internet replaces paper in many markets. Three major paper plants have closed or announced major reductions in output just this summer. While 22 LNG export terminals have been announced in B.C. and Oregon, only one very small terminal — the smallest — looks viable. The very low price of landed LNG in Japan in recent years make it doubtful that even that terminal will be profitable.

## **You say Canadian Crown Corporations have a history of overbuilding and then relying on U.S markets to buy excess power?**

Nothing new here. Quebec and Newfoundland are competing to sell energy to New England at a loss. Manitoba is facing massive rate increases to feed industry in Minnesota and Wisconsin. Site C is facing a terribly adverse energy market at Mid-Columbia.

## **And then there is the exchange rate?**

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of these megaprojects logs out massive amounts of sequestered carbon and then forms a lakebed for methane. I am not a climate scientist, but the loss of these forests should not be undertaken lightly.

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Meanwhile, a newly-released report by the auditing firm Deloitte LLP echoes many of the McCullough findings and concludes it would be [cheaper to cancel Site C](#) ([//www.desmog.ca/2017/09/09/site-c-dam-costs-could-escalate-40-says-auditor-s-report](http://www.desmog.ca/2017/09/09/site-c-dam-costs-could-escalate-40-says-auditor-s-report)) than to delay it. McCullough is planning to release a further report on Wednesday on implications of that findings.

Putting the megaproject on hold until 2025 would cost about \$1.4 billion and scrapping it would cost about \$1.2 billion according to the Deloitte report, which also concludes that BC Hydro overestimates demand for electricity by more than 30 per cent.

The Deloitte report has sparked a call from the Peace Valley Landowner Association and the Peace Valley Environment Association for immediate suspension of Site C construction.

“It’s time to stop throwing good money after bad,” said Ken Boon, PVLA president, adding that the report confirms that Site C is an unnecessary, costly dinosaur.

“We need to complete the Site C inquiry, but suspending construction is the financially prudent thing to do given the Deloitte findings,” Boon said in a news release.

BCUC will produce a preliminary report by Sept. 20, followed by public input, with final recommendations due in November.

*Image: A sign opposing the Site C dam in the Peace River valley. Photo: Garth Lenz | DeSmog Canada*

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**pwmorg** • 11 hours ago

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billions over the original cost its not worth it kill it now!

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**Sav Man** • 11 hours ago

wind and solar are no match for a hydro electric damn.

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**deryk houston** • 13 hours ago

I am a strong supporter of this Site C.

I do like the questions asked in this story though, but again.....no one mentions the coming switchover to electric cars and where that power will be coming from. If it is true that we can get all the cheap power from solar and wind that we need, then I would like to know if they have calculated the cost or feasibility of running huge power lines over first nations sacred grounds and over other communities? After all, they should be compensated for that kind of trespass and use of their lands. How many years will it take to work through the designs and plans for such infrastructure and rights? Has this been calculated into the low cost everyone keeps talking about? If so....how much would we have to pay for this right to cross first nations lands etc.?

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**Brock Nanson** → deryk houston • 11 hours ago

I highly recommend that you do a search on YouTube for Tony Seba and watch the recent presentation he did in Colorado on disruption in energy and transportation. It's a bit long, but if the problems of energy interest you, you'll be glued to your screen. He makes some very shocking predictions that he backs with cost curves.

I see Site C in a very different way now and look forward to the changes he predicts will be coming sooner than we expect.

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**deryk houston** → Brock Nanson • 4 hours ago

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panies, they been increasing BC residents suffering with air quality in the province for some time.[let the industry report to us]Bennett say for not doing he's job has minister mines,forest,resource what a shame on him.

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