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Vaughn Palmer: Only when Horgan is safely in office will public get straight goods about Site C

Opinion: New Democrats show every intention of getting through election without addressing any of legitimate concerns raised by Site C opponents.




Vaughn Palmer

Oct 14, 2020 • Last Updated 14 hours ago • 4 minute read



An excavator dredges out a channel at the entrance to one of the river diversion tunnels on B.C. Hydro's Site C dam project on the Peace River near Fort St. John in August. PHOTO BY B.C. HYDRO.

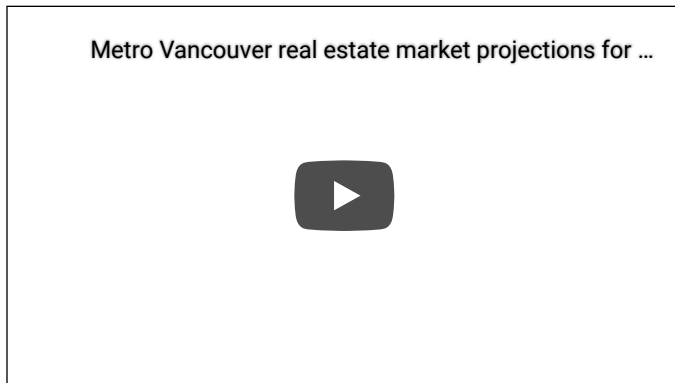
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VICTORIA — One of the experts who John Horgan and the New Democrats consulted on the fate of the Site C dam three years ago has come back to argue it would still be cost-effective to cancel the project.

Indeed, energy consultant Robert McCullough suggests the arguments for cancellation are stronger today, given the continuing coverup of geotechnical risks at Site C.



“After 10 months of study, B.C. Hydro has not addressed a number of seismic and design concerns first reported to management in December 2019,” writes McCullough in a report released this week by the Peace Valley Landowners Association. “A careful review indicates that correction of the current problems will delay the in-service date by one year and raise costs by an additional \$2.1 billion.”

McCullough tackled the review in the absence of any accounting from either B.C. Hydro or the NDP government on what it will cost to rectify stability problems at Site C, or how long it might take.

Horgan seems determined to get through the election campaign without offering the public even a ballpark estimate. Presuming McCullough’s \$2.1-billion estimate is within the ballpark, it would push the completed tab for the project to almost \$13 billion.

When the New Democrats decided in late 2017 to complete the project they inherited from the B.C. Liberals, they adopted a budget of \$10.7 billion. But Hydro admits that figure is no longer operative. Project costs? “To be determined.” Meanwhile, the publicly owned utility has already spent \$5.1 billion, and is going full speed ahead on construction.

McCullough does a good job of explaining the root of the problem — and I do mean “root” — with Site C. It relates directly to the site’s geological unsuitability as a place to construct a giant hydroelectric dam.

“The siting of major hydroelectric projects basically considers geology and cost. The best sites are narrow rocky canyons. These provide large reservoirs and firm footings,” he writes. “Simply put, Site C is not a narrow rocky canyon. The banks are unstable and there is substantial tectonic activity in the area. The surface under the structure is shale — which adds significant risk as well.”

He also flags a concern associated with the chosen method of construction, namely roller-compacted concrete: “This is a cost-effective alternative to traditional construction methods ... As opposed to the dam being composed of cement cast in place, roller-compressed cement more closely resembles a layer cake, with layers being laid down sequentially and compressed.”

After initial problems with seepage in other locations, roller-compacted concrete is “now regarded as an established construction practice,” says McCullough.

Except some concerns have been raised about using the practice in places like Site C, where there is a risk of seismic activity.

“A number of articles have questioned the reliability of this approach if exposed to tectonic shocks. The authors are finding that there is a significant risk of sliding or cracking depending on the nature and preparation of the surface under the roller-compacted concrete.”

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But the cabinet decided to go ahead, concluding, as Horgan put it at the time: “We just couldn’t see spending \$4 billion for nothing.”

Horgan derived the \$4-billion writeoff from the \$2.1 billion spent to the end of 2017 and the estimated \$1.9 billion it would take to shut down construction, pay off contractors and remediate the riverbanks.

At the time, McCullough discounted Horgan’s argument as an example of the “sunk-costs fallacy,” the economics equivalent of throwing good money after bad.

McCullough revived his side of the argument in this week’s report.

“The nature of politics is such that economic analysis in Site C has always considered sunk costs as a critical item in the decision whether to go forward with the project,” writes McCullough. “Economic theory categorically states that sunk costs are, in fact, sunk. They are not part of the analysis in any economic decision.

“In the case of Site C,” he continues, “the basic question is: Can the future costs of Site C compete successfully with alternatives? The clear answer is, no, they cannot.”

He backstops the argument with an updated analysis of current and future energy prices, arguing that wind and solar renewables are cheaper today and will continue to outstrip Site C in any reasonable cost benefit analysis in the future.

Bottom line: “Immediate cancellation of Site C will likely save B.C. Hydro ratepayers \$116 million per year, and the savings to ratepayers will grow over time as the cost of solar and wind power continue to drop.”

Debatable? Sure. As are other arguments for and against completion, even at this late stage of construction. But with the government imposing a cone of silence around the current troubles at Site C, McCullough is providing the public with some sense of the possibilities.

As things stand today, the New Democrats show every intention of getting through the election without addressing any of the legitimate concerns raised by McCullough and others.

Only when the votes are counted and Horgan is safely ensconced in office for another four years will the public be given the straight goods about Site C.

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