



LEGISLATIVE ASSEMBLY
of BRITISH COLUMBIA

December 1, 2017

Premier John Horgan
Office of the Premier
Parliament Buildings, B.C. Legislature
Victoria, B.C.
V8V 1X4

cc: Hon. Michelle Mungall
Minister of Energy, Mines and Petroleum Resources

Dear Premier Horgan,

As we near cabinet's decision on Site C, we write to you today to urge you to stop construction of the Site C dam.

Our Confidence and Supply Agreement committed government to sending Site C to the BC Utilities Commission (BCUC), BC's independent regulatory agency, for an independent review of the project. In undertaking this review, the BCUC marshalled significant evidence and undertook an analysis of the implications of pursuing completion, suspension, and termination scenarios; the implications for ratepayers of different scenarios; and the potential for a portfolio of alternative sources of energy to meet demand.

The resulting report was comprehensive and provided a strong, evidence-based rationale for cancelling Site C. This rationale is founded in a number of key findings presented in the report, including:

- a. Site C is already over budget, and is beset by considerable risks of further costly overruns and delays;
- b. An alternative portfolio can meet future demand requirements, at the same or lower prices than Site C.

The BC Green Caucus believes that the findings of the report more than make the case that the best course of action for government is to cancel the project, remediate the land and begin the work of developing a 21st century energy system based on options presented in the alternative portfolio.

This argument is laid out in greater detail below.

Legislative Office

Room 028 Parliament Buildings
Victoria BC V8V 1X4
T 250-387-8347
Andrew.Weaver.mla@leg.bc.ca



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Costs and risks of Site C

The estimated cost of Site C has escalated throughout its lifespan. Just last month, when the river diversion deadline was missed, the cost increased again from \$8.3 to \$8.9 billion, accompanying a year-long delay to the construction schedule.

It was therefore unsurprising to see the BCUC Panel determine that Site C will be behind schedule and substantially over budget. In the BCUC Panel's words, "given the nature of this type of project and what has occurred to date, total costs for the project may be in excess of \$10 billion and there are significant risks that could lead to further budget overruns". The Panel found that these remaining risks include unresolved tension cracks and disputes with contractors. As such, the Panel found that it is unlikely that Site C will be completed on schedule by 2024, and even that construction costs could escalate even further beyond \$10 billion.

This cost escalation is significant, and will have substantial impacts on British Columbia ratepayers. Given that we are only 2 years into what is supposed to be a 9-year construction project, we are gravely concerned about the impact on British Columbians of further expected delays and cost overruns.

As cabinet makes its decision, we hope they will also heed the lessons learned from another large-scale dam under construction, Muskrat Falls, in Newfoundland and Labrador. When the Muskrat Falls Project was sanctioned, it was estimated to cost \$6.2 billion plus financing. The costs have since ballooned to more than \$12 billion. The impact of this cost increase on rates in Newfoundland is profound. Nalcor Hydro now estimates that costs from the Muskrat Falls dam will result in rates almost doubling.

The lessons from this project are significant and relevant. Just last week the Newfoundland and Labrador government initiated a public inquiry into what happened with Muskrat Falls. Richard LeBlanc, the provincial Supreme Court judge leading the independent inquiry, has said "while we cannot undo the past we can learn from it". While it may have been too late for their government to cancel their project, it is not too late for BC. We hope this government heeds his words and chooses a different path.

The potential of alternatives to meet demand

As part of its review, the BCUC was also mandated to analyze the ability of an alternative portfolio of commercially feasible projects and demand-side initiatives to provide similar energy benefits to Site C, including their potential to meet demand and their costs to ratepayers.

The Panel found that not only could an alternative portfolio of conservation, wind energy, and geothermal energy meet demand and provide similar benefits to ratepayers as Site C, but that it could do so with an equal or lower unit energy cost.

In addition to recognizing the current viability of alternative energy in BC, the Panel found that disruptive trends in technology pose one of the most significant risks to continuing with Site C. Evidence from around the world substantiates the Panel's warning about technological trends. Prices for wind, solar, and

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geothermal energy have plummeted year by year. The pace and scope of technological advance have exceeded even the most optimistic predictions.

Instead of locking ourselves into the path of the Site C Dam, we should seize this opportunity to build clean, distributed power that puts us on the cutting edge of innovation, and provides jobs and benefits to local communities.

In addition, though beyond the scope of the BCUC review, it is critically important that government also consider the impacts that this project has on First Nations, particularly in light of our collective commitment to implementing UNDRIP. Government must also consider the project's impact on the environment of the Peace River valley. Through pursuing an alternative energy portfolio instead of Site C, BC can partner with First Nations, industry and local communities to build clean, distributed power across BC. These alternatives will employ more people than Site C and provide local jobs and benefits to local communities.

In the face of these developments, it would be irresponsible for government to continue down the path of Site C. We do not require Site C to meet our future energy needs – alternative sources of energy are more than able to meet demand, and they will enable us to adapt to changing needs, as they provide flexible sources of energy. In contrast, Site C locks us into an energy future that could impose significant burdens on future ratepayers, and we would be forced to sell any surplus power at a loss.

Final considerations

Laid out in front of this government is a choice. The previous government chose to forgo evidence and due diligence, and pushed forward irresponsibly with a project that it is clear should never have been started. What the BCUC report tells us is that it is not too late to correct this mistake.

However, the choice facing your government is not simply about which option will save ratepayers the most money. It's a choice about what type of province we want to build. All around the world jurisdictions are embracing a modern, 21st century approach to energy policy. Pursuing this future would see the creation of a distributed, integrated power grid where the economic and employment benefits are shared by communities throughout the province.

Site C puts this future further out of reach, doubling down on the energy projects of the last century and undermining our ability to embrace the future.

We hope, as cabinet considers this decision, that they properly weigh this information contained within the BCUC report. Your government made the right decision in agreeing to commission an independent review before we crossed the point of no return. You need now to be guided by the evidence that this report puts forward.

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This government has an opportunity to undo the mistakes of the last administration and chart a new, modern path for energy policy in BC. We hope you will seize this opportunity.

Sincerely,

Andrew Weaver
Leader, B.C. Green Party
MLA, Oak Bay-Gordon Head

Sonia Furstenau
MLA, Cowichan Valley

Adam Olsen
MLA, Saanich North & the Islands

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