SITE C CLEAN ENERGY PROJECT

JOINT REVIEW PANEL HEARING
OPENING REMARKS

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BC hydro FOR GENERATIONS

Good morning Mr. Chair and Panel Members.

My name is Susan Yurkovich and I am the Executive Vice-President at BC Hydro responsible for the Site C Clean Energy Project.

Before I present our opening remarks, I would like to acknowledge that these hearings are taking place in Treaty 8 territory.

On behalf of BC Hydro and the Project team, I'd like to thank the Panel and all participants for taking the time to be engaged in this important process. Over the weeks ahead, we welcome the opportunity to listen, to provide information and to respond to questions.

For decades, British Columbians have benefited from the hydro-electric dams and generating stations built from the 1960s to mid-80s. These heritage assets deliver clean, reliable and affordable electricity to homes and business across the province. They have also made B.C. one of the fortunate jurisdictions in the world that can provide for its own power needs. Now, more than 50 years later, we are preparing our facilities and our system to meet the needs of the generations that will follow.

Since BC Hydro's last new major facility was built, the province's population has grown by more than 1.5 million people. Along with this population increase, B.C.'s economy has continued to expand, bringing new residences, businesses and industrial activity.

BC Hydro is the Crown Corporation that, under the Utilities Commission Act and tariffs, has an obligation to meet its customers' electricity needs. We lay out our plans to do so in

our long term resource plans. Our current plan forecasts that demand for electricity will increase by approximately 40 percent over the next 20 years.

BC Hydro's first choice is to meet this growth through aggressive conservation and efficiency initiatives targeted to offset more than three-quarters of future load growth through a combination of demand-side-management programs, codes and standards and rate structures.

In addition, we have contracted with independent power producers to provide electricity through long-term purchase agreements. And, we are re-investing nearly $2 billion annually to upgrade the capacity, safety and reliability of existing facilities to ensure that they are available for future generations.

However, as demand continues to grow, we will also need to add both new energy and capacity to our system.

For those of you who have lived in British Columbia, you will know that Site C has been contemplated for many years. First identified as a potential site in the late 1950s, the project was part of the "Two Rivers" strategy which sought to harness the hydro-electric potential of the Peace and Columbia rivers to facilitate the growth of the Province.

The W.A.C. Bennett dam was completed in 1968, followed by Peace Canyon in 1980 and planning for Site C began in earnest in the late 70's. An application to the newly formed BC Utilities Commission was made in 1981 and public hearings were held through the following year.

In its 1983 decision, the BCUC did not approve the project, citing the need for more information on load requirements

and alternatives, information that is included in the Environmental Impact Statement for this Project.

However it is important to note that they concluded that:

"In sum, while the Commission recognizes that major impacts will result from the Site C project, the Commission concludes that they are not so large as to make them unacceptable. Provided that appropriate conditions are placed on Hydro and that the government responds to the special needs created in the region, the impacts can be successfully and acceptably managed."

Development of a hydro dam at Site C was advanced again from 1989 to 1991 but then deferred in favour of demand side management.

But with provincial electricity demand continuing to grow, the challenges faced, including the subsequent cancellation of the gas-fired project at Duke Point, and the Provincial Government's commitment to addressing climate change, the development of a hydro dam at Site C has been recommended as a potential resource to meet future need in each successive long term plan.

Between 2004 and 2007, a review of existing Site C project engineering and records was undertaken to determine whether it was in the best interest of BC Hydro's customers to move to the next stage of project planning and development. This work was summarized in the "Site C Feasibility Review: Stage 1 Completion Report".

Then, in its March 2007 Energy Plan, the Province of B.C, directed BC Hydro to initiate consultation with Aboriginal groups, communities, the Province of Alberta and North

West Territories. BC Hydro held over 120 consultation meetings between 2007 and 2009. The Province initiated discussions with Alberta and the NWT. And, we began a separate process of private discussions with potentially impacted property owners.

Importantly, as part of the Crown's duty to consult, BC Hydro initiated consultation and engagement with over 40 Aboriginal groups, primarily Treaty 8 First Nations in BC Alberta and the Northwest Territories, so that we could understand their interests and concerns.

In addition to further geotechnical investigations, a large number of baseline studies were also initiated to characterize the existing physical, biological and socio-economic environment in the project area. To help guide this work, BC Hydro established seven Technical Advisory Committees for key program areas including Fish, Wildlife, Heritage, Greenhouse Gas, Recreation and Tourism, Land and Resource Use and Community Services and Infrastructure.

These Technical Advisory Committees included representatives of First Nations, and of local, provincial, federal agencies and regulatory authorities including Environment Canada, BC Ministry of Environment, the Department of Fisheries and Oceans and Transport Canada, who provided early input on the scope of potential data collection, and methodologies for an environmental assessment. This led to the development of a comprehensive multi-year field program to gather baseline information throughout the project area.

A Stage 2 Report, including a recommendation to advance the Project, was submitted to the Province in late 2009 and

in April 2010, they announced the decision to proceed with the project, subject to achieving environmental certification and meeting the Crown's obligation to consult and accommodate First Nations where appropriate.

At this time, the historic project design was updated to reflect current seismic, safety and environmental standards. This work was reviewed by the project's external Technical Advisory Board, a group of internationally recognized engineering experts who provide ongoing arm's length input as part of our quality assurance and technical due diligence. The updated design formed the basis of the Project Description Report submitted in May 2011.

In August of that year, the Ministers of Environment of Canada and British Columbia confirmed that the project would be subject to a cooperative environmental assessment process, including a two-year pre-panel stage followed by a public hearing before a Joint Review Panel.

This Agreement was finalized in February 2012 following public comment and amended in September, after the new federal CEAA legislation came into force. Accordingly, the assessment for Site C includes some requirements that are no longer part of CEAA 2012, but reflect the hybrid nature of the assessment we are undergoing.

To provide advice on the content of the Environmental Impact Statement Guidelines and the valued components to be studied, the regulators established a Working Group, comprised of federal agencies and provincial authorities from B.C., Alberta and N.W.T., along with Aboriginal groups, local and regional governments.

Draft Guidelines were prepared, consistent with provincial and federal guidance documents and were subject to consultation and open houses in the project area. The final Guidelines were issued by the Federal Minister of the Environment and the Executive Director of the BCEAO in September 2012.

In January of this year, BC Hydro submitted its Environmental Impact Statement in accordance with the requirements of EIS Guidelines. This comprehensive document is laid out in five Volumes and describes the need for the project, environmental background changes and potential effects, and proposed mitigation measures for 22 Valued Components. It also describes the project benefits, alternatives and justification of the significant adverse residual effects.

The public was invited to comment on the EIS from February to April and during this time the regulators held open houses in six communities, along with both general and topic specific meetings with the Working Group.
The comments and responses to the information requests were adjudicated by the regulators who then directed BC Hydro to amend its EIS. On August 1st CEAA and the BCEAO advised that the EIS was “satisfactory”.

The purpose of this environmental assessment is to predict the potential effects, both adverse and beneficial, that are likely to result from the Project. We believe that the substantial work undertaken as part of the assessment demonstrates that the potential adverse effects of the Project can largely be mitigated through careful planning, comprehensive mitigation programs and ongoing monitoring during construction and operations.

However, a determination that a significant residual adverse effect is likely was made on four Valued Components:

- Fish and Fish Habitat
- Wildlife Resources
- Vegetation and Ecological Communities, and
- Current Use of Lands and Resources for Traditional Purposes.

For these and other potential effects, we have proposed comprehensive mitigation measures, environmental management plans, and ongoing monitoring which are described in Section 39 of the EIS.

We recognize that for some, these measures will not satisfy all of their concerns. We respect the views of all participants and are grateful for the valuable contributions to the Project that have been provided to date. If the Site C Project proceeds, it is our intention to work hard to mitigate the effects of the Project and to deliver on our commitments to First Nations and communities.

The assessment also includes an evaluation of the beneficial effects of the Project. Construction is expected to create approximately 10,000 direct jobs and approximately 33,000 direct, indirect and induced jobs through all stages of development. Site C would also provide substantial economic and regional benefits, including a $3.2 billion increase to provincial GDP, regional employment and contracting opportunities, improvements to roads and infrastructure and new outdoor recreational opportunities.

As a third dam on the Peace River, the Project would make valuable use of the existing Williston Reservoir to generate

35 per cent of the output of the Bennett Dam with 5 per cent of the reservoir footprint. And, as a firm, dispatchable resource, it will provide additional capacity to meet peak demand and to facilitate the integration of intermittent resources.

Importantly, as a clean, renewable resource, Site C will deliver power with very low emissions per unit of energy produced, helping to support both provincial and federal greenhouse gas reduction targets.

BC Hydro believes that, while the Project has the potential to result in some significant residual adverse effects, they can be justified in light of the need for and benefits associated with the Project.

This provides a high level summary of the process that brings us to today.

We recognize the important role that this Panel has in the environmental assessment of the Project. Part of that mandate includes conducting the public hearing that begins today and continues in the weeks ahead.

In order to fulfill your mandate, you must consider a large body of evidence, both written and oral. We appreciate that this is a complex and challenging task and we from BC Hydro will do our best to support your efforts by providing the information and experts that you require.

We've reviewed the schedule provided by the Panel and have arranged for experts to be available to present, and answer questions at the sessions identified.

Later today, at the topic specific session on “Need, Purpose for, and Alternatives to the Project”, I will be joined by colleagues including Randy Reimann, who leads BC Hydro’s Resource Planning group.

Tomorrow, John Nunn, our Chief Project Engineer, will lead the panel on the “Alternative Means of Carrying out the Project.”

Later this week, following the General Session in Fort St John, you will hear from experts on topics related to the “Atmospheric Environment”, including Dr. Mike Murphy, head of Stantec’s National Atmospheric Group and Dr. Jean Michel DeVink who completed the GHG modelling. Experts will also be available to discuss air quality, meteorology, microclimate, noise, vibration and climate change.

When the topic specific sessions resume in January, to respond to questions about Aquatic and Downstream Environment, our panel will include experts on downstream changes, hydrology and cumulative effects. In addition, Drs Jon Smol, Derald Smith, George Ashton, Kevin Timoney and Stephen Burgess will be available to discuss issues related to the Peace Athabasca Delta.

On January 13, the Panel has scheduled a review of the Aquatic Environment and we will have variety of experts available to address the listed topics, including dam safety and seismicity.

The Vegetation and Wildlife sessions will include experts from Keystone Wildlife Resources, Golder Associates, BGC Engineering, and Big Sky and Traditions Consulting.

For the session on Asserted or Established Aboriginal and Treaty Rights, our panel and experts will address BC Hydro’s approach taken in Section 34 of the EIS and its

conclusions, and will discuss accommodation and mitigation measures implemented to date and proposed.

Regional Development is scheduled for January 18th where effects on agriculture, forestry, oil and gas and minerals and aggregates will be addressed. And finally, the sessions on Local and Socio-Economic Environment on January 20th and 21st will include topic areas important to communities and BC Hydro will be assisted by experts who have completed the socio-economic assessment including Dr. Linda Erdreich, Golder Associates, RWDI, and Azimuth Consulting to discuss project related changes and human health.

The decision to advance this project to this stage has not been made lightly. It has resulted from the careful consideration of the future electricity needs of our customers, following many years of review and analysis.

The federal and provincial decision makers will ultimately have to decide whether the potential significant residual adverse effects are justified in this circumstance.

As with any large infrastructure project, we've acknowledged that there will be some effects that cannot be fully mitigated. But there will also be significant benefits from the Project to ratepayers, taxpayers, local and First Nations communities.

These decisions are not easy and the prospect of them often provokes rigorous public debate.

While preparing for these hearings, I've been reading some of the reports from the late 60s and 70s when our hydro facilities were being built. If you didn't look at the dates on the pages, you could easily imagine that they had been written in this year, about this Project.

Of interest, were the remarks by then Lieutenant Governor George Pearkes in his 1967 opening address of the W.A.C. Bennett Dam. He said:

"It may be apparent to everyone today that harnessing of the Peace River promises great benefits for the people of British Columbia, but this was not always so. There were some who expressed concern when the project was launched. They felt the cost would be too great for our relatively small population to bear, that there would be insufficient market for the tremendous amount of power and generating capacity, that it was too far from major population centres to be economically feasible".

Concerns were raised again about the cost and need for the Revelstoke Dam. Today, these facilities deliver electricity to British Columbians at between 1.5 and 3 cents a kilowatt hour and will continue to do so for generations.

That is because, while these assets have a large up-front capital cost, they have low operating cost, and with maintenance, can provide dependable electricity for more than 100 years.

As with these historic projects, there are those who have voiced similar concerns about Site C. But Site C also enjoys considerable public support.

A recent province wide-poll found that over 80 percent of those surveyed **<u>can</u>** support the project provided that it undergoes a thorough environmental assessment and that communities in the region are consulted.

As the public entity responsible for keeping the lights on for our customers, it is our job to ensure we have the electricity available to meet the needs of our residential, commercial and industrial customers now, and in the years ahead.

While forecasts may move up or down in any given year, the long term trend is clear -- demand for electricity is increasing over time.

It is for these reasons that BC Hydro believes that building Site C is the right thing to do so that our customers can continue to enjoy the benefits of domestic, cost-effective, dependable and renewable electricity for generations to come.