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Report says Site C is uneconomic, calls for project to be suspended

A new report looking at the economic impact of Site C led by UBC researchers is calling for the B.C. government to hit pause on the project.

In a comprehensive analysis of the hydroelectric project on the Peace River in northeastern B.C., the report's authors say Site C is now much more expensive than an alternative consisting primarily of wind power, pumped storage, and energy conservation. They conclude that it would be wise to suspend construction, and recommend a full review by the BC Utilities Commission.

"The business case for Site C is far weaker now than when the project was launched, to the point that the Project is now uneconomic," said Karen Bakker, Canada Research Chair and director of UBC's Program on Water Governance, which prepared the report. "The good news is that we are not past the point of no return, according to our analysis."

Supporters of Site C have said the project is a cost-efficient way to meet increasing electricity demand. But the UBC researchers say that their analysis incorporates several key changes since Site C was approved, including a decline in the cost of alternatives such as wind power, and a substantial reduction in BC Hydro's forecasted need for electricity in 2024 and beyond.

Site C power likely to be exported at a loss

The report—the latest in a [series of five](#)—states that, according to BC Hydro's own forecasts, predicted electricity demand has dropped significantly. Site C electricity will not be fully required for nearly a decade after the project is finished, and if demand growth does not keep up with BC Hydro's current forecasts, power from Site C could remain in surplus indefinitely, according to the report.

"The surplus energy from Site C will have to be exported at prices currently far below cost," said Bakker. "Our analysis shows that under some of the most likely forecasts, losses from these exports will total \$1 billion or more."

Proponents of Site C say that demand will increase because of LNG developments and decarbonizing the economy, such as through the use of electric cars. But the researchers say their analysis indicates otherwise.

"BC Hydro's own forecasts show that electricity demand will be relatively modest into the 2030s, even including anticipated demands from LNG and electrification of cars," said Bakker.

The report also demonstrates that BC Hydro is significantly curtailing its energy conservation programs in response to Site C's projected energy surplus. Producing new energy with Site C costs three times as much as energy conservation. But energy conservation could meet a significant amount of new demand for several years, said Bakker.

First Nations' treaty rights 'systematically downplayed'

In an earlier report, the authors called on the provincial and federal governments to determine the full impact of the project on treaty rights of the Treaty 8 First Nations who live in the Peace River region.

"Although these communities' rights are constitutionally protected, we believe they have been systematically downplayed – even ignored – by governments," said Gordon Christie, professor in the Peter A. Allard School of Law at UBC. "This demonstrates a profound lack of honourable activity by the Crown, where the legal tests in this country now rest on the notion of the 'honour of the Crown.' "

'Hit pause' and refer to the BC Utilities Commission for review

The new report recommends that construction be suspended on Site C, pending a full review by the BC Utilities Commission.

While the report states that cancelling the Site C Project outright would save British Columbians hundreds of millions of dollars, delaying the commissioning date to the late 2020s is also a possible scenario, said Bakker.

"Therefore, we recommend suspension and review by the BC Utilities Commission rather than outright cancellation," said Bakker. "This is a non partisan, common sense, sober second thought analysis that indicates it's not too late to hit pause on Site C."