

Site C Review Engagement TOR – Final

The Contractor will provide the Services described in this Statement of Work and, at all times, in compliance with the Umbrella Agreement.

The Ministry of Finance (“the Ministry”) plays a key role in establishing, implementing, reviewing and overseeing government’s economic, fiscal, and financial management policies, decisions, and initiatives, as well as a number of financial and corporate regulatory functions. The Ministry draws on both internal and external resources to plan and carry out its mandate.

Context

BC Hydro’s Site C Clean Energy Project (Project) will be a third dam and hydroelectric generating station on the Peace River in northeast B.C. It will provide 1,100 megawatts (MW) of capacity, and produce about 5,100 gigawatt hours (GWh) of electricity each year — enough energy to power the equivalent of about 450,000 homes per year in B.C.

The Provincial government approved the continuation of the Project in December 2017, following a review by the BC Utilities Commission (BCUC). In January 2018, the Province’s Treasury Board approved a revised Site C Project budget under oversight of BC Hydro, as well as a Project Reserve to be overseen by Treasury Board.

BC Hydro is required to submit quarterly and annual Project reports to the BCUC and to make such reports public. On July 30, BC Hydro is filing the 2019 Project annual report, as well as quarterly progress report no. 19, with the BCUC. Both reports identify overall project health and cost as being at risk, while quarterly report 19 outlines additional cost and schedule pressures resulting from COVID-19.

- The annual report covers Jan. 1 to Dec. 31, 2019, while quarterly progress report no. 19 covers Jan. 1 to Mar. 31, 2020.
- The reports use a dashboard system where key project areas are classified as red (at risk), amber (moderate issues) or green (on target).
- Both reports classify overall Project health and cost as “red”, signifying there are serious concerns due to identified cost pressures.

In addition, quarterly report #19 also classifies project scope and schedule as “red”, largely due to:

- increased cost and schedule pressures resulting from the scale-back of work on March 18 due to the COVID-19 pandemic; and
- the need for enhancements to the foundations of structures on the right bank, including the powerhouse, spillways and earth-fill dam.

The other subcategories (safety, quality, regulatory, permits and tenures, environment, procurement, Indigenous relations, litigation and stakeholder engagement) are classified as either “amber” or “green.”

Engagement

BC Hydro has experienced significant changes over the last 12 months in relation to identified cost, schedule, procurement, geotechnical and scope risks associated with the Project. Some key drivers of these changes include:

- A. Impacts of COVID – 19 and resulting changes in operations
- B. Impacts of emerging geotechnical challenges at the Project site

s.12; s.13; s.17

The Ministry, in co-operation with the Ministry of Energy, Mines and Petroleum Resources (responsible for BC Hydro and the Project), wish to engage the expert services of the Contractor. Amongst other activities the Contractor will review, clarify and evaluate the impact of recent decisions and events at all levels on Project schedule and budget, and make recommendations for mitigation measures.

The scope of the review will include the following activities:

1. Review and assess the governance and reporting structure in place for the Project.
2. Examine the latest identified cost, schedule, geotechnical, and scope risks and assumptions associated with the Project.
3. s.12; s.13; s.17
4. Examine how and when actual and forecast assumptions and risks have changed since January 2018 to today.
5. s.12; s.13; s.17
6. Review and assess risk management for the Project, as well as contract supervision.
7. Prepare a draft and final report with findings based on the above analysis, as well as options and recommendations that mitigate Project cost and schedule risks.
 - a) Prepare an Interim Report for review of the Minister and Minister of Energy, Mines and Petroleum Resources by 30 days after start of engagement.
 - b) Prepare a Final Report for review of the Minister and Minister of Energy, Mines and Petroleum Resources by 60 days after start of engagement.
8. The Contractor will have full access to people and records at BC Hydro and the Project. The Contractor will provide ongoing engagement progress reports to the Province Lead;
9. As directed by the Province Lead, provide briefings and/or presentations on the results of the Services; and
10. Other Services directly related to this Statement of Work as may be mutually agreed to by the Contractor and the Province Lead.

Site C Review TOR

BC Hydro has experienced significant changes over the last 12 months in relation to identified cost, schedule, geotechnical and scope risks associated with the Site C Project.

Some key drivers of these changes include:

- A. Impacts of COVID – 19
- B. Impacts of emerging geotechnical challenges at the Project site
- C. s.12; s.13; s.17
- D.

s.12; s.13; s.17

The scope of the review will focus on any or all of items B – D.

The purpose and objectives of the review will be to:

1. Review the governance and report structure in place for Site C.
2. Examine the last identified cost, schedule, geotechnical, scope risks and assumptions associated with the Site C Project.
3. Compare those to the assumptions and risks identified in January 2018
4. Examine how and when actual and forecast assumptions and risks have changed since January 2018 to today
5. s.12; s.13; s.17
6. Prepare a report of findings