

**MINISTRY OF ENERGY, MINES AND LOW CARBON INNOVATION**

**BRIEFING NOTE FOR INFORMATION**

**PREPARED FOR:** Honourable Josie Osborne, Minister of Energy, Mines and Low Carbon Innovation

**ISSUE:** Two Rivers policy and project prohibitions in the 2010 *Clean Energy Act*

**KEY MESSAGES/SUMMARY:**

- Between 1961 and 1984, BC Hydro developed its system of dams under a Two Rivers Policy focussed on the Peace and Columbia Rivers.
- The 2010 *Clean Energy Act (CEA)* prohibited the development of a number of potential BC Hydro storage hydroelectric facilities on other river systems while allowing BC Hydro to pursue development of the Site C project and to upgrade its existing facilities.
- There is no “Two Rivers” rationale for the *CEA* project prohibitions, and considering the appropriateness of individual prohibitions, on a case-by-case basis, is appropriate.

**MINISTRY RESPONSE:**

The Ministry has the ability to revisit prohibitions as appropriate.

**BACKGROUND:**

In the 1950s, the federal government and the electricity utilities that existed before BC Hydro were focussed on development of electricity infrastructure on the Columbia River (the Columbia), while then-Premier William Andrew Cecil (WAC) Bennett (then-Premier Bennett) favoured the development of generation on the Peace River (the Peace).

While developing both systems would result in the production of more energy than could be consumed in British Columbia at the time, then-Premier Bennett believed that developing both systems, under a Two Rivers policy, would advance northern development objectives while improving Canada’s negotiating position on the Columbia River Treaty.

To accomplish these objectives, the Province nationalized the British Columbia Electric utility, and merged it with the British Columbia Power Commission to form BC Hydro in 1961 and 1962. BC Hydro would develop generation on both the Peace River and the Columbia River. The delay in ratification of the Columbia River Treaty to 1964 allowed then-Premier Bennett to negotiate a sales agreement with US utilities for the Treaty power benefits that were not initially needed in BC. The lump-sum proceeds of the sales were used to finance the Canadian Treaty projects.

From the 1960s through 1984, BC Hydro developed a series of large storage hydroelectric dams on the Peace and the Columbia River. With the completion of the Revelstoke Dam in 1984,

BC Hydro had a surplus of generation and other options were shelved at the time. Of these options, at least three were on the Columbia and three were on the Peace, but at least six, s. 16 were on other river systems.

When the 2010 *CEA* was written, it prohibited the development of several projects previously considered by BC Hydro, s. 16 but explicitly excluded what were referred to as “two-rivers” projects from the list of prohibitions. This allowed BC Hydro to upgrade its existing facilities on the Peace and the Columbia and to pursue Site C.

## DISCUSSION:

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s. 13 Prior to BC Hydro’s formation, facilities had been developed outside these watersheds, notably by Rio Tinto Alcan on the Nechako with its Kemano project, and by BC Electric in a number of lower mainland and Vancouver Island watersheds where facilities became part of BC Hydro’s fleet. As BC Hydro developed the Peace and the Columbia, it investigated additional potential dam sites across the Province. Industrial generators and Independent Power Producers (IPPs) also developed new hydroelectric generating facilities, both storage and run of river on waterways across the province; and sold energy to BC Hydro through Electricity Purchase Agreements.

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s. 13 The list of prohibitions encompassed three projects on the Peace (High Site E, Low Site E and the McGregor River Diversion), and two projects on the Columbia (Murphy Creek and Border). IPP storage hydro projects not on the list and not on the Peace or the Columbia, such as Long Lake Hydro, were able to proceed.

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**CONCLUSION:**

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**DRAFTED BY:**

Jack Buchanan, GRB  
(778) 698-7293

**APPROVED BY:**

Tim Prisiak, Dir, GRB ✓  
Tim Prisiak, A/ED, EPB ✓  
Les MacLaren, ADM, EURD ✓  
Shannon Baskerville, DM, EMLI ✓