

**From:** [Gibbs, Robb GCPE:EX](#)  
**To:** [Meggs, Geoff PREM:EX](#); [Aaron, Sage PREM:EX](#); [Lloyd, Evan GCPE:EX](#); [Zadravec, Don GCPE:EX](#); [Howlett, Tim GCPE:EX](#); [Haslam, David GCPE:EX](#)  
**Subject:** all materials  
**Date:** Sunday, December 10, 2017 10:36:39 PM  
**Attachments:** [SiteC-FAQ-Dec10V1.docx](#)  
[Backgrounder 3 Site C Termination Implications for BC Hydro Customers and BC Taxpayers - Dec10V1.docx](#)  
[Backgrounder 2 Site C -From Private Power to Site C Dec10-V1.docx](#)  
[Backgrounder 1 Site C Mitigation Elements - Dec10V2.docx](#)  
[Site C Key Messages - Dec10V2.docx](#)  
[SiteC-NR-Dec10V2.docx](#)

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Hi folks,

Here are all the materials properly formatted. Please note: This is still unofficial in that these have not gone through Writing & Editorial services yet.

Please share as needed.

Tks,

Robb

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## BACKGROUND

For Immediate Release  
Dec. 11, 2017

### Site C Quick Facts & Mitigation Elements

#### Quick Facts:

- The Site C project is already two years into construction.
- To date, \$2.1 billion has already been spent; it's estimated that another \$1.8 billion would be needed for site remediation (which, even then, would not restore the site to its previous condition).
- The \$4 billion in Site C termination costs is equivalent to \$860 for every British Columbian, or eliminating taxpayer-supported capital projects:
  - 66 secondary schools (\$60 million each); or,
  - 11 hospital projects similar to the North Island Hospitals (Province's share \$365 million); or,
  - 12 highway projects similar to the Okanagan Valley Corridor Project (Province's share \$330 million); or,
  - 3 Pattullo Bridges (\$1.3 billion each).
- 99 per cent of Class 1-5 agricultural lands (capable of crop production) in the Peace Agricultural Region will not be affected by Site C. Permanent loss of approximately 3,800 hectares of class 1-5 agricultural lands leaves approximately 2.7 million hectares of Class 1 to 5 lands available for agricultural production in the Peace Agricultural Region.

#### New Management Direction

- A new Project Assurance Board – made up of BC Hydro, independent experts and government representatives - will provide enhanced oversight to future contract procurement and management, project deliverables, environmental integrity, and quality assurance – all within the mandate of delivering the project on time and budget. Based on current projections, BC Hydro has revised the budget to \$10.7 billion.
- *EY Canada* has been retained by BC Hydro to provide dedicated budget oversight, timeline evaluation and risk assessment analysis for the duration of the project.

#### Agriculture

- Activate the \$20 million agricultural compensation fund established to offset lost sales and stimulate agriculture enhancements in the Peace region.
- Government will establish a new dedicated BC Food Security Fund – based on Site C revenues – dedicated to supporting farming and enhancing agricultural innovation and productivity across BC.

#### Community Benefits

- New Community Benefits Programs will be established with a mandate to ensure that project benefits flow to local communities, and increase the number of apprentices and First Nations workers hired onto the project.



- The Peace River Legacy Fund will be used to implement solutions to longer-term environmental, social and economic issues.
- Government will explore options for relocating Site C worker accommodations, post completion, to a local skills-training institution.

#### **First Nations**

- As a component of the comprehensive review of BC Hydro, the Province and BC Hydro will consider the development of a new procurement stream for smaller scale renewable electricity projects where Indigenous Nations are proponents or partners to create local employment and commercial opportunities throughout B.C. as well as environmental benefits with the replacement of diesel or fossil fuel-based energy installations. The Ministry of Energy, Mines and Petroleum Resources and the Ministry of Finance will bring these proposals to government by fall 2018.
- BC Hydro and the Ministry of Transportation and Infrastructure will work with Treaty 8 First Nations and others to redesign the Highway 29 realignment at Cache Creek to reduce impact on potential burial sites and sacred places. BC Hydro will invite proposals from Treaty 8 First Nations for this roadbuilding work.
- The Ministry of Indigenous Relations and Reconciliation and BC Hydro will continue to engage Treaty 8 First Nations to seek additional solutions to mitigate the adverse impacts of Site C, and to advance reconciliation.
- The Province will continue recent direct government engagement with First Nations to seek input into the design of a Peace River Legacy Fund and establish a collective Treaty 8 project advisory committee.
- Work will continue in addressing cultural concerns, enhancing business opportunities, and retaining funding/land transfers and contract opportunities.

#### **Contact:**

Suntanu Dalal

Media Relations

Ministry of Energy, Mines and Petroleum Resources

250 952-0628

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## BACKGROUND

For Immediate Release  
Dec. 11, 2017

### **From Private Power to Site C: Bad Decisions that Shaped B.C.'s Electricity Policy**

Government's decision to proceed with the completion of Site C was driven, in large part, by a series of bad energy policy decisions made over the past decade and a half that put politics ahead of people. These decisions significantly increased the Province's intermittent electricity energy supply and forced upward pressure on electricity rates.

In 2002, the previous government introduced the Energy Plan that mandated that all new power generation opportunities were reserved for private power producers. Through the extensive use of electricity purchase agreements, the board of BC Hydro made long-term commitments to purchase a large supply of new intermittent power, primarily through run-of-river power projects, at prices considerably higher than produced by BC Hydro's heritage hydroelectric assets.

The board of BC Hydro committed to more than 135 contracts with an average term of 28 years. And while power generated by BC Hydro's heritage assets cost \$32 per MWh, power from IPPs cost \$100 per MWh. Today these contracts represent future financial commitments of over \$50 billion.

The Energy Plan also changed the structure of BC Hydro and established a standalone BC Transmission Corporation to allow private power producers to access the transmission system and to sell directly to large consumers.

At the same time that BC Hydro was directed to accommodate this new supply of intermittent power, the previous government also instructed BC Hydro to decommission its Burrard Generating Station in Metro Vancouver to address growing concerns about local air pollution and greenhouse gas emissions.

As BC Hydro lost needed electrical capacity to backstop its new intermittent power supply, it was forced to seek new capacity or "firm" power, the type traditionally provided by hydroelectric facilities like Site C.

In 2010, the old government introduced the Clean Energy Act, which exempted a number of BC Hydro projects and power procurement activities from independent review by the BC Utilities Commission including Site C, the Clean Power Call, the Smart Metering Program and the Northwest Transmission Line.

The former government then compounded the financial problems at BC Hydro by directing the corporation to pay dividends to the province from funds BC Hydro had to borrow. The cost of this debt is a direct cost to BC Hydro ratepayers.

Between 2001 and 2017, the old government directed BC Hydro to increase its liabilities held in regulatory accounts from \$116 million to \$5.597 billion. These costs will have to be recovered from ratepayers in the future.

As a result of these earlier policy decisions, the old government saddled BC Hydro with a new supply of long-term expensive intermittent power, without the electrical capacity to maintain reliable service to its customers.

Faced with challenges of its own making, the old government decided to push ahead with Site C without allowing review by B.C.'s independent regulator, the BC Utilities Commission.

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Suntanu Dalal  
Media Relations  
Ministry of Energy, Mines and Petroleum Resources  
250 952-0628

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## BACKGROUND

For Immediate Release  
Dec. 11, 2017

### **Site C Termination Implications for BC Hydro Customers and BC Taxpayers**

The decision to proceed with construction of Site C was primarily driven by a determination that British Columbians should not have to take on \$4 billion in debt with nothing in return for the people of this province and, even worse, with massive cuts to the services they count on.

Analysis conducted by the Ministry of Finance, Ministry of Energy, Mines and Petroleum Resources, and external experts on the BC Utilities Commission (BCUC) report concluded that completing Site C will be significantly less costly to British Columbians than cancelling the project.

In its report, the BCUC estimated that BC Hydro would need to spend an additional \$1.8 billion for termination and site remediation costs if it were to cancel the project. This is in addition to the \$2.1 billion of sunk construction and planning costs that will have been spent by the end of December 2017.

Faced with an immediate and unavoidable \$4 billion debt, the Province would have to recover these costs from either BC Hydro customers or taxpayers. As a regulated utility, BC Hydro is obligated to file a plan with the independent BCUC who would ultimately determine which course of action it deemed most appropriate.

The BCUC did not take a position with respect to the options for debt recovery, however, government conducted extensive analysis of the fiscal and rate implications of likely debt recovery options.

If the BCUC determined that BC Hydro could recover the nearly \$4 billion in Site C costs from its customers, the Commission would then have to decide what the repayment period should be:

- Under a 10-year recovery period, BC Hydro customers could face a one-time 12.1% rate increase that would last for the next decade. This would be in addition to any other rate increases required to cover BC Hydro's ongoing debt servicing and other operating costs, including recovery of its rate deferral accounts.
- Under a longer recovery period of 70 years, customers would not face short-term rate impacts. Such a move would, however, force future generations to pay for a valueless asset from which they never receive benefits. This course of action would also increase the risk that provincial bond rating agencies would bring into question BC Hydro's financial sustainability, thus increasing the risk that BC Hydro's entire debt load becomes viewed as non-commercial. This would place significant pressure against the Province's AAA credit rating and annual borrowing costs.

If the BCUC decided that BC Hydro should not recover the \$4 billion of Site C debt from its customers, the corporation and the Minister of Finance would face two options that would significantly impact BC taxpayers.

If BC Hydro retained the \$4 billion debt:

- It would first be obligated to write off the Site C costs as unrecoverable thus causing BC Hydro and the Province to slip into significant deficits. The corporation would then face an even higher risk of no longer being viewed by rating agencies as self-supporting and having its entire debt reclassified as non-commercial.
- Such a move would significantly risk the Province losing its AAA rating with a resultant increase in borrowing costs, thus reducing the annual budget available for key priority spending areas.

If government itself chose to assume the nearly \$4 billion of Site C debt – thus safeguarding BC Hydro:

- It would immediately increase B.C.'s level of taxpayer-supported debt from about \$44.6 billion to \$48.6 billion.
- This increase would also erode the Province's key fiscal sustainability debt-to-revenue ratio by 7-8 percentage points – a measure critically assessed by provincial bond-rating agencies and ultimately determines the Province's borrowing and debt-servicing costs.
- Taking on the Site C debt into government taxpayer-supported debt would likely eliminate planned increases in provincial capital spending over the next two years. For context, \$4 billion in assumed Site C debt could pay for the equivalent of:
  - 66 secondary schools (\$60 million each); or,
  - 11 hospital projects similar to the North Island Hospitals (Province's share \$365 million); or,
  - 12 highway projects similar to the Okanagan Valley Corridor Project (Province's share \$330 million); or,
  - 3 Pattullo Bridges (\$1.3 billion each).
- This additional taxpayer-supported debt load would also increase operating costs in the provincial budget by \$120 million to \$150 million annually – putting at risk the services British Columbians count on.

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**On the old government's legacy:**

- The old government stuck BC with the wrong project at the wrong time with a misleading budget and poor project management.
- Site C was driven by the old government's political agenda and mismanagement of BC Hydro.
- Former Premier Christy Clark drove the project forward – without independent BCUC review and without a solid budget – to meet political deadlines and planned to make it impossible to reverse. The \$4 billion in debt is her legacy.
- Our government is putting an end to the years' of energy policy that put politics ahead of people – where government forced BC Hydro into costly contracts, hiking rates for homeowners and renters, and delivering dividends to government it simply couldn't afford.

**How we got here:**

- We campaigned on a promise to refer the Site C project to the independent BC Utilities Commission for review. We delivered on that commitment.
- The BCUC validated some of our concerns:
  - Serious budget overruns were identified
  - The existence of alternative sources of green power – wind and solar – that could meet BC's needs were confirmed
- The BCUC ruled out any middle course: to mothball or suspend the project and restart it later was prohibitively expensive

**How we're moving forward:**

We are addressing issues raised by the BCUC and by British Columbians throughout the province who are concerned about BC's environmental future. Which is why – as we move ahead with completing Site C and making the best of a bad situation – we are putting in place a Site C turnaround plan to:

- Launch a new Project Assurance Board to provide enhanced oversight on future contract procurement and management, project deliverables, environmental integrity, and quality assurance – all within the mandate of delivering the project on time and budget. Based on current projections, BC Hydro has revised the budget to \$10.7 billion.
- Bring in a Community Benefits Programs, mandated with making sure that project benefits assist local communities, and increasing the number of apprentices and First Nations workers hired onto the project.
- Establish a new BC Food Security Fund – based on Site C revenues – dedicated to supporting farming and enhancing agricultural innovation and productivity across BC.

In addition to funding for provincewide food security initiatives, the turnaround plan will:

- Ensure the Peace River Legacy Fund implements solutions to longer-term environmental, social and economic issues.
- Activate the \$20-million agricultural compensation fund to offsets lost sales and stimulate long-term productivity enhancements in Peace Valley agriculture.

**Reaching our climate goals:**

- Our government respects and honours the commitment of people who oppose Site C, and share their determination to move B.C. to a clean, renewable energy future and to embrace the principles of reconciliation with Indigenous communities.
- As we move forward on climate action, we welcome ideas from across our province as we define an energy strategy that protects our environment, delivers on our climate responsibilities, powers future generations, and creates jobs and opportunities for all British Columbians.

**On relations with Indigenous communities:**

- We recognize the significant impact on Treaty 8 First Nations opposed to this project.
- We know this decision is not what some First Nations wanted. Their voices were heard and their perspectives were an important part of the deliberations on a very challenging decision.
- UNDRIP guides us on how we engage First Nations. That is why Ministers Mungall and Fraser wanted to hear directly from the Treaty 8 First Nations and to be able to carry those perspectives into Cabinet's deliberations.
- In addressing specific concerns about Site C:
  - BC Hydro and the Ministry of Transportation and Infrastructure will work with Treaty 8 First Nations and others to re-design the Highway 29 re-alignment at Cache Creek to reduce impact on potential burial sites and sacred places. BC Hydro will invite proposals from Treaty 8 First Nations for this roadbuilding work.
  - We'll continue recent engaging with First Nations to seek input into the design of a Peace River Legacy Fund and establish a collective Treaty 8 project advisory committee.



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## NEWS RELEASE

For Immediate Release  
[release number]  
Dec. 11, 2017

Office of the Premier

### **Government will complete Site C construction Will not burden taxpayers or Hydro customers with previous government's debt**

VICTORIA – The B.C. government will complete construction of the Site C hydroelectric dam, saying that to do otherwise would put British Columbians on the hook for an immediate and unavoidable \$4-billion bill – with nothing in return – resulting in rate hikes or reduced funds for schools, hospitals, and important infrastructure.

“Megaproject mismanagement by the old government has left B.C. in a terrible situation,” said Premier John Horgan in making today’s announcement. “But we cannot punish British Columbians for those mistakes and we can’t change the past, we can only make the best decision for the future.

“It’s clear that Site C should never have been started. But to cancel it would add billions to the province’s debt – putting at risk our ability to deliver housing, child care, schools and hospitals for families across B.C. And that’s a price we’re not willing to pay,” said Horgan.

Had government decided to cancel Site C, it would have taken on the project’s \$3.9 billion in debt, made up of \$2.1 billion already spent and another \$1.8 billion in remediation costs. As public debt, it would become the responsibility of BC Hydro customers or taxpayers.

“We will not ask British Columbians to take on \$4 billion in debt with nothing in return for the people of this province and, even worse, with massive cuts to the services they count on.

“The old government recklessly pushed Site C past the point of no return, committing billions of dollars to this project without appropriate planning and oversight. Our job now is to make the best of a bad deal and do everything possible to turn Site C into a positive contributor to our energy future.”

The premier says that in moving forward with the project, his government will launch a Site C turnaround plan to contain project costs while adding tangible benefits. The plan will include:

- A new Project Assurance Board that will provide enhanced oversight to future contract procurement and management, project deliverables, environmental integrity, and quality assurance – all within the mandate of delivering the project on time and budget. Based on current projections, BC Hydro has revised the budget to \$10.7 billion.
- Establishing new Community Benefits Programs, mandated with making sure that project benefits assist local communities, and increasing the number of apprentices and First Nations workers hired onto the project.
- A new BC Food Security Fund – based on Site C revenues – dedicated to supporting farming and enhancing agricultural innovation and productivity across BC.

In addition to funding for provincewide food security initiatives, the turnaround plan will:

- Ensure the Peace River Legacy Fund implements solutions to longer-term environmental, social and economic issues.
- Activate the \$20-million agricultural compensation fund to offsets lost sales and stimulate long-term productivity enhancements in Peace Valley agriculture.

“We’re taking the steps the previous government showed no interest in: a solid budget, enhanced review and oversight, community benefits, and an eye to the future,” said Horgan.

“We’re putting an end to the years of energy policy that put politics ahead of people – where government forced BC Hydro into costly contracts, hiking rates for homeowners and renters, and delivering dividends to government it simply couldn’t afford.”

Horgan adds his government will also be pursuing an alternative energy strategy to put B.C more firmly on the path to green, renewable power that helps the province exceed its climate goals.

“I respect and honour the commitment of people who oppose Site C, and share their determination to move B.C. to a clean, renewable energy future and to embrace the principles of reconciliation with Indigenous communities,” said Horgan, who acknowledged that Site C does not have the support of all Treaty 8 First Nations. “We know this decision is not what some First Nations wanted. Their voices were heard and their perspectives were an important part of the deliberations on a very challenging decision.”

“As we move forward, I welcome ideas from across our province as we define an energy strategy that protects our environment, delivers on our climate responsibilities, powers future generations, and creates jobs and opportunities for all British Columbians.”

- 30 -

**Media contact:**

Jen Holmwood  
etc

**From:** Lloyd, Evan GCPE:EX  
**To:** McGregor, Cara GCPE:EX; Meggs, Geoff PREM:EX; Aaron, Sage PREM:EX  
**Subject:** COMMENTS ON SPEAKING NOTES  
**Date:** Saturday, December 9, 2017 5:52:00 PM  
**Attachments:** 20171211 SN Statement\_draft5f21.docx

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Geoff et al – I made a few suggestions on Cara's latest draft in accordance with the revised News Release and messaging.

In track mode.

Evan

## **Site C Decision**

**Dec. 11, 2017**

### **I: Intro**

- The Site C decision affects:
  - Local people, Treaty 8 First Nations, Site C workers
  - Every British Columbian, for generations
- Any decision must fit with our values, and our commitments:
  - Affordability
  - BC Hydro that works for people
  - Environmental commitments
  - Indigenous Peoples

### **2: History of Site C**

- We've been critical of Site C from the start
  - No business case, no referral to BCUC
  - \$2 billion spent: no plan, no apprenticeships
  - Their priority: the so-called Point of No Return

### **3: BCUC Review**

- We committed to review Site C, and we followed through
- BCUC confirmed our concerns
  - Cost overruns
  - Green power could meet BC's needs
  - We need more green power to meet climate commitments
- They left us with two options: continue or cancel

#### **4: The Decision**

- To those opposed: I respect your conviction and passion
- But there was only one decision we could make:
  - Site C is not the project we favoured
  - It is not the project we would have built
  - But we must build it
- This decision will be a disappointment to many, but we must think of the needs of all British Columbians
  - Who would not have schools, hospitals, roads, homes they need if we wrote off \$4 billion to end Site C
  - Our government could not make that choice

#### **5: Going Forward**

- We must overcome the legacy of mismanagement of BC Hydro, and turn Site C into a positive for BC's future:
  - Project oversight to keep control of project costs
  - Community benefit agreements, sub-contracting for biz
  - Agricultural land enhancements
  - Indigenous partnerships - BC Hydro renewable energy
  - s.13,s.16

#### **6: Closing**

- While not the project we favoured, Site C is the best choice to:
  - Deliver on our commitments to British Columbians
  - Chart a course to a sustainable future

**SPEAKING NOTES BEGIN NEXT PAGE**

What is most important to me, and to our government, is making life better for people.

That means tackling problems head-on, and making the best decisions for people, our province, and our future.

The future of Site C is one such question, and today we announce the way forward.

The decision whether or not to proceed with Site C is one of the most difficult our government will make.

I've sat across the kitchen table from families, whose farms and homes overlook the Peace River.

I've met with Treaty 8 First Nations.

I've met with workers, whose livelihoods depend on Site C.

The decision whether or not to proceed affects all of these people.

Our decision today will have profound and lasting effects for every person in this province, for generations.



We have not made this decision lightly.

Our priority as a government was to make sure any decision on Site C was consistent with our values, and our commitments to British Columbians:

To make life more affordable,

To make BC Hydro work for people,

Protect the environment, and embrace reconciliation with Indigenous peoples.

For many years, we have been critical of the previous government's decision to build Site C.

We questioned the business case and the budget.

We demanded the project be referred to the BC Utilities Commission.

They ignored public concerns and recklessly charged ahead.

More than \$2 billion dollars spent, without an independent review.

Without a clear understanding of the costs and risks.

Without a plan to make sure jobs and apprenticeships flowed to British Columbians.

All they cared about was getting Site C to the so-called “point of no return” before the election.

What’s worse was their gross mismanagement of BC Hydro.

They raided Hydro’s deferral accounts to balance the budget, while making regular people pay more.

Hydro rates are up 24% in four years,  
70% since 2001.

For these reasons and more, we  
promised, if elected, to send the Site C  
project to review by the BC Utilities  
Commission.

We delivered on that commitment.

The BCUC review validated many of our  
concerns.

There are serious cost overruns on Site C  
in excess of \$1 billion dollars.

Alternative sources of green power, like wind and solar, could meet BC's needs.

They made it clear B.C. needs more renewable energy to meet the challenges of climate change.

The BCUC ruled out the option of delaying or suspending the project.

Leaving our government with a clear choice:

Complete Site C at a cost of \$10.7 billion.

Or cancel Site C and absorb \$4 billion in construction and remediation costs.

I want to speak directly to those who demanded that we cancel Site C.

I respect the strength of your conviction,  
and your <sup>s.13</sup> concern for our  
<sup>s.13</sup> future.

I share your determination to protect B.C.'s farmland and reduce the impact of energy development on wildlife and wetlands.

We agree that decisions of this magnitude must embrace, to the greatest degree possible, the principles of reconciliation with Indigenous peoples and the UN Declaration.

The challenge of government is to deal with issues as they are, not as we wish they were.

We listened, we deliberated, we debated.

But at the end of the day there was only one decision our government could make.

**Site C is not the project we favoured.**

**It is not the project we would have built.**

**But we must complete it.**

Although Site C will cost over \$10 billion, those costs can be recovered over time by sale of the dam's energy.

Not so with cancelling the project.

To cancel today would put British Columbians on the hook for an unavoidable \$4 billion dollar bill – with *nothing* to show for it.

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Worse – we cannot pay that bill<sup>s.13</sup>

s.13



s.13

s.13

without increasing hydro rates or  
making cuts to services people count on  
us to deliver<sup>s.13</sup>

I know this decision will be a profound disappointment to many, including many I count as friends.

But we must think of the needs of all British Columbians who would not have the schools, hospitals, roads and homes they need if we wrote--off \$4 billion to end Site C.

Our government could not make that choice.

We must overcome the previous government's legacy of mismanagement of BC Hydro, and turn Site C into a positive part of BC's future.

Today I am announcing a series of initiatives to minimize the risk and completion costs, and maximize the benefits of Site C.

We are launching a new project oversight team, to ensure the Site C budget is respected and achieved.

We will use community benefit agreements, to make sure Site C creates training opportunities for British Columbians, and sub-contracting opportunities for business.

s.13 We will enhance B.C.'s food security  
s.13 with new funding  
s.13 to boost the productivity of our  
s.13 agricultural lands and  
s.13 industry.

We will introduce new measures to support reconciliation with Indigenous peoples by re-opening BC Hydro's standing offer program to trigger new

partnerships with First Nations for renewable energy.

s.13

What is most important to me, and our government, is making life better for people.

Site C is not the project we favoured.

It is not the project we would have built.

But it is the best choice to make sure we deliver on our commitments to British Columbians, and chart a course to a sustainable future.

**From:** [Lloyd, Evan GCPE:EX](#)  
**To:** [Meggs, Geoff PREM:EX](#); [Aaron, Sage PREM:EX](#); [Wright, Don J. PREM:EX](#)  
**Subject:** Draft BCH material for announcement  
**Date:** Saturday, December 9, 2017 3:35:21 PM  
**Attachments:** [2017-12-08 Key messages and OA.pdf](#)  
[2017-12-08 Media statement.pdf](#)  
[2017-12-08 Key messages and OA.docx](#)  
[FILE 2155 - Dec. 8, 2017.docx](#)  
[FILE 2155 - Dec. 8, 2017.pdf](#)  
[Notification emails \(Dec. 7, 2017\).docx](#)  
[Notification emails \(Dec. 7, 2017\).pdf](#)  
[Site C\\_employee KMs v2.pdf](#)  
[SiteC CKO employees decision v5.docx](#)  
[SiteC CKO employees decision v5.pdf](#)  
[SiteC\\_employee KMs v2.docx](#)  
[mediastatement.docx](#)

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## Hydro Package

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**From:** "Haslam, David GCPE:EX"

**Date:** Saturday, December 9, 2017 at 2:05 PM

**To:** "Lloyd, Gcpe:Ex" , Robb Gibbs , Eric Kristianson , Don Zadravec

**Cc:** "Sanderson, Melissa EMPR:EX" , Les MacLaren , "Nikolejsin, Dave MNGD:EX" , "Grewar, Colin GCPE:EX" , "Sovka, David GCPE:EX" , "Plummer, Glen GCPE:EX"

**Subject:** FOR REVIEW: Draft BCH material for announcement

All – attached are BCH com materials for your review, in both Word and PDF file format. I've reviewed and note the materials specify mitigation measures that are still being confirmed and they do not yet have the final budget amount from Finance. Other than that the messaging is straight forward and supportive of the decision. I've included Dave Nik and Les MacLaren. Attached are the following:

- Communications plan (with embedded roll out)
- Key messages and Q&A
- Media statement options
- Public, contractor and Indigenous group notification emails (in one package)
- Employee message (from Chris O'Riley)
- Employee key messages

BCH is waiting on direction on whether to have a separate EY news release. As a result, they have drafted two versions – one a general statement of support which mentions EY and one which is only about EY.

## **Key messages**

- We support government's decision and are committed to completing the Site C project in the most prudent and efficient way possible.
- We acknowledge Site C is a large and complex project that has faced many challenges, impacting the budget and the schedule.
- That's why we are working together with government to implement new mitigation measures that will ensure we remain on time and on budget.
- We are committed to continuing to work closely with the people living and working in the Peace Region, including Indigenous groups, property owners, local governments and our other important stakeholders.

## **Supporting messages**

### **Our role ...**

- We acknowledge Site C is a large and complex project that has faced many challenges, impacting the budget and the schedule.
- As we move forward, we have a responsibility to the province to deliver this project on time and on budget, and we are confident we will be able to do so.
- We have identified a number of areas where improvements must be made, including:
  - Adding independent oversight of project performance.
  - Ensuring the appropriate resources are in place to manage new and existing contractors.
  - Enhancing openness and transparency through increased project communications.

### **Government's role ...**

- In addition to the improvements BC Hydro is introducing, government has implemented its own mitigation measures, including:
  - An independent project oversight team to work with BC Hydro to ensure the project is delivered on time and on budget.
  - A redesign of the Highway 29 realignment at Cache Creek/ Bear Flats to reduce the impact on potential burial sites and other areas of cultural significance.
- We are also supportive of the new benefit measures for the local communities and Indigenous groups that government is exploring, including:
  - A Peace River Legacy Fund to support environmental, social and economic projects in the area.
  - A new labour project agreement for new procurements to create more opportunities for skilled trades workers and apprentices in B.C.
  - A new Indigenous-focused clean energy and/or clean capacity power call.
- We are sensitive to the impacts the project has on people and the environment, and we will work diligently to implement and deliver these new benefit and mitigation measures.

**Consultation ...**

- We recognize the importance of continued engagement as the project goes forward.
- We are committed to continuing to work closely with the people living and working in the Peace Region, including Indigenous groups, property owners, local governments and our other important stakeholders.



## **Questions and Answers**

### **BUDGET AND SCHEDULE [waiting for Ministry of Finance direction]**

- XX

#### ***Is there a revised **budget for the project**?***

- XX
- The revised budget will need to go to the Treasury Board for approval early next year.

#### ***Why is it so much higher? Didn't you just announce a \$600+ million increase within the last two months?***

- We went back and looked at all of the costs. We agree with the BCUC and Deloitte that a more prudent budget is required.
- This budget is in line with the mid-range scenario put forward by Deloitte and BCUC in their assessment of the project.

#### ***Will there be additional increases a few months from now or in the future?***

- XX

#### ***Have the contingency and Board reserve amounts changed? [waiting for Ministry of Finance direction]***

- XX

#### ***How much has been spent to date?***

- BC Hydro has spent more than \$2 billion.

#### ***What was the original Site C cost estimate?***

- The original total cost estimate was \$8.775 billion.
- This included a capital cost of \$8.335 billion, as well as a \$440 million project reserve that has been established by the provincial government to account for events outside of BC Hydro's control (e.g., higher than forecast inflation or interest rates).

#### ***When will Site C be completed?***

- Despite the river diversion being delayed by one year, Site C is still expected to be completed on time in November 2024.
- This will be achieved by using the one year of float built into the original schedule for construction related to the river diversion.

#### ***You've faced a number of construction challenges. What steps are you taking to ensure future issues don't impact the schedule and budget?***

- This is a large and complex project. While we have encountered challenges, we have identified the areas where improvements must be made and are working hard to adjust and remedy these challenges as they arise.
- Provide examples
- Despite the challenges we've encountered, completing Site C as planned is still the most cost-effective option for our customers.

#### ***How will you do that when you have such a poor relationship with you Main Civil Works contractor?***

- We've experienced challenges with our main civil works contractor that has resulted in delays to some work areas and claims by the contractor.
- We've reached an agreement with Peace River Hydro Partners to make changes to improve overall project governance and have established a more frequent dialogue.
- The goal is to ensure we agree on a plan going forward, monitor progress and address project issues on a timely basis.
- PRHP has committed to making senior representatives available from the parent companies to meet with BC Hydro and to provide additional oversight to the project. As a result, it has made some personnel changes.
- We're both committed to completing this project.

***Have the tension cracks found near the dam site impacted the project schedule?***

- In 2017, two tension cracks occurred on the north bank with construction of large construction access roads.
- This has resulted in a schedule delay, as the contractor needs to complete the roads on the north bank slope in order to finish the required excavations.
- This, along with other construction challenges, has created cost and schedule pressures for the project. As a result, the project will not be able to meet the river diversion timeline in 2019.
- While this will set some activities back a year, we have a one-year float built into the project schedule and expect still expect the project to be completed on time.

***Doesn't BC Hydro have a poor track record on other capital projects?***

- BC Hydro has decades of experience building large capital projects.
- We currently have hundreds of capital projects underway that, together, make up one of the largest expansions of electrical infrastructure in B.C.'s history.
- Over the past 5 years alone, we've delivered 540 capital projects in all parts of the province at a total cost of \$6.4 billion, and collectively under budget.

## **RATES**

- The construction of Site C has no effect on today's BC Hydro rates.
- Like any major construction project, there are significant upfront capital costs associated with Site C. These costs will be recovered when the asset is in service.
- This ensures that the costs for Site C are paid by the ratepayers who are benefiting from the project.
- Once the project is in operation, the B.C. Utilities Commission will determine the period over which costs are recovered. Typically, this would be over many decades.

### ***Will Site C increase rates?***

- ☒ XX

### ***When will customers start paying for it?***

- ☒ XX

### ***Who sets the rate increase?***

- ☒ XX

### ***Is the rate freeze proposed by Government related to Site C?***

- ☒ XX

## **MITIGATION MEASURES (TBC)**

- We acknowledge Site C is a large and complex project that has faced construction challenges, impacting the budget and the schedule.
- That's why we are making changes. We have identified a number of areas where improvements must be made, including adding independent oversight of project performance, ensuring the appropriate resources are in place to manage new and existing contractors, and enhancing openness and transparency through increased project communications.
- In addition to the improvements we are introducing, government has implemented its own mitigation measures, including:
  - An independent project oversight team to work with BC Hydro to ensure the project is delivered on time and on budget.
  - A redesign of the Highway 29 realignment at Cache Creek/ Bear Flats to reduce the impact on potential burial sites and other areas of cultural significance.
- We are also supportive of the new benefit measures for the local communities and Indigenous groups that government is exploring, including:
  - A Peace River Legacy Fund to support environmental, social and economic projects in the area.
  - A new labour project agreement for new procurements to create more opportunities for skilled trades workers and apprentices in B.C.
  - A new Indigenous-focused clean energy and/or clean capacity power call.

## ***Will the measures introduced by government add to the project cost?***

- XX

## **Can you deliver on what they are asking you to do?**

- XX

## **HIGHWAY 29 REALIGNMENT**

- Government has requested that BC Hydro and Ministry of Transportation redesign of the Highway 29 realignment at Cache Creek/ Bear Flats to reduce the impact on potential burial sites and other areas of cultural significance.
- As a result, we are exploring the feasibility of two alternate realignment options. We will conduct studies that include geotechnical and archeological investigations, technical design, cost analysis and continued discussions with affected Indigenous groups.
  - The first option shifts the alignment north, away from a potential burial area and utilizes a longer bridge span than the approximately 200 m bridge length originally proposed.
  - The second options shifts the alignment even further north, approximately 800 metres away from the potential burial area and an area of culture significance.
- We don't expect to know if either route is feasible until sometime next year.
- This work will be done in consultation with the Ministry of Transportation, as well as Treaty 8 First Nations and other stakeholders.

### ***Will Mr. and Mrs. Boon get to stay in their house?***

- While we investigate the feasibility of the two alternate realignment options, Mr. and Mrs. Boon will be able to remain in the residence. They are also permitted continue their use of certain agricultural land until 2019.
- We don't expect to know if either route is feasible until sometime next year.

### ***Do the two alternate routes affect any new property owners?***

- No, additional property owners will be affected the alternate routes..

### ***Will either of the alternate realignments allow Mr. and Mrs. Boon to remain in their property?***

- Both alternate realignment options will result in additional impacts to Mr. and Mrs. Boon's remaining land. This will result in their residence being located south of the highway and potentially within the preliminary impact lines.
- Within the impact lines, existing residential structures may be able to remain for a period of time, if the owner wishes to remain and provided a site specific geotechnical assessment conducted by BC Hydro determines that it is safe to do so.

### ***Will do you be doing consultation on these two alternate realignments?***

- Over the next several months, we will conducting feasibility studies which will include further geotechnical and archeological investigations, technical design, cost analysis, construction schedule implications and continued discussions with affected Indigenous groups and property owners.
- All of that information will inform our structured decision-making process

### ***What are the cost implications of each alternate realignment?***

- We won't know the cost implications until our feasibility studies are complete. We don't expect to know if either route is feasible until sometime next summer.

## **LOAD FORECAST**

- While the demand for electricity fluctuates year-to-year, we are expecting demand for power in B.C. to increase by almost 40 per cent over the next 20 years.
- Developments since we prepared our Current Load Forecast actually suggest a net increase in energy and capacity requirements.
- Initiatives targeting greenhouse gas reductions present a significant potential for load growth and further increases our requirements for energy and capacity as fossil-fuel generated end users are electrified.

### ***When Site C is completed, won't you have a surplus?***

- There are always cyclical events and fluctuations in electricity demand as a result of economic factors. This is why BC Hydro plans over a longer term, within ranges. We cannot make generational investment decisions on a short-term reactive basis.
- Electricity projects do not come into service at the exact moment the full power production of a project is needed. Utilities must plan ahead, and this often means a large project comes into service to meet a relatively smaller demand at first, creating a short-term surplus. Over time, electricity demands tend to catch up to the full generating capability of the project.
- A project like Site C will provide electricity for British Columbians for more than 100 years. This is a multi-generational asset, just like the dams and generating stations built in the 1960s that still benefit our province today.

### ***Isn't it true that the energy generated from Site C will be sold at a much lower cost because it's not needed?***

- XX

### ***Does Site C impact IPPs? Will there be opportunities for independent power producers in the future?***

- Independent Power Producers provide almost 25 per cent of British Columbia's electricity.
- Without the energy and capacity from IPPs, BC Hydro would have a significant shortfall.
- Even with the power from Site C, BC Hydro will require power from additional sources in the future.

### ***Hasn't your load forecasting methodologies been proven inaccurate?***

- We commissioned a third-party review of our load forecast methodology as part of a due diligence process in 2014. The report was conducted by Mark Gilbert, an independent energy consultant with over 30 years of experience. He concluded "BC Hydro is using state-of-the-art methodologies for forecasting sales" and that "the company utilizes several methodologies to produce peak forecast methods, all of which are among state-of-the-art methods."
- Our load forecasting methodologies have also been reviewed and approved by the BCUC.

## **ALTERNATIVES**

- There is no alternative portfolio that provides the same benefits to customers at a similar or lower cost than one that includes Site C.
- There are no alternatives that have the capacity to deliver a comparable amount of energy that is needed to meet growing demand.
- Many renewables such as wind, solar and run-of-river are intermittent and not always available to generate electricity when it's needed. Storage hydro facilities like Site C can respond quickly to changes in demand and then be dispatched to customers when and where it's needed.

### ***Can you explain the difference between demand and capacity in the context of comparing Site C to alternatives?***

- Think of the electricity system as freeway, the number of lanes on the highway determines how much space is available for cars, this is capacity. The number of cars on the road at one time determines the demand.
- The capacity of our electricity system is determined by the amount of electricity our system can produce at one time. While we don't need to run at full capacity all the time, when demand is high, we need to deliver – like at 5pm on a cold December evening.
- This why we need large storage hydro facilities like Site C to be the backbone of our system as they can respond instantly to changes in demand.
- From there, Site C allows for intermittent renewable sources such as wind and solar to be integrated in BC Hydro's system.

### ***What about the alternatives like wind and solar?***

- Our analyses found that, compared to alternatives, Site C was the lowest-cost resource, it had the fewest greenhouse gas emissions and offered both energy and capacity for the BC Hydro system.
- Many renewables — such as wind, solar and run-of-river hydro — are intermittent. This means they are not always available to generate electricity and may not be available at times of peak demand (e.g., when the wind is not blowing, the sun is not shining or the river is not running). A large hydro project like Site C will always available to provide electricity when customers need it.

### ***Isn't geothermal a better option than Site C?***

- We've been monitoring the potential of geothermal energy in B.C. for decades.
- While geothermal has potential for meeting future demand, given the exploration uncertainties and risks, there are no proven geothermal resources available that can be counted on to provide adequate energy and capacity in the timeframe that B.C. will need the additional power.

## **CONSTRUCTION**

- Construction on Site C has been underway for two years and \$2.1 billion has been spent and commitments of approximately \$4 billion have been made, including signed contracts and agreements.
- The dam site has been cleared and essential infrastructure such as the workers' accommodation, construction bridge, and access roads have been built and we've also completed the onsite turbine and generator manufacturing facility.
- Include next steps

### ***What are your next steps for residents living in the Bear Flats area?***

- In 2016, BC Hydro acquired land and/or rights of land from eight property owners for the realignment of Highway 29 at Cache Creek / Bear Flat, which was scheduled to commence in summer 2017. This included expropriations from two of the eight property owners.
- One of the expropriated properties was leased back, allowing the property owners temporarily remain in the residence. They are permitted continue their use of certain agricultural land until 2019.
- Work related to the Highway 29 realignment was suspended while the project was under review and the property owner's lease was extended.
- Next steps are....

### ***What are you doing about the tension cracks found near the dam site?***

- The tension crack that occurred in February was resolved by April 2017, with buttresses (or weights) at the toe of the slide. This enabled the safe construction of the contractor's construction road in the area.
- The May tension crack has been unloaded to make it safe while construction proceeds.
- We are in the process of designing the contractor's roads within the stabilized north bank slope, which will provide reliable construction access.
- Initial drawings have been sent to the contractor to resume excavations and construction of the roads. This work has commenced.
- Engineering design for the remaining roads within the north bank is being completed by BC Hydro and will be issued to the contractor shortly.
- Our approach and steps forward on the north bank have been reviewed and endorsed by the Technical Advisory Board for Site C.

### ***Have contracts been awarded while the project was under BCUC review?***

- No major contracts (greater than \$50 million) have been awarded while the project was under review.
- Smaller construction and service contracts that are required to support existing construction activities, such as environmental remediation, road maintenance and services contracts, will continue to be awarded.

### ***Why did construction continue while Site C was under review?***

- Construction in existing work areas, such as the main civil works area at the dam site has continued while the project was under review.
- This was required in order to maintain the project schedule and we were directed to do so by Government.



## **FIRST NATIONS**

- We've consulted with over 60 Aboriginal groups since 2007 and have signed benefit agreements with six Treaty 8 First Nations.
- To date, approximately \$170 million in Site C procurement opportunities have been committed to Indigenous companies and the latest employment numbers show there are approximately 172 Indigenous workers on the project.
- We recognize there are two First Nations that are opposed to the project and we're committed to continuing to address their concerns as we move forward.

### ***What are you doing about First Nations that are opposed to the project? Haven't they threatened more lawsuits if Site C continues?***

- We understand that two First Nations oppose the project and are committed to continue to address their concerns as we move forward.
- To date, all judicial reviews of environmental approvals and Site C permits and further appeals have been dismissed or discontinued in courts.

### ***Is Highway 29 realignment going to impact Indigenous burial grounds?***

- We'll be working with the Ministry of Transportation to redesign the Highway 29 realignment at Cache Creek/ Bear Flats in consultation with Treaty 8 First Nations to reduce the impact on potential burial sites and other areas of cultural significance.
- As a result, we're exploring the feasibility of two alternate realignment options that will shift the highway 200 metres or 800 metres north of the potential burial site.

### ***Have you consulted adequately with all the Indigenous groups affected by Site C?***

- BC Hydro has been consulting and engaging with Indigenous groups about Site C since 2007.
- BC Hydro's consultation work was acknowledged in a federal/provincial Consultation and Accommodation Report, which concluded: "There has been meaningful consultation with the potentially affected Aboriginal groups..." and "... consultation has been carried out in good faith and that the process was appropriate and reasonable in the circumstances."
- BC Hydro's comprehensive consultation process with Aboriginal groups has also been recognized by the courts. The Honourable Mr. Justice Manson stated: "The depth of consultation is also evident from the three consultation plans initiated during the JRP process and the post-panel stage consultation meetings... BC Hydro's consultation with the Applicants was a lengthy process, was in good faith and was extensive both qualitatively and quantitatively." (Decision: Prophet River First Nation v. Canada)

## **PROTESTS**

- We respect the right of all individuals to express their opinions about the Site C project in a safe and lawful manner.
- Our top priority is ensuring the safety of the public, including those protesting, our employees and our contractors.
- We've created a safe protest zone to allow people to express their views, while keeping everyone safe.
- [If protests interfere with site access or construction]:
  - If protests interfere with construction activities or affect the worker or public safety – including safety of protesters – we'll pursue measures to ensure safety, including legal action if required
  - We are working with protestors and local authorities to allow us to safely resume construction activities.

## **COMMUNITY**

- We have community agreements with the City of Fort St. John, District of Taylor, District of Chetwynd and District of Hudson's Hope.
- We're supportive of the new benefit measures for the local communities and Indigenous groups that government is exploring, including:
  - A Peace River Legacy Fund to support environmental, social and economic projects in the area.
  - A new Community Benefit Agreement to create more opportunities for skilled trades workers and apprentices in B.C.
  - A \$20 million agricultural fund to compensate for lost agricultural sales.

### ***What kind of compensation will Site C provide for communities affected by the project?***

- Compensation to local communities includes infrastructure improvements, recreation and tourism opportunities, affordable housing, support for community services and infrastructure, and increased access to skills and trades training.

## **ENVIRONMENT**

- The environmental assessment process began in May 2011 and the Environmental Assessment Certificate containing 77 binding conditions was signed in October 2014.
- BC Hydro has applied for and been issued environmental assessment approvals and more than 200 permits allowing construction to proceed.
- We have obtained approximately three-fifths of the authorizations required for the project, including major permits like water licences and Fisheries Act authorizations.
- The Environmental Assessment Certificate and a number of permits were challenged, reviewed and upheld in courts.

### ***Will Site C produce greenhouse gas emissions?***

- The potential greenhouse gas emissions from Site C construction and operations were studied using Intergovernmental Panel on Climate Change guidelines.
- These studies concluded that Site C will have among the lowest greenhouse gas emissions per gigawatt hour compared to other electricity-generation options.
- GHGs from Site C will be at comparable levels to other renewable sources, and substantially less than fossil fuel sources such as natural gas, diesel or coal.

### ***But there are studies showing reservoirs are big GHG emitters. Is this true?***

- GHG emissions from Site C will be among the lowest when compared to reservoirs around the world, due to the relatively small reservoir and its northern location.
- Unlike some reservoirs in tropical environments that release high levels of methane, evidence has shown that hydroelectric reservoirs in northern environments emit much lower quantities of GHG emissions

## **AGRICULTURE**

- More than 99 per cent of Class 1 to 5 agricultural lands (land capable of crop production) in the Peace Agricultural Region will not be affected by Site C.
  - While there will be a permanent loss of about 3,800 hectares of Class 1 to 5 land, about 2.7 million hectares of Class 1 to 5 land will remain available in the Peace Agricultural Region.
  - There is no Class 1 land in the project activity zone.
- Overall agricultural production in the region is expected to benefit from mitigation measures, including a \$20 million agricultural compensation fund that will support agricultural programs and projects such as irrigation and drainage improvements.
- The independent Joint Review Panel concluded that “the permanent loss of the agricultural production of the Peace River valley bottomlands... is not, by itself and in the context of B.C. or western Canadian agricultural production, significant.”

### ***What about the loss of farmland and the impacts Site C will have on agricultural production?***

- More than 99 per cent of the land capable of crop production in the Peace Agricultural Region will not be affected by Site C, and overall agricultural production in the region is expected to benefit from mitigation measures.
- After Site C is complete, over 6,600 hectares of agricultural land will remain available in the B.C. Peace River valley.

## **JOBS**

- The latest employment statistics (October 2017) show there are 1,974 people working on the Site C project, with 1,607 being from B.C. (81 per cent).
- There were 504 workers from the PRRD working on the project (34% per cent). There were also 132 Indigenous people and 270 women working for Site C construction and non-construction contractors.
- As with any construction project, the number of workers — and the proportion from any particular location — will vary month-to-month and also reflects the seasonal nature of construction work.

### ***What is BC Hydro's labour approach on Site C?***

- We have a managed open site labour model for Site C to allow for access to the largest pool of skilled and experienced labour.
- This means all qualified contractors, regardless of union affiliation or status, can participate in the construction of the project while maintaining their existing bargaining relationships.
- This model provides Indigenous groups with economic opportunities and allows Indigenous companies to choose their own labour affiliation if they wish.

### ***What unions are involved on the project?***

- There are union and non-union workers are working on the construction site.
- To date, unions who have participated in the construction of Site C include: Construction Maintenance and Allied Workers (CMAW), Christian Labour Association of Canada (CLAC Local 68), Canada West Construction Union (CWU), Pile Drivers 2402, The International Union of Operating Engineers (IUOE Local 115), the Ironworkers (Local 97); The International Brotherhood of Electrical Workers (IBEW), MoveUp and the Teamsters Local 213. In addition, 10 unions affiliated with the B.C. Building Trades will be working on the installation of the Turbines and Generators.
- The main civil works contractor, Peace River Hydro Partners, has labour agreements with CLAC and CMAW, and may also work with other union and non-union groups.

## BC HYDRO REVIEW

*Is the review of BC Hydro related to Site C?*  
XX

*What will the review entail?*  
XX

*Are you anticipating job losses?*  
XX

## **Media statement**

### **Statement from Chris O’Riley, President and Chief Operating Officer, BC Hydro**

BC Hydro supports government’s decision to proceed with the Site C project, and we are committed to completing the project in the most prudent and efficient way possible.

We acknowledge Site C is a large and complex project that has faced many challenges, impacting the budget and the schedule.

As we move forward, we have a responsibility to the province to deliver this project on time and on budget, and we are confident we will be able to do so. We have identified a number of areas where improvements must be made, including adding independent oversight of project performance, ensuring the appropriate resources are in place to manage new and existing contractors, and enhancing openness and transparency through increased project communications.

In addition to the improvements we are introducing, government has implemented its own mitigation measures, including:

- An independent project oversight team to work with BC Hydro to ensure the project is delivered on time and on budget.
- A redesign of the Highway 29 realignment at Cache Creek/ Bear Flats to reduce the impact on potential burial sites and other areas of cultural significance.

We are also supportive of the new benefit measures for the local communities and Indigenous groups that government is exploring, including:

- A Peace River Legacy Fund to support environmental, social and economic projects in the area.
- A new labour project agreement for new procurements to create more opportunities for skilled trades workers and apprentices in B.C.
- A new Indigenous-focused clean energy and/or clean capacity power call.

We are sensitive to the impacts the project has on people and the environment, and we will work diligently to implement and deliver these new benefit and mitigation measures.

We recognize the importance of continued engagement as the project goes forward and are committed to continuing to work closely with the people living and working in the Peace Region, including Indigenous groups, property owners, local governments and our other important stakeholders.

Delivering affordable, clean electricity to our customers remains our priority. With government’s support, we can deliver this project on time and on budget and meet the growing demand for power.



## **Communications Strategy & Approach Announcing Site C Decision**

### **Communications Strategy**

#### **Issue**

- In mid-December 2017, government will announce its decision regarding the future of Site C.
- This Communications Strategy & Rollout includes recommended measures and actions to be announced as part of the Site C decision and that follow the decision.

#### **Purpose**

- Ensure that BC Hydro is timely and transparent in its notification about the decision to key audiences and stakeholders.
- Ensure that BC Hydro's employees are notified of the decision and understand the next steps for the Site C project.
- Create understanding of and support for the decision on the future of Site C while addressing the issues arising from the decision.
- Demonstrate BC Hydro's support for government's decision.
- Foreshadow future actions of BC Hydro and the public service with regard to B.C.'s clean energy future.

#### **Central Opportunities**

- To position the Site C decision as the best/only option under the circumstances which the Project began, and one that the government needed to make given the current status of the Project together with the due diligence undertaken by the current government.
- Increase openness and transparency in BC Hydro's public and stakeholder communications.
- Start to position the Site C decision within a larger context of the government's other priorities for BC Hydro and B.C.'s electricity future.

#### **Central Challenge**

- Regardless of the decision on Site C, stakeholders who oppose the decision will likely be vocal, with the goal of making the Site C decision an issue of greater public debate and discussion.

#### **Strategic Considerations**

- All communications on the decision must take into consideration the sensitivity of customers to rates and rate increases. BC Hydro's research indicates that "keeping the price of electricity low" is a top priority, even more so than "generating clean energy/preventing climate change."
- The decision, if not properly communicated, runs the risk of creating polarization between rural and urban residents, project supporters and non-supporters and impacting the province's overall reputation and investment climate.
- In calling for a BCUC review of the Site C, the government must now demonstrate that they have reviewed the report and the input provided by stakeholders and Indigenous groups as part of the review process.

#### **Strategic Objectives**

- Ensure the decision is seen as being in the best long-term interest of British Columbians: cost-

effective, clean and environmentally responsible.

- Position the decision as the only realistic option based on a thorough review of costs, the demand for power and feasible alternatives.
- Ensure the decision is seen as being informed by the BCUC review, including an examination of the costs spent to date, costs of termination, the project's budget, the costs of Site C compared to a portfolio of alternative generation sources, current state of construction and other environmental and First Nations considerations.
- Align with the government's three core priorities: making life more affordable, improving services, and building a strong, sustainable and innovative economy. Align with the objectives of the BCUC Review.
- Align with UNDRIP.
- Engage with and maintain the support of key stakeholders.
- Anticipate, evaluate and proactively manage stakeholder issues.

### **Other Key Considerations**

- **Timing**
  - Scheduling the announcement may be a challenge.
  - Government will need to avoid the holiday break.
- **Financial Implications**
  - Any decision will have financial implications in terms of the costs of proceeding versus the costs of termination or deferral.
  - The rate impact, now and in the years to come, will be an issue of central focus for media and the public.
- **Economic Strategy**
  - Any decision will be assessed in the context of the government's economic priorities and new economic strategy.
  - For instance, if the decision is to terminate the project, in the absence of an economic strategy, the decision will be portrayed as a government that just says "No" to everything.
  - If the decision is to proceed with the project, it may be viewed as the government focusing on economic priorities at the expense of the environment and other types of energy projects.
- **Site C and Kinder Morgan**
  - Linkage of selling clean power to Alberta through extension of transmission lines vis-à-vis the previous government's tacit support for Kinder Morgan.
- **Urban/rural split**
  - Any decision could highlight the differences between rural B.C. and the Lower Mainland. For example, a decision to terminate could reinforce the notion of the government being urban focused. A decision to proceed could be seen as an attempt to gain the support of rural voters.
- **Indigenous Groups**
  - Indigenous groups' primary objections to Site C have been infringement on treaty rights, lack of consent, and impacts to gravesites.
  - Some Indigenous groups view Site C as a barrier to alternative energy projects, which they are

partners in by law under the *Clean Energy Act*. A decision to go forward with Site C would likely result in these Indigenous groups voicing their displeasure.

- **Climate change strategy**

- Some experts (i.e., Marc Jaccard) argue that Site C is necessary to supply increased demand as a result of significant electrification in order to meet the province's greenhouse gas reduction targets: *"Most mid- and small-sized vehicles will be electric. Most buildings will be well insulated and heated by electric resistance or electric heat-pumps, either individually or via district heating systems. And many low temperature industrial applications will be electric."*
- The counter argument (i.e., Robert McCullough) is that alternative energy sources can supply the energy needed for significantly increased electrification: *"Renewables have declined in price so dramatically that Site C — even considering already sunk costs and the expenses of termination — can no longer compete."*

**Communications Rollout**

- **The Communications for the announcement will be conducted in three phases:**
  - Phase 1: Laying the groundwork for a decision (Nov 1 to date of decision)
  - Phase 2: Announcing the decision and notifying stakeholders (decision date and weeks following)
  - Phase 3: Identifying BC Hydro's role in B.C.'s clean energy future (winter and spring 2018)

## **Phase 1: Laying the Groundwork for a Decision**

### **COMPLETE**

#### **Purpose**

Build public support and understanding of the government's due diligence process and decision.

#### **Timing**

This has been done starting with the release of the BCUC's final report (Nov 1) and will continue to the government's announcement. Government will include a backgrounder with their news release announcement on the review process/decision-making process.

#### **Communication Objectives**

- **Build Public Understanding and Support for Decision**  
Provide clear, accurate and relevant information to the public, First Nations, key stakeholders and the media about the best/only option for the Project in the period leading to a final Cabinet decision.
- **Strengthen Public Confidence about Affordability**  
Ensure communities and BC Hydro customers are confident the Province and BC Hydro are taking steps to maximize the benefits and minimize the impact of the decision by also committing to measures that ensure the long-term affordability of electricity.
- **Maintain Reputations**  
Ensure the government and BC Hydro maintain their respective reputations by continuing to engage and communicate in an open, timely and transparent manner with information that is relevant to ratepayers about the Project and B.C.'s clean energy future.

#### **Media Relations Strategy**

- Ongoing media relations by the government and BC Hydro will focus on:
  - Broader debate and due diligence beyond BCUC and BC Hydro positions
  - The challenging decision ahead that will be made in the best interest of ratepayers and the long-term interest of all British Columbians

#### **Primary Key Messages**

- Government initiated the BCUC review of Site C to assist in making the best decision for keeping BC Hydro rates affordable for B.C. families and businesses in the long-term.
- The review began in August and the BCUC delivered their final report on November 1. The government will also continue to engage with stakeholders and First Nations as it works towards a decision. We anticipate a decision before the end of the year.
- The government will make their decision based on the current status of the project, the need for the project, the BCUC's review, and other environmental and economic considerations.

## Communications Activities

Activity	Communications Approach and Owner	Timing
<b>Affordability: Rate Freeze Announcement</b> <ul style="list-style-type: none"> <li>Announce a one-year rate freeze starting April 1, 2018 for BC Hydro ratepayers to begin to address electricity affordability in the province.</li> <li>The rate freeze will provide government with time to undertake a comprehensive review of BC Hydro to identify changes and cost savings that keep rates low while ensuring BC Hydro has the resources it needs to continue to provide clean, safe and reliable electricity.</li> <li>After completing this review, any cost and revenue adjustments identified will be reflected in rates starting in April 2019.</li> </ul>	<b>PROACTIVE</b> <ul style="list-style-type: none"> <li>News Release from MEMPR , MMM as spokesperson</li> <li>BC Hydro to answer questions from media when appropriate</li> <li>Key Messages and Q&amp;A for GCPE, BCH media relations, BCH community relations</li> <li>BC Hydro has filed application with BCUC to withdraw request for Fiscal 2019 rate increase</li> </ul>	Nov 8/17  <b>COMPLETE</b>
<b>Due Diligence: Letter of Clarification to BCUC</b> <ul style="list-style-type: none"> <li>Based on initial reviews of the BCUC's Final Report, Cabinet will submit a letter to the BCUC asking for additional information and clarification on several of the report's findings and conclusions, specifically: impact on rates, costing models and formulas, and load forecasting.</li> </ul>	<b>CONTEXT/BACKGROUND</b> <ul style="list-style-type: none"> <li>GCPE will inform media on background that this letter is being sent to the BCUC</li> <li>GCPE to provide holding lines if asked further detail</li> <li>BCUC will post letter publicly and will make its own decisions on media approach</li> <li>BC Hydro not to comment to media</li> </ul>	Week of Nov 13/17  <b>COMPLETE</b>
<b>Cabinet Information Sessions</b> <ul style="list-style-type: none"> <li>To clarify/confirm understanding of the BCUC's Final Report and identify/address other issues related to the Project, Cabinet will invite select experts and stakeholders to provide a briefing.</li> </ul>	<b>CONTEXT/BACKGROUND</b> <ul style="list-style-type: none"> <li>Senior members of government will communicate with key stakeholders, media and First Nations.</li> <li>BC Hydro not to comment to media other than to confirm participation in the briefing</li> </ul>	Cabinet Info Sessions weeks of Nov 29 and 30/17  <b>COMPLETE</b>
<b>Engagement with First Nations and Stakeholders</b> <ul style="list-style-type: none"> <li>The government will continue to engage with First Nations and Stakeholders regarding lasting economic and social benefits for northern communities and First Nations and the impacts/benefits of a decision that is either for or against the Project.</li> </ul>	<b>REACTIVE</b> <ul style="list-style-type: none"> <li>GCPE to answer questions with key messages if asked about the ongoing engagement work.</li> </ul>	Ongoing  <b>COMPLETE</b>

## **Phase 2: Announcement day – communicating the announcement and engaging with stakeholders**

### **Purpose**

Announce the government's decision on the future of Site C. Ensure BC Hydro is open and transparent about the decision. Notify stakeholders as appropriate.

**Timing:** Monday, December 11 and immediate days after

\* Note: it may be difficult to schedule some of the required meetings due to the approaching holiday season (December 23 – January 2).

### **Communication Objectives**

- **Communicate the decision broadly to BC Hydro's key audiences**  
Ensure that key audiences are informed of the government decision and commit to having follow up discussions on next steps.
- **Foreshadow BC Hydro and the public service's role in B.C.'s clean energy future**  
Broaden the narrative by foreshadowing or announcing a suite of interrelated policy initiatives that provide a sense of the framework that will define future actions by government and BC Hydro to advance a clean energy vision.

These initiatives include:

- **Affordability:**
  - Rate freeze
  - Alternatives to two-tier rates
  - Customer Emergency Fund pilot
  - Load retention rate: to assist large customers in resource-intensive industries that are experiencing financial hardship, in order to retain the load that would be lost if the customer were to go out of business
- **Increased Oversight and Accountability:** accountability to independent entities and the public regarding the progress and costs of the Site C project:
  - **Environmental advocate (PRIORITY):** government to appoint an independent environmental advocate to follow-up on inquiries and complaints.
  - **Site C reports (quarterly):** BC Hydro Communications to provide an accessible summary of each quarterly progress report to the BCUC, including a video or active content.
  - **Accountability sessions:** hosted by the BCUC twice a year to facilitate a dialogue between BC Hydro and stakeholders
  - **Peace Region Trust:** similar to the Columbia Basin Trust, the Peace Region Trust would have the mandate of managing the hydroelectric assets in the Peace Region to create an ongoing legacy of economic, environmental and social benefit to the region. This organization would seek the views of the residents and communities of the Peace Region in planning for the management of the assets and would have a set amount of funding to use for this purpose.

- **Resource Planning:** send the Integrated Resource Plan to the BCUC for review. The IRP identifies the best long term strategy and short term actions that address the provincial energy objectives and BC Hydro's mission of providing reliable, affordable, clean electricity throughout B.C.
  - Medium level of engagement with the public and key stakeholders
- **Address Climate Change:**
  - Low-carbon electrification: initiatives with a variety of sectors (oil & gas, transportation) to promote the expanded use of electricity in the place of fossil fuels in order to avoid greenhouse gas emissions.
  - Electric vehicles: expansion of charging infrastructure and regulatory work to provide a voluntary time of use rate to customers charging electric vehicles at home.
- **Building a Clean Tech Economy:** BC Hydro's surplus position can be leveraged by rates that would attract clean technology business to B.C., in particular in industries such as renewable energy, information technology and green transportation.
  - BC Hydro could also identify regions where there is adequate or surplus transmission capacity in the system as preferred sites for new development.
- **Provide rationale for Site C Decision**

Position Cabinet's difficult decision to proceed with Site C as the best/only option under the circumstances, given construction to date and confirmation through the BCUC review process of the overall benefits of Site C for ratepayers and future British Columbians.
- **Maintain Reputations**

Ensure the government and BC Hydro maintain their respective reputations by continuing to engage and communicate in an open, timely and transparent manner with information that is relevant to ratepayers about the project and B.C.'s clean energy future.

### Announcement Approach Summary

\*See detailed roll out below

- Announcement is made in Victoria in the rotunda by Premier Horgan.
- Government will issue news release with four backgrounders.
- BC Hydro will not respond to media on announcement day.
- BC Hydro representatives will not be present in Victoria for the announcement.
- BC Hydro will notify stakeholders and Indigenous groups.
- BC Hydro will be reactive with media and take a limited approach to interview requests.

### Key Messages

- We support government's decision and are committed to completing the Site C project in the most prudent and efficient way possible.
- We acknowledge Site C is a large and complex project that has faced many challenges, impacting the budget and the schedule.
- That's why we are working together with government to implement new mitigation measures that will ensure we remain on time and on budget.
- We are committed to continuing to work closely with the people living and working in the Peace Region, including Indigenous groups, property owners, local governments and our other important stakeholders.

- Delivering affordable, clean electricity to our customers remains our priority, and Site C is the most cost-effective option for meeting the growing demand for power.

### Communication Activities (ROLL OUT)

Timing	Activity	Responsibility
<b>Prior to the announcement</b>		
Friday, 9:00 am	Site C all staff meeting	BC Hydro <b>COMPLETE</b>
Sunday / Monday (TBD)	Government will send media advisory to local and major media	Gov't
<b>Monday, December 11</b>		
TBD	Brief Site C Leads	Diane McSherry
All day	Media and social media monitoring	BC Hydro Media relations, digital
10:30 am	Gov't-led technical briefing for media in Victoria, dial in available for Vancouver / BC media	Gov't
11:30 am	Government event / announcement in Victoria	Gov't
11:30 am	News release on Government of B.C. website Distribute news release province wide	Gov't
11:45 am	Post Chris O's statement to bchydro.com media centre with link to government news release Tweet link to statement and other supporting Tweets (see Social Media Strategy) Post link to government news release on project website and link to statement on bchydro.com	BC Hydro Media relations, digital
11:45 am	<b>BC Hydro internal notification</b> Send employee message: <ul style="list-style-type: none"> <li>Send employee message to all BC Hydro employees (including Site C employees) and consultants</li> <li>Share with IBEW and MoveUP representatives</li> </ul>	Jenn Hartman
Noon	<b>BC Hydro contractor notification</b> Send contractor message (project update) sent from <a href="mailto:sitec@bchydro.com">sitec@bchydro.com</a> to: <ul style="list-style-type: none"> <li>Major and minor contractors (ATCO, PRHP, Voith, Securiguard)</li> <li>Ask contractors to share with their employees, vendors, suppliers and unions</li> <li>Contract managers for key contracts will call</li> </ul>	Alicia McEwan



12:15 pm	<b>BC Hydro bidder notification</b> Send message to bidders on open procurements, including: <ul style="list-style-type: none"> <li>GSS civil, bridge and hydro mechanical proponents</li> <li>Substation, transmission line proponents</li> </ul>	Linda Beardsell
1 pm – 5 pm	Government's stakeholder outreach: <ul style="list-style-type: none"> <li>Indigenous groups</li> <li>Local / regional government</li> <li>Others??</li> </ul> <b><i>*Confirm notification calls are complete BEFORE BC Hydro's external stakeholder notification.</i></b>	Government
Mid afternoon TBD	Site C all-employee meeting / call <ul style="list-style-type: none"> <li>Provide information on next steps</li> <li>Both FSJ and Vancouver will dial in</li> </ul>	Brian Daniel to coordinate Diane McSherry and Chris O'Riley to speak
Late afternoon OR Tuesday (TBD)	<b>BC Hydro public, Indigenous and stakeholder outreach</b> Once the gov's notification is complete: <ul style="list-style-type: none"> <li>Send project update to Indigenous groups</li> <li>Email project update to Site C web subscribers (9,215)</li> <li>Email project update to local government contacts, including RCLC and PWAC</li> </ul>	Alicia McEwan Lindsay Thompson Dave Conway
Ongoing	Send media statement as required Response to inquiries / questions on social media	Mora Scott / Digital Communications
If required	If there are protests at site or any BC Hydro facility, BC Hydro command centre will determine response <ul style="list-style-type: none"> <li>All employee email (if required) will be sent by security team</li> </ul>	BC Hydro security Jenn Hartman to coordinate all employee email
Monday evening	Chris, Darwin and Diane travel to Peace Region (TBD)	Coordinated by Shelina and Sara

Tuesday, December 12		
Ongoing	Media monitoring, daily meetings Adapt strategy and roll out as required	Darwin Sauer and DRs
Ongoing	Send media statement as required	Mora Scott
Rest of December		
<b>** Note: it may be difficult to schedule some of the required meetings due to the approaching holiday season (December 23 – January 2).</b>		

Wed, Dec. 13 and Thurs. Dec. 14	<p>Chris O, Darwin, Diane McSherry in Peace Region for employee, contractor and community meetings:</p> <p><b>DRAFT SCHEDULE:</b></p> <p><b>Wednesday, December 13:</b></p> <p><b>PM</b></p> <p>Fly into Fort St John</p> <p><b>Thursday, December 14:</b></p> <p><b>AM</b></p> <p>Drive to Fort St. John</p> <ul style="list-style-type: none"> <li>• Site C visit – employees &amp; contractors</li> <li>• Fort St. John district office (TBD)</li> <li>• Regional district area directors &amp; other elected officials, if appropriate: <ul style="list-style-type: none"> <li>○ PRRD Area B, Karen Goodings, Cecil Lake</li> <li>○ PRRD Area C, Brad Sperling, Charlie Lake</li> </ul> </li> </ul> <p><b>PM</b></p> <p>Drive to Hudson's Hope:</p> <ul style="list-style-type: none"> <li>• GMS employee visit (30 min)</li> <li>• Gwen Johansson (30-60 min)</li> <li>• PCN employee visit (30 min)</li> </ul> <p><b>Fly home evening of December 14</b></p>	<p>Shelina and Sara to coordinate</p> <p>Dave Conway to assist</p>
December 14/15	Release next Site C construction bulletin	Alicia McEwan
December 15	Site C employee meeting is booked on Dec. 15 <sup>th</sup> . Include a review of available information on next steps	Diane McSherry
December 15	Submit Site C's quarterly report to the BCUC	Dave Conway
December 18/19	Circulate the next construction notification letter (covering Q1 2018) to Indigenous groups and local stakeholders	Alicia McEwan Dave Conway IR team
TBD	<p>When feasible, project team leads (e.g. contract managers) to provide personalized follow up contact with stakeholders, contractors and employees.</p> <ul style="list-style-type: none"> <li>• Alicia/Dave to provide key messages / conversation guides</li> <li>• Provide coaching to front line project managers and staff, if required</li> </ul>	Alicia McEwan Dave Conway
TBD	Message from Chris O'Riley posted on BCHydro.com	TBD
TBD	If required, Chris O'Riley may do 1:1 interviews with select media (reporters/outlets TBD)	Mora Scott
TBD	Update and refresh project material on the Site C website	Dave Conway Alicia McEwan

Confidential Draft Advice

	Post new drone video on Site C website	
As required	<p>Issue regular construction communications materials, as required by the EAC conditions, including:</p> <ul style="list-style-type: none"><li>• Employment stats</li><li>• Construction bulletins (December 15)</li><li>• Construction notification letters (if required)</li><li>• Procurement updates (at major contract awards)</li><li>• Business directory notifications for RFPs</li></ul>	Alicia McEwan

*\*See phase three for the 2018 roll out*

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**Key Messages**

[To discuss: how should we approach?]



**APPENDIX A – PROTEST MANAGEMENT PLAN**

**\*Note: Developed and updated by Doug Powell and BCH Corporate Security**

# Site C – Protest Management Plan

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*Security Planning for Protest and Occupation*

December 4, 2017

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## **Communications Strategy & Approach Announcing Site C Decision**

### **Communications Strategy**

#### **Issue**

- In mid-December 2017, government will announce its decision regarding the future of Site C.
- This Communications Strategy & Rollout includes recommended measures and actions to be announced as part of the Site C decision and that follow the decision.

#### **Purpose**

- Ensure that BC Hydro is timely and transparent in its notification about the decision to key audiences and stakeholders.
- Ensure that BC Hydro's employees are notified of the decision and understand the next steps for the Site C project.
- Create understanding of and support for the decision on the future of Site C while addressing the issues arising from the decision.
- Demonstrate BC Hydro's support for government's decision.
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#### **Central Opportunities**

- To position the Site C decision as the best/only option under the circumstances which the Project began, and one that the government needed to make given the current status of the Project together with the due diligence undertaken by the current government.
- Increase openness and transparency in BC Hydro's public and stakeholder communications.
- Start to position the Site C decision within a larger context of the government's other priorities for BC Hydro and B.C.'s electricity future.

#### **Central Challenge**

- Regardless of the decision on Site C, stakeholders who oppose the decision will likely be vocal, with the goal of making the Site C decision an issue of greater public debate and discussion.

#### **Strategic Considerations**

- All communications on the decision must take into consideration the sensitivity of customers to rates and rate increases. BC Hydro's research indicates that "keeping the price of electricity low" is a top priority, even more so than "generating clean energy/preventing climate change."
- The decision, if not properly communicated, runs the risk of creating polarization between rural and urban residents, project supporters and non-supporters and impacting the province's overall reputation and investment climate.
- In calling for a BCUC review of the Site C, the government must now demonstrate that they have reviewed the report and the input provided by stakeholders and Indigenous groups as part of the review process.

#### **Strategic Objectives**

- Ensure the decision is seen as being in the best long-term interest of British Columbians: cost-

effective, clean and environmentally responsible.

- Position the decision as the only realistic option based on a thorough review of costs, the demand for power and feasible alternatives.
- Ensure the decision is seen as being informed by the BCUC review, including an examination of the costs spent to date, costs of termination, the project's budget, the costs of Site C compared to a portfolio of alternative generation sources, current state of construction and other environmental and First Nations considerations.
- Align with the government's three core priorities: making life more affordable, improving services, and building a strong, sustainable and innovative economy. Align with the objectives of the BCUC Review.
- Align with UNDRIP.
- Engage with and maintain the support of key stakeholders.
- Anticipate, evaluate and proactively manage stakeholder issues.

### **Other Key Considerations**

- **Timing**
  - Scheduling the announcement may be a challenge.
  - Government will need to avoid the holiday break.
- **Financial Implications**
  - Any decision will have financial implications in terms of the costs of proceeding versus the costs of termination or deferral.
  - The rate impact, now and in the years to come, will be an issue of central focus for media and the public.
- **Economic Strategy**
  - Any decision will be assessed in the context of the government's economic priorities and new economic strategy.
  - For instance, if the decision is to terminate the project, in the absence of an economic strategy, the decision will be portrayed as a government that just says "No" to everything.
  - If the decision is to proceed with the project, it may be viewed as the government focusing on economic priorities at the expense of the environment and other types of energy projects.
- **Site C and Kinder Morgan**
  - Linkage of selling clean power to Alberta through extension of transmission lines vis-à-vis the previous government's tacit support for Kinder Morgan.
- **Urban/rural split**
  - Any decision could highlight the differences between rural B.C. and the Lower Mainland. For example, a decision to terminate could reinforce the notion of the government being urban focused. A decision to proceed could be seen as an attempt to gain the support of rural voters.
- **Indigenous Groups**
  - Indigenous groups' primary objections to Site C have been infringement on treaty rights, lack of consent, and impacts to gravesites.
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- **Climate change strategy**

- Some experts (i.e., Marc Jaccard) argue that Site C is necessary to supply increased demand as a result of significant electrification in order to meet the province's greenhouse gas reduction targets: *"Most mid- and small-sized vehicles will be electric. Most buildings will be well insulated and heated by electric resistance or electric heat-pumps, either individually or via district heating systems. And many low temperature industrial applications will be electric."*
- The counter argument (i.e., Robert McCullough) is that alternative energy sources can supply the energy needed for significantly increased electrification: *"Renewables have declined in price so dramatically that Site C — even considering already sunk costs and the expenses of termination — can no longer compete."*

**Communications Rollout**

- **The Communications for the announcement will be conducted in three phases:**

- Phase 1: Laying the groundwork for a decision (Nov 1 to date of decision)
- Phase 2: Announcing the decision and notifying stakeholders (decision date and weeks following)
- Phase 3: Identifying BC Hydro's role in B.C.'s clean energy future (winter and spring 2018)

## **Phase 1: Laying the Groundwork for a Decision**

### **COMPLETE**

#### **Purpose**

Build public support and understanding of the government's due diligence process and decision.

#### **Timing**

This has been done starting with the release of the BCUC's final report (Nov 1) and will continue to the government's announcement. Government will include a backgrounder with their news release announcement on the review process/decision-making process.

#### **Communication Objectives**

- **Build Public Understanding and Support for Decision**  
Provide clear, accurate and relevant information to the public, First Nations, key stakeholders and the media about the best/only option for the Project in the period leading to a final Cabinet decision.
- **Strengthen Public Confidence about Affordability**  
Ensure communities and BC Hydro customers are confident the Province and BC Hydro are taking steps to maximize the benefits and minimize the impact of the decision by also committing to measures that ensure the long-term affordability of electricity.
- **Maintain Reputations**  
Ensure the government and BC Hydro maintain their respective reputations by continuing to engage and communicate in an open, timely and transparent manner with information that is relevant to ratepayers about the Project and B.C.'s clean energy future.

#### **Media Relations Strategy**

- Ongoing media relations by the government and BC Hydro will focus on:
  - Broader debate and due diligence beyond BCUC and BC Hydro positions
  - The challenging decision ahead that will be made in the best interest of ratepayers and the long-term interest of all British Columbians

#### **Primary Key Messages**

- Government initiated the BCUC review of Site C to assist in making the best decision for keeping BC Hydro rates affordable for B.C. families and businesses in the long-term.
- The review began in August and the BCUC delivered their final report on November 1. The government will also continue to engage with stakeholders and First Nations as it works towards a decision. We anticipate a decision before the end of the year.
- The government will make their decision based on the current status of the project, the need for the project, the BCUC's review, and other environmental and economic considerations.

## Communications Activities

Activity	Communications Approach and Owner	Timing
<b>Affordability: Rate Freeze Announcement</b> <ul style="list-style-type: none"> <li>Announce a one-year rate freeze starting April 1, 2018 for BC Hydro ratepayers to begin to address electricity affordability in the province.</li> <li>The rate freeze will provide government with time to undertake a comprehensive review of BC Hydro to identify changes and cost savings that keep rates low while ensuring BC Hydro has the resources it needs to continue to provide clean, safe and reliable electricity.</li> <li>After completing this review, any cost and revenue adjustments identified will be reflected in rates starting in April 2019.</li> </ul>	<b>PROACTIVE</b> <ul style="list-style-type: none"> <li>News Release from MEMPR , MMM as spokesperson</li> <li>BC Hydro to answer questions from media when appropriate</li> <li>Key Messages and Q&amp;A for GCPE, BCH media relations, BCH community relations</li> <li>BC Hydro has filed application with BCUC to withdraw request for Fiscal 2019 rate increase</li> </ul>	Nov 8/17  <b>COMPLETE</b>
<b>Due Diligence: Letter of Clarification to BCUC</b> <ul style="list-style-type: none"> <li>Based on initial reviews of the BCUC's Final Report, Cabinet will submit a letter to the BCUC asking for additional information and clarification on several of the report's findings and conclusions, specifically: impact on rates, costing models and formulas, and load forecasting.</li> </ul>	<b>CONTEXT/BACKGROUND</b> <ul style="list-style-type: none"> <li>GCPE will inform media on background that this letter is being sent to the BCUC</li> <li>GCPE to provide holding lines if asked further detail</li> <li>BCUC will post letter publicly and will make its own decisions on media approach</li> <li>BC Hydro not to comment to media</li> </ul>	Week of Nov 13/17  <b>COMPLETE</b>
<b>Cabinet Information Sessions</b> <ul style="list-style-type: none"> <li>To clarify/confirm understanding of the BCUC's Final Report and identify/address other issues related to the Project, Cabinet will invite select experts and stakeholders to provide a briefing.</li> </ul>	<b>CONTEXT/BACKGROUND</b> <ul style="list-style-type: none"> <li>Senior members of government will communicate with key stakeholders, media and First Nations.</li> <li>BC Hydro not to comment to media other than to confirm participation in the briefing</li> </ul>	Cabinet Info Sessions weeks of Nov 29 and 30/17  <b>COMPLETE</b>
<b>Engagement with First Nations and Stakeholders</b> <ul style="list-style-type: none"> <li>The government will continue to engage with First Nations and Stakeholders regarding lasting economic and social benefits for northern communities and First Nations and the impacts/benefits of a decision that is either for or against the Project.</li> </ul>	<b>REACTIVE</b> <ul style="list-style-type: none"> <li>GCPE to answer questions with key messages if asked about the ongoing engagement work.</li> </ul>	Ongoing  <b>COMPLETE</b>

## **Phase 2: Announcement day – communicating the announcement and engaging with stakeholders**

### **Purpose**

Announce the government's decision on the future of Site C. Ensure BC Hydro is open and transparent about the decision. Notify stakeholders as appropriate.

**Timing:** Monday, December 11 and immediate days after

\* Note: it may be difficult to schedule some of the required meetings due to the approaching holiday season (December 23 – January 2).

### **Communication Objectives**

- **Communicate the decision broadly to BC Hydro's key audiences**  
Ensure that key audiences are informed of the government decision and commit to having follow up discussions on next steps.
- **Foreshadow BC Hydro and the public service's role in B.C.'s clean energy future**  
Broaden the narrative by foreshadowing or announcing a suite of interrelated policy initiatives that provide a sense of the framework that will define future actions by government and BC Hydro to advance a clean energy vision.

These initiatives include:

- **Affordability:**
  - Rate freeze
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  - Load retention rate: to assist large customers in resource-intensive industries that are experiencing financial hardship, in order to retain the load that would be lost if the customer were to go out of business
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  - Medium level of engagement with the public and key stakeholders
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Position Cabinet's difficult decision to proceed with Site C as the best/only option under the circumstances, given construction to date and confirmation through the BCUC review process of the overall benefits of Site C for ratepayers and future British Columbians.
- **Maintain Reputations**

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- BC Hydro representatives will not be present in Victoria for the announcement.
- BC Hydro will notify stakeholders and Indigenous groups.
- BC Hydro will be reactive with media and take a limited approach to interview requests.

### Key Messages

- We support government's decision and are committed to completing the Site C project in the most prudent and efficient way possible.
- We acknowledge Site C is a large and complex project that has faced many challenges, impacting the budget and the schedule.
- That's why we are working together with government to implement new mitigation measures that will ensure we remain on time and on budget.
- We are committed to continuing to work closely with the people living and working in the Peace Region, including Indigenous groups, property owners, local governments and our other important stakeholders.

- Delivering affordable, clean electricity to our customers remains our priority, and Site C is the most cost-effective option for meeting the growing demand for power.

### Communication Activities (ROLL OUT)

Timing	Activity	Responsibility
<b>Prior to the announcement</b>		
Friday, 9:00 am	Site C all staff meeting	BC Hydro <b>COMPLETE</b>
Sunday / Monday (TBD)	Government will send media advisory to local and major media	Gov't
<b>Monday, December 11</b>		
TBD	Brief Site C Leads	Diane McSherry
All day	Media and social media monitoring	BC Hydro Media relations, digital
10:30 am	Gov't-led technical briefing for media in Victoria, dial in available for Vancouver / BC media	Gov't
11:30 am	Government event / announcement in Victoria	Gov't
11:30 am	News release on Government of B.C. website Distribute news release province wide	Gov't
11:45 am	Post Chris O's statement to bchydro.com media centre with link to government news release Tweet link to statement and other supporting Tweets (see Social Media Strategy) Post link to government news release on project website and link to statement on bchydro.com	BC Hydro Media relations, digital
11:45 am	<b>BC Hydro internal notification</b> Send employee message: <ul style="list-style-type: none"> <li>Send employee message to all BC Hydro employees (including Site C employees) and consultants</li> <li>Share with IBEW and MoveUP representatives</li> </ul>	Jenn Hartman
Noon	<b>BC Hydro contractor notification</b> Send contractor message (project update) sent from <a href="mailto:sitec@bchydro.com">sitec@bchydro.com</a> to: <ul style="list-style-type: none"> <li>Major and minor contractors (ATCO, PRHP, Voith, Securiguard)</li> <li>Ask contractors to share with their employees, vendors, suppliers and unions</li> <li>Contract managers for key contracts will call</li> </ul>	Alicia McEwan

12:15 pm	<b>BC Hydro bidder notification</b> Send message to bidders on open procurements, including: <ul style="list-style-type: none"> <li>GSS civil, bridge and hydro mechanical proponents</li> <li>Substation, transmission line proponents</li> </ul>	Linda Beardsell
1 pm – 5 pm	Government's stakeholder outreach: <ul style="list-style-type: none"> <li>Indigenous groups</li> <li>Local / regional government</li> <li>Others??</li> </ul> <b>*Confirm notification calls are complete BEFORE BC Hydro's external stakeholder notification.</b>	Government
Mid afternoon TBD	Site C all-employee meeting / call <ul style="list-style-type: none"> <li>Provide information on next steps</li> <li>Both FSJ and Vancouver will dial in</li> </ul>	Brian Daniel to coordinate Diane McSherry and Chris O'Riley to speak
Late afternoon OR Tuesday (TBD)	<b>BC Hydro public, Indigenous and stakeholder outreach</b> Once the gov's notification is complete: <ul style="list-style-type: none"> <li>Send project update to Indigenous groups</li> <li>Email project update to Site C web subscribers (9,215)</li> <li>Email project update to local government contacts, including RCLC and PWAC</li> </ul>	Alicia McEwan Lindsay Thompson Dave Conway
Ongoing	Send media statement as required Response to inquiries / questions on social media	Mora Scott / Digital Communications
If required	If there are protests at site or any BC Hydro facility, BC Hydro command centre will determine response <ul style="list-style-type: none"> <li>All employee email (if required) will be sent by security team</li> </ul>	BC Hydro security Jenn Hartman to coordinate all employee email
Monday evening	Chris, Darwin and Diane travel to Peace Region (TBD)	Coordinated by Shelina and Sara

Tuesday, December 12		
Ongoing	Media monitoring, daily meetings Adapt strategy and roll out as required	Darwin Sauer and DRs
Ongoing	Send media statement as required	Mora Scott
Rest of December		
<b>** Note: it may be difficult to schedule some of the required meetings due to the approaching holiday season (December 23 – January 2).</b>		

Wed, Dec. 13 and Thurs. Dec. 14	<p>Chris O, Darwin, Diane McSherry in Peace Region for employee, contractor and community meetings:</p> <p><b>DRAFT SCHEDULE:</b></p> <p><b>Wednesday, December 13:</b></p> <p><b>PM</b></p> <p>Fly into Fort St John</p> <p><b>Thursday, December 14:</b></p> <p><b>AM</b></p> <p>Drive to Fort St. John</p> <ul style="list-style-type: none"> <li>• Site C visit – employees &amp; contractors</li> <li>• Fort St. John district office (TBD)</li> <li>• Regional district area directors &amp; other elected officials, if appropriate: <ul style="list-style-type: none"> <li>○ PRRD Area B, Karen Goodings, Cecil Lake</li> <li>○ PRRD Area C, Brad Sperling, Charlie Lake</li> </ul> </li> </ul> <p><b>PM</b></p> <p>Drive to Hudson's Hope:</p> <ul style="list-style-type: none"> <li>• GMS employee visit (30 min)</li> <li>• Gwen Johansson (30-60 min)</li> <li>• PCN employee visit (30 min)</li> </ul> <p><b>Fly home evening of December 14</b></p>	<p>Shelina and Sara to coordinate</p> <p>Dave Conway to assist</p>
December 14/15	Release next Site C construction bulletin	Alicia McEwan
December 15	Site C employee meeting is booked on Dec. 15 <sup>th</sup> . Include a review of available information on next steps	Diane McSherry
December 15	Submit Site C's quarterly report to the BCUC	Dave Conway
December 18/19	Circulate the next construction notification letter (covering Q1 2018) to Indigenous groups and local stakeholders	Alicia McEwan Dave Conway IR team
TBD	<p>When feasible, project team leads (e.g. contract managers) to provide personalized follow up contact with stakeholders, contractors and employees.</p> <ul style="list-style-type: none"> <li>• Alicia/Dave to provide key messages / conversation guides</li> <li>• Provide coaching to front line project managers and staff, if required</li> </ul>	Alicia McEwan Dave Conway
TBD	Message from Chris O'Riley posted on BCHydro.com	TBD
TBD	If required, Chris O'Riley may do 1:1 interviews with select media (reporters/outlets TBD)	Mora Scott
TBD	Update and refresh project material on the Site C website	Dave Conway Alicia McEwan







## **Public / Stakeholder Email**

### **PROCEED**

Good morning,

Today the government announced their decision to proceed with the construction of the Site C project. For more information, please visit [\[link to gov't website\]](#).

We acknowledge that Site C is a large and complex project that has faced many challenges, impacting the budget and schedule. That's why we will be working together with government to implement new mitigation measures that will ensure we remain on time and on budget. We are committed to continuing to work closely with the people living and working in the Peace Region, including Indigenous groups, property owners, local governments and our other important stakeholders.

Please visit [sitecproject.com](http://sitecproject.com) for updates and information on next steps for the project, which will be posted shortly.

Regards,  
Site C project team

## **Indigenous Group Email**

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I will be in touch with you shortly to schedule a meeting to discuss this decision, next steps, and initial schedule. And in the interim, feel free to reach out to me with any questions you may have.

Regards,  
Lindsay Thompson

## **Contractor Email**

### **PROCEED**

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In light of this decision, please continue to complete your scope of work as outlined in your contract. Information and updates about next steps for the project site will be posted to [sitecproject.com](#) as they are available. If you have questions, please contact your Site C contract representative.

Regards,  
Site C project team

## **Public / Stakeholder Email**

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Lindsay Thompson

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In light of this decision, please continue to complete your scope of work as outlined in your contract. Information and updates about next steps for the project site will be posted to [sitecproject.com](#) as they are available. If you have questions, please contact your Site C contract representative.

Regards,  
Site C project team

## **Employee Key Messages**

**It's our responsibility to support government's decision and complete Site C in the most prudent and efficient way possible.**

**This is a large and complex project, and we've faced a number of challenges, impacting the budget and schedule. We will continue to face challenges, but we will respond and find solutions.**

- We've identified a number of areas where improvements must be made, including:
  - adding independent oversight of project performance;
  - ensuring the appropriate resources are in place to manage new and existing contractors; and,
  - enhancing openness and transparency through increased project communications.
- To support us in staying on track, Government is implementing the following measures:
  - An independent project oversight team to work with BC Hydro to ensure the project is delivered on time and on budget.
  - A redesign of the Highway 29 realignment at Cache Creek/ Bear Flats to reduce the impact on potential burial sites and other areas of cultural significance.
  - A Peace River Legacy Fund to support environmental, social and economic projects in the area.
  - A new labour agreement for upcoming procurements, to create more opportunities for skilled trades workers and apprentices in B.C.
  - A new Indigenous-focused clean energy and/or clean capacity power call.

**A tremendous amount of work has gone into Site C from day one. We appreciate your ongoing commitment to this project.**

- The uncertainty of the last four months has been challenging, but we've pushed through.
- Let's carry that commitment forward as we bring this project home.

## Employee Message: Site C final decision

Subject line: We're moving forward with Site C

Hi everyone,

This morning, Premier Horgan announced that Site C is our best option to keep rates low and provide reliable power for a clean energy future. It's our responsibility to support this decision and continue on in the most prudent and efficient way possible.

I recognize the last few months have been challenging for many of us, as we've worked through this period of uncertainty. Thank you for pushing through and for the tremendous work you've put into every aspect of this project from day one. Your hard work has not gone unnoticed; the entire executive team, as well as the Board, are very appreciative of your efforts. Now that we have certainty in our direction, once again we need to work together to deliver this project.

Projects of this magnitude are layered with complexity, and Site C is no exception. We've faced a number of challenges, impacting the budget and schedule. It's essential that we deliver Site C on time and within the revised budget.

We've identified a number of areas where improvements must be made, including adding independent oversight of project performance, ensuring the appropriate resources are in place to manage new and existing contractors, and enhancing openness and transparency through increased project communications.

As we move forward, earning and maintaining the trust of British Columbians is essential. This will involve embracing a new level of engagement with the people living and working in the Peace Region, including Indigenous groups, property owners, local governments and our other important stakeholders.

To support us in staying on track, Government is implementing the following measures:

- An independent project oversight team to work with BC Hydro to ensure the project is delivered on time and on budget.
- A redesign of the Highway 29 realignment at Cache Creek/ Bear Flats to reduce the impact on potential burial sites and other areas of cultural significance.
- A Peace River Legacy Fund to support environmental, social and economic projects in the area.
- A new labour agreement for upcoming procurements, to create more opportunities for skilled trades workers and apprentices in B.C.
- A new Indigenous-focused clean energy and/or clean capacity power call.

The decision to proceed with Site C also signals the first step in BC Hydro supporting government's strategy to transform B.C.'s energy policy. This includes involvement in low-carbon electrification of key sectors, such as industry and transportation, as well as continued expansion of our alternative energy portfolio. We'll learn more about this in the new year.

We have a long history of fulfilling our province's power needs. You've all demonstrated strong commitment to this project. Let's carry that commitment forward as we bring this project home.

Chris



**From:** [Zadravec, Don GCPE:EX](#)  
**To:** [Lloyd, Evan GCPE:EX](#); [Meggs, Geoff PREM:EX](#); [Aaron, Sage PREM:EX](#)  
**Subject:** Draft Comms materials Site C  
**Date:** Saturday, December 9, 2017 9:14:39 AM  
**Attachments:** [Site C Key Messages - V6.docx](#)  
[Backgrounder 1 Site C FISCAL IMPLICATIONS 8 Dec 2017 1109am.docx](#)  
[Backgrounder 2 Site C NEW DIRECTIONS 8 Dec 2017 1109am.docx](#)  
[Backgrounder 3 Site C HOW WE GOT HERE 8 Dec 2017 1109am.docx](#)  
[20171211 SN Statement draft4.docx](#)  
[SiteC-NR-Dec8V33.docx](#)

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Please see attached as per Evan's request.

Regards,

Don Zadravec

Executive Director

Resource Ministries

GCPE

778-584-1252

## **DRAFT CONFIDENTIAL**

### **Notes for a Speech**

**Dec. 11, 2017**

#### **1. What matters most: Making life better**

- What is most important to me, and our government, is making life better for people.
- That means dealing with problems head-on, listening, and making the best decisions for people, our province and our future.
- The future of Site C is one such question, and today we announce the way forward.

#### **2. The previous government's actions on Site C // BC Hydro**

- For many years, we have been critical of the previous government's decision to build Site C
  - We questioned the business case and the budget
  - We demanded the project be referred to the BC Utilities Commission
- They ignored public concerns and recklessly charged ahead.
- More than \$2 billion spent:
  - Without an independent review from the BC Utilities Commission
  - Without a clear understanding of the costs and risks
  - Without a plan to make sure jobs and apprenticeships flowed to British Columbians
- All they cared about was getting Site C to the so-called "point of no return" before the election.
- What's worse was their gross mismanagement of our crown jewel, BC Hydro
  - They raided Hydro's deferral accounts to balance the budget
  - While making regular people pay more -- rates up 24% in four years, 70% since 2001

### **3. Our review**

- Our government immediately put Site C to a review by the BC Utilities Commission.
- The BCUC review validated many of our concerns:
  - Serious budget overruns
  - Alternative sources of green power – wind and solar – could meet BC’s needs
  - That we need more renewable energy to meet the challenge of climate change
- The BCUC ruled out any middle course: to mothball or suspend the project.
- Leaving our government with a clear choice:
  - complete Site C at a revised project cost of \$10.7 billion or
  - cancel Site C and absorb \$4 billion in construction and remediation costs

### **4. Our Deliberations**

- This has been an incredibly difficult decision, the toughest our government has faced.
- We received expert advice from six specialists in energy policy
- We consulted senior officials at:
  - BC Hydro
  - Ministry of Energy
  - Ministry of Finance
- We spoke with affected First Nations
- We considered:
  - Affordability - to protect British Columbians from rate shock
  - Agricultural land - to feed and sustain our province
  - Meeting our emissions targets, and obligations to future generations
  - The impact on the province’s fiscal plan
  - And partnerships with Indigenous peoples.

## 5. Our Decision

- I want to speak directly to those who demanded that we cancel Site C.
  - I respect and honour your passion for our province and the Peace River Valley.
  - I share your determination to protect BC's farmland and reduce the impact of energy development on wildlife and wetlands.
  - We agree that decisions of this magnitude must embrace, to the greatest degree possible, the principles of reconciliation with Indigenous peoples and the United Nations Declaration.
- The challenge of government is to deal with issues as they are, not as we wish they were.
- We listened, we deliberated, we debated. But at the end of the day there was only one decision we could make.
- **Site C is not the project we favoured. It is not the project we would have built. But we must complete it.**
- Although Site C will cost over \$10 billion to build, those costs can be recovered over time by sale of the dam's energy.
- Not so with cancelling the project. The \$2 billion price-tag to remediate would come directly from your pocket, this year, next year, and the year after that.
- You can't add \$2 billion in costs to the budget without taking something else away.
- The previous government pushed families to the breaking point: from the housing crisis, to overcrowded classrooms, long waits for health care, and traffic gridlock.
- Cancelling Site C would prolong the tough times facing so many BC families.

- The cost to cancel Site C - \$4 billion and counting - is enough to pay for:
  - 3 Pattullo Bridges
  - 3 Royal Columbian Hospitals
  - 66 secondary schools, or
  - 3 evergreen lines
- Cancelling Site C would have stopped our government from delivering on the commitments we made to the people of BC to make life better:
  - New schools, hospitals, bridges and roads
  - Affordable universal childcare
  - Solutions for the housing crisis
  - Reducing poverty and child poverty
- That's not a decision our government was prepared to make.

## **6. What happens next**

- The decision to proceed with Site C was not the outcome we wanted. But we believe it's the best choice for our province and our future.
- We are determined to make the most out of the situation we're in. We will use Site C to:
  - Honour BC's climate responsibilities
  - Lay the groundwork for alternative energy like solar and wind
  - Feed and power future generations
  - And create jobs and opportunity for the people of BC
- We will chart a new course to a sustainable future:
  - With energy policy that puts people ahead of politics
  - Toward a sustainable future that meets our environmental and economic imperatives

- And fulfill our commitments to British Columbians:
  - Making life more affordable
  - Better services for families
  - Good jobs and a sustainable future
- As we complete Site C, we will everything in our power to:
  - Keep a tight rein on project costs
  - Put in place new measures to maximize jobs and apprenticeships for British Columbians
  - Extend benefits to communities and Indigenous Peoples
  - Enhance food security and protect agricultural land
- We must overcome the previous government's legacy of mismanagement, and turn Site C into a positive part of BC's future.

## **7. Closing - It's about People**

- What is most important to me, and our government, is making life better for people.
- Site C is not the project we favoured. It is not the project we would have built. But we must complete it.
- But it is the best choice to make sure we can deliver on our commitments to British Columbians, and chart a course to a more sustainable future.

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## BACKGROUND

For Immediate Release  
[release number]  
Dec. 11, 2017

Ministry of Energy, Mines and Petroleum  
Resources

### **Site C Termination Implications for BC Hydro Customers and BC Taxpayers**

The decision to proceed with construction of Site C was primarily driven by the government's commitment to ensure that electricity remains affordable for British Columbians.

Based on the the independent analysis provided by the BC Utilities Commission (BCUC) and due diligence conducted by the Ministries of Energy, Mines and Petroleum Resources, and Finance, completing Site C will provide BC Hydro customers a benefit of between \$250 and \$825 million as compared to terminating the project and developing a new alternative portfolio of power projects.

In its report, the BCUC estimated that BC Hydro would need to spend an additional \$1.8 billion for termination and site remediation costs if it were to cancel the project. This is in addition to the \$2.1 billion of sunk construction and planning costs that will have been spent by the end of December 2017.

Faced with nearly \$4 billion of debt-financed spending for which ratepayers and taxpayers would receive no assets or benefits, the Province would have to recover those costs from either BC Hydro cutomers or taxpayers.

As a regulated utility, BC Hydro is obligated to file a plan with the independent BCUC who would ultimately determine which course of action it deemed most appropriate.

If the BCUC determined that BC Hydro could recover the nearly \$4 billion in Site C costs from its customers, the Commission would then have to decide over what period those debt-financed costs would be recovered:

- If the BCUC opted for a 10-year recovery period, BC Hydro customers' could face a one-time 12.1% rate increase that would last for the next decade. This would be in addition to any other rate increase required to cover BC Hydro's ongoing debt servicing and other operating costs, including recovery of its rate deferral accounts.
- If the BCUC decided on a 30-year recovery period, BC Hydro customers would face an immediate 6.1% rate increase, in addition to any other BC Hydro increases to cover operating costs.
- If the BCUC opted for a longer recovery period of 70 years, customers would not face short-term rate impacts. Such a move would, however force future generations to pay for a valueless asset from which they never receive benefits. This course of action would also increase the risk that provincial bond rating agencies would bring into question BC

Hydro's financial sustainability thus increasing the risk that BC Hydro's entire debt load becomes viewed as non-commercial. This would place significant pressure against the Province's AAA credit rating and annual borrowing costs.

If the BCUC decided that BC Hydro should not recover the \$4 billion of Site C debt from its customers, the corporation and the Minister of Finance would face two options that would significantly impact BC taxpayers:

- If BC Hydro retained the \$4 billion debt, it would first be obligated to write off the Site C costs as unrecoverable, thus causing BC Hydro and the Province to slip into significant deficits. The corporation would then face an even higher risk of no longer being viewed by rating agencies as self-supporting and having its entire debt reclassified as non-commercial.
- Such a move would significantly risk the Province losing its AAA rating with a resultant increase in borrowing costs, thus reducing the annual budget available for key priority spending areas.
- If government itself chose to assume the nearly \$4 billion of Site C debt – thus safeguarding BC Hydro – it would immediately increase BC's level of taxpayer-supported debt from about \$44.6 billion to \$48.6 billion.
- This increase would also erode the Province's key fiscal sustainability debt-to-revenue ratio by 7-8 percentage points – a measure critically assessed by provincial bond-rating agencies and ultimately determines the Province's borrowing and debt-servicing costs.
- Absorbing the Site C debt into government taxpayer-supported debt would likely eliminate planned increases in provincial capital spending over the next 2 years. For context, \$4 billion in assumed Site C debt could pay for the equivalent of:
  - three Royal Columbian Hospitals
  - 66 secondary schools
  - three Evergreen Line transit projects
  - three Pattullo Bridge replacements
- This additional taxpayer-supported debt load would also increase operating costs in the provincial budget by \$120 million to \$150 million annually – with nothing to show for it.

Contact:  
Suntanu Dalal  
Media Relations  
Ministry of Energy, Mines and Petroleum Resources  
250 952-0628



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## BACKGROUND

For Immediate Release  
[release number]  
Dec. 11, 2017

Ministry of Energy, Mines and Petroleum  
Resources

### Site C Mitigation Elements

We are working throughout government, with BC Hydro, First Nations and stakeholders to develop actions to address concerns about Site C that were highlighted during the review. While the specific details are still under development, our new direction for Site C is as follows:

#### New Management Direction

- An independent, expert project assurance team will work with BC Hydro to ensure that the project is completed by November 2024, at a total cost not to exceed \$10.7B.

#### Agricultural, Communities, Environmental and other interests

- A Peace River Legacy Fund will be introduced, with dam-related funding to implement solutions to longer-term environmental, social and economic issues, including strategies to enhance Peace Valley agricultural production.
- Post completion, worker accommodation facilities will be moved to a local skills-training institution.
- A skills development agreement will be introduced, which includes a labour agreement for procurements not already underway, new apprenticeships, and training programs for jobs on alternative projects.
- A \$20M agricultural mitigation fund will be put in place to compensate lost sales and stimulate enhancements in Peace Valley agriculture.
- In order to enhance British Columbia's food security, double the 3,800 flooded hectares in the Peace River Valley will be added to the Agricultural Land Reserve's productive land base.

#### Treaty 8 First Nations

- BC Hydro and the Ministry of Transportation and Infrastructure will work with Treaty 8 First Nations and others to re-design the Highway 29 re-alignment at Cache Creek to reduce impact on potential burial sites and sacred places. BC Hydro will invite proposals from Treaty 8 First Nations for this roadbuilding work.
- The Ministry of Indigenous Relations and Reconciliation and BC Hydro will continue to engage Treaty 8 First Nations to seek additional solutions to mitigate the adverse impacts of Site C, and to advance reconciliation.
- As a component of the comprehensive review of BC Hydro, the Province and BC Hydro will consider the development of a new procurement stream for smaller scale renewable electricity projects where Indigenous Nations are proponents or partners to create local employment and commercial opportunities throughout B.C. as well as environmental benefits with the replacement of diesel or fossil fuel-based energy installations. The Ministry of Energy, Mines and Petroleum Resources and the Ministry of Finance will bring these proposals to government by fall 2018.

- The Province will continue recent direct government engagement with First Nations to seek input into the design of a Peace River Legacy Fund and establish a collective Treaty 8 project advisory committee.
- Work will continue in addressing cultural concerns, enhancing business opportunities, and retaining funding/land transfers and contract opportunities.

Contact:

Suntanu Dalal

Media Relations

Ministry of Energy, Mines and Petroleum Resources

250 952-0628

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## BACKGROUND

For Immediate Release  
[release number]  
Dec. 11, 2017

Ministry of Energy, Mines and Petroleum  
Resources

### **From IPPs to Site C: Bad Decisions that Shaped BC Electricity Policy**

Government's decision to proceed with the completion of Site C was driven, in large part, by a series of decisions made over the past decade and a half that affected the province's energy supply and electricity rates.

In 2002, the previous government introduced the Energy Plan which mandated that all new power generation opportunities were reserved for the private sector. Through the extensive use of Electricity Purchase Agreements with private power producers (IPPs), BC Hydro made long-term commitments to purchase a large supply of new intermittent power, primarily through run-of-river power projects, at prices considerably higher than the cost of BC Hydro's heritage hydroelectric assets.

BC Hydro committed to more than 135 contracts with an average term of 28 years. And while power generated by BC Hydro's heritage assets cost \$32 per MWh, power from IPPs cost \$100 per MWh. Today these contracts represent future financial commitments of over \$50 billion.

The Energy Plan also changed the structure of BC Hydro and established a stand-alone BC Transmission Corporation to allow IPPs to access the transmission system and to sell directly to large consumers.

At the same time that BC Hydro was acquiring this new supply of intermittent power, the previous government directed BC Hydro to decommission its Burrard Thermal generation facility in the Lower Mainland to address growing concerns about local air pollution and greenhouse gas emissions. As the corporation lost Burrard Thermal's capacity to backstop the intermittent power produced by its new suite of IPPs, it was forced to seek new capacity or "firm" power, the type traditionally provided by hydroelectric facilities like Site C.

In 2010, the previous government introduced the Clean Energy Act, which exempted a number of BC Hydro projects and power procurement activities from independent review by the BC Utilities Commission including Site C, the Clean Power Call, the Smart Metering Program and the Northwest Transmission Line.

The former government then compounded the financial problems at BC Hydro caused by these decisions by imposing two additional burdens on the corporation.

First, the former government enabled the use of regulatory accounts to finance \$300 million of the \$1 billion Smart Metering and Infrastructure Program that resulted in some costs being recovered over a longer time than without regulatory accounts.

Second, the previous government required BC Hydro to pay dividends to the province from funds BC Hydro had to borrow. The cost of this debt is a direct cost to BC Hydro ratepayers.

Between 2001 and 2017, BC Hydro has grown its liabilities held in regulatory accounts from \$116 million to \$5.597 billion. These costs will have to be recovered from ratepayers in the future.

As a result of these earlier policy decisions, BC Hydro found itself saddled with a new supply of long-term expensive intermittent power, without the electrical capacity to maintain reliable service to its customers. Faced with these challenges, BC Hydro determined that Site C was the most cost-effective option to both increase capacity in B.C.'s electrical system, to increase supply to address future load growth, and to provide flexibility to add more intermittent renewable power sources in the future.

Contact:  
Suntanu Dalal  
Media Relations  
Ministry of Energy, Mines and Petroleum Resources  
250 952-0628

# Site C Key Messages

## Snapshot Messages:

- Site C should never have been started, but we can't change the previous government's mistakes – we can only make the best decision for the future.
- To do anything but move forward with Site C would stick British Columbians with \$4 billion in debt – with nothing to show for it.
- We will not put at risk our ability to deliver on housing, child care, schools and hospitals for families.
- We will launch a Site C turnaround plan to contain costs, provide independent oversight, and add more benefits for people and communities.
- We respect and honour the commitment of people who oppose Site C and work every day to fight climate change.
- We share their determination for a better future for BC built on clean, renewable energy.
- As we move toward reconciliation, our government and BC Hydro will work with Treaty 8 First Nations on solutions to address their concerns with Site C.

## General Messages:

- Megaproject mismanagement by the previous government's has left B.C. in a terrible situation. But we can't punish British Columbians for those mistakes and we can't change the past, we can only make the best decision for the future.
- The previous government left B.C. with a costly, mismanaged Site C project. To cancel it now would add billions to the province's debt – putting at risk our ability to deliver housing, child care, schools and hospitals for families across B.C. And that's a price we're not willing to pay.
- In fact, cancelling Site C would put British Columbians on the hook for an immediate and unavoidable \$4 billion bill—with nothing to show for it – resulting in rate hikes or reduced funds for vital infrastructure projects.
- We will not ask British Columbians to take on \$4 billion in debt and have nothing to show for it – and even worse – pay this debt with massive cuts to services people count on us to deliver.
- The last government recklessly committed billions of dollars to this project without appropriate planning and oversight. Our job now is to make the best of a bad deal, overcome the previous government's legacy of megaproject mismanagement, and do everything possible to turn Site C into a positive contributor to our energy future.
- We will insist on project conditions to benefit local communities and Indigenous people, enhance food security and agricultural investment around the province and, most importantly, provide independent oversight to contain costs and provide quality assurance.
- We respect and honour the commitment demonstrated by those who oppose Site C, and share their determination to move B.C. to a renewable energy future. So we will be pursuing an alternative energy strategy to develop even greater supplies of the clean power we'll need to electrify key sectors of our economy and meet our climate goals.

**On the previous government's legacy:**

- The previous government stuck BC with the wrong project at the wrong time with a misleading budget and poor project management.
- Site C was driven by the previous government's political agenda and mismanagement of BC Hydro.
- Former Premier Christy Clark drove the project forward – without independent BCUC review and without a solid budget – to meet political deadlines and planned to make it impossible to reverse. The \$4 billion in debt is her legacy.
- Our government is putting an end to the years' of energy policy that put politics ahead of people – where government forced BC Hydro into costly run-of-river contracts, hiking rates for homeowners and renters, and delivering dividends to government it simply couldn't afford.

**How we got here:**

- We campaigned on a promise to refer the Site C project to the independent BC Utilities Commission. We've delivered on that commitment.
- The BCUC validated some of our concerns:
  - Serious budget overruns were identified
  - The existence of alternative sources of green power – wind and solar – that could meet BC's needs were confirmed
- The BCUC ruled out any middle course: to mothball or suspend the project and restart it later was prohibitively expensive

**How we're moving forward:**

We are addressing concerns raised by the BCUC and by British Columbians throughout the province who are concerned about BC's environmental future.

Which is why – as we move ahead with completing Site C and make the best of a bad situation – we are putting in place a number of conditions and initiatives, including:

- A turn-around approach with a new Project Board that will provide independent oversight to future contract procurement and management, project deliverables, environmental integrity, and quality assurance – all within the mandate of delivering the project on time and budget. Based on current projections, BC Hydro has revised the budget to \$10.7 billion.
- Bringing in a Community Benefits Agreement to improve project quality, bring further benefits to communities, and increase the number of local hires, apprentices and First Nations workers hired onto the project.
- A Peace River Legacy Fund that will see BC Hydro invest millions in community, Indigenous, environmental, agricultural, social and economic initiatives in perpetuity.
- A dedicated \$20 million agricultural mitigation and compensation fund to support the Peace Region's agriculture industry.
- Enhanced province-wide food security by adding double the number of flooded hectares to the Agricultural Land Reserve.

**Reaching our climate goals:**

- Our government respects and honours the commitment demonstrated by those who oppose Site C. We share their determination to move B.C. to a clean, renewable energy future and to embrace the principles of reconciliation with Indigenous communities.

- As we move forward on climate action, we welcome their ideas as we define an energy strategy that delivers on our climate responsibilities, powers future generations, and creates jobs and opportunities for all British Columbians.
- Our new Climate Solutions Team will work with people around our province in providing advice to government on actions and policies that can contribute to carbon pollution reductions and optimize opportunities for sustainable economic development and job creation.

**On relations with Indigenous communities:**

- As we continue to move forward with reconciliation, our government and BC Hydro will work with Treaty 8 First Nations on solutions to address their concerns with Site C.
- We'll also be asking BC Hydro to consider the development of a new procurement stream for smaller scale renewable electricity projects where First Nations are proponents or partners. The Ministry of Energy, Mines and Petroleum Resources and the Ministry of Finance will bring these proposals to Government by fall 2018.
- In addressing specific concerns about Site C:
  - BC Hydro and the Ministry of Transportation and Infrastructure will work with Treaty 8 First Nations and others to re-design the Highway 29 re-alignment at Cache Creek to reduce impact on potential burial sites and sacred places. BC Hydro will invite proposals from Treaty 8 First Nations for this roadbuilding work.
  - We'll continue recent engaging with First Nations to seek input into the design of a Peace River Legacy Fund and establish a collective Treaty 8 project advisory committee.

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## NEWS RELEASE

For Immediate Release  
[release number]  
Dec. 11, 2017

Office of the Premier

### **Government will complete Site C construction Will not burden taxpayers or Hydro customers with previous government's debt**

VICTORIA – The B.C. government will complete construction of the Site C hydroelectric dam, saying that to do otherwise would put British Columbians on the hook for an immediate and unavoidable \$4-billion bill – with nothing to show for it – resulting in rate hikes or reduced funds for schools, hospitals, and important infrastructure.

“Megaproject mismanagement by the previous government has left B.C. in a terrible situation,” said Premier John Horgan in making today’s announcement. “But we cannot punish British Columbians for those mistakes and we can’t change the past, we can only make the best decision for the future.

“It’s clear that Site C should never have been started. But to cancel it would add billions to the province’s debt – putting at risk our ability to deliver housing, child care, schools and hospitals for families across B.C. And that’s a price we’re not willing to pay,” said Horgan.

Had government decided to cancel Site C, it would have taken on the project’s \$3.8 billion in debt, made up of \$2 billion already spent and another \$1.8 billion in remediation costs. That debt would become the responsibility of taxpayers or BC Hydro customers.

“We will not ask British Columbians to take on \$4 billion in debt with nothing to show for it – and even worse – to suffer massive cuts to the services people count on us to deliver.

“The last government recklessly committed billions of dollars to this project without appropriate planning and oversight. Our job now is to make the best of a bad deal and do everything possible to turn Site C into a positive contributor to our energy future.”

The premier says that in moving forward with the project, his government will launch a Site C turnaround plan to contain project costs while adding tangible benefits. The plan will include:

- A new Project Board that will provide independent oversight to future contract procurement and management, project deliverables, environmental integrity, and quality assurance – all within the mandate of delivering the project on time and budget. Based on current projections, BC Hydro has revised the budget to \$10.7 billion.
- Bringing in a Community Benefits Agreement to improve project quality, bring further benefits to communities, and increase the number of local hires, apprentices and First Nations workers hired onto the project.
- A Peace River Legacy Fund that will see BC Hydro invest millions in community, Indigenous, environmental, agricultural, social and economic initiatives in perpetuity.



- A dedicated \$20 million agricultural mitigation and compensation fund to support the Peace Region's agriculture industry.
- Enhanced province-wide food security by adding double the number of flooded hectares to the Agricultural Land Reserve.

"We're taking the steps the previous government showed no interest in: a solid budget, independent review and oversight, community benefits, and an eye to the future," said Horgan.

"We're putting an end to the years of energy policy that put politics ahead of people – where government forced BC Hydro into costly run-of-river contracts, hiking rates for homeowners and renters, and delivering dividends to government it simply couldn't afford."

Horgan adds his government will also be pursuing an alternative energy strategy to put B.C. more firmly on the path to green, renewable power that helps the province exceed its climate goals.

"I respect and honour the commitment of people who oppose Site C. I share their determination to move B.C. to a clean, renewable energy future and to embrace the principles of reconciliation with Indigenous communities.

"As we move forward, I welcome their ideas as we define an energy strategy that delivers on our climate responsibilities, powers future generations, and creates jobs and opportunities for all British Columbians."

-30-

#### **Quick Facts:**

- The Site C project is already two years into construction, with earth moving projects substantially complete.
- To date, \$2 billion has already been spent; it's estimated that another \$1.8 would be needed for site remediation (which, even then, would not restore the site to its previous condition).
- The \$4 billion in Site C termination costs is equivalent to \$860 per British Columbian, or eliminating taxpayer-supported capital projects:
  - 3 Pattullo bridges (\$1.3 billion each)
  - 66 secondary schools (\$60 million each)
  - 3 Royal Columbian hospitals (phases 1-3, \$1.36 billion each)
- 99 per cent of Class 1-5 agricultural lands (capable of crop production) in the Peace Agricultural Region will not be affected by Site C. Permanent loss of approximately 3,800 hectares of class 1-5 agricultural lands leaves approximately 2.7 million hectares of Class 1 to 5 lands available for agricultural production in the Peace Agricultural Region.

#### **Media contact:**

Jen Holmwood  
etc

**From:** [Aaron, Sage PREM:EX](#)  
**Subject:** FW: Advisory: Weaver to hold availability on Site C decision  
**Date:** Monday, December 11, 2017 9:32:26 AM  
**Attachments:** [Advisory Andrew Weaver Site C response.pdf](#)

---

**From:** Miller, Sarah [mailto:[Sarah.Miller@leg.bc.ca](mailto:Sarah.Miller@leg.bc.ca)]  
**Sent:** Monday, December 11, 2017 9:30 AM  
**Subject:** Advisory: Weaver to hold availability on Site C decision

## **B.C. GREEN CAUCUS**

For immediate release  
December 11, 2017

### **Advisory: Weaver to hold availability on Site C decision**

VICTORIA, B.C. - B.C. Green Party leader Andrew Weaver will hold a media availability on Monday December 11 to respond to the government's Site C decision.

**WHEN:** Monday, December 11th at 1:45pm

**WHERE:** Blue curtain, B.C. Legislature, Victoria

**DIAL-IN (listen-only):** 1-877-353-9184, access code: 3712302#

-30-

Media contact

Sarah Miller, Acting Press Secretary

+1 778-650-0597 | [sarah.miller@leg.bc.ca](mailto:sarah.miller@leg.bc.ca)

## **B.C. GREEN CAUCUS**

For immediate release

December 11, 2017

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-30-

Media contact

Sarah Miller, Acting Press Secretary

+1 778-650-0597 | [sarah.miller@leg.bc.ca](mailto:sarah.miller@leg.bc.ca)

**From:** [Meggs, Geoff PREM:EX](#)  
**To:** [Dewar, Bob PREM:EX](#)  
**Subject:** FW: Andrew Weaver responds to Government's decision to continue with Site C  
**Date:** Monday, December 11, 2017 12:16:00 PM  
**Attachments:** [Andrew Weaver responds to Government's decision to continue with Site C.PDF](#)  
[ATT00001.htm](#)

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**GEOFF MEGGS**

Chief of Staff, Office of the Premier  
West Annex, Parliament Buildings,  
501 Belleville St, Victoria, BC V8V 2L8  
(250) 356-6271

---

**From:** Aaron, Sage PREM:EX  
**Sent:** Monday, December 11, 2017 11:50 AM  
**To:** Meggs, Geoff PREM:EX; Dewar, Bob PREM:EX; Hannah, Matt GCPE:EX  
**Subject:** Fwd: Andrew Weaver responds to Government's decision to continue with Site C

Sage  
778-678-0832  
Sent from my mobile device

Begin forwarded message:

**From:** "Miller, Sarah" <[Sarah.Miller@leg.bc.ca](mailto:Sarah.Miller@leg.bc.ca)>  
**Date:** December 11, 2017 at 11:38:25 AM PST  
**To:** undisclosed-recipients;;  
**Subject:** Andrew Weaver responds to Government's decision to continue with Site C

## **B.C. GREEN CAUCUS**

For immediate release  
December 11th, 2017

**Andrew Weaver responds to Government's decision to continue with Site C**  
VICTORIA, B.C. - Today Andrew Weaver responded to the NDP government's decision to proceed with the construction of Site C.

"Our caucus is extremely disheartened by this decision. It is fiscally reckless to continue with Site C and my colleagues and I did everything we could to make this clear to the government.

"This government promised to be better than the B.C. Liberals. On this issue, the NDP government's approach has turned out to be no different whatsoever.

"Since the beginning I have been concerned this would end up being a political decision. Today's announcement reflects a sad reality for B.C., and British Columbians deserve better. They deserve a vision grounded in bold ideas that will enable our province to be a leader in the 21st century economy, not more empty campaign promises and political calculation.

"The government's argument that cancelling Site C is too risky due to debt is incredibly cynical. This is a question of priorities. They had no problem adding billions onto the public debt to cancel the tolls on the Port Mann and Golden Ears bridges, transferring those costs to people outside of the Lower Mainland to pick up votes in a couple of swing ridings.

"Today, Site C is no longer simply a B.C. Liberal boondoggle - it has now become the

B.C. NDP's project. They are accountable to British Columbians for the impact this project will have on our future.

"We have seen what is happening to ratepayers in Newfoundland because of Muskrat Falls, a similar project, where rates are set to almost double. I am deeply concerned that similar impacts are now in store for B.C. ratepayers.

"The lost economic opportunities from continuing with Site C are profound. Our caucus has met with dozens of local governments, First Nations and B.C. companies with viable alternative energy projects. As countries across the world embrace small scale distributed renewable energy, this decision keeps B.C. locked in the past and risks foregoing enormous opportunities."

-30-

**Media contact**

Sarah Miller, Acting Press Secretary

+1 778-650-0597 | [sarah.miller@leg.bc.ca](mailto:sarah.miller@leg.bc.ca)

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For immediate release

December 11th, 2017

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-30-

**Media contact**

Sarah Miller, Acting Press Secretary

+1 778-650-0597 | [sarah.miller@leg.bc.ca](mailto:sarah.miller@leg.bc.ca)

**From:** [Aaron, Sage PREM:EX](#)  
**To:** [Meggs, Geoff PREM:EX](#); [JJH PREM:EX](#)  
**Subject:** FW: BCBC Statement on Site C  
**Date:** Monday, December 11, 2017 2:40:39 PM  
**Attachments:** [image002.png](#)

---

**From:** Cheryl Muir [<mailto:cheryl.muir@bccbc.com>]  
**Sent:** Monday, December 11, 2017 2:22 PM  
**To:** Aaron, Sage PREM:EX  
**Subject:** BCBC Statement on Site C

## BCBC Statement on Provincial Government Decision to Complete Site C

Posted Dec 11, 2017

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BCBC Est 1966 Logo (Colour)



***Where Leaders Meet to Unlock BC's Full Potential***

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**From:** [Aaron, Sage PREM:EX](#)  
**To:** [Meggs, Geoff PREM:EX](#); [Holmwood, Jen PREM:EX](#); [McConnell, Sheena PREM:EX](#); [Nash, Amber PREM:EX](#); [Van Meer-Mass, Kate PREM:EX](#)  
**Subject:** FW: Site C material - not for distribution until 1030  
**Date:** Monday, December 11, 2017 9:56:30 AM  
**Attachments:** [Site C NR Dec 11.pdf](#)  
[Backgrounder 1 Site C Mitigation Elements - Dec10V2.pdf](#)  
[SiteC-FAQ-Dec10V1.pdf](#)  
[Site C Key Messages - Dec10V2.pdf](#)  
[Backgrounder 3 Site C Termination Implications for BC Hydro Customers and BC Taxpayers - Dec10V1.pdf](#)  
[Backgrounder 2 Site C -From Private Power to Site C Dec10-V1.pdf](#)

---

Final material

Sage

778-678-0832

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**From:** Aaron, Sage PREM:EX  
**Sent:** Monday, December 11, 2017 9:51 AM  
**To:** Moran, Roseanne LASS:EX; May, Ed LASS:EX  
**Cc:** Clark, Layne PREM:EX; Oreck, Mira PREM:EX  
**Subject:** Site C material - not for distribution until 1030  
Hello –

Attached:

- News release
- Key messages
- FAQ
- Backgrounders 1 through 3

Please arrange for distribution at 1030, during the technical briefing.

**Sage Aaron, Communications Director**

Office of the Premier | Government of BC

501 Belleville St, Victoria, BC V8V 2L8 | 778-678-0832

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## BACKGROUND

For Immediate Release  
Dec. 11, 2017

### Site C Quick Facts & Mitigation Elements

#### Quick Facts:

- The Site C project is already two years into construction.
- To date, \$2.1 billion has already been spent; it's estimated that another \$1.8 billion would be needed for site remediation (which, even then, would not restore the site to its previous condition).
- The \$4 billion in Site C termination costs is equivalent to \$860 for every British Columbian, or eliminating taxpayer-supported capital projects:
  - 66 secondary schools (\$60 million each); or,
  - 11 hospital projects similar to the North Island Hospitals (Province's share \$365 million); or,
  - 12 highway projects similar to the Okanagan Valley Corridor Project (Province's share \$330 million); or,
  - 3 Pattullo Bridges (\$1.3 billion each).
- 99 per cent of Class 1-5 agricultural lands (capable of crop production) in the Peace Agricultural Region will not be affected by Site C. Permanent loss of approximately 3,800 hectares of class 1-5 agricultural lands leaves approximately 2.7 million hectares of Class 1 to 5 lands available for agricultural production in the Peace Agricultural Region.

#### New Management Direction

- A new Project Assurance Board – made up of BC Hydro, independent experts and government representatives - will provide enhanced oversight to future contract procurement and management, project deliverables, environmental integrity, and quality assurance – all within the mandate of delivering the project on time and budget. Based on current projections, BC Hydro has revised the budget to \$10.7 billion.
- *EY Canada* has been retained by BC Hydro to provide dedicated budget oversight, timeline evaluation and risk assessment analysis for the duration of the project.

#### Agriculture

- Activate the \$20 million agricultural compensation fund established to offset lost sales and stimulate agriculture enhancements in the Peace region.
- Government will establish a new dedicated BC Food Security Fund – based on Site C revenues – dedicated to supporting farming and enhancing agricultural innovation and productivity across BC.

#### Community Benefits

- New Community Benefits Programs will be established with a mandate to ensure that project benefits flow to local communities, and increase the number of apprentices and First Nations workers hired onto the project.

- The Peace River Legacy Fund will be used to implement solutions to longer-term environmental, social and economic issues.
- Government will explore options for relocating Site C worker accommodations, post completion, to a local skills-training institution.

#### **First Nations**

- As a component of the comprehensive review of BC Hydro, the Province and BC Hydro will consider the development of a new procurement stream for smaller scale renewable electricity projects where Indigenous Nations are proponents or partners to create local employment and commercial opportunities throughout B.C. as well as environmental benefits with the replacement of diesel or fossil fuel-based energy installations. The Ministry of Energy, Mines and Petroleum Resources and the Ministry of Finance will bring these proposals to government by fall 2018.
- BC Hydro and the Ministry of Transportation and Infrastructure will work with Treaty 8 First Nations and others to redesign the Highway 29 realignment at Cache Creek to reduce impact on potential burial sites and sacred places. BC Hydro will invite proposals from Treaty 8 First Nations for this roadbuilding work.
- The Ministry of Indigenous Relations and Reconciliation and BC Hydro will continue to engage Treaty 8 First Nations to seek additional solutions to mitigate the adverse impacts of Site C, and to advance reconciliation.
- The Province will continue recent direct government engagement with First Nations to seek input into the design of a Peace River Legacy Fund and establish a collective Treaty 8 project advisory committee.
- Work will continue in addressing cultural concerns, enhancing business opportunities, and retaining funding/land transfers and contract opportunities.

#### **Contact:**

Suntanu Dalal

Media Relations

Ministry of Energy, Mines and Petroleum Resources

250 952-0628

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## BACKGROUND

For Immediate Release  
Dec. 11, 2017

### **From Private Power to Site C: Bad Decisions that Shaped B.C.'s Electricity Policy**

Government's decision to proceed with the completion of Site C was driven, in large part, by a series of bad energy policy decisions made over the past decade and a half that put politics ahead of people. These decisions significantly increased the Province's intermittent electricity energy supply and forced upward pressure on electricity rates.

In 2002, the previous government introduced the Energy Plan that mandated that all new power generation opportunities were reserved for private power producers. Through the extensive use of electricity purchase agreements, the board of BC Hydro made long-term commitments to purchase a large supply of new intermittent power, primarily through run-of-river power projects, at prices considerably higher than produced by BC Hydro's heritage hydroelectric assets.

The board of BC Hydro committed to more than 135 contracts with an average term of 28 years. And while power generated by BC Hydro's heritage assets cost \$32 per MWh, power from IPPs cost \$100 per MWh. Today these contracts represent future financial commitments of over \$50 billion.

The Energy Plan also changed the structure of BC Hydro and established a standalone BC Transmission Corporation to allow private power producers to access the transmission system and to sell directly to large consumers.

At the same time that BC Hydro was directed to accommodate this new supply of intermittent power, the previous government also instructed BC Hydro to decommission its Burrard Generating Station in Metro Vancouver to address growing concerns about local air pollution and greenhouse gas emissions.

As BC Hydro lost needed electrical capacity to backstop its new intermittent power supply, it was forced to seek new capacity or "firm" power, the type traditionally provided by hydroelectric facilities like Site C.

In 2010, the old government introduced the Clean Energy Act, which exempted a number of BC Hydro projects and power procurement activities from independent review by the BC Utilities Commission including Site C, the Clean Power Call, the Smart Metering Program and the Northwest Transmission Line.

The former government then compounded the financial problems at BC Hydro by directing the corporation to pay dividends to the province from funds BC Hydro had to borrow. The cost of this debt is a direct cost to BC Hydro ratepayers.

Between 2001 and 2017, the old government directed BC Hydro to increase its liabilities held in regulatory accounts from \$116 million to \$5.597 billion. These costs will have to be recovered from ratepayers in the future.

As a result of these earlier policy decisions, the old government saddled BC Hydro with a new supply of long-term expensive intermittent power, without the electrical capacity to maintain reliable service to its customers.

Faced with challenges of its own making, the old government decided to push ahead with Site C without allowing review by B.C.'s independent regulator, the BC Utilities Commission.

Contact:  
Suntanu Dalal  
Media Relations  
Ministry of Energy, Mines and Petroleum Resources  
250 952-0628

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## BACKGROUND

For Immediate Release  
Dec. 11, 2017

### **Site C Termination Implications for BC Hydro Customers and BC Taxpayers**

The decision to proceed with construction of Site C was primarily driven by a determination that British Columbians should not have to take on \$4 billion in debt with nothing in return for the people of this province and, even worse, with massive cuts to the services they count on.

Analysis conducted by the Ministry of Finance, Ministry of Energy, Mines and Petroleum Resources, and external experts on the BC Utilities Commission (BCUC) report concluded that completing Site C will be significantly less costly to British Columbians than cancelling the project.

In its report, the BCUC estimated that BC Hydro would need to spend an additional \$1.8 billion for termination and site remediation costs if it were to cancel the project. This is in addition to the \$2.1 billion of sunk construction and planning costs that will have been spent by the end of December 2017.

Faced with an immediate and unavoidable \$4 billion debt, the Province would have to recover these costs from either BC Hydro customers or taxpayers. As a regulated utility, BC Hydro is obligated to file a plan with the independent BCUC who would ultimately determine which course of action it deemed most appropriate.

The BCUC did not take a position with respect to the options for debt recovery, however, government conducted extensive analysis of the fiscal and rate implications of likely debt recovery options.

If the BCUC determined that BC Hydro could recover the nearly \$4 billion in Site C costs from its customers, the Commission would then have to decide what the repayment period should be:

- Under a 10-year recovery period, BC Hydro customers could face a one-time 12.1% rate increase that would last for the next decade. This would be in addition to any other rate increases required to cover BC Hydro's ongoing debt servicing and other operating costs, including recovery of its rate deferral accounts.
- Under a longer recovery period of 70 years, customers would not face short-term rate impacts. Such a move would, however, force future generations to pay for a valueless asset from which they never receive benefits. This course of action would also increase the risk that provincial bond rating agencies would bring into question BC Hydro's financial sustainability, thus increasing the risk that BC Hydro's entire debt load becomes viewed as non-commercial. This would place significant pressure against the Province's AAA credit rating and annual borrowing costs.

If the BCUC decided that BC Hydro should not recover the \$4 billion of Site C debt from its customers, the corporation and the Minister of Finance would face two options that would significantly impact BC taxpayers.

If BC Hydro retained the \$4 billion debt:

- It would first be obligated to write off the Site C costs as unrecoverable thus causing BC Hydro and the Province to slip into significant deficits. The corporation would then face an even higher risk of no longer being viewed by rating agencies as self-supporting and having its entire debt reclassified as non-commercial.
- Such a move would significantly risk the Province losing its AAA rating with a resultant increase in borrowing costs, thus reducing the annual budget available for key priority spending areas.

If government itself chose to assume the nearly \$4 billion of Site C debt – thus safeguarding BC Hydro:

- It would immediately increase B.C.'s level of taxpayer-supported debt from about \$44.6 billion to \$48.6 billion.
- This increase would also erode the Province's key fiscal sustainability debt-to-revenue ratio by 7-8 percentage points – a measure critically assessed by provincial bond-rating agencies and ultimately determines the Province's borrowing and debt-servicing costs.
- Taking on the Site C debt into government taxpayer-supported debt would likely eliminate planned increases in provincial capital spending over the next two years. For context, \$4 billion in assumed Site C debt could pay for the equivalent of:
  - 66 secondary schools (\$60 million each); or,
  - 11 hospital projects similar to the North Island Hospitals (Province's share \$365 million); or,
  - 12 highway projects similar to the Okanagan Valley Corridor Project (Province's share \$330 million); or,
  - 3 Pattullo Bridges (\$1.3 billion each).
- This additional taxpayer-supported debt load would also increase operating costs in the provincial budget by \$120 million to \$150 million annually – putting at risk the services British Columbians count on.

Contact:

Suntanu Dalal

Media Relations

Ministry of Energy, Mines and Petroleum Resources 250 952-0628



# Site C Key Messages

## Snapshot Messages:

- The old government recklessly pushed Site past the point of no return.
- Site C should never have been started, but we can't change the past – we can only make the best decision for BC's future.
- We will not ask British Columbians to take on \$4 billion in debt with nothing in return for the people of this province and, even worse, with massive cuts to the services they count on.
- We will not put at risk our ability to deliver on housing, child care, schools and hospitals for families.
- We will launch a Site C turnaround plan to contain costs and add more benefits for people and communities.
- We respect and honour the commitment of people who oppose Site C and work every day to fight climate change.
- We share their determination to protect our environment and create a better future for BC built on clean, renewable energy.
- As we move toward reconciliation, our government and BC Hydro will work with Treaty 8 First Nations on solutions to address their concerns with Site C.

## General Messages:

- The old government's legacy of megaproject mismanagement has left B.C. in a terrible situation. But we cannot punish British Columbians for those mistakes and we can't change the past – we can only make the best decision for the future.
- It's clear that Site C should never have been started. But to cancel it would add billions to the province's debt – putting at risk our ability to deliver housing, child care, schools and hospitals for families across B.C. And that's a price we're not willing to pay.
- We will not ask British Columbians to take on an immediate and unavoidable \$4 billion in debt with nothing in return for the people of this province and, even worse, with massive cuts to the services they count on.
- The old government recklessly pushed Site past the point of no return, committing billions of dollars to this project without appropriate planning and oversight. Our job now is to make the best of a bad deal, overcome the previous government's legacy of megaproject mismanagement, and do everything possible to turn Site C into a positive contributor to our energy future.
- We are putting in place a Site C turnaround plan to contain project costs, provide enhanced project oversight, and add tangible benefits for people and communities.
- We respect and honour the commitment demonstrated by those who oppose Site C, and share their determination to move B.C. to a renewable energy future. So we will be pursuing an alternative energy strategy to develop even greater supplies of the clean power we'll need to electrify key sectors of our economy and meet our climate goals.
- We know this decision is not what some First Nations wanted. Their voices were heard and their perspectives were an important part of the deliberations on a very challenging decision.

**On the old government's legacy:**

- The old government stuck BC with the wrong project at the wrong time with a misleading budget and poor project management.
- Site C was driven by the old government's political agenda and mismanagement of BC Hydro.
- Former Premier Christy Clark drove the project forward – without independent BCUC review and without a solid budget – to meet political deadlines and planned to make it impossible to reverse. The \$4 billion in debt is her legacy.
- Our government is putting an end to the years' of energy policy that put politics ahead of people – where government forced BC Hydro into costly contracts, hiking rates for homeowners and renters, and delivering dividends to government it simply couldn't afford.

**How we got here:**

- We campaigned on a promise to refer the Site C project to the independent BC Utilities Commission for review. We delivered on that commitment.
- The BCUC validated some of our concerns:
  - Serious budget overruns were identified
  - The existence of alternative sources of green power – wind and solar – that could meet BC's needs were confirmed
- The BCUC ruled out any middle course: to mothball or suspend the project and restart it later was prohibitively expensive

**How we're moving forward:**

We are addressing issues raised by the BCUC and by British Columbians throughout the province who are concerned about BC's environmental future. Which is why – as we move ahead with completing Site C and making the best of a bad situation – we are putting in place a Site C turnaround plan to:

- Launch a new Project Assurance Board to provide enhanced oversight on future contract procurement and management, project deliverables, environmental integrity, and quality assurance – all within the mandate of delivering the project on time and budget. Based on current projections, BC Hydro has revised the budget to \$10.7 billion.
- Bring in a Community Benefits Programs, mandated with making sure that project benefits assist local communities, and increasing the number of apprentices and First Nations workers hired onto the project.
- Establish a new BC Food Security Fund – based on Site C revenues – dedicated to supporting farming and enhancing agricultural innovation and productivity across BC.

In addition to funding for provincewide food security initiatives, the turnaround plan will:

- Ensure the Peace River Legacy Fund implements solutions to longer-term environmental, social and economic issues.
- Activate the \$20-million agricultural compensation fund to offsets lost sales and stimulate long-term productivity enhancements in Peace Valley agriculture.

**Reaching our climate goals:**

- Our government respects and honours the commitment of people who oppose Site C, and share their determination to move B.C. to a clean, renewable energy future and to embrace the principles of reconciliation with Indigenous communities.
- As we move forward on climate action, we welcome ideas from across our province as we define an energy strategy that protects our environment, delivers on our climate responsibilities, powers future generations, and creates jobs and opportunities for all British Columbians.

**On relations with Indigenous communities:**

- We recognize the significant impact on Treaty 8 First Nations opposed to this project.
- We know this decision is not what some First Nations wanted. Their voices were heard and their perspectives were an important part of the deliberations on a very challenging decision.
- UNDRIP guides us on how we engage First Nations. That is why Ministers Mungall and Fraser wanted to hear directly from the Treaty 8 First Nations and to be able to carry those perspectives into Cabinet's deliberations.
- In addressing specific concerns about Site C:
  - BC Hydro and the Ministry of Transportation and Infrastructure will work with Treaty 8 First Nations and others to re-design the Highway 29 re-alignment at Cache Creek to reduce impact on potential burial sites and sacred places. BC Hydro will invite proposals from Treaty 8 First Nations for this roadbuilding work.
  - We'll continue recent engaging with First Nations to seek input into the design of a Peace River Legacy Fund and establish a collective Treaty 8 project advisory committee.

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## NEWS RELEASE

Not Approved  
Dec. 11, 2017

Office of the Premier

**Government will complete Site C construction, will not burden taxpayers or BC Hydro customers with previous government's debt**

VICTORIA – The British Columbia government will complete construction of the Site C hydroelectric dam, saying that to do otherwise would put British Columbians on the hook for an immediate and unavoidable \$4-billion bill – with nothing in return – resulting in rate hikes or reduced funds for schools, hospitals and important infrastructure.

“Megaproject mismanagement by the old government has left B.C. in a terrible situation,” said Premier John Horgan in making today’s announcement. “But we cannot punish British Columbians for those mistakes, and we can’t change the past. We can only make the best decision for the future.

“It’s clear that Site C should never have been started. But to cancel it would add billions to the Province’s debt – putting at risk our ability to deliver housing, child care, schools and hospitals for families across B.C. And that’s a price we’re not willing to pay,” said Premier Horgan.

Had government decided to cancel Site C, it would have taken on the project’s \$3.9 billion in debt, made up of \$2.1 billion already spent and another \$1.8 billion in remediation costs. As public debt, it would become the responsibility of BC Hydro customers or taxpayers.

“We will not ask British Columbians to take on \$4 billion in debt with nothing in return for the people of this province and, even worse, with massive cuts to the services they count on.

“The old government recklessly pushed Site C past the point of no return, committing billions of dollars to this project without appropriate planning and oversight. Our job now is to make the best of a bad deal and do everything possible to turn Site C into a positive contributor to our energy future.”

Premier Horgan said that in moving forward with the project, his government will launch a Site C turnaround plan to contain project costs while adding tangible benefits. The plan will include:

- A new Project Assurance Board that will provide enhanced oversight to future contract procurement and management, project deliverables, environmental integrity, and quality assurance – all within the mandate of delivering the project on time and budget. Based on current projections, BC Hydro has revised the budget to \$10.7 billion.
- Establishing new community benefits programs, mandated with making sure that project benefits assist local communities, and increasing the number of apprentices and First Nations workers hired onto the project.
- A new BC Food Security Fund – based on Site C revenues – dedicated to supporting farming and enhancing agricultural innovation and productivity in the province.

In addition to funding for provincewide food security projects and programs, the turnaround

plan will:

- Ensure the Peace River Legacy Fund implements solutions to longer-term environmental, social and economic issues.
- Activate the \$20-million agricultural compensation fund to offsets lost sales and stimulate long-term productivity enhancements in Peace Valley agriculture.

“We’re taking the steps the previous government showed no interest in: a solid budget, enhanced review and oversight, community benefits, and an eye to the future,” Premier Horgan said.

“We’re putting an end to the years of energy policy that put politics ahead of people – where government forced BC Hydro into costly contracts, hiking rates for homeowners and renters, and delivering dividends to government it simply couldn’t afford.”

Premier Horgan added that his government will also be pursuing an alternative energy strategy to put B.C. more firmly on the path to green, renewable power that helps the province exceed its climate goals.

“I respect and honour the commitment of people who oppose Site C, and share their determination to move B.C. to a clean, renewable energy future and to embrace the principles of reconciliation with Indigenous communities,” said Premier Horgan, who acknowledged that Site C does not have the support of all Treaty 8 First Nations. “We know this decision is not what some First Nations wanted. Their voices were heard and their perspectives were an important part of the deliberations on a very challenging decision.

“As we move forward, I welcome ideas from across our province as we define an energy strategy that protects our environment, delivers on our climate responsibilities, powers future generations, and creates jobs and opportunities for all British Columbians.”

Three backgrounders follow.

**Contact:**

Jen Holmwood  
Deputy Communications Director  
Office of the Premier  
250 818-4881

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## BACKGROUND 1

Not Approved  
Dec. 11, 2017

Office of the Premier

### Site C Quick Facts and Mitigation Elements

#### Quick Facts:

- The Site C project is two years into construction.
- To date, \$2.1 billion has already been spent. It is estimated that another \$1.8 billion would be needed for site remediation (which, even then, would not restore the site to its previous condition).
- The \$4 billion in Site C termination costs is equivalent to \$860 for every British Columbian, or eliminating taxpayer-supported capital projects:
  - 66 secondary schools (\$60 million each); or,
  - 11 hospital projects similar to the North Island Hospitals (Province's share, \$365 million); or,
  - 12 highway projects similar to the Okanagan Valley Corridor Project (Province's share, \$330 million); or,
  - three Pattullo Bridges (\$1.3 billion each).
- 99% of Class 1-5 agricultural lands (capable of crop production) in the Peace Agricultural Region will not be affected by Site C. Permanent loss of approximately 3,800 hectares of class 1-5 agricultural lands leaves approximately 2.7 million hectares of Class 1 to 5 lands available for agricultural production in the Peace Agricultural Region.

#### New Management Direction

- A new Project Assurance Board – made up of BC Hydro, independent experts and government representatives – will provide enhanced oversight to future contract procurement and management, project deliverables, environmental integrity, and quality assurance – all within the mandate of delivering the project on time and budget. Based on current projections, BC Hydro has revised the budget to \$10.7 billion.
- EY Canada has been retained by BC Hydro to provide dedicated budget oversight, timeline evaluation and risk assessment analysis for the duration of the project.

#### Agriculture

- Activate the \$20 million agricultural compensation fund established to offset lost sales and stimulate agriculture enhancements in the Peace region.
- Government will establish a new dedicated BC Food Security Fund – based on Site C revenues – dedicated to supporting farming and enhancing agricultural innovation and productivity throughout B.C.

#### Community Benefits

- New Community Benefits Programs will be established with a mandate to ensure that project benefits flow to local communities, and increase the number of apprentices and

First Nations workers hired onto the project.

- The Peace River Legacy Fund will be used to implement solutions to longer-term environmental, social and economic issues.
- Government will explore options for relocating Site C worker accommodations, post completion, to a local skills-training institution.

### **First Nations**

- As a component of the comprehensive review of BC Hydro, the Province and BC Hydro will consider the development of a new procurement stream for smaller-scale renewable electricity projects where Indigenous Nations are proponents or partners to create local employment and commercial opportunities throughout B.C. as well as environmental benefits with the replacement of diesel or fossil fuel-based energy installations. The Ministry of Energy, Mines and Petroleum Resources and the Ministry of Finance will bring these proposals to government by fall 2018.
- BC Hydro and the Ministry of Transportation and Infrastructure will work with Treaty 8 First Nations and others to redesign the Highway 29 realignment at Cache Creek to reduce the effects on potential burial sites and sacred places. BC Hydro will invite proposals from Treaty 8 First Nations for this roadbuilding work.
- The Ministry of Indigenous Relations and Reconciliation and BC Hydro will continue to engage Treaty 8 First Nations to seek additional solutions to mitigate the adverse impacts of Site C, and to advance reconciliation.
- The Province will continue recent direct government engagement with First Nations to seek input into the design of a Peace River Legacy Fund and establish a collective Treaty 8 project advisory committee.
- Work will continue in addressing cultural concerns, enhancing business opportunities, and retaining funding/land transfers and contract opportunities.

### **Contact:**

Suntanu Dalal  
Media Relations  
Ministry of Energy, Mines and Petroleum  
Resources  
250 952-0628

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## BACKGROUND 2

Not Approved  
Dec. 11, 2017

Office of the Premier

### **From private power to Site C: Bad decisions that shaped B.C.'s electricity policy**

Government's decision to proceed with the completion of Site C was driven, in large part, by a series of bad energy policy decisions made over the past decade and a half that put politics ahead of people. These decisions significantly increased the province's intermittent electricity energy supply and forced upward pressure on electricity rates.

In 2002, the previous government introduced the Energy Plan that mandated that all new power generation opportunities were reserved for private power producers. Through the extensive use of electricity purchase agreements, the board of BC Hydro made long-term commitments to purchase a large supply of new intermittent power, primarily through run-of-river power projects, at prices considerably higher than produced by BC Hydro's heritage hydroelectric assets.

The board of BC Hydro committed to more than 135 contracts with an average term of 28 years. And while power generated by BC Hydro's heritage assets cost \$32 per MWh, power from IPPs cost \$100 per MWh. Today these contracts represent future financial commitments of over \$50 billion.

The Energy Plan also changed the structure of BC Hydro and established a standalone BC Transmission Corporation to allow private power producers to access the transmission system and to sell directly to large consumers.

At the same time that BC Hydro was directed to accommodate this new supply of intermittent power, the previous government also instructed BC Hydro to decommission its Burrard Generating Station in Metro Vancouver to address growing concerns about local air pollution and greenhouse gas emissions.

As BC Hydro lost needed electrical capacity to backstop its new intermittent power supply, it was forced to seek new capacity or "firm" power, the type traditionally provided by hydroelectric facilities like Site C.

In 2010, the old government introduced the Clean Energy Act, which exempted a number of BC Hydro projects and power procurement activities from independent review by the BC Utilities Commission including Site C, the Clean Power Call, the Smart Metering Program and the Northwest Transmission Line.

The former government then compounded the financial problems at BC Hydro by directing the corporation to pay dividends to the province from funds BC Hydro had to borrow. The cost of this debt is a direct cost to BC Hydro ratepayers.

Between 2001 and 2017, the old government directed BC Hydro to increase its liabilities held in regulatory accounts from \$116 million to \$5.597 billion. These costs will have to be recovered



from ratepayers in the future.

As a result of these earlier policy decisions, the old government saddled BC Hydro with a new supply of long-term expensive intermittent power, without the electrical capacity to maintain reliable service to its customers.

Faced with challenges of its own making, the old government decided to push ahead with Site C without allowing review by British Columbia's independent regulator, the BC Utilities Commission.

**Contact:**

Suntanu Dalal  
Media Relations  
Ministry of Energy, Mines and Petroleum  
Resources  
250 952-0628

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## BACKGROUND 3

Not Approved  
Dec. 11, 2017

Office of the Premier

### **Site C termination implications for BC Hydro customers and British Columbia taxpayers**

The decision to proceed with construction of Site C was primarily driven by a determination that British Columbians should not have to take on \$4 billion in debt with nothing in return for the people of this province and, even worse, with massive cuts to the services they count on.

Analysis conducted by the Ministry of Finance, Ministry of Energy, Mines and Petroleum Resources, and external experts on the BC Utilities Commission (BCUC), report concluded that completing Site C will be significantly less costly to British Columbians than cancelling the project.

In its report, the BCUC estimated that BC Hydro would need to spend an additional \$1.8 billion for termination and site remediation costs if it were to cancel the project. This is in addition to the \$2.1 billion of sunk construction and planning costs that will have been spent by the end of December 2017.

Faced with an immediate and unavoidable \$4-billion debt, the Province would have to recover these costs from either BC Hydro customers or taxpayers. As a regulated utility, BC Hydro is obligated to file a plan with the independent BCUC, which would ultimately determine the course of action it deemed most appropriate.

The BCUC did not take a position with respect to the options for debt recovery, however, government conducted extensive analysis of the fiscal and rate implications of likely debt recovery options.

If the BCUC determined that BC Hydro could recover the nearly \$4 billion in Site C costs from its customers, the commission would then have to decide what the repayment period should be:

- Under a 10-year recovery period, BC Hydro customers could face a one-time 12.1% rate increase that would last for the next decade. This would be in addition to any other rate increases required to cover BC Hydro's ongoing debt servicing and other operating costs, including recovery of its rate deferral accounts.
- Under a longer recovery period of 70 years, customers would not face short-term rate impacts. Such a move would, however, force future generations to pay for a valueless asset from which they never receive benefits. This course of action would also increase the risk that provincial bond rating agencies would bring into question BC Hydro's financial sustainability, thus increasing the risk that BC Hydro's entire debt load becomes viewed as non-commercial. This would place significant pressure against the Province's AAA credit rating and annual borrowing costs.

If the BCUC decided that BC Hydro should not recover the \$4 billion of Site C debt from its customers, the corporation and the Minister of Finance would face two options that would significantly affect B.C. taxpayers.

If BC Hydro retained the \$4 billion debt:

- It would first be obligated to write off the Site C costs as unrecoverable, thus causing BC Hydro and the Province to slip into significant deficits. The corporation would then face an even higher risk of no longer being viewed by rating agencies as self-supporting and having its entire debt reclassified as non-commercial.
- Such a move would significantly risk the Province losing its AAA rating with a resultant increase in borrowing costs, thus reducing the annual budget available for key priority spending areas.

If government itself chose to assume the nearly \$4 billion of Site C debt – thus safeguarding BC Hydro:

- It would immediately increase B.C.'s level of taxpayer-supported debt from about \$44.6 billion to \$48.6 billion.
- This increase would also erode the Province's key fiscal sustainability debt-to-revenue ratio by seven to eight percentage points – a measure critically assessed by provincial bond-rating agencies and ultimately determines the Province's borrowing and debt-servicing costs.
- Taking on the Site C debt into government taxpayer-supported debt would likely eliminate planned increases in provincial capital spending over the next two years. For context, \$4 billion in assumed Site C debt could pay for the equivalent of:
  - 66 secondary schools (\$60 million each); or
  - 11 hospital projects similar to the North Island Hospitals (Province's share \$365 million); or
  - 12 highway projects similar to the Okanagan Valley Corridor Project (Province's share \$ 330 million); or
  - three Pattullo Bridges (\$1.3 billion each).
- This additional taxpayer-supported debt load would also increase operating costs in the provincial budget by \$120 million to \$150 million annually – putting at risk the services British Columbians count on.

**Contact:**

Suntanu Dalal  
Media Relations  
Ministry of Energy, Mines and Petroleum  
Resources  
250 952-0628

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Page 153 to/à Page 156

Withheld pursuant to/removed as

s.13

From: Anthony Wilson  
To: [Meggs, Geoff PREM:EX](#)  
Subject: FW: Site C  
Date: Saturday, December 9, 2017 1:10:22 PM

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Sent from [Mail](#) for Windows 10

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**From:** s.22

**Sent:** Saturday, December 9, 2017 12:54 PM

**To:** [Premier@gov.bc.ca](mailto:Premier@gov.bc.ca)

**Subject:** Site C

Sent from [Mail](#) for Windows 10

Contrary to many of the emails opposing Site C that you will receive, I strongly support it.

If we are to progress from the carbon economy to reduced greenhouse gases, we will require additional electric power. All the new electric cars, buses and trucks will need electricity (preferably low cost). Site C will work in that direction.

Furthermore, given the already-incurred investment, the waste of capital resulting from a purely political decision will be unforgivable (take note of the disastrous costs resulting from the cancellation of the power plant project in Oakville Ont.)

Some environmentalists don't always look at all aspects of an investment decision such as the overall future societal impact.

Sincerely, a BC resident and taxpayer,

s.22

From: [Aaron, Sage PREM:EX](#)  
To: [Meggs, Geoff PREM:EX](#); [Dewar, Bob PREM:EX](#); [Hannah, Matt GCPE:EX](#)  
Subject: Fwd: Andrew Weaver responds to Government's decision to continue with Site C  
Date: Monday, December 11, 2017 11:49:56 AM  
Attachments: [Andrew Weaver responds to Government's decision to continue with Site C.PDF](#)  
[ATT00001.htm](#)

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Sage  
778-678-0832  
Sent from my mobile device

Begin forwarded message:

**From:** "Miller, Sarah" <[Sarah.Miller@leg.bc.ca](mailto:Sarah.Miller@leg.bc.ca)>  
**Date:** December 11, 2017 at 11:38:25 AM PST  
**To:** undisclosed-recipients;;  
**Subject:** Andrew Weaver responds to Government's decision to continue with Site C

## B.C. GREEN CAUCUS

For immediate release  
December 11th, 2017

**Andrew Weaver responds to Government's decision to continue with Site C**  
VICTORIA, B.C. - Today Andrew Weaver responded to the NDP government's decision to proceed with the construction of Site C.

"Our caucus is extremely disheartened by this decision. It is fiscally reckless to continue with Site C and my colleagues and I did everything we could to make this clear to the government.

"This government promised to be better than the B.C. Liberals. On this issue, the NDP government's approach has turned out to be no different whatsoever.

"Since the beginning I have been concerned this would end up being a political decision. Today's announcement reflects a sad reality for B.C., and British Columbians deserve better. They deserve a vision grounded in bold ideas that will enable our province to be a leader in the 21st century economy, not more empty campaign promises and political calculation.

"The government's argument that cancelling Site C is too risky due to debt is incredibly cynical. This is a question of priorities. They had no problem adding billions onto the public debt to cancel the tolls on the Port Mann and Golden Ears bridges, transferring those costs to people outside of the Lower Mainland to pick up votes in a couple of swing ridings.

"Today, Site C is no longer simply a B.C. Liberal boondoggle - it has now become the B.C. NDP's project. They are accountable to British Columbians for the impact this project will have on our future.

"We have seen what is happening to ratepayers in Newfoundland because of Muskrat Falls, a similar project, where rates are set to almost double. I am deeply concerned that similar impacts are now in store for B.C. ratepayers.

"The lost economic opportunities from continuing with Site C are profound. Our caucus has met with dozens of local governments, First Nations and B.C. companies

with viable alternative energy projects. As countries across the world embrace small scale distributed renewable energy, this decision keeps B.C. locked in the past and risks foregoing enormous opportunities.”

-30-

**Media contact**

Sarah Miller, Acting Press Secretary

+1 778-650-0597 | [sarah.miller@leg.bc.ca](mailto:sarah.miller@leg.bc.ca)

## **B.C. GREEN CAUCUS**

For immediate release

December 11th, 2017

### **Andrew Weaver responds to Government's decision to continue with Site C**

VICTORIA, B.C. - Today Andrew Weaver responded to the NDP government's decision to proceed with the construction of Site C.

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"This government promised to be better than the B.C. Liberals. On this issue, the NDP government's approach has turned out to be no different whatsoever.

"Since the beginning I have been concerned this would end up being a political decision. Today's announcement reflects a sad reality for B.C., and British Columbians deserve better. They deserve a vision grounded in bold ideas that will enable our province to be a leader in the 21st century economy, not more empty campaign promises and political calculation.

"The government's argument that cancelling Site C is too risky due to debt is incredibly cynical. This is a question of priorities. They had no problem adding billions onto the public debt to cancel the tolls on the Port Mann and Golden Ears bridges, transferring those costs to people outside of the Lower Mainland to pick up votes in a couple of swing ridings.

"Today, Site C is no longer simply a B.C. Liberal boondoggle - it has now become the B.C. NDP's project. They are accountable to British Columbians for the impact this project will have on our future.



“We have seen what is happening to ratepayers in Newfoundland because of Muskrat Falls, a similar project, where rates are set to almost double. I am deeply concerned that similar impacts are now in store for B.C. ratepayers.

“The lost economic opportunities from continuing with Site C are profound. Our caucus has met with dozens of local governments, First Nations and B.C. companies with viable alternative energy projects. As countries across the world embrace small scale distributed renewable energy, this decision keeps B.C. locked in the past and risks foregoing enormous opportunities.”

-30-

**Media contact**

Sarah Miller, Acting Press Secretary

+1 778-650-0597 | [sarah.miller@leg.bc.ca](mailto:sarah.miller@leg.bc.ca)

From: [Aaron, Sage PREM:EX](#)  
To: [Meggs, Geoff PREM:EX](#); [Holmwood, Jen PREM:EX](#); [McConnell, Sheena PREM:EX](#); [Lloyd, Evan GCPE:EX](#); [Gibbs, Robb GCPE:EX](#)  
Subject: Fwd: CHAN: Baldrey - Site C decision  
Date: Sunday, December 10, 2017 7:58:36 PM

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Sage  
778-678-0832  
Sent from my mobile device

Begin forwarded message:

**From:** <[tno@gov.bc.ca](mailto:tno@gov.bc.ca)>  
**Date:** December 10, 2017 at 7:31:22 PM PST  
**To:** Undisclosed recipients;;  
**Subject:** CHAN: Baldrey - Site C decision

CHAN (Global BC - Vancouver)  
Global BC News Hour  
10-Dec-2017 18:00

Copyright

Copyright

From: [Meggs, Geoff PREM:EX](#)  
To: [Wong, Tamarra PREM:EX](#)  
Subject: Fwd: John Horgan.docx  
Date: Monday, November 27, 2017 8:52:09 AM  
Attachments: [John Horgan.docx](#)  
[ATT00001.htm](#)

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Pls print and walk up along with related e mail

Sent from my iPhone

Begin forwarded message:

**From:** s.22 <s.22>  
**Date:** November 25, 2017 at 6:01:20 PM PST  
**To:** John Horgan <s.22>  
[Elizabeth.Parkinson@gov.bc.ca](#), Carole James <s.22>, Geoff  
Meggs <[Geoff.Meggs@gov.bc.ca](#)>, Don Wright <[Don.Wright@gov.bc.ca](#)>  
**Subject:** John Horgan.docx

Here's the companion piece to the Site C email I just sent you, a joint letter on  
Site C s.22

s.22

John Horgan  
Premier  
And Member of the Legislative Assembly

Victoria, BC

Re: Site C- A Final Decision- A Draft  
Dear John,

Nov. 24, 2017

As you are no doubt inundated by facts and figures on the referenced Project, we thought we should add some overall comments to simplify the issue, and to perhaps cast a relevant light on the Project.  
s.22

### **The Issue**

The issue is far simpler if one forgets about the sunk cost to date of approx. \$2bn. This is not to be taken lightly politically, but is very relevant as the current Nobel winner made his reputation on the issue of sunk costs. The issue then boils down to (a) investing another \$2bn in a fertile and productive valley, or (b) investing \$10 bn or more in a dam whose costs remain unknown and whose benefits are even more difficult to fathom. Clearly, environmental and aboriginal would favour the former so one must focus on the latter.

In assessing these choices, we would like to stick to mainly economic issues. It is the economy that will largely drive the future fortunes of British Columbians; this is a pivotal point in time for British Columbians, especially as they now live a lot longer than any other Canadian, have the healthiest economy by far in Canada, hold the highest debt rating of any province and they will be prudently watching their retirement incomes over the next few years.

So, let's begin with the demand for power as that is a crucial issue; followed by the options that are available to meet this demand. Lastly, we should look at other options for the \$2-10 billion that is to be spent, as other sectors of the economy have indicated that they too could use the investment.

### **Demand for Power**

The core domestic demand for power in BC has not risen in the last 12 years, notwithstanding a healthy increase in population and GDP (GNP, actually). This is due to three factors: Residential is consuming a constant amount over time due to a 65% increase in tariffs and is growing steadily with population, Light Commercial is consuming less and growing more and Large Industrial is consuming 16% less, and will probably decline further as the pulp and paper sector is very weak, the US is declaring war on our wood exports and mining is a depleting business. In fact, 12 years ago Large Industrial was No. 1, and now it is No. 3, replaced by Residential demand. This overall flat demand has also changed from a base-load demand where lights stay on 24/7 to a diurnal demand where the Residential turns on the lights in the morning and in the evening. This is huge for BC Hydro as it must innovate but overall still face flat demand. This unfortunately does not bode well for the Project which costs \$12 Bn, and delivers 10% of BC Hydro current running capacity, or 5,100 MWh/annum.

The core USA export demand also does not bode well. 12 years ago the market for power was \$65/MWh, at a premium to the domestic demand of \$50/MWh. But today it yields but \$35/MWh, at a substantial discount to the domestic yield of \$88/MWh. This is because the Americans have deregulated and have discovered a lot of natural gas, a situation that is expected to extend into the future for some time.

Much has been made of the decisions made in the past by the late WAC Bennett, and this should be noted as being precisely the opposite situation where these benefits no longer exist. WAC Bennett found himself with a proposal that was paid partly by the irrigation benefits to the Americans and thus he had a joint-cost advantage; this is no longer the case as Site C offers no such joint benefits. Secondly, he had the Americans will to buy energy for up to 30 years as their grid needed the power and they were at a premium; this too is no longer the case. As noted above, the market is now a shadow of its former self and will be for some time.

Last but not least there is the Alberta export market and Alberta's commitment to reducing coal-fired and hydrocarbon-fired generation. Alas, one cannot count on this market however, as our current position on their pipelines would not be conducive to their purchasing our power.

The bottom line is that there is no growing market, and will be no market for the next 10-20 years, which is why the BCUC is torn by the repeatedly optimistic BC Hydro demand projections which do not come true. Even assuming the low scenario presented by BC Hydro leaves a lot of suspect assumptions, when the proven demand has been flat for the last 12 years.

### **Alternatives for Power Supply**

When the proven demand for power has been weak to non-existent, one should automatically decide with caution, for your Project is 10% of the current load, and currently has nowhere else to go at full cost. First and foremost one must look to the existing asset base to make sure that every kWh has been extracted from the asset base. In this light, BC Hydro is highly suspect as numerous alternatives present themselves. Without repeating BCUC and Deloitte there are:

- a) Existing Dams- Duncan Dam which was built in the Columbia River Treaty, has 1.4 million acre-ft of water and has yet to be electrified. This is not large, but it is nearby and the infrastructure and the dam are already in place.
- b) Existing Slots- Revelstoke 6 still sits empty and this is from the early 1980s; yes, it is only capacity, but demand is not growing by leaps and bounds.
- c) Existing Pre-Nationalisation Dams- These comprise 12% of the producing assets, yet produce but 8% of the power. Many are still in the mid-lives, and could easily be revamped for another 30-40 years of use.
- d) Demand Side Management or DSM- Per Deloitte, DSM has the potential for 1-2 Site Cs, should the demand ever present itself. Given the rising Residential demand to No.1 status, this should be seriously considered as many could have laundry to do at late hours of the night and stretch out the peak demand into off-peak hours; this will also help EVs recharge.

- e) Existing IPPs- This is a success story with over 25% of the grid now being supplied by the IPPs. PPAs can easily be modified and/or expanded to meet the new demand, should it present itself. BC Hydro has erroneously calculated that  $\frac{1}{4}$  to  $\frac{1}{2}$  would disappear, while the world's experience suggests otherwise and this should be encouraged as they pay their taxes.

The above list will adequately meet the demands on the grid as they manifest themselves; these needs can be met without having to deploy any new assets, but simply managing existing assets more wisely.

### **Tariff and/or Tax Inclusion**

The current tariff can barely cover Maintenance Capex, let alone New Capex, so any tariff inclusion of the Project, if completed, is out of the question. The current tariff impact of a terminated project is 10%; the current tariff impact of a completed project is approximately 50% (5,100 GWh/a x \$125/MWh as there is much debt to service over 70 years). Also to be considered is that any tariff increase would also continue to suppress domestic demand, hence there would be even more excess power that would go to the Americans at bargain rates of \$35/MWh, substantially less than \$125/MWh. The deficit would ultimately fall to the BC taxpayer to pay for the next 20-30 years, if not more.

### **Alternatives for Investment**

The alternatives for investment of \$8bn (the differential between the two options) is not to be taken lightly as funds are both not cheap and observed closely by the rating agencies. This is a critical component of BC's AAA rating from the rating agencies and the rating agencies always look for prudent spending. Manitoba, Quebec and Newfoundland-Labrador unfortunately have not been as wise. Fortunately BC's booming economy and demographics suggest that there will be a need for transit, housing, hospitals and schools for quite a while; \$8bn can finance not only a lot of construction jobs but a lot of operating jobs as well for a long time, much longer than the Project.

Should these needs shift to the energy sector, over and above the sources already mentioned above, numerous options arise, including:

- Getting a better read on the geo-thermal potential from an independent study done for the Ministry, rather than by BC Hydro which has a proven slant on the matter,
- Windpower, if and when it will be needed can be readily deployed at ever-decreasing costs, and
- Conversion of Burrard to a combined cycle gas turbine for more effective urban-based peaking needs, as both the erratic Residential demand and the non-dispatchable supplies will both grow;
- Should the pipeline issue ever subside, enter into discussions with Alberta about improving interconnection lines.

### **Summary**

Site C is a God-send in disguise. It's timing can allow the NDP government the opportunity to boldly step out and stop a decision that was made by your predecessor in haste. While initially "sexy", Site C, upon close analysis by many, has turned into the ugly hydro project that now will hound Manitoba and Newfoundland-Labrador for years to come, and the NDP government has a chance to stop it. Over time, the populace will appreciate this thoughtful approach as the benefits in other sectors are many.

Will BC need power? Of course, but we do not know from which direction and who will be demanding what; to build a \$12bn project anticipating 10% more demand now, is not wise especially as it has to be

debt-funded and not cost-recoverable. BC Hydro has many opportunities to meet these demands, whatever they may be, from its existing power base.

Does BC need the \$8bn for other needs that can be more productive and employ more British Columbians? Of course, and the needs in transit, health care, transport and pensions are far more acute and immediate; these will be appreciated by taxpayers and consumers alike.

Lastly, there is the enviable energy situation: for BC it is ideal and the envy of the world with 95% or more renewable energy, but we should not ruin it with non-cost-recoverable \$12 billion hydro dams. BC can alternatively both plan a new future and maintain its AAA rating, so as to meet future opportunities and demands, as they will present themselves.

Cheers, in the meantime, hopefully the above will help.

s.22



From: [Lloyd, Evan GCPE:EX](#)  
To: [Wright, Don J. PREM:EX](#)  
Cc: [Meggs, Geoff PREM:EX](#)  
Subject: Fwd: revised backgrounders  
Date: Sunday, December 10, 2017 3:04:54 PM  
Attachments: [Backgrounder 1 Site C Mitigation Elements \(2\).docx](#)  
[ATT00001.htm](#)  
[Backgrounder 3 Site C Termination Implications for BC Hydro Customers and BC Taxpayers \(2\).docx](#)  
[ATT00002.htm](#)  
[Backgrounder 2 Site C -From Private Power to Site C \(3\).docx](#)  
[ATT00003.htm](#)

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Do we have a decision on the Fund etc? We need to sign off these items.

Sent from my iPhone

Begin forwarded message:

**From:** "Kristianson, Eric GCPE:EX" <[Eric.Kristianson@gov.bc.ca](mailto:Eric.Kristianson@gov.bc.ca)>  
**Date:** December 10, 2017 at 2:16:16 PM PST  
**To:** "Wright, Don J. PREM:EX" <[Don.J.Wright@gov.bc.ca](mailto:Don.J.Wright@gov.bc.ca)>, "Meggs, Geoff PREM:EX" <[Geoff.Meggs@gov.bc.ca](mailto:Geoff.Meggs@gov.bc.ca)>, "Lloyd, Evan GCPE:EX" <[Evan.Lloyd@gov.bc.ca](mailto:Evan.Lloyd@gov.bc.ca)>, "Gibbs, Robb GCPE:EX" <[Robb.Gibbs@gov.bc.ca](mailto:Robb.Gibbs@gov.bc.ca)>  
**Cc:** "Zadravec, Don GCPE:EX" <[Don.Zadravec@gov.bc.ca](mailto:Don.Zadravec@gov.bc.ca)>, "Haslam, David GCPE:EX" <[David.Haslam@gov.bc.ca](mailto:David.Haslam@gov.bc.ca)>, "Lowe, Mike GCPE:EX" <[Mike.Lowe@gov.bc.ca](mailto:Mike.Lowe@gov.bc.ca)>  
**Subject:** revised backgrounders

Group, here are the revised versions. Note: we still need a decision on the agriculture fund and the alternative capital construction examples (non-lower mainland)

Eric Kristianson

ADM Strategic Issues

GCPE

778-584-1248

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# BACKGROUND

For Immediate Release  
[release number]  
Dec. 11, 2017

Ministry of Energy, Mines and Petroleum  
Resources

## Site C Mitigation Elements

### New Management Direction

- An Project Assurance Team comprised of BC Hydro, independent experts and government representatives will be established to work with BC Hydro to ensure that the project is completed by November 2024, at a total cost not to exceed \$10.7B.
- EY Canada has been retained by BC Hydro to provide dedicated budget oversight, timeline evaluation and risk assessment analysis for the duration of the project.

### Agriculture

- A \$20M agricultural compensation fund has been established to offset lost sales and stimulate agriculture enhancements in the Peace region.
- Government will establish a new dedicated Provincial Food Security Fund with based on the Site C Project once it goes online in 2024. This fund will support and promote agricultural innovation and productivity enhancements across BC.

### Community Benefits

- New Community Benefits Programs will be established with a mandate to ensure that project benefits flow to local communities, and increase the number of apprentices and First Nations workers hired onto the project.
- The Peace River Legacy Fund will implement solutions to longer-term environmental, social and economic issues.
- Government will explore options for relocating Site C worker accommodations, post completion, to a local skills-training institution.

### First Nations

- BC Hydro and the Ministry of Transportation and Infrastructure will work with Treaty 8 First Nations and others to re-design the Highway 29 re-alignment at Cache Creek to reduce impact on potential burial sites and sacred places. BC Hydro will invite proposals from Treaty 8 First Nations for this roadbuilding work.
- As a component of the comprehensive review of BC Hydro, the Province and BC Hydro will consider the development of a new procurement stream for smaller scale renewable electricity projects where Indigenous Nations are proponents or partners to create local employment and

commercial opportunities throughout B.C. as well as environmental benefits with the replacement of diesel or fossil fuel-based energy installations.

The Ministry of Energy, Mines and Petroleum Resources and the Ministry of Finance will bring these proposals to government by fall 2018.

- The Ministry of Indigenous Relations and Reconciliation and BC Hydro will continue to engage Treaty 8 First Nations to seek additional solutions to mitigate the adverse impacts of Site C, and to advance reconciliation.
- The Province will continue recent direct government engagement with First Nations to seek input into the design of a Peace River Legacy Fund and establish a collective Treaty 8 project advisory committee.
- Work will continue in addressing cultural concerns, enhancing business opportunities, and retaining funding/land transfers and contract opportunities.

Contact:

Suntanu Dalal

Media Relations

Ministry of Energy, Mines and Petroleum Resources

250 952-0628

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## BACKGROUND

For Immediate Release  
[release number]  
Dec. 11, 2017

Ministry of Energy, Mines and Petroleum  
Resources

### **From Private Power to Site C: Bad Decisions that Shaped BC's Electricity Policy**

Government's decision to proceed with the completion of Site C was driven, in large part, by a series of bad energy policy decisions made over the past decade and a half that put political interests ahead of BC Hydro's customers' interests. These decisions significantly increased the Province's intermittent electricity energy supply and forced upward pressure on electricity rates.

In 2002, the previous government introduced the Energy Plan which mandated that all new power generation opportunities were reserved for private power producers. Through the extensive use of Electricity Purchase Agreements, the Board of BC Hydro made long-term commitments to purchase a large supply of new intermittent power, primarily through run-of-river power projects, at prices considerably higher than produced by BC Hydro's heritage hydroelectric assets.

The Board of BC Hydro committed to more than 135 contracts with an average term of 28 years. And while power generated by BC Hydro's heritage assets cost \$32 per MWh, power from IPPs cost \$100 per MWh. Today these contracts represent future financial commitments of over \$50 billion.

The Energy Plan also changed the structure of BC Hydro and established a stand-alone BC Transmission Corporation to allow private power producers to access the transmission system and to sell directly to large consumers.

At the same time that BC Hydro was directed to accommodate this new supply of intermittent power, the previous government also instructed BC Hydro to decommission its Burrard Thermal generation facility in the Lower Mainland to address growing concerns about local air pollution and greenhouse gas emissions.

As BC Hydro lost needed electrical capacity to backstop its new intermittent power supply, it was forced to seek new capacity or "firm" power, the type traditionally provided by hydroelectric facilities like Site C.

In 2010, the previous government introduced the Clean Energy Act, which exempted a number of BC Hydro projects and power procurement activities from independent review by the BC Utilities Commission including Site C, the Clean Power Call, the Smart Metering Program and the Northwest Transmission Line.

The former government then compounded the financial problems at BC Hydro by directing the corporation to pay dividends to the province from funds BC Hydro had to borrow. The cost of this debt is a direct cost to BC Hydro ratepayers.

Between 2001 and 2017, the previous government directed BC Hydro to increase its liabilities held in regulatory accounts from \$116 million to \$5.597 billion. These costs will have to be recovered from ratepayers in the future.

As a result of these earlier policy decisions, the previous government saddled BC Hydro with a new supply of long-term expensive intermittent power, without the electrical capacity to maintain reliable service to its customers.

Faced with challenges of its own making, the previous government determined that Site C was the most cost-effective option to both increase capacity in B.C.'s electrical system, to increase supply to address future load growth, and to provide flexibility to add more intermittent renewable power sources in the future.

Contact:  
Suntanu Dalal  
Media Relations  
Ministry of Energy, Mines and Petroleum Resources  
250 952-0628

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## BACKGROUND

For Immediate Release  
[release number]  
Dec. 11, 2017

Ministry of Energy, Mines and Petroleum  
Resources

### **Site C Termination Implications for BC Hydro Customers and BC Taxpayers**

The decision to proceed with construction of Site C was primarily driven by government's determination to ensure that British Columbians were not forced to absorb the unacceptable costs associated with project termination.

Analysis conducted by the Ministry of Energy, Mines and Petroleum Resources, the Ministry of Finance and external experts on the BC Utilities Commission (BCUC) report concluded that completing Site C will provide BC Hydro customers a benefit of up to \$500 million as compared to terminating the project and developing a new alternative portfolio of power projects.

In its report, the BCUC estimated that BC Hydro would need to spend an additional \$1.8 billion for termination and site remediation costs if it were to cancel the project. This is in addition to the \$2.1 billion of sunk construction and planning costs that will have been spent by the end of December 2017.

Faced with nearly \$4 billion of debt-financed spending for which ratepayers and taxpayers would receive no assets or benefits, the Province would have to recover those costs from either BC Hydro customers or taxpayers.

As a regulated utility, BC Hydro is obligated to file a plan with the independent BCUC who would ultimately determine which course of action it deemed most appropriate.

The BCUC did not take a position with respect to the options for debt recovery, however, government conducted extensive analysis of the fiscal and rate implications of likely debt recovery options.

If the BCUC determined that BC Hydro could recover the nearly \$4 billion in Site C costs from its customers, the Commission would then have to decide over what period those debt-financed costs would be recovered:

- Under a 10-year recovery period, BC Hydro customers' could face a one-time 12.1% rate increase that would last for the next decade. This would be in addition to any other rate increase required to cover BC Hydro's ongoing debt servicing and other operating costs, including recovery of its rate deferral accounts.
- Under a longer recovery period of 70 years, customers would not face short-term rate impacts. Such a move would, however force future generations to pay for a valueless asset from which they never receive benefits.

This course of action would also increase the risk that provincial bond rating agencies would bring into question BC Hydro's financial sustainability thus increasing the risk that BC Hydro's entire debt load becomes viewed as non-commercial. This would place significant pressure against the Province's AAA credit rating and annual borrowing costs.

If the BCUC decided that BC Hydro should not recover the \$4 billion of Site C debt from its customers, the corporation and the Minister of Finance would face two options that would significantly impact BC taxpayers:

- If BC Hydro retained the \$4 billion debt, it would first be obligated to write off the Site C costs as unrecoverable thus causing BC Hydro and the Province to slip into significant deficits. The corporation would then face an even higher risk of no longer being viewed by rating agencies as self-supporting and having its entire debt reclassified as non-commercial.
- Such a move would significantly risk the Province losing its AAA rating with a resultant increase in borrowing costs, thus reducing the annual budget available for key priority spending areas.
- If government itself chose to assume the nearly \$4 billion of Site C debt – thus safeguarding BC Hydro – it would immediately increase BC's level of taxpayer-supported debt from about \$44.6 billion to \$48.6 billion.
- This increase would also erode the Province's key fiscal sustainability debt-to-revenue ratio by 7-8 percentage points – a measure critically assessed by provincial bond-rating agencies and ultimately determines the Province's borrowing and debt-servicing costs.
- Absorbing the Site C debt into government taxpayer-supported debt would likely eliminate planned increases in provincial capital spending over the next 2 years. For context, \$4 billion in assumed Site C debt could pay for the equivalent of:
  - 3 Royal Columbian Hospitals
  - 66 secondary schools
  - 3 Evergreen Line transit projects
  - 3 Pattullo Bridge replacements
- This additional taxpayer-supported debt load would also increase operating costs in the provincial budget by \$120 million to \$150 million annually – with nothing to show for it.

Contact:

Suntanu Dalal

Media Relations

Ministry of Energy, Mines and Petroleum Resources 250 952-0628

From: Meggs, Geoff PREM:EX  
To: Wright, Don J. PREM:EX  
Subject: Items for today's meeting  
Date: Tuesday, November 28, 2017 10:08:00 AM

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Site C

Steelhead LNG

Aquaculture "blood pipe"

Mid-coast oil spill protection

Grizzly hunt

**GEOFF MEGGS**

Chief of Staff, Office of the Premier

West Annex, Parliament Buildings,

501 Belleville St, Victoria, BC V8V 2L8

(250) 356-6271



From: [Gibbs, Robb GCPE:EX](#)  
To: [Meggs, Geoff PREM:EX](#); [Lloyd, Evan GCPE:EX](#); [Aaron, Sage PREM:EX](#)  
Cc: [Kristianson, Eric GCPE:EX](#); [Zadavec, Don GCPE:EX](#)  
Subject: Latest version of NR  
Date: Sunday, December 10, 2017 2:25:59 PM  
Attachments: [SiteC-NR-Dec10V1.docx](#)  
Importance: High

---

Hi all,

The elements I added are in yellow.

s.13

Thoughts on all this?

Robb

---

Robb Gibbs

ADM – Strategic Communications

Government Communications & Public Engagement

P: 1-778-698-7469

C: 1-778-584-1242

Page 178 to/à Page 179

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s.13

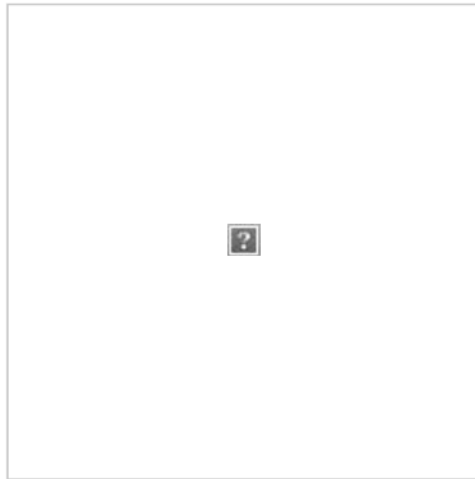


**From:** Ken Boon  
**To:** [Meggs, Geoff PREM:EX](#)  
**Subject:** Media Advisory - Site C Dam: NDP Makes Wrong Decision  
**Date:** Sunday, December 10, 2017 5:53:56 PM

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December 10, 2017

[View this email in your browser](#)



**MEDIA ADVISORY**  
**Site C Dam: NDP Makes Wrong Decision**  
**Flawed Process and Immediate Grave Consequences for the NDP**  
Copyright

Page 182 to/à Page 185

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Copyright

From: [Meggs, Geoff PREM:EX](#)  
To: [Lloyd, Evan GCPE:EX](#); [Aaron, Sage PREM:EX](#)  
Cc: [McGregor, Cara GCPE:EX](#); [Gibbs, Robb GCPE:EX](#)  
Subject: Messaging  
Date: Wednesday, December 6, 2017 10:02:34 PM  
Attachments: [Elements for Site C remarks - 2.docx](#)

---

Evan, here's a rewrite of yesterday's notes with new framing, messaging, story line

g

Page 187 to/à Page 194

Withheld pursuant to/removed as

s.13

**From:** [Kristianson, Eric GCPE:EX](#)  
**To:** [Meggs, Geoff PREM:EX](#); [Lloyd, Evan GCPE:EX](#); [Wright, Don J. PREM:EX](#)  
**Cc:** [Zadravec, Don GCPE:EX](#)  
**Subject:** mitigation elements  
**Date:** Saturday, December 9, 2017 4:59:27 PM  
**Attachments:** [Backgrounder 1 Site C Mitigation Elements.docx](#)

---

Don and Geoff,

This backgrounder has been revised following today's discussions. I have highlighted the areas where specific budget and policy decisions have not yet been made and further work will need to be done.

Regards

Eric Kristianson

ADM Strategic Issues

GCPE

778-584-1248



Page 196 to/à Page 197

Withheld pursuant to/removed as

s.13

From: [Andrews, Scott GCPE:EX](#)  
To: [Andrews, Scott GCPE:EX](#)  
Subject: Morning Media Report - Monday December 11th  
Date: Monday, December 11, 2017 6:40:23 AM  
Attachments: [image001.jpg](#)

---

## **Morning Media Report, Monday December 11<sup>th</sup>**

### **Section 1 – Press Gallery Summary**

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#### **Justine Hunter (Globe and Mail)**

- **“The way forward for Indigenous land rights”** (hot issue)  
Page A07

Copyright

- **(Saturday, December 9<sup>th</sup>) “Expect The Green Light For A Reframed Site C”** (hot issue)  
Page A16

Copyright

Copyright

- (Sunday Dec 10<sup>th</sup>) “Watch for NDP to proceed with Site C dam - with a fresh twist” (hot issue)  
Page A06

Copyright

- “Healthcare IT system in process of costly re-boot”  
Page A05

Copyright

- “Dix to Meet With Fired Health Employees”

Copyright

Copyright

## Section 2 – Major Newspapers

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### Vancouver Sun

- “Doctor shortage in B.C. is 'going to get worse’”

Pamela Fayerman, Page A01

Copyright

- “Delta farm workers released after CO scare”

Laura Grindley, Page A03

Copyright

- “B.C. court rules make reporting on polygamy case almost impossible”

Daphne Bramham, Page A03

Copyright

- “Lodge operators risk arrest to stay afloat”

Larry Pynn, Page A04

Copyright

- “Rental rule changes provide a break for tenants”

Copyright

**The Globe and Mail**

- **"B.C. set to reboot human-rights agency"**

David Ebner, Page A06

Copyright

- **"B.C. teachers union warns of special-education staff issues"**

Camille Bains, Page A07

Copyright

- **(Time TBD) 2016 Compliance Inspection Report: Second posting of annual Report covering inspections conducted under Environmental Management Act. Report will be web posted at time TBC.**

- **(Today) Smithers -- Twenty year anniversary of the Delgamuukw/Gisday'wa Supreme court decision.**
- **(10:00am) Okanagan College news release on fundraising for new trades building that is under construction:** Vernon philanthropist George Galbraith to announce \$250,000 pledge to Okanagan College's Bright Horizons – Building for Skills campaign launch event for new Trades Training Centre at Vernon campus. Immediately after, a second gift of \$250,000 from Robert Foord, President of Kal Tire, was announced. The \$500,000 boost puts Okanagan College Foundation well on its way to the campaign's \$1 million fundraising goal. Province is providing \$2.9M of the total \$6.2M cost. Remainder is from the federal government.

## **Chinese Media End of the Day Report**

**Friday December 8 at 4 pm**

### **Summary of Talk Shows**

#### **CHMB AM 1320 News Central, 4:30 pm – 6 pm M-F**

Language: Cantonese

Host: Khloe Leung

Topic: New mortgage stress test (effective 01/01/2018) - What is stress test? Is it fair and effective?

#### **Fairchild AM 1470 News Hotline, 5pm – 6 pm, M-F**

Language: Cantonese

Host: Wallace Chen Guest: Kenneth Ho

Topic: U.S. President's foreign policy in Middle East re: decision in moving US consulate to Jerusalem

#### **Fairchild FM96.1 News Focus, 5 pm – 6 pm, M-F**

Language: Mandarin

Host: Debbie Chen

Topic: Consumer rights

#### **Fairchild AM 1470 News Talk, 8 am – 10 am, M-F**

Language: Cantonese

Host: Travena Lee, Richard Lee, Kenneth Chiu

Major topics discussed:

-National Energy Board's ruling on Kinder Morgan. The panel believes that the legal dispute will continue due to strong opposition from City of Burnaby and BC government.

-U.S. President's decision to recognize Jerusalem as the capital of Israel

### **Highlights from Today's News Online (TNO) from Chinese Language Media Report**

#### **Site C project**

CHMB

Thursday, December 07, 2017, 12:03

By CHMB

Copyright

Copyright

**Sing Tao Daily: Horgan to appeal duties on Canadian softwood lumber**

Sing Tao Daily (Western edition)

08-Dec-2017 10:00

Copyright

**Wait times for health care in B.C. reach new high of 26.6 weeks on average**

Sing Tao Daily

Friday, December 08, 2017

Page A02

Copyright

Copyright

**Sing Tao Daily: Province provides \$33 million to build elementary school in Surrey**  
Sing Tao Daily (Western edition)

08-Dec-2017 10:00

Copyright

## **South Asian Media End of the Day Report**

**Friday, December 8, 2017 at 3:00 pm**

### **Summary of talk shows**

CKYE RED 93.1 FM The Harjinder Thind Show 8:00 am – 11:00 am

Copyright



**Highlights from Today's News Online (TNO) from Punjabi Language Media Report  
CJRJ**

[Armstrong - Site C dam - CJRJ \(Spice Radio\) - 07-Dec-2017](#)

**CKYE**

[Okanagan flagger death - CKYE \(RED FM Surrey\) - 07-Dec-2017](#)

[Site C meetings - CKYE \(RED FM Surrey\) - 07-Dec-2017](#)

[SkyTrain attack arrest - CKYE \(RED FM Surrey\) - 07-Dec-2017](#)

[Yurkovich - US softwood ruling - CKYE \(RED FM Surrey\) - 07-Dec-2017](#)

**CHNM**

[Bains/Larsen - Surrey school funding - CHNM \(OMNI Vancouver\) - 07-Dec-2017](#)

[Highway overpass repairs - CHNM \(OMNI Vancouver\) - 07-Dec-2017](#)

[NEB TMP ruling - CHNM \(OMNI Vancouver\) - 07-Dec-2017](#)

[SkyTrain racist attack - CHNM \(OMNI Vancouver\) - 07-Dec-2017](#)

**KRPI**

[Morris - marijuana regulations - KRPI \(Ferndale, USA\) - 07-Dec-2017](#)

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CJRJ

**Armstrong - Site C dam**

CJRJ

Thursday, December 07, 2017, 08:00

By CJRJ0

Copyright

Copyright

**Okanagan flagger death**

CKYE

Thursday, December 07, 2017, 12:00

By CKYE-1

Copyright

**Site C meetings**

CKYE

Thursday, December 07, 2017, 08:00

By CKYE0

Copyright

**SkyTrain attack arrest**

CKYE

Thursday, December 07, 2017, 08:00

By CKYE0

Copyright

**Yurkovich - US softwood ruling**

CKYE

Thursday, December 07, 2017, 14:00

By CKYE-2

Copyright

**Bains/Larsen - Surrey school funding**

CHNM

Thursday, December 07, 2017, 19:31

By OMNI Punjabi News3

Copyright

**Highway overpass repairs**

CHNM

Thursday, December 07, 2017, 19:36

By OMNI Punjabi News0

Copyright

**NEB TMP ruling**

CHNM

Thursday, December 07, 2017, 19:34

By OMNI Punjabi News0

Copyright

Copyright

[top](#) [previous](#) [next](#)

### **SkyTrain racist attack**

CHNM

Thursday, December 07, 2017, 19:35

By OMNI Punjabi News

Copyright

### **Morris - marijuana regulations**

KRPI

Thursday, December 07, 2017, 09:17

By KRPI Jasbir Romana

Copyright

Page 012 to/à Page 014

Withheld pursuant to/removed as

Copyright

From: Meggs, Geoff PREM:EX  
To: Lloyd, Evan GCPE:EX; Aaron, Sage PREM:EX  
Subject: PGH and electrification  
Date: Saturday, December 9, 2017 2:12:00 PM

---

Hi all,

PGH would prefer not to see this in messaging, but would be okay with:  
s.13

g

**GEOFF MEGGS**

Chief of Staff, Office of the Premier  
West Annex, Parliament Buildings,  
501 Belleville St, Victoria, BC V8V 2L8  
(250) 356-6271

**From:** Meggs, Geoff PREM:EX  
**To:** Lloyd, Evan GCPE:EX; Aaron, Sage PREM:EX  
**Subject:** preliminary notes  
**Date:** Monday, December 4, 2017 9:29:42 PM  
**Attachments:** Elements for Site C remarks.docx

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s.13



s.13

From: [Dewar, Bob PREM:EX](#)  
To: [Aaron, Sage PREM:EX](#)  
Cc: [Meggs, Geoff PREM:EX](#); [Hannah, Matt GCPE:EX](#)  
Subject: Re: Andrew Weaver responds to Government's decision to continue with Site C  
Date: Monday, December 11, 2017 1:11:11 PM

---

Again a very thoughtful and tempered response from the Weave. Press conference should be interesting.

Sent from my iPhone

On Dec 11, 2017, at 1:49 PM, Aaron, Sage PREM:EX <[Sage.Aaron@gov.bc.ca](mailto:Sage.Aaron@gov.bc.ca)> wrote:

Sage  
778-678-0832  
Sent from my mobile device

Begin forwarded message:

**From:** "Miller, Sarah" <[Sarah.Miller@leg.bc.ca](mailto:Sarah.Miller@leg.bc.ca)>  
**Date:** December 11, 2017 at 11:38:25 AM PST  
**To:** undisclosed-recipients;;  
**Subject:** Andrew Weaver responds to Government's decision to continue with Site C

## B.C. GREEN CAUCUS

For immediate release

December 11th, 2017

### **Andrew Weaver responds to Government's decision to continue with Site C**

VICTORIA, B.C. - Today Andrew Weaver responded to the NDP government's decision to proceed with the construction of Site C.

"Our caucus is extremely disheartened by this decision. It is fiscally reckless to continue with Site C and my colleagues and I did everything we could to make this clear to the government.

"This government promised to be better than the B.C. Liberals. On this issue, the NDP government's approach has turned out to be no different whatsoever.

"Since the beginning I have been concerned this would end up being a political decision. Today's announcement reflects a sad reality for B.C., and British Columbians deserve better. They deserve a vision grounded in bold ideas that will enable our province to be a leader in the 21st century economy, not more empty campaign promises and political calculation.

"The government's argument that cancelling Site C is too risky due to debt is incredibly cynical. This is a question of priorities. They had no problem adding billions onto the public debt to cancel the tolls on the Port

Mann and Golden Ears bridges, transferring those costs to people outside of the Lower Mainland to pick up votes in a couple of swing ridings.

“Today, Site C is no longer simply a B.C. Liberal boondoggle - it has now become the B.C. NDP’s project. They are accountable to British Columbians for the impact this project will have on our future.

“We have seen what is happening to ratepayers in Newfoundland because of Muskrat Falls, a similar project, where rates are set to almost double. I am deeply concerned that similar impacts are now in store for B.C. ratepayers.

“The lost economic opportunities from continuing with Site C are profound. Our caucus has met with dozens of local governments, First Nations and B.C. companies with viable alternative energy projects. As countries across the world embrace small scale distributed renewable energy, this decision keeps B.C. locked in the past and risks foregoing enormous opportunities.”

-30-

**Media contact**

Sarah Miller, Acting Press Secretary

+1 778-650-0597 | [sarah.miller@leg.bc.ca](mailto:sarah.miller@leg.bc.ca)

From: [Meggs, Geoff PREM:EX](#)  
To: [Wong, Tamarra PREM:EX](#)  
Cc: [Aaron, Sage PREM:EX](#)  
Subject: Re: Call with Justine Hunter  
Date: Wednesday, November 29, 2017 4:35:29 PM

---

Yes

Sent from my iPhone

On Nov 29, 2017, at 12:12 PM, Wong, Tamarra PREM:EX <[Tamarra.Wong@gov.bc.ca](mailto:Tamarra.Wong@gov.bc.ca)> wrote:

Justine Hunter is asking for a phone call with you this week before Friday noon to talk about Site C and the process still ahead. Please let me know if you would like me to schedule.

**Tamarra Wong**

Executive Coordinator to the Chief of Staff

Office of the Premier

E: [tamarra.wong@gov.bc.ca](mailto:tamarra.wong@gov.bc.ca)

Tel: 250-356-2785 | Cell: 250-208-3085

**From:** McGregor, Cara GCPE:EX  
**To:** Meggs, Geoff PREM:EX; Lloyd, Evan GCPE:EX; Aaron, Sage PREM:EX  
**Subject:** RE: COMMENTS ON SPEAKING NOTES  
**Date:** Saturday, December 9, 2017 9:31:56 PM  
**Attachments:** 20171211 SN Statement draft6.docx

---

Clean copy for tomorrow – all changes have been incorporated.

---

**From:** Meggs, Geoff PREM:EX  
**Sent:** Saturday, December 9, 2017 8:15 PM  
**To:** Lloyd, Evan GCPE:EX; McGregor, Cara GCPE:EX; Aaron, Sage PREM:EX  
**Subject:** RE: COMMENTS ON SPEAKING NOTES

Thanks, this is good for tomorrow

g

**GEOFF MEGGS**

Chief of Staff, Office of the Premier  
West Annex, Parliament Buildings,  
501 Belleville St, Victoria, BC V8V 2L8  
(250) 356-6271

---

**From:** Lloyd, Evan GCPE:EX  
**Sent:** Saturday, December 9, 2017 5:52 PM  
**To:** McGregor, Cara GCPE:EX; Meggs, Geoff PREM:EX; Aaron, Sage PREM:EX  
**Subject:** COMMENTS ON SPEAKING NOTES

Geoff et al – I made a few suggestions on Cara's latest draft in accordance with the revised News Release and messaging.

In track mode.

Evan

## **Site C Decision**

**Dec. 11, 2017**

### **I: Intro**

- The Site C decision affects:
  - Local people, Treaty 8 First Nations, Site C workers
  - Every British Columbian, for generations
- Any decision must fit with our values, and our commitments:
  - Affordability
  - BC Hydro that works for people
  - Environmental commitments
  - Indigenous Peoples

### **2: History of Site C**

- We've been critical of Site C from the start
  - No business case, no referral to BCUC
  - \$2 billion spent: no plan, no apprenticeships
  - Their priority: the so-called Point of No Return

### **3: BCUC Review**

- We committed to review Site C, and we followed through
- BCUC confirmed our concerns
  - Cost overruns
  - Green power could meet BC's needs
  - We need more green power to meet climate commitments
- They left us with two options: continue or cancel



#### **4: The Decision**

- To those opposed: I respect your conviction and passion
- But there was only one decision we could make:
  - Site C is not the project we favoured
  - It is not the project we would have built
  - But we must build it
- This decision will be a disappointment to many, but we must think of the needs of all British Columbians
  - Who would not have schools, hospitals, roads, homes they need if we wrote off \$4 billion to end Site C
  - Our government could not make that choice

#### **5: Going Forward**

- We must overcome the legacy of mismanagement of BC Hydro, and turn Site C into a positive for BC's future:
  - Project oversight to keep control of project costs
  - Community benefit agreements, sub-contracting for biz
  - Agricultural land enhancements
  - Indigenous partnerships - BC Hydro renewable energy

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#### **6: Closing**

- While not the project we favoured, Site C is the best choice to:
  - Deliver on our commitments to British Columbians
  - Chart a course to a sustainable future

**SPEAKING NOTES BEGIN NEXT PAGE**

What is most important to me, and to our government, is making life better for people.

That means tackling problems head-on, and making the best decisions for people, our province, and our future.

The future of Site C is one such question, and today we announce the way forward.

The decision whether or not to proceed with Site C is one of the most difficult our government will make.

I've sat across the kitchen table from families, whose farms and homes overlook the Peace River.

I've met with Treaty 8 First Nations.

I've met with workers, whose livelihoods depend on Site C.

The decision whether or not to proceed affects all of these people.

Our decision today will have profound and lasting impact for every person in this province, for generations.

We have not made this decision lightly.

Our priority as a government was to make sure any decision on Site C was consistent with our values, and our commitments to British Columbians:

To make life more affordable,

To make BC Hydro work for people,

Protect the environment, and embrace reconciliation with Indigenous peoples.

For many years, we have been critical of the previous government's decision to build Site C.

We questioned the business case and the budget.

We demanded the project be referred to the BC Utilities Commission.

They ignored public concerns and recklessly charged ahead.

More than \$2 billion dollars spent, without an independent review.

Without a clear understanding of the costs and risks.

Without a plan to make sure jobs and apprenticeships flowed to British Columbians.

All they cared about was getting Site C to the so-called “point of no return” before the election.

What’s worse was their gross mismanagement of BC Hydro.

They raided Hydro’s deferral accounts to balance the budget, while making regular people pay more.

Hydro rates are up 24% in four years,  
70% since 2001.

For these reasons and more, we  
promised, if elected, to send the Site C  
project to review by the BC Utilities  
Commission.

We delivered on that commitment.

The BCUC review validated many of our  
concerns.

There are serious cost overruns on Site C  
in excess of \$1 billion dollars.

Alternative sources of green power, like wind and solar, could meet BC's needs.

They made it clear B.C. needs more renewable energy to meet the challenges of climate change.

The BCUC ruled out the option of delaying or suspending the project.

Leaving our government with a clear choice:

Complete Site C at a cost of \$10.7 billion.

Or cancel Site C and absorb \$4 billion in construction and remediation costs.



I want to speak directly to those who demanded that we cancel Site C.

I respect the strength of your conviction, and your concern for our future.

I share your determination to protect B.C.'s farmland and reduce the impact of energy development on wildlife and wetlands.

We agree that decisions of this magnitude must embrace, to the greatest degree possible, the principles of reconciliation with Indigenous peoples and the UN Declaration.

The challenge of government is to deal with issues as they are, not as we wish they were.

We listened, we deliberated, we debated.

But at the end of the day there was only one decision our government could make.

**Site C is not the project we favoured.**

**It is not the project we would have built.**

**But we must complete it.**

Although Site C will cost over \$10 billion, those costs can be recovered over time by sale of the dam's energy.

Not so with cancelling the project.

To cancel today would put British Columbians on the hook for an unavoidable \$4 billion dollar bill – with *nothing* to show for it.

Worse yet, we cannot pay that bill without increasing hydro rates or making cuts to services people count on us to deliver.

I know this decision will be a profound disappointment to many, including many I count as friends.

But we must think of the needs of all British Columbians who would not have the schools, hospitals, roads and homes they need if we wrote-off \$4 billion to end Site C.

Our government could not make that choice.

We must overcome the previous government's legacy of mismanagement of BC Hydro, and turn Site C into a positive part of BC's future.

Today I am announcing a series of initiatives to minimize the risk and completion costs, and maximize the benefits of Site C.

We are launching a new project oversight team, to ensure the Site C budget is respected and achieved.

We will use community benefit agreements, to make sure Site C creates training opportunities for British Columbians, and sub-contracting opportunities for business.

We will enhance food security with new funding to boost the productivity of our agricultural lands and industry.

We will introduce new measures to support reconciliation with Indigenous peoples by re-opening BC Hydro's standing offer program to trigger new partnerships with First Nations for renewable energy.

s.13,s.16

What is most important to me, and our government, is making life better for people.

Site C is not the project we favoured.

It is not the project we would have built.

But it is the best choice to make sure we deliver on our commitments to British Columbians, and chart a course to a sustainable future.

**From:** [Kennedy, Christine](#) PREM:EX  
**To:** [Lloyd, Evan](#) GCPE:EX; [Kristianson, Eric](#) GCPE:EX; [Wright, Don J.](#) PREM:EX; [Meggs, Geoff](#) PREM:EX; [Gibbs, Robb](#) GCPE:EX  
**Cc:** [Zadravec, Don](#) GCPE:EX; [Haslam, David](#) GCPE:EX; [Lowe, Mike](#) GCPE:EX; [Howlett, Tim](#) GCPE:EX  
**Subject:** RE: Continuity Scrub  
**Date:** Sunday, December 10, 2017 7:18:19 PM  
**Attachments:** [Technical Draft 7.pptx](#)

---

Technical presentation draft, with Don's text edits complete.

I will still be fixing some formatting but if I have missed anything important I will fix it in the morning.

---

**From:** Lloyd, Evan GCPE:EX  
**Sent:** Sunday, December 10, 2017 4:14 PM  
**To:** Kristianson, Eric GCPE:EX; Wright, Don J. PREM:EX; Meggs, Geoff PREM:EX; Gibbs, Robb GCPE:EX  
**Cc:** Zadravec, Don GCPE:EX; Haslam, David GCPE:EX; Lowe, Mike GCPE:EX; Howlett, Tim GCPE:EX; Kennedy, Christine PREM:EX  
**Subject:** Continuity Scrub  
**Importance:** High

Thanks Eric and all,

Now that we have comments/decisions on the NR from DW after his discussions with PJH we need to make revisions to the backgrounders.

Similarly, we need a continuity scrub of all collateral materials including Key Messages, FAQs etc.

This needs to happen soon (or as soon as Robb feels we have the last of any comments from Don W viz a viz the NR.

We also need to consider the revised deck from DW – Christine can we have the final version ASAP  
Evan

---

**From:** Eric Kristianson <[Eric.Kristianson@gov.bc.ca](mailto:Eric.Kristianson@gov.bc.ca)>  
**Date:** Sunday, December 10, 2017 at 2:16 PM  
**To:** Don Wright <[Don.J.Wright@gov.bc.ca](mailto:Don.J.Wright@gov.bc.ca)>, Geoff Meggs <[Geoff.Meggs@gov.bc.ca](mailto:Geoff.Meggs@gov.bc.ca)>, "Lloyd, Gcpe:Ex" <[Evan.Lloyd@gov.bc.ca](mailto:Evan.Lloyd@gov.bc.ca)>, Robb Gibbs <[Robb.Gibbs@gov.bc.ca](mailto:Robb.Gibbs@gov.bc.ca)>  
**Cc:** Don Zadravec <[Don.Zadravec@gov.bc.ca](mailto:Don.Zadravec@gov.bc.ca)>, "Haslam, David GCPE:EX" <[David.Haslam@gov.bc.ca](mailto:David.Haslam@gov.bc.ca)>, Mike Lowe <[Mike.Lowe@gov.bc.ca](mailto:Mike.Lowe@gov.bc.ca)>  
**Subject:** revised backgrounders

Group, here are the revised versions. Note: we still need a decision on the agriculture fund and the alternative capital construction examples (non-lower mainland)

Eric Kristianson

ADM Strategic Issues

GCPE

778-584-1248



# Site C

# Technical Briefing

**Don Wright**  
**Deputy Minister to the Premier**  
**December 11, 2017**

**After review by BCUC, meeting with Treaty 8  
First Nations, advice from independent experts  
and lengthy deliberation**

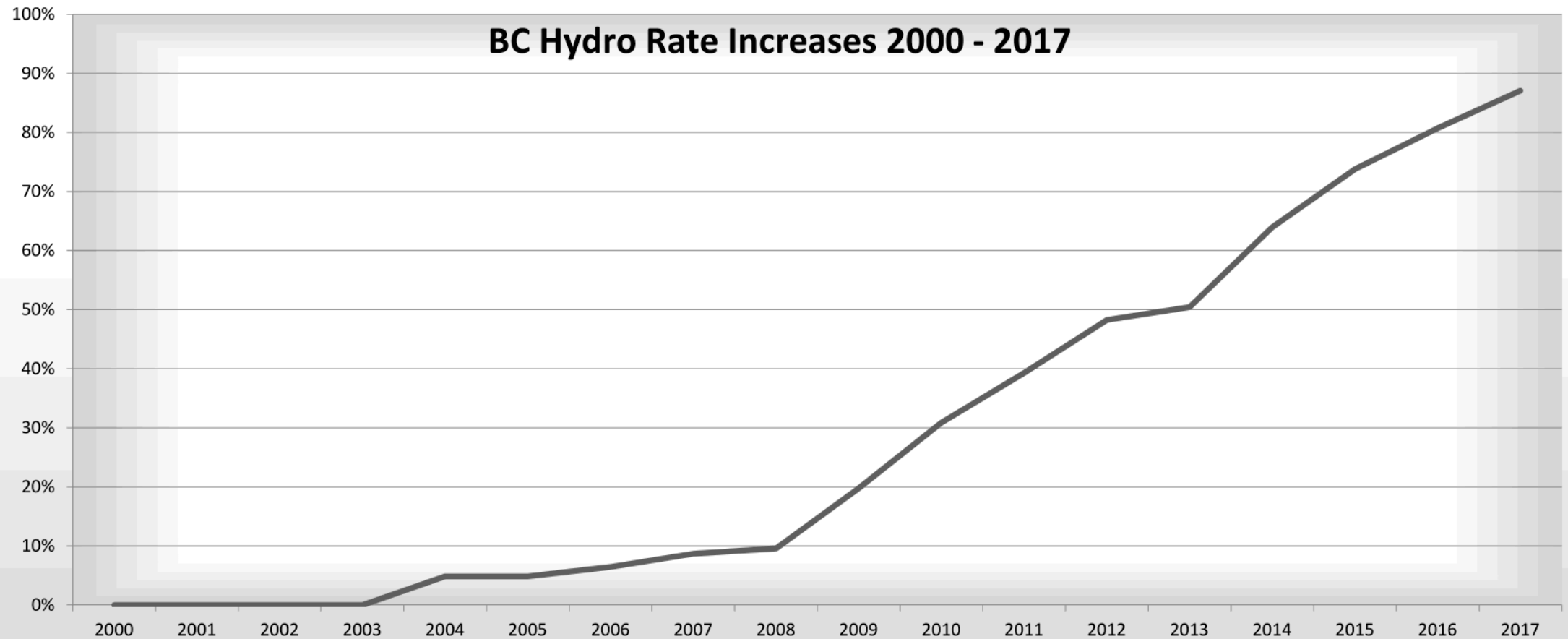
**Cabinet has made the difficult decision to  
complete Site C construction**

# Outline of Technical Presentation

- I. Historical Context
- II. Government's Decision Criteria
- III. Revised Cost Estimates
- IV. Ratepayer Impacts
- V. Fiscal Impacts/Risks
- VI. Concluding Comments

# I. Historical Context

# Hydro Rates Have Been Rising Significantly Since 2003

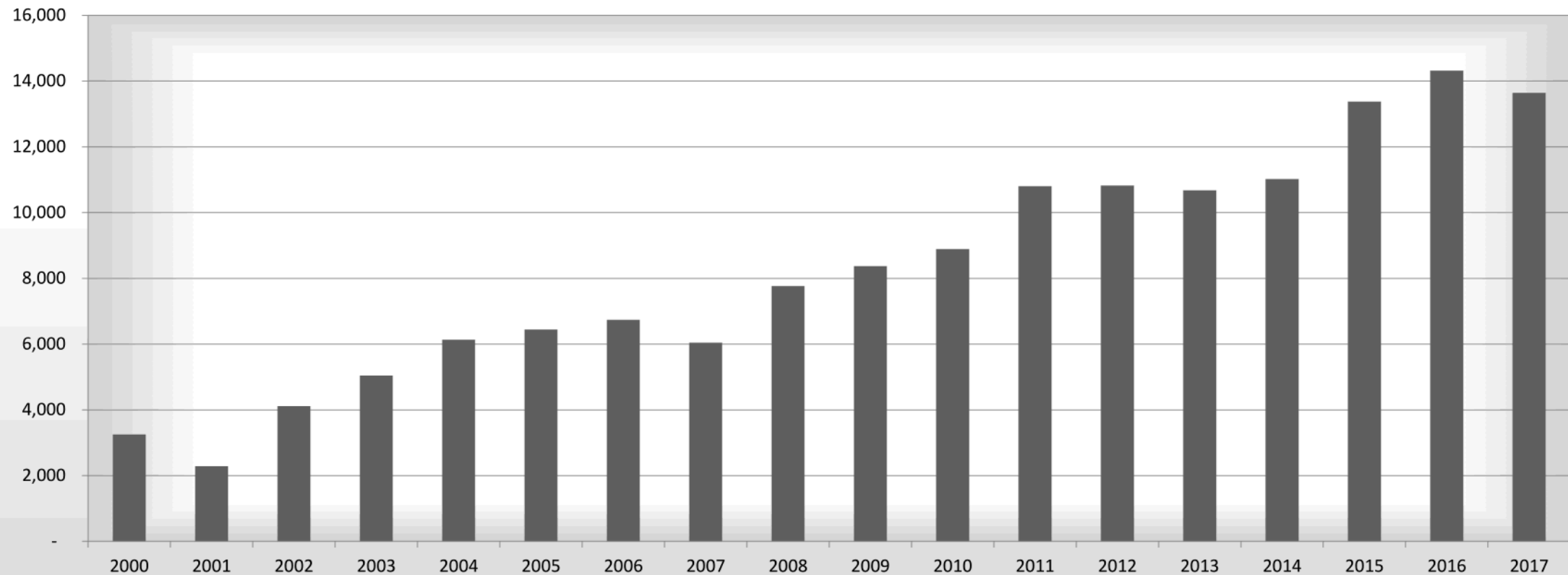


# New Power More Expensive Than Heritage Assets

Heritage Assets	Average of IPP	Projected Site C
\$32 / MWh	\$100 / MWh	\$60 / MWh

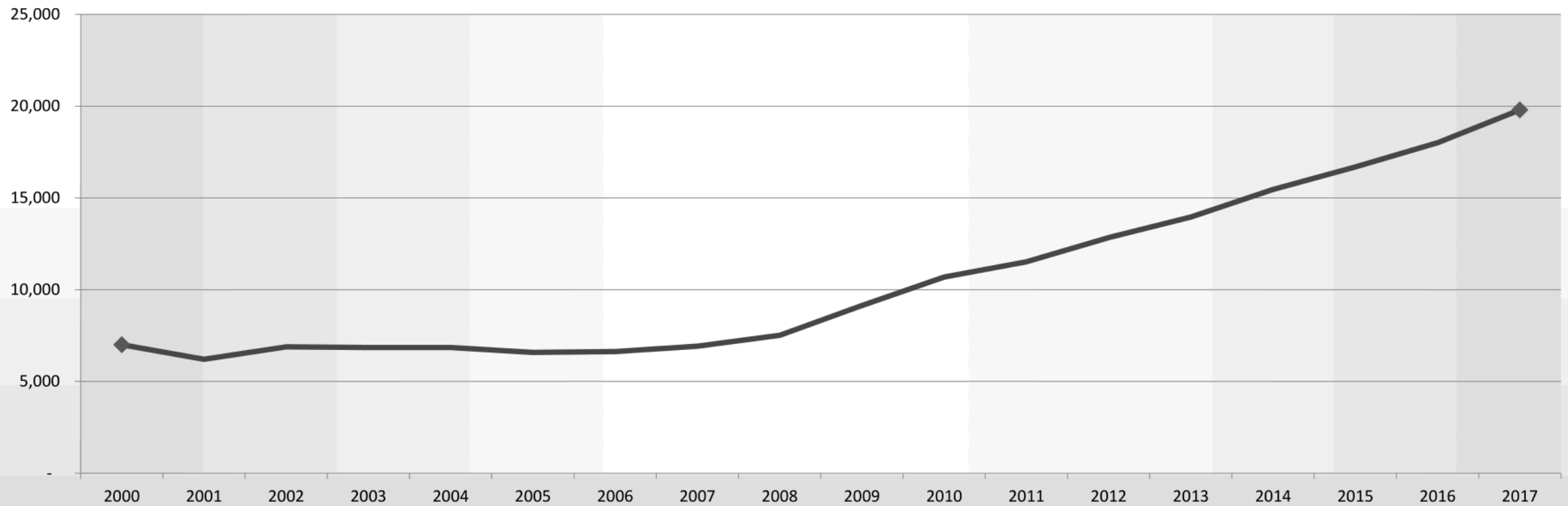
# IPP Share of Supply Growing

IPP Historical Generation (GWh)



# BC Hydro Debt is Growing

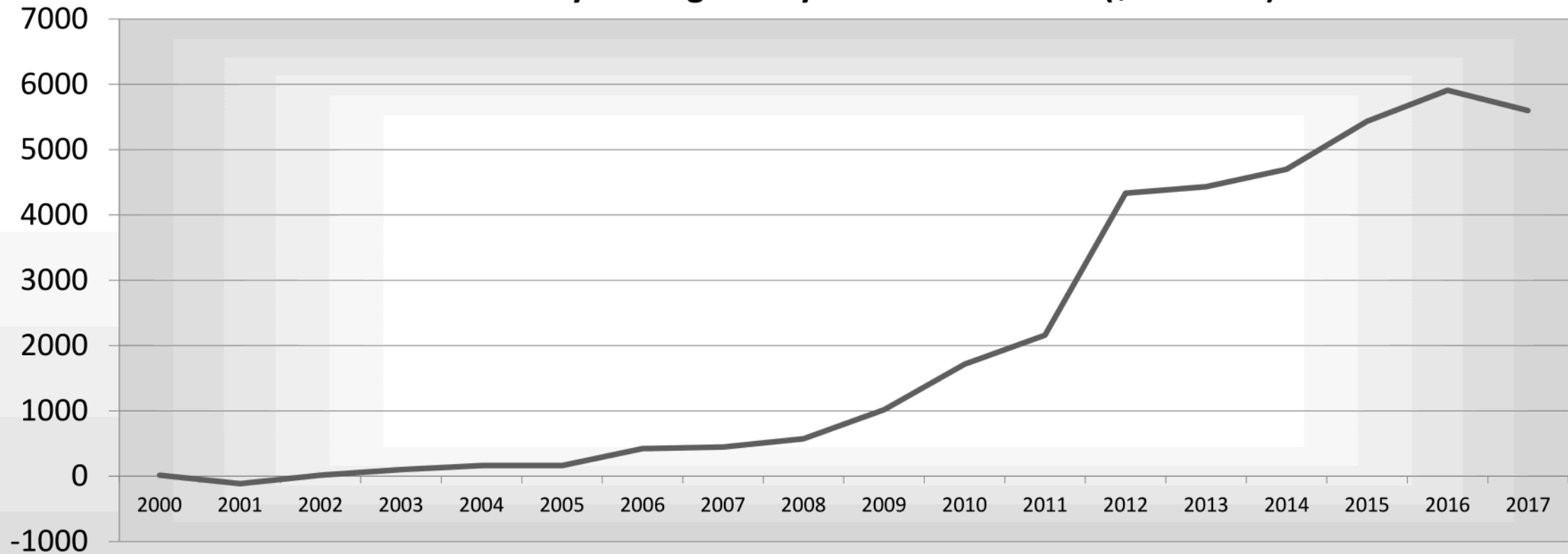
BC Hydro Net Long-Term Debt (\$ Millions)



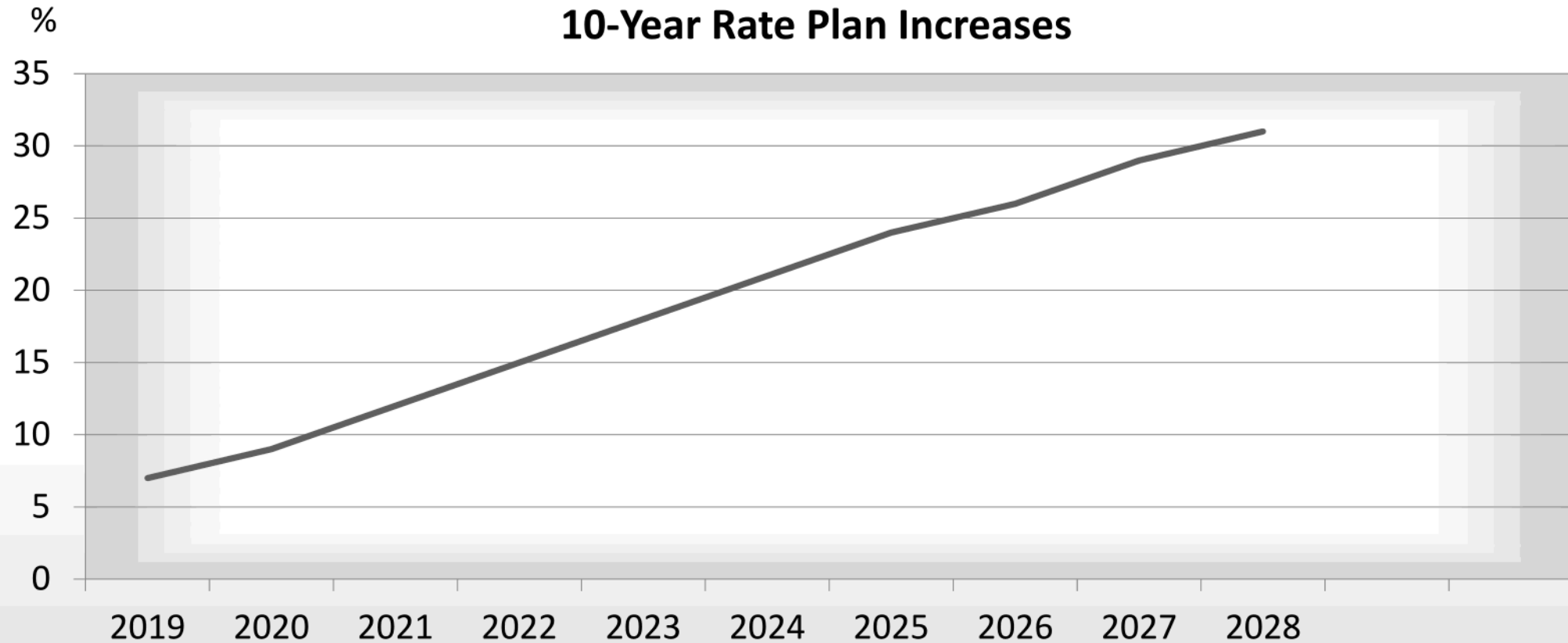


# BC Hydro's Regulatory Account Balance Is Growing

BC Hydro Regulatory Account Balances (\$ Millions)

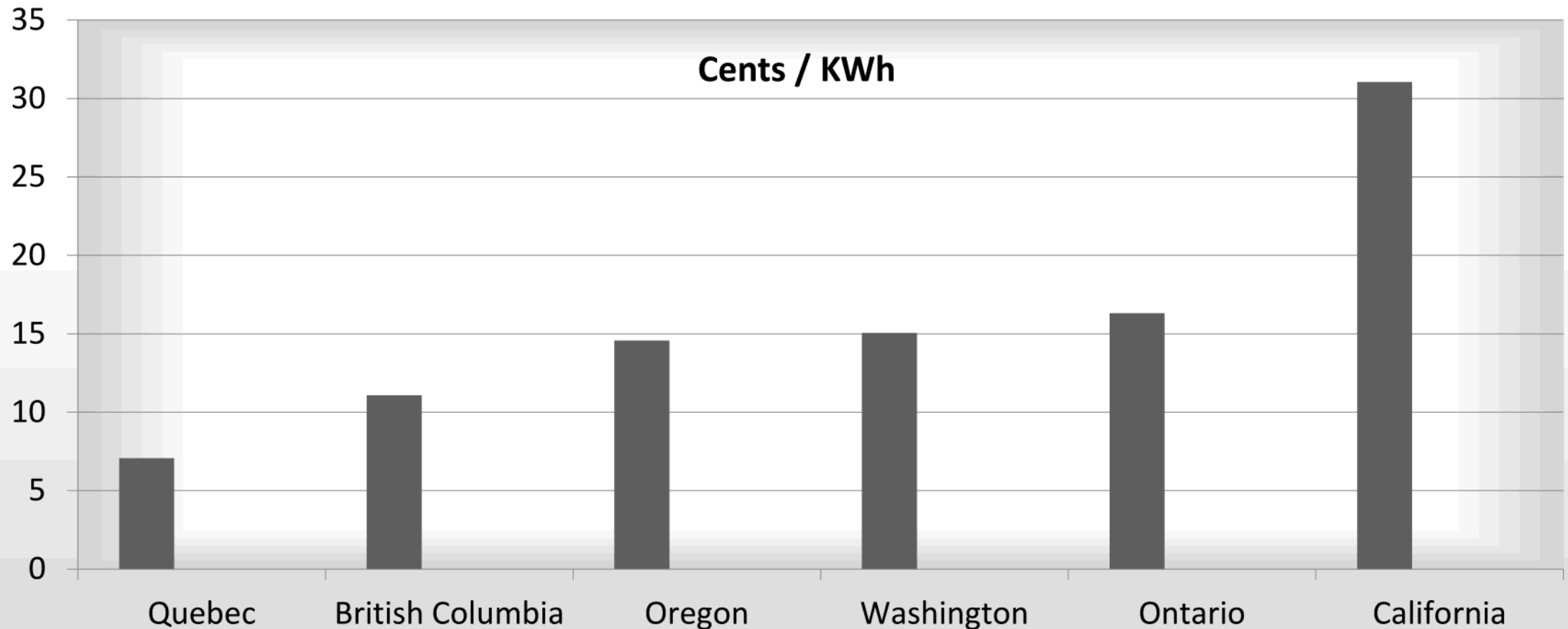


# Current 10-Year Rate Plan Schedules Further Increases



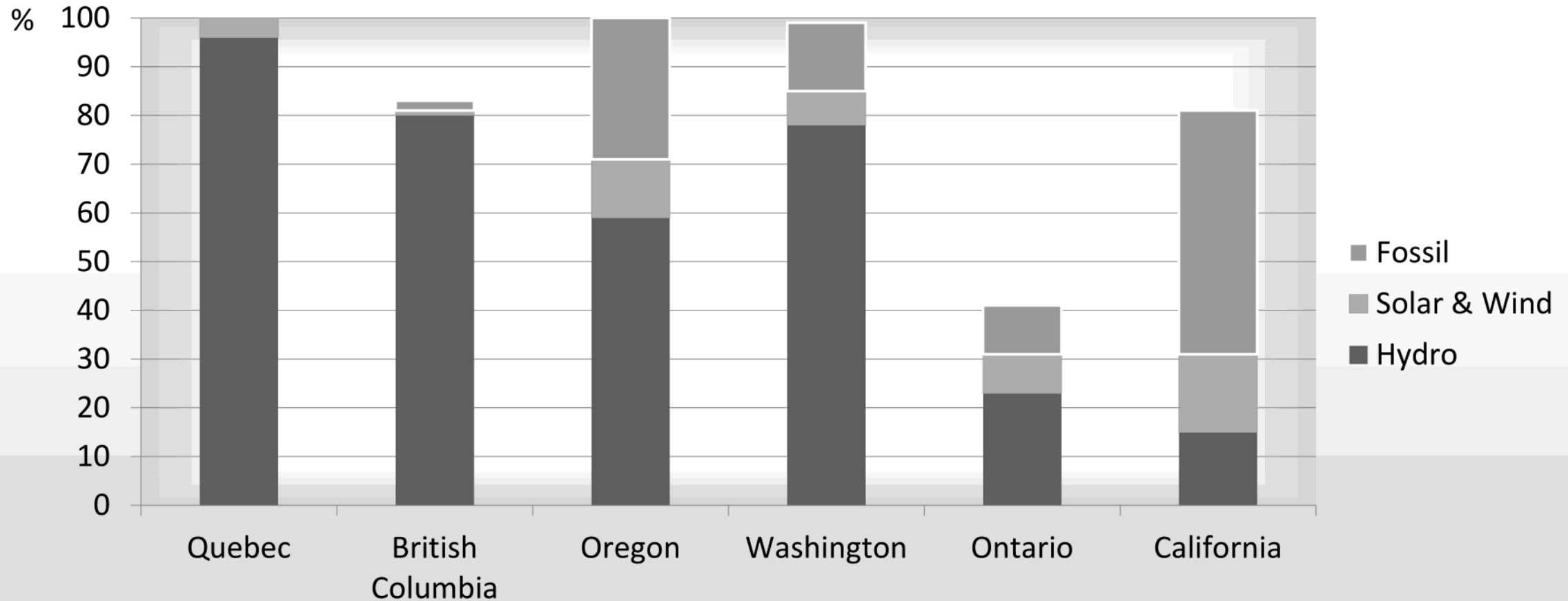
# How Our Rates Compare, Residential

Source: Hydro Quebec, NRCAN, US EIA



# Sources of Electricity

Source: Hydro Quebec, NRCAN, US EIA  
Other sources to 100% includes biomass, nuclear



## **II. Government's Decision Criteria**

# Criteria

1. Ratepayer Impact
2. Fiscal Impact / Risks
3. First Nation Impacts
4. GHG Targets
5. Agriculture / Food Security

# III. Revised Cost Estimates

# Projected Cost to Complete: \$10.7 Billion

- 2014 approval was for \$8.335 billion
  - With an additional \$440 million risk reserve
  - For a total of \$8.775 billion
- Costs to date have exceed budgeted amounts
- One-year delay of river diversion estimated to increase costs by \$610 million
- Future contracts projected to be higher than budgeted amounts
- Current mid-point estimate is now \$9.992 billion
  - \$1.657 billion over 2014 estimate
- Given what has happened to date, risk reserve has been increased



# Change in Cost Estimate

\$ millions

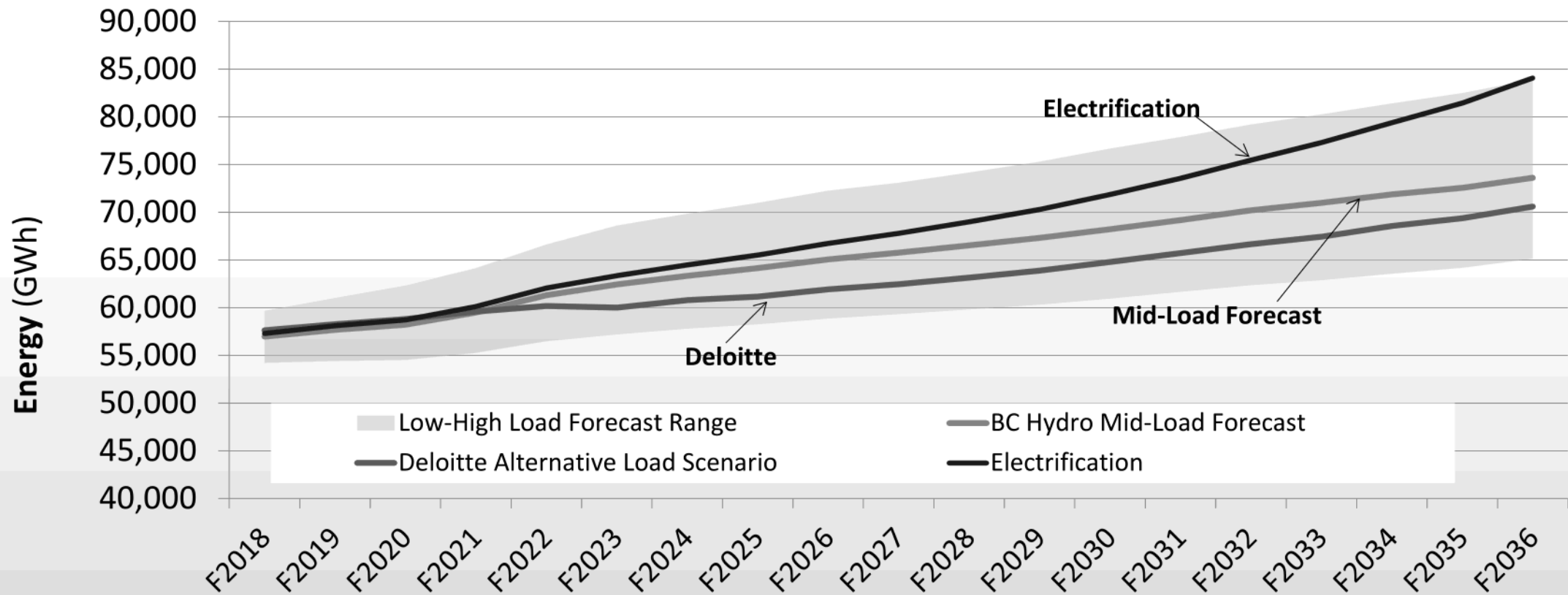
Cost	2014	Current
Direct Costs	4,940	5,839
Indirect and Overhead	1,194	2,010
Contingency	794	858
Interest before completion	1,407	1,285
<b>Total Before Risk Reserve</b>	<b>8,335</b>	<b>9,992</b>
Risk Reserve	440	708
<b>Total</b>	<b>8,775</b>	<b>10,700</b>

# Comments on Cost Escalation

- Government will be putting in place enhanced oversight to ensure final costs are at or below \$10.7 billion
- \$10.7 billion is used in making comparisons of the continue versus terminate scenarios

# IV. Rate Impacts

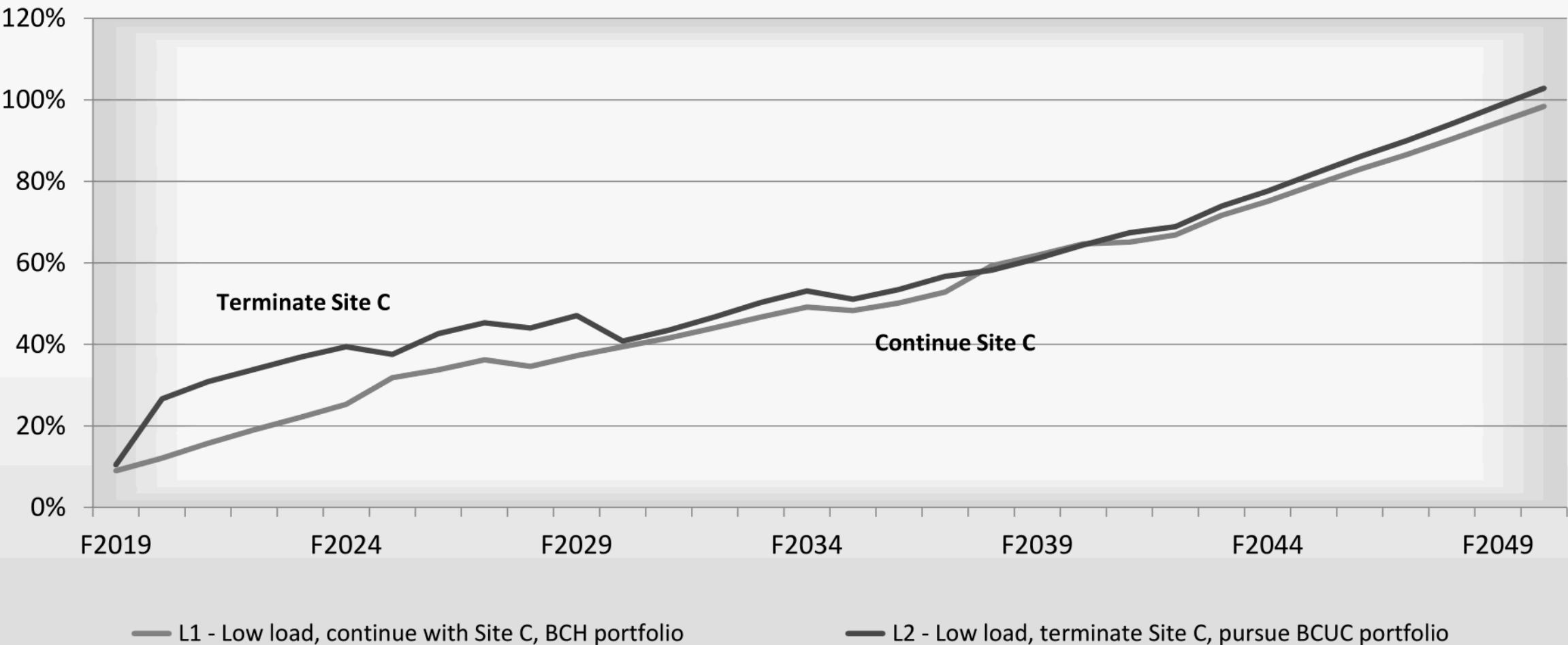
# Comparison of Load Forecasts



# Rate Impact Analysis Assumptions

- BCUC Low Load Forecast
- BCUC “Alternative Portfolio” assumptions
- \$10.7 B Site C Cost
- 10 year amortization of \$4 billion in termination scenario

# Rate Impacts Under a Low Load Forecast



# What Is The Impact On Ratepayers?

Complete Site C	Terminate Site C
<ul style="list-style-type: none"><li>• Rate impact 1.1% in 2025, and 1.1% in 2026 under a rate smoothing scenario over 10 years, then decreasing (assuming revised \$10.7B project cost)</li></ul>	<ul style="list-style-type: none"><li>• Increases rates, starting in 2020 to recover sunk and termination costs</li><li>• A 12% rate increase would need to be in place for 10 years</li></ul>

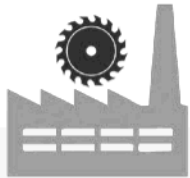
# Impact of Terminating Site C on Customers

## Results in a rate increase of 12%, effective 2020



### **Single Family Home, Vancouver Island**

- Annual hydro bill \$1,650 **+\$198 / year**



### **Lumber Mill, BC Interior**

- Annual hydro bill \$1.6 million **+\$192,000 / year**



### **Medium Data Centre**

- Annual hydro bill \$1.5 million **+\$180,000 / year**



### **Large Lower Mainland Hospital**

- Annual hydro bill \$3.1 million **+\$372,000 / year**



# Demand Affects Relative Rate Impact

- If demand exceeds low load forecast, relative advantage of complete scenario increases over terminate scenario

# V. Fiscal Impacts / Risks

# Some Inconvenient Arithmetic

- If government decided to terminate, \$4 billion in debt has to be absorbed by someone
  - Ratepayers
  - BC Hydro
  - Taxpayers
- The previous section looked at the implications if ratepayers absorbed the cost

# Could BC Hydro Absorb Termination Costs?

- They could
- But this would
  - Wipe out more than 80% of BC Hydro's equity
  - The \$4 billion loss would still be consolidated on the books of the Government Reporting Entity
  - Involve ongoing debt interest costs of \$120-150 million per year

# Biggest Risk Of The Hydro Absorb Scenario

- In a scenario where BC Hydro was to absorb the \$4 billion termination costs:
  - Credit rating agencies could determine that BC Hydro was no longer a commercially viable entity  
Resulting in \$20 billion debt being reclassified as taxpayer-supported debt
    - Likely leading to a downgrade of the Province's credit rating
    - Resulting in higher interest costs for the (then) \$65 billion in taxpayer-supported debt

# Could the Minister of Finance Absorb Termination Costs?

- Central Government's Consolidated Revenue Fund would take on the \$4 billion of debt and recapitalize BC Hydro
- This would likely preserve BC Hydro's status as a commercial entity
- But...

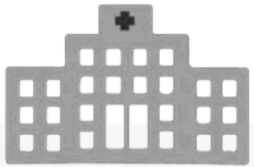
# Having the Minister of Finance Absorb Termination Costs Would

- Still entail a \$4 billion loss in Government Reporting Entity
- Still involve \$120-\$150 million / year in interest costs that would have to be serviced
- Could lead to a credit rating downgrade, adding even more debt interest costs to taxpayers
- Crowd out room for new capital project spending
  - Schools, hospitals, housing, bridges, highways, etc.

# What is \$4 Billion Equivalent To?



66 secondary schools (\$60 million each); or,



11 hospital projects similar to the North Island Hospitals (Province's share \$365 million); or,



12 highway projects similar to the Okanagan Valley Corridor Project (Province's share \$ 330 million); or,



3 Pattullo Bridges (\$1.3 billion each).



# VI. Concluding Comments

# In Summary

- Very tough decision for Government
- Decision to proceed primarily driven by need to:
  - Minimize impacts on BC Hydro ratepayers
  - Preserve the fiscal room to build schools, hospitals, housing, bridges etc.

An aerial photograph of a large concrete dam. The dam features a curved abutment on the left side, a series of spillways in the center, and a long bridge-like structure on the right. The water level is visible behind the dam, and the surrounding landscape appears to be a mix of water and land.

# Questions?

From: [Meggs, Geoff PREM:EX](#)  
To: [Rochon, Jake PREM:EX](#)  
Cc: [Van Meer-Mass, Kate PREM:EX](#); [Nash, Amber PREM:EX](#); [Oreck, Mira PREM:EX](#); [Hannah, Matt GCPE:EX](#); [Aaron, Sage PREM:EX](#); [Farmer, Susan PREM:EX](#)  
Subject: Re: Correspondence Report - November 27th - December 4th  
Date: Tuesday, December 5, 2017 2:39:46 PM

---

Thanks

Sent from my iPhone

On Dec 5, 2017, at 2:34 PM, Rochon, Jake PREM:EX <[Jake.Rochon@gov.bc.ca](mailto:Jake.Rochon@gov.bc.ca)> wrote:

It's probably about 60-70% of the emails and lettermail we are receiving right now which is very high for one specific topic. Site C has always been very consistent with ebbs and flows and this flow is just particularly significant. For instance, before the dam was sent to the BCUC we were receiving almost no correspondence about it and now we are receiving hundreds every day.

---

**From:** Meggs, Geoff PREM:EX

**Sent:** Tuesday, December 5, 2017 2:18 PM

**To:** Rochon, Jake PREM:EX

**Cc:** Van Meer-Mass, Kate PREM:EX; Nash, Amber PREM:EX; Oreck, Mira PREM:EX; Hannah, Matt GCPE:EX; Aaron, Sage PREM:EX; Farmer, Susan PREM:EX

**Subject:** Re: Correspondence Report - November 27th - December 4th

Jake, in your experience how heavy is the Site C e-mail? It's about 100 a day - is that low, medium, high?

Geoff

Sent from my iPhone

On Dec 5, 2017, at 9:05 AM, Rochon, Jake PREM:EX <[Jake.Rochon@gov.bc.ca](mailto:Jake.Rochon@gov.bc.ca)> wrote:

**November 27th – December 4th**

Topic:	Support	Against/Want PGOV to	Total received
Daylight Savings Removal	0	7	7
Site C	21	518	539
Affordable Housing	0	13	13
Salmon Blood	0	23	23
Injury Caps (ICBC)	0	38	38
Total Weekly Mail			Approx. 369

	(exc. DST/Site C emails)*
--	---------------------------------

<!--[if !supportLists]--><!--[endif]-->Site C emails are still coming in fast. There are currently at *least* four write in campaigns that are hard to pick out from the general mass. There's campaigns from Sierra Club, Amnesty International, Common Sense BC and LeadNow.

<!--[if !supportLists]--><!--[endif]-->The diver who found salmon by-product being released into the ocean spurred another round of anti-fish farming emails. The issue had died down a significant amount until this week.

<!--[if !supportLists]--><!--[endif]-->There is a write-in campaign from lawyers in British Columbia in response to reports that the government was debating limiting injury pay outs in order to address rising ICBC rates. Unclear who is behind it but many are simply form letters.

Sorry about the late delivery this week! As always, I'm available for any clarification.

\*DST emails will be logged and tallied at year end. Site C emails are tracked for 'support' or 'against' and will be logged at the end of the month.

**Jake Rochon**

Correspondence Coordinator  
Office of the Premier  
(250) 356-1906

From: [Meggs, Geoff PREM:EX](#)  
To: [Gibbs, Robb GCPE:EX](#)  
Cc: [Aaron, Sage PREM:EX](#)  
Subject: Re: Draft 1 Site C NR  
Date: Friday, December 8, 2017 6:45:42 AM

---

Robb, I'll talk to Sage but s.13  
s.13

G

Sent from my iPhone

On Dec 7, 2017, at 6:09 PM, Gibbs, Robb GCPE:EX <[Robb.Gibbs@gov.bc.ca](mailto:Robb.Gibbs@gov.bc.ca)> wrote:

Hi Geoff,  
Attached is a first draft of the Site C NR. Sage and I briefly talked about it this evening, but I'm hoping you two can get together on it in the morning and provide feedback asap.

Tks,  
Robb

---

Robb Gibbs  
ADM – Strategic Communications  
Government Communications & Public Engagement  
P: 1-778-698-7469  
C: 1-778-584-1242

**From:** [Meggs, Geoff PREM:EX](#)  
**To:** [Aaron, Sage PREM:EX](#)  
**Subject:** Re: KMs on Site C panelists  
**Date:** Friday, December 1, 2017 9:53:46 AM

---

Tnx

Sent from my iPhone

On Dec 1, 2017, at 9:50 AM, Aaron, Sage PREM:EX <[Sage.Aaron@gov.bc.ca](mailto:Sage.Aaron@gov.bc.ca)> wrote:

Is this sufficient? Can get more on other angles.

**From:** [Meggs, Geoff](#) PREM:EX  
**To:** [Gibbs, Robb](#) GCPE:EX; [Lloyd, Evan](#) GCPE:EX; [Aaron, Sage](#) PREM:EX  
**Cc:** [Kristianson, Eric](#) GCPE:EX; [Zadravec, Don](#) GCPE:EX; [Wright, Don J.](#) PREM:EX  
**Subject:** RE: Latest version of NR - program decisions  
**Date:** Sunday, December 10, 2017 3:51:00 PM  
**Attachments:** [SiteC-NR-Dec10V1 GM.docx](#)

---

Hi everyone,

Attached is the latest NR with Don's modest changes – he will provide more regionally diverse examples of capital spending in the bullets at the end.

On the program decisions. After PJH and Don's conversation:

- Don will refer to “enhanced oversight” but the Premier can go further to discuss an enhanced project management board with direct government representation and independent experts. The board itself should not be referred to as “independent.”
- The BC Food Security Fund or Program – Fund is there now and it's fine – will be developed and implemented with a share of Site C water rentals. We cannot be specific about start-up and funds flowing; we're saying it will be built and implemented but that's triggered by this decision and specifics cannot be announced tomorrow.
- First Nations – we should follow Doug Caul's lead throughout the materials: commitment to UNDRIP is unwavering, etc.

GEoff

**GEOFF MEGGS**

Chief of Staff, Office of the Premier  
West Annex, Parliament Buildings,  
501 Belleville St, Victoria, BC V8V 2L8  
(250) 356-6271

---

**From:** [Gibbs, Robb](#) GCPE:EX  
**Sent:** Sunday, December 10, 2017 2:26 PM  
**To:** [Meggs, Geoff](#) PREM:EX; [Lloyd, Evan](#) GCPE:EX; [Aaron, Sage](#) PREM:EX  
**Cc:** [Kristianson, Eric](#) GCPE:EX; [Zadravec, Don](#) GCPE:EX  
**Subject:** Latest version of NR  
**Importance:** High

Hi all,

The elements I added are in yellow.

In particular, MGH suggested that we acknowledge that not all FN are on board with this, so I have added that.

Also note that Marie thought the phrase “with nothing to show for it” was glib in the context of those who care deeply about this issue beyond a cost/benefit analysis. It is used twice in the NR, so in PJH's quote I changed it simply to “with nothing in return for the people of this province...”.

MJH also summed everything up with “pushed past the point of no return” which, as a simple message, strikes at the heart of where we're going (it's also a nice counterpoint to the fact that Clark said she would do this). So I've added that into one of PJH's quotes. But I'm also wondering about an alt version I might try with that notion in the lede.

Thoughts on all this?

Robb

---

Robb Gibbs

ADM – Strategic Communications  
Government Communications & Public Engagement



P: 1-778-698-7469

C: 1-778-584-1242

Page 083 to/à Page 084

Withheld pursuant to/removed as

s.13



**From:** [Lloyd, Evan GCPE:EX](#)  
**To:** [Meggs, Geoff PREM:EX](#); [Aaron, Sage PREM:EX](#)  
**Subject:** Re: PGH and electrification  
**Date:** Saturday, December 9, 2017 3:37:42 PM

---

Geoff - I'm assuming you mean MGH  
So – not for print inclusion but in case of fire break glass

---

**From:** Geoff Meggs

**Date:** Saturday, December 9, 2017 at 2:12 PM

**To:** "Lloyd, Gcpe:Ex" , Sage Aaron

**Subject:** PGH and electrification

Hi all,

PGH would prefer not to see this in messaging, but would be okay with:  
s.13

g

**GEOFF MEGGS**

Chief of Staff, Office of the Premier  
West Annex, Parliament Buildings,  
501 Belleville St, Victoria, BC V8V 2L8  
(250) 356-6271

From: [Meggs, Geoff PREM:EX](#)  
To: [Lloyd, Evan GCPE:EX](#)  
Cc: [Aaron, Sage PREM:EX](#)  
Subject: Re: PGH and electrification  
Date: Saturday, December 9, 2017 6:18:34 PM

---

Yes, he didn't sound like he wanted to talk

G

Sent from my iPhone

On Dec 9, 2017, at 3:37 PM, Lloyd, Evan GCPE:EX <[Evan.Lloyd@gov.bc.ca](mailto:Evan.Lloyd@gov.bc.ca)> wrote:

Geoff - I'm assuming you mean MGH

So – not for print inclusion but in case of fire break glass

---

**From:** Geoff Meggs <[Geoff.Meggs@gov.bc.ca](mailto:Geoff.Meggs@gov.bc.ca)>

**Date:** Saturday, December 9, 2017 at 2:12 PM

**To:** "Lloyd, Gcpe:Ex" <[Evan.Lloyd@gov.bc.ca](mailto:Evan.Lloyd@gov.bc.ca)>, Sage Aaron  
<[Sage.Aaron@gov.bc.ca](mailto:Sage.Aaron@gov.bc.ca)>

**Subject:** PGH and electrification

Hi all,

PGH would prefer not to see this in messaging, but would be okay with:

s.13

g

**GEOFF MEGGS**

Chief of Staff, Office of the Premier  
West Annex, Parliament Buildings,  
501 Belleville St, Victoria, BC V8V 2L8  
(250) 356-6271

From: [Meggs, Geoff PREM:EX](#)  
To: [Aaron, Sage PREM:EX](#)  
Cc: [Wong, Tamarra PREM:EX](#); [Clark, Layne PREM:EX](#)  
Subject: Re: Polling presentation to cab ops  
Date: Tuesday, December 5, 2017 1:46:18 PM

---

Site C polling surely

Sent from my iPhone

On Dec 5, 2017, at 12:43 PM, Aaron, Sage PREM:EX <[Sage.Aaron@gov.bc.ca](mailto:Sage.Aaron@gov.bc.ca)> wrote:

Hi Tamarra,

Cab ops is looking for Geoff's second presentation to the cabinet retreat for their minutes. Do you have a copy?

**Sage Aaron, Communications Director**

Office of the Premier | Government of BC

501 Belleville St, Victoria, BC V8V 2L8 | 778-678-0832

**From:** Meggs, Geoff PREM:EX  
**To:** Hardin, Karl GCPE:EX  
**Subject:** RE: Report download URL for #SiteC Social Trends  
**Date:** Friday, December 1, 2017 9:39:00 AM  
**Attachments:** image001.png

---

Thanks. s.22

**GEOFF MEGGS**

Chief of Staff, Office of the Premier  
West Annex, Parliament Buildings,  
501 Belleville St, Victoria, BC V8V 2L8  
(250) 356-6271

---

**From:** Hardin, Karl GCPE:EX  
**Sent:** Friday, December 1, 2017 9:39 AM  
**To:** Meggs, Geoff PREM:EX  
**Subject:** Re: Report download URL for #SiteC Social Trends  
Here's the culprit: <https://twitter.com/DeSmogCanada/status/935933909484806144>



--

**Karl Hardin**

Executive Director | Digital Communications  
Government Communications and Public Engagement  
Cell: (778) 584 1251

---

**From:** "Meggs, Geoff PREM:EX" <[Geoff.Meggs@gov.bc.ca](mailto:Geoff.Meggs@gov.bc.ca)>

**Date:** Friday, December 1, 2017 at 9:33 AM

**To:** "Hardin, Karl GCPE:EX" <[Karl.Hardin@gov.bc.ca](mailto:Karl.Hardin@gov.bc.ca)>

**Subject:** FW: Report download URL for #SiteC Social Trends

s.22

g

**GEOFF MEGGS**

Chief of Staff, Office of the Premier



West Annex, Parliament Buildings,  
501 Belleville St, Victoria, BC V8V 2L8  
(250) 356-6271

---

**From:** Hootsuite Insights Notifications [<mailto:insights.hello@hootsuite.com>]  
**Sent:** Friday, December 1, 2017 1:01 AM  
**To:** Hardin, Karl GCPE:EX  
**Subject:** Report download URL for #SiteC Social Trends

Your report titled #SiteC Social Trends is ready to be downloaded.

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Vancouver, BC V5T 1R6, Canada

**From:** [Meggs, Geoff PREM:EX](#)  
**To:** [Lloyd, Evan GCPE:EX](#); [Wright, Don J. PREM:EX](#); [Zadravec, Don GCPE:EX](#); [Gibbs, Robb GCPE:EX](#); [Kristianson, Eric GCPE:EX](#)  
**Subject:** RE: Revised NR - 5pm  
**Date:** Saturday, December 9, 2017 8:23:00 PM

---

Good, thanks

GEoff

**GEOFF MEGGS**

Chief of Staff, Office of the Premier  
West Annex, Parliament Buildings,  
501 Belleville St, Victoria, BC V8V 2L8  
(250) 356-6271

---

**From:** Lloyd, Evan GCPE:EX  
**Sent:** Saturday, December 9, 2017 5:12 PM  
**To:** Wright, Don J. PREM:EX; Meggs, Geoff PREM:EX; Zadravec, Don GCPE:EX; Gibbs, Robb GCPE:EX; Kristianson, Eric GCPE:EX  
**Subject:** Revised NR - 5pm

Please note latest revisions to draft NR.

These incorporate earlier discussions. I draw your attention to the bulleted list wherein we try a new approach: 3 'new' items Project Assurance Board; Community Benefits Agreements; and Food Security Fund (Site-C funded), plus we frame how the turnaround plan will also direct the (established \$50m) PR Legacy Fund and activate the (established) \$20m agricultural mitigation fund.

Hope this is clearer.

Two points - we need to be clear that we agree on the new Food Security item and that it will indeed be perpetual Site C-revenue related, and, name for same – or as per Eric's last copy of the revised Backgrounder (slightly diff name)

Robb – discuss any lede concepts with Geoff as we have pretty landed on this complex compound matter.

Evan

**From:** Meggs, Geoff PREM:EX  
**To:** Kristianson, Eric GCPE:EX; Lloyd, Evan GCPE:EX; Wright, Don J. PREM:EX; Zadravec, Don GCPE:EX; Gibbs, Robb GCPE:EX  
**Subject:** RE: Revised NR - 5pm  
**Date:** Saturday, December 9, 2017 8:21:00 PM

---

Thanks, I think these are good (some typos, grammar, but I'll leave that to others) – Evan, you'll have to keep on top of the mitigation issues for final definition. The bad decisions piece reads well.  
Geoff

**GEOFF MEGGS**

Chief of Staff, Office of the Premier  
West Annex, Parliament Buildings,  
501 Belleville St, Victoria, BC V8V 2L8  
(250) 356-6271

---

**From:** Kristianson, Eric GCPE:EX  
**Sent:** Saturday, December 9, 2017 5:20 PM  
**To:** Lloyd, Evan GCPE:EX; Wright, Don J. PREM:EX; Meggs, Geoff PREM:EX; Zadravec, Don GCPE:EX; Gibbs, Robb GCPE:EX  
**Subject:** RE: Revised NR - 5pm  
Group,

Here are the three revised backgrounders for review

---

**From:** Lloyd, Evan GCPE:EX  
**Sent:** Saturday, December 9, 2017 5:12 PM  
**To:** Wright, Don J. PREM:EX; Meggs, Geoff PREM:EX; Zadravec, Don GCPE:EX; Gibbs, Robb GCPE:EX; Kristianson, Eric GCPE:EX  
**Subject:** Revised NR - 5pm  
Please note latest revisions to draft NR.

These incorporate earlier discussions. I draw your attention to the bulleted list wherein we try a new approach: 3 'new' items Project Assurance Board; Community Benefits Agreements; and Food Security Fund (Site-C funded), plus we frame how the turnaround plan will also direct the (established \$50m) PR Legacy Fund and activate the (established) \$20m agricultural mitigation fund.

Hope this is clearer.

Two points - we need to be clear that we agree on the new Food Security item and that it will indeed be perpetual Site C-revenue related, and, name for same – or as per Eric's last copy of the revised Backgrounder (slightly diff name)

Robb – discuss any lede concepts with Geoff as we have pretty landed on this complex compound matter.

Evan

**From:** [Kristianson, Eric GCPE:EX](#)  
**To:** [Lloyd, Evan GCPE:EX](#); [Wright, Don J. PREM:EX](#); [Meggs, Geoff PREM:EX](#); [Zadravec, Don GCPE:EX](#); [Gibbs, Robb GCPE:EX](#)  
**Subject:** RE: Revised NR - 5pm  
**Date:** Saturday, December 9, 2017 5:19:42 PM  
**Attachments:** [Backgrounder 1 Site C Mitigation Elements.docx](#)  
[Backgrounder 2 Site C -From Private Power to Site C.docx](#)  
[Backgrounder 3 Site C Termination Implications for BC Hydro Customers and BC Taxpayers.docx](#)

---

Group,

Here are the three revised backgrounders for review

---

**From:** Lloyd, Evan GCPE:EX  
**Sent:** Saturday, December 9, 2017 5:12 PM  
**To:** Wright, Don J. PREM:EX; Meggs, Geoff PREM:EX; Zadravec, Don GCPE:EX; Gibbs, Robb GCPE:EX; Kristianson, Eric GCPE:EX  
**Subject:** Revised NR - 5pm  
Please note latest revisions to draft NR.

These incorporate earlier discussions. I draw your attention to the bulleted list wherein we try a new approach: 3 'new' items Project Assurance Board; Community Benefits Agreements; and Food Security Fund (Site-C funded), plus we frame how the turnaround plan will also direct the (established \$50m) PR Legacy Fund and activate the (established) \$20m agricultural mitigation fund.

Hope this is clearer.

Two points - we need to be clear that we agree on the new Food Security item and that it will indeed be perpetual Site C-revenue related, and, name for same – or as per Eric's last copy of the revised Backgrounder (slightly diff name)

Robb – discuss any lede concepts with Geoff as we have pretty landed on this complex compound matter.

Evan

Page 095 to/à Page 100

Withheld pursuant to/removed as

s.13

From: [Kristianson, Eric GCPE:EX](#)  
To: [Meggs, Geoff PREM:EX](#)  
Cc: [Lloyd, Evan GCPE:EX](#); [Wright, Don J. PREM:EX](#); [Zadravec, Don GCPE:EX](#); [Gibbs, Robb GCPE:EX](#)  
Subject: Re: Revised NR - 5pm  
Date: Saturday, December 9, 2017 8:28:46 PM

---

Good. They still need to go through program review ( Les and Doug) and then the editors at GCPE.

Eric Kristianson  
ADM Strategic Issues  
GCPE  
778-584-1248

On Dec 9, 2017, at 8:22 PM, Meggs, Geoff PREM:EX <[Geoff.Meggs@gov.bc.ca](mailto:Geoff.Meggs@gov.bc.ca)> wrote:

Thanks, I think these are good (some typos, grammar, but I'll leave that to others) – Evan, you'll have to keep on top of the mitigation issues for final definition. The bad decisions piece reads well.

Geoff

**GEOFF MEGGS**

Chief of Staff, Office of the Premier  
West Annex, Parliament Buildings,  
501 Belleville St, Victoria, BC V8V 2L8  
(250) 356-6271

---

**From:** Kristianson, Eric GCPE:EX  
**Sent:** Saturday, December 9, 2017 5:20 PM  
**To:** Lloyd, Evan GCPE:EX; Wright, Don J. PREM:EX; Meggs, Geoff PREM:EX; Zadravec, Don GCPE:EX; Gibbs, Robb GCPE:EX  
**Subject:** RE: Revised NR - 5pm  
Group,  
Here are the three revised backgrounders for review

---

**From:** Lloyd, Evan GCPE:EX  
**Sent:** Saturday, December 9, 2017 5:12 PM  
**To:** Wright, Don J. PREM:EX; Meggs, Geoff PREM:EX; Zadravec, Don GCPE:EX; Gibbs, Robb GCPE:EX; Kristianson, Eric GCPE:EX  
**Subject:** Revised NR - 5pm

Please note latest revisions to draft NR.

These incorporate earlier discussions. I draw your attention to the bulleted list wherein we try a new approach: 3 'new' items Project Assurance Board; Community Benefits Agreements; and Food Security Fund (Site-C funded), plus we frame how the turnaround plan will also direct the (established \$50m) PR Legacy Fund and activate the (established) \$20m agricultural mitigation fund.

Hope this is clearer.

Two points - we need to be clear that we agree on the new Food Security item and that it will indeed be perpetual Site C-revenue related, and, name for same – or as per Eric's last copy of the revised Backgrounder (slightly diff name)

Robb – discuss any lede concepts with Geoff as we have pretty landed on this complex compound matter.

Evan

**From:** [Lloyd, Evan GCPE:EX](#)  
**To:** [Gibbs, Robb GCPE:EX](#)  
**Cc:** [Zadravec, Don GCPE:EX](#); [Meggs, Geoff PREM:EX](#); [Clark, Layne PREM:EX](#)  
**Subject:** Re: Revised NR and KM  
**Date:** Saturday, December 9, 2017 10:31:11 AM

---

From last night based on input from Geoff and me. Note that we are talking with premier at 11 and I believe Sage will have forwarded the most recent version.

Sent from my iPhone

On Dec 9, 2017, at 10:29 AM, Gibbs, Robb GCPE:EX <[Robb.Gibbs@gov.bc.ca](mailto:Robb.Gibbs@gov.bc.ca)> wrote:

Hi all,

I'm going to work on this. The lede is a bit out of control now.

R

---

**From:** Zadravec, Don GCPE:EX  
**Sent:** Friday, December 08, 2017 10:42 PM  
**To:** Lloyd, Evan GCPE:EX  
**Cc:** Meggs, Geoff PREM:EX; Clark, Layne PREM:EX; Gibbs, Robb GCPE:EX  
**Subject:** RE: Revised NR and KM

Not sure what happened as on my computer it shows a paragraph return on the version I sent, but on my iphone, there is no paragraph return.

---

**From:** Lloyd, Evan GCPE:EX  
**Sent:** Friday, December 8, 2017 10:36 PM  
**To:** Zadravec, Don GCPE:EX  
**Cc:** Meggs, Geoff PREM:EX; Clark, Layne PREM:EX; Gibbs, Robb GCPE:EX  
**Subject:** Re: Revised NR and KM

Don is it my phone or did you miss a paragraph return in the first megapagraph.?

Sent from my iPhone

On Dec 8, 2017, at 10:29 PM, Zadravec, Don GCPE:EX  
<[Don.Zadravec@gov.bc.ca](mailto:Don.Zadravec@gov.bc.ca)> wrote:

Please see attached. First paragraph on news release has been revised to reflect suggested edits. A new bullet, the third in the general messaging



section, has been added in the KMs to align with the NR.

I am still awaiting revised FAQs and will forward upon receipt.

Regards,

Don

---

**From:** Meggs, Geoff PREM:EX

**Sent:** Friday, December 8, 2017 6:50 PM

**To:** Lloyd, Evan GCPE:EX

**Cc:** Clark, Layne PREM:EX; Gibbs, Robb GCPE:EX; Zadavec, Don GCPE:EX

**Subject:** Re: Revised NR and KM

Folks I think we need to “an immediate \$4 billion bill to pay, with nothing to show for it, either through immediate rate hikes or reduced funds for schools, hospitals or roads” versus “completion of the project with an opportunity to recover the costs over decades with revenues from the dam.” Maybe “on the one hand . . . On the other hand” formulation. Otherwise we’re close.

Geoff

Sent from my iPhone

On Dec 8, 2017, at 6:32 PM, Lloyd, Evan GCPE:EX  
<[Evan.Lloyd@gov.bc.ca](mailto:Evan.Lloyd@gov.bc.ca)> wrote:

Revised drafts of both NR and KM. Tighter I hope.

Don will consolidate other/all edits to the package for next distribution. Note that we should dump the BC Hydro stakeholder document – it appears to be an outdated remnant.

Evan

From: [Oreck, Mira PREM:EX](#)  
To: [Meggs, Geoff PREM:EX](#)  
Subject: Re: Scripts  
Date: Sunday, December 10, 2017 9:41:04 AM

---

Thanks Geoff.

Sent from my iPhone

On Dec 10, 2017, at 8:55 AM, Meggs, Geoff PREM:EX <[Geoff.Meggs@gov.bc.ca](mailto:Geoff.Meggs@gov.bc.ca)> wrote:

Thanks Mira, these look good

Geoff

Sent from my iPad

On Dec 10, 2017, at 8:48 AM, Oreck, Mira PREM:EX <[Mira.Oreck@gov.bc.ca](mailto:Mira.Oreck@gov.bc.ca)> wrote:

Hi Geoff -

Below are the scripts I drafted. Don Z, Melissa and Sage have both reviewed them. I'll send them to Doug Caul today to work specifically on calls to Indigenous leadership.

Please let me know if there are any changes you would like me to make.

Thank you,

Mira

s.13





From: [Meggs, Geoff PREM:EX](#)  
To: [Mungall, Michelle EMPR:EX](#)  
Cc: [Sanderson, Melissa EMPR:EX](#)  
Subject: Re: Site C Caucus Presentation.pptx  
Date: Sunday, December 3, 2017 8:32:45 PM

---

Michelle, I agree we should let them have as much info as possible

Geoff

Sent from my iPhone

On Dec 3, 2017, at 6:18 PM, Mungall, Michelle EMPR:EX <[Michelle.J.Mungall@gov.bc.ca](mailto:Michelle.J.Mungall@gov.bc.ca)> wrote:

Hi,

Here's what I have for caucus. It's still long, but I'm struggling with what to remove.

I'll flip through the terminology quickly. The summation of FN consultations and expert panel meeting was requested by caucus members as well as info on the CRE. I think it's important for them to hear the evaluation components, but seek any suggestions you have about what exactly to leave out.

s.13

Let me know your thoughts.

Thanks

Sent from my iPhone

Begin forwarded message:

**From:** "Mungall, Michelle" s.17  
**Date:** December 3, 2017 at 6:04:38 PM PST  
**To:** "Mungall, Michelle EMPR:EX"  
<[Michelle.J.Mungall@gov.bc.ca](mailto:Michelle.J.Mungall@gov.bc.ca)>  
**Subject:** Site C Caucus Presentation.pptx

From: [Lloyd, Evan GCPE:EX](#)  
To: [Meggs, Geoff PREM:EX](#)  
Cc: [Caul, Doug D IRR:EX](#); [Aaron, Sage PREM:EX](#)  
Subject: Re: Wording for FN  
Date: Sunday, December 10, 2017 3:27:13 PM

---

I Just sent you this Geoff

Sent from my iPhone

On Dec 10, 2017, at 3:17 PM, Meggs, Geoff PREM:EX <[Geoff.Meggs@gov.bc.ca](mailto:Geoff.Meggs@gov.bc.ca)> wrote:

Doug, I'm sure I saw some lines from you on Site C calls - but can't find them. If I'm right can you resend them?

Geoff

Sent from my iPhone

**From:** [Aaron, Sage PREM:EX](#)  
**To:** [Meggs, Geoff PREM:EX](#)  
**Cc:** [Holmwood, Jen PREM:EX](#); [McConnell, Sheena PREM:EX](#)  
**Subject:** RE: Year-enders  
**Date:** Saturday, December 9, 2017 1:20:44 PM

---

Understood, will provide.

Sage

778-678-0832

---

**From:** Meggs, Geoff PREM:EX  
**Sent:** Saturday, December 9, 2017 1:16 PM  
**To:** Aaron, Sage PREM:EX  
**Cc:** Holmwood, Jen PREM:EX; McConnell, Sheena PREM:EX  
**Subject:** Year-enders

Sage, PJH is concerned to have handy messaging for year-enders that help him give the overview, not just the Site C decision.

Geoff

**GEOFF MEGGS**

Chief of Staff, Office of the Premier  
West Annex, Parliament Buildings,  
501 Belleville St, Victoria, BC V8V 2L8  
(250) 356-6271

**From:** Hootsuite Insights Notifications  
**To:** [Hardin, Karl GCPE:EX](#)  
**Subject:** Report download URL for #SiteC Social Trends  
**Date:** Sunday, December 10, 2017 1:02:17 AM

---

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**From:** Hootsuite Insights Notifications  
**To:** [Hardin, Karl GCPE:EX](#)  
**Subject:** Report download URL for #SiteC Social Trends  
**Date:** Monday, December 11, 2017 1:04:48 AM

---

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**From:** [Kristianson, Eric GCPE:EX](#)  
**To:** [Wright, Don J. PREM:EX](#); [Meggs, Geoff PREM:EX](#); [Lloyd, Evan GCPE:EX](#); [Gibbs, Robb GCPE:EX](#)  
**Cc:** [Zadravec, Don GCPE:EX](#); [Haslam, David GCPE:EX](#); [Lowe, Mike GCPE:EX](#)  
**Subject:** revised backgrounders  
**Date:** Sunday, December 10, 2017 2:16:18 PM  
**Attachments:** [Backgrounder 1 Site C Mitigation Elements \(2\).docx](#)  
[Backgrounder 3 Site C Termination Implications for BC Hydro Customers and BC Taxpayers \(2\).docx](#)  
[Backgrounder 2 Site C -From Private Power to Site C \(3\).docx](#)

---

Group, here are the revised versions. Note: we still need a decision on the agriculture fund and the alternative capital construction examples (non-lower mainland)

Eric Kristianson

ADM Strategic Issues

GCPE

778-584-1248

Page 116 to/à Page 121

Withheld pursuant to/removed as

s.13

**From:** [Lloyd, Evan GCPE:EX](#)  
**To:** [Wright, Don J. PREM:EX](#); [Meggs, Geoff PREM:EX](#); [Zadavec, Don GCPE:EX](#); [Gibbs, Robb GCPE:EX](#); [Kristianson, Eric GCPE:EX](#)  
**Subject:** Revised NR - 5pm  
**Date:** Saturday, December 9, 2017 5:12:13 PM  
**Attachments:** SiteC-NR-Dec9 V4 (5).docx

---

Please note latest revisions to draft NR.

These incorporate earlier discussions. I draw your attention to the bulleted list wherein we try a new approach: 3 'new' items Project Assurance Board; Community Benefits Agreements; and Food Security Fund (Site-C funded), plus we frame how the turnaround plan will also direct the (established \$50m) PR Legacy Fund and activate the (established) \$20m agricultural mitigation fund.

Hope this is clearer.

Two points - we need to be clear that we agree on the new Food Security item and that it will indeed be perpetual Site C-revenue related, and, name for same – or as per Eric's last copy of the revised Backgrounder (slightly diff name)

Robb – discuss any lede concepts with Geoff as we have pretty landed on this complex compound matter.

Evan

---

## NEWS RELEASE

For Immediate Release  
[release number]  
Dec. 11, 2017

Office of the Premier

### **Government will complete Site C construction Will not burden taxpayers or Hydro customers with previous government's debt**

VICTORIA – The B.C. government will complete construction of the Site C hydroelectric dam, saying that to do otherwise would put British Columbians on the hook for an immediate and unavoidable \$4-billion bill – with nothing to show for it – resulting in rate hikes or reduced funds for schools, hospitals, and important infrastructure.

“Megaproject mismanagement by the previous government has left B.C. in a terrible situation,” said Premier John Horgan in making today’s announcement. “But we cannot punish British Columbians for those mistakes and we can’t change the past, we can only make the best decision for the future.

“It’s clear that Site C should never have been started. But to cancel it would add billions to the province’s debt – putting at risk our ability to deliver housing, child care, schools and hospitals for families across B.C. And that’s a price we’re not willing to pay,” said Horgan.

Had government decided to cancel Site C, it would have taken on the project’s \$3.8 billion in debt, made up of \$2 billion already spent and another \$1.8 billion in remediation costs. As public debt, it would become the responsibility of BC Hydro customers or taxpayers.

“We will not ask British Columbians to take on \$4 billion in debt with nothing to show for it – and even worse – to suffer massive cuts to the services people count on us to deliver.

“The last government recklessly committed billions of dollars to this project without appropriate planning and oversight. Our job now is to make the best of a bad deal and do everything possible to turn Site C into a positive contributor to our energy future.”

The premier says that in moving forward with the project, his government will launch a Site C turnaround plan to contain project costs while adding tangible benefits. The plan will include:

- A new Project Assurance Board that will provide independent oversight to future contract procurement and management, project deliverables, environmental integrity, and quality assurance – all within the mandate of delivering the project on time and budget. Based on current projections, BC Hydro has revised the budget to \$10.7 billion.
- Establishing new Community Benefits Programs mandated with ensuring that project benefits assist local communities, and increasing the number of apprentices and First Nations workers hired onto the project.
- A new BC Food Security Fund – derived from Site C revenues – and dedicated to enhancing agricultural innovation and productivity across BC.

In addition to funding for province-wide food security initiatives the turnaround plan will:

- Ensure the Peace River Legacy Fund implements solutions to longer-term environmental, social and economic issues.
- Activate the \$20-million agricultural compensation fund to offsets lost sales and stimulate long-term productivity enhancements in Peace Valley agriculture.

“We’re taking the steps the previous government showed no interest in: a solid budget, independent review and oversight, community benefits, and an eye to the future,” said Horgan.

“We’re putting an end to the years of energy policy that put politics ahead of people – where government forced BC Hydro into costly run-of-river contracts, hiking rates for homeowners and renters, and delivering dividends to government it simply couldn’t afford.”

Horgan adds his government will also be pursuing an alternative energy strategy to put B.C more firmly on the path to green, renewable power that helps the province exceed its climate goals.

“I respect and honour the commitment of people who oppose Site C. I share their determination to move B.C. to a clean, renewable energy future and to embrace the principles of reconciliation with Indigenous communities.

“As we move forward, I welcome their ideas as we define an energy strategy that delivers on our climate responsibilities, powers future generations, and creates jobs and opportunities for all British Columbians.”

-30-

#### **Quick Facts:**

- The Site C project is already two years into construction, with earth moving projects substantially complete.
- To date, \$2 billion has already been spent; it’s estimated that another \$1.8 billion would be needed for site remediation (which, even then, would not restore the site to its previous condition).
- The \$4 billion in Site C termination costs is equivalent to \$860 per British Columbian, or eliminating taxpayer-supported capital projects:
  - 3 Pattullo bridges (\$1.3 billion each)
  - 66 secondary schools (\$60 million each)
  - 3 Royal Columbian hospitals (phases 1-3, \$1.36 billion each)
- 99 per cent of Class 1-5 agricultural lands (capable of crop production) in the Peace Agricultural Region will not be affected by Site C. Permanent loss of approximately 3,800 hectares of class 1-5 agricultural lands leaves approximately 2.7 million hectares of Class 1 to 5 lands available for agricultural production in the Peace Agricultural Region.

#### **Media contact:**

Jen Holmwood  
etc





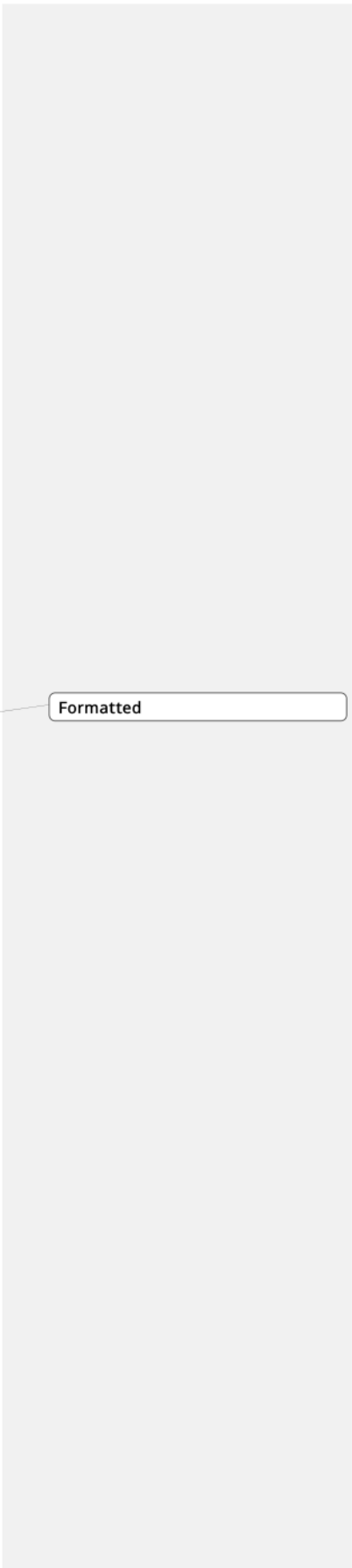
From: Meggs, Geoff PREM:EX  
To: Lloyd, Evan GCPE:EX; Aaron, Sage PREM:EX  
Subject: Revisions to statement  
Date: Saturday, December 9, 2017 1:54:00 PM  
Attachments: 20171211 SN Statement\_draft4 GM.docx

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As discussed.

**GEOFF MEGGS**

Chief of Staff, Office of the Premier  
West Annex, Parliament Buildings,  
501 Belleville St, Victoria, BC V8V 2L8  
(250) 356-6271



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From: [Clark, Layne PREM:EX](#)  
To: [LP Ministerial Assistants](#); [LP Executive Assistants](#); [LP Premiers Vancouver Office](#)  
Cc: [Meggs, Geoff PREM:EX](#); [Van Meer-Mass, Kate PREM:EX](#); [McConnell, Sheena PREM:EX](#); [Aaron, Sage PREM:EX](#); [Holmwood, Jen PREM:EX](#); [Nash, Amber PREM:EX](#); [Wong, Tamarra PREM:EX](#); [Privett, Don PREM:EX](#); [Hannah, Matt GCPE:EX](#); [Howlett, Tim GCPE:EX](#); [Matthen, Sheila GCPE:EX](#); [Machell, Aileen GCPE:EX](#); [MacDonald, Alex GCPE:EX](#); [Moran, Roseanne LASS:EX](#)  
Subject: Site C material - Embargoed until 11:30AM  
Date: Monday, December 11, 2017 10:40:50 AM  
Attachments: [Site C NR Dec 11.pdf](#)  
[Backgrounder 1 Site C Mitigation Elements - Dec10V2.pdf](#)  
**S.13**  
[Backgrounder 3 Site C Termination Implications for BC Hydro Customers and BC Taxpayers - Dec10V1.pdf](#)  
[Backgrounder 2 Site C -From Private Power to Site C Dec10-V1.pdf](#)

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Hello –

Attached:

- News release

S.13

- Backgrounders 1 through 3

This is embargoed information until **11:30AM**.

If you have any questions or concerns, do not hesitate to reach out to me.

Thank you,

Layne

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## BACKGROUND

For Immediate Release  
Dec. 11, 2017

### Site C Quick Facts & Mitigation Elements

#### Quick Facts:

- The Site C project is already two years into construction.
- To date, \$2.1 billion has already been spent; it's estimated that another \$1.8 billion would be needed for site remediation (which, even then, would not restore the site to its previous condition).
- The \$4 billion in Site C termination costs is equivalent to \$860 for every British Columbian, or eliminating taxpayer-supported capital projects:
  - 66 secondary schools (\$60 million each); or,
  - 11 hospital projects similar to the North Island Hospitals (Province's share \$365 million); or,
  - 12 highway projects similar to the Okanagan Valley Corridor Project (Province's share \$330 million); or,
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- 99 per cent of Class 1-5 agricultural lands (capable of crop production) in the Peace Agricultural Region will not be affected by Site C. Permanent loss of approximately 3,800 hectares of class 1-5 agricultural lands leaves approximately 2.7 million hectares of Class 1 to 5 lands available for agricultural production in the Peace Agricultural Region.

#### New Management Direction

- A new Project Assurance Board – made up of BC Hydro, independent experts and government representatives - will provide enhanced oversight to future contract procurement and management, project deliverables, environmental integrity, and quality assurance – all within the mandate of delivering the project on time and budget. Based on current projections, BC Hydro has revised the budget to \$10.7 billion.
- *EY Canada* has been retained by BC Hydro to provide dedicated budget oversight, timeline evaluation and risk assessment analysis for the duration of the project.

#### Agriculture

- Activate the \$20 million agricultural compensation fund established to offset lost sales and stimulate agriculture enhancements in the Peace region.
- Government will establish a new dedicated BC Food Security Fund – based on Site C revenues – dedicated to supporting farming and enhancing agricultural innovation and productivity across BC.

#### Community Benefits

- New Community Benefits Programs will be established with a mandate to ensure that project benefits flow to local communities, and increase the number of apprentices and First Nations workers hired onto the project.

- The Peace River Legacy Fund will be used to implement solutions to longer-term environmental, social and economic issues.
- Government will explore options for relocating Site C worker accommodations, post completion, to a local skills-training institution.

#### **First Nations**

- As a component of the comprehensive review of BC Hydro, the Province and BC Hydro will consider the development of a new procurement stream for smaller scale renewable electricity projects where Indigenous Nations are proponents or partners to create local employment and commercial opportunities throughout B.C. as well as environmental benefits with the replacement of diesel or fossil fuel-based energy installations. The Ministry of Energy, Mines and Petroleum Resources and the Ministry of Finance will bring these proposals to government by fall 2018.
- BC Hydro and the Ministry of Transportation and Infrastructure will work with Treaty 8 First Nations and others to redesign the Highway 29 realignment at Cache Creek to reduce impact on potential burial sites and sacred places. BC Hydro will invite proposals from Treaty 8 First Nations for this roadbuilding work.
- The Ministry of Indigenous Relations and Reconciliation and BC Hydro will continue to engage Treaty 8 First Nations to seek additional solutions to mitigate the adverse impacts of Site C, and to advance reconciliation.
- The Province will continue recent direct government engagement with First Nations to seek input into the design of a Peace River Legacy Fund and establish a collective Treaty 8 project advisory committee.
- Work will continue in addressing cultural concerns, enhancing business opportunities, and retaining funding/land transfers and contract opportunities.

#### **Contact:**

Suntanu Dalal

Media Relations

Ministry of Energy, Mines and Petroleum Resources

250 952-0628

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## BACKGROUND

For Immediate Release  
Dec. 11, 2017

### **From Private Power to Site C: Bad Decisions that Shaped B.C.'s Electricity Policy**

Government's decision to proceed with the completion of Site C was driven, in large part, by a series of bad energy policy decisions made over the past decade and a half that put politics ahead of people. These decisions significantly increased the Province's intermittent electricity energy supply and forced upward pressure on electricity rates.

In 2002, the previous government introduced the Energy Plan that mandated that all new power generation opportunities were reserved for private power producers. Through the extensive use of electricity purchase agreements, the board of BC Hydro made long-term commitments to purchase a large supply of new intermittent power, primarily through run-of-river power projects, at prices considerably higher than produced by BC Hydro's heritage hydroelectric assets.

The board of BC Hydro committed to more than 135 contracts with an average term of 28 years. And while power generated by BC Hydro's heritage assets cost \$32 per MWh, power from IPPs cost \$100 per MWh. Today these contracts represent future financial commitments of over \$50 billion.

The Energy Plan also changed the structure of BC Hydro and established a standalone BC Transmission Corporation to allow private power producers to access the transmission system and to sell directly to large consumers.

At the same time that BC Hydro was directed to accommodate this new supply of intermittent power, the previous government also instructed BC Hydro to decommission its Burrard Generating Station in Metro Vancouver to address growing concerns about local air pollution and greenhouse gas emissions.

As BC Hydro lost needed electrical capacity to backstop its new intermittent power supply, it was forced to seek new capacity or "firm" power, the type traditionally provided by hydroelectric facilities like Site C.

In 2010, the old government introduced the Clean Energy Act, which exempted a number of BC Hydro projects and power procurement activities from independent review by the BC Utilities Commission including Site C, the Clean Power Call, the Smart Metering Program and the Northwest Transmission Line.

The former government then compounded the financial problems at BC Hydro by directing the corporation to pay dividends to the province from funds BC Hydro had to borrow. The cost of this debt is a direct cost to BC Hydro ratepayers.

Between 2001 and 2017, the old government directed BC Hydro to increase its liabilities held in regulatory accounts from \$116 million to \$5.597 billion. These costs will have to be recovered from ratepayers in the future.

As a result of these earlier policy decisions, the old government saddled BC Hydro with a new supply of long-term expensive intermittent power, without the electrical capacity to maintain reliable service to its customers.

Faced with challenges of its own making, the old government decided to push ahead with Site C without allowing review by B.C.'s independent regulator, the BC Utilities Commission.

Contact:  
Suntanu Dalal  
Media Relations  
Ministry of Energy, Mines and Petroleum Resources  
250 952-0628

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## BACKGROUND

For Immediate Release  
Dec. 11, 2017

### **Site C Termination Implications for BC Hydro Customers and BC Taxpayers**

The decision to proceed with construction of Site C was primarily driven by a determination that British Columbians should not have to take on \$4 billion in debt with nothing in return for the people of this province and, even worse, with massive cuts to the services they count on.

Analysis conducted by the Ministry of Finance, Ministry of Energy, Mines and Petroleum Resources, and external experts on the BC Utilities Commission (BCUC) report concluded that completing Site C will be significantly less costly to British Columbians than cancelling the project.

In its report, the BCUC estimated that BC Hydro would need to spend an additional \$1.8 billion for termination and site remediation costs if it were to cancel the project. This is in addition to the \$2.1 billion of sunk construction and planning costs that will have been spent by the end of December 2017.

Faced with an immediate and unavoidable \$4 billion debt, the Province would have to recover these costs from either BC Hydro customers or taxpayers. As a regulated utility, BC Hydro is obligated to file a plan with the independent BCUC who would ultimately determine which course of action it deemed most appropriate.

The BCUC did not take a position with respect to the options for debt recovery, however, government conducted extensive analysis of the fiscal and rate implications of likely debt recovery options.

If the BCUC determined that BC Hydro could recover the nearly \$4 billion in Site C costs from its customers, the Commission would then have to decide what the repayment period should be:

- Under a 10-year recovery period, BC Hydro customers could face a one-time 12.1% rate increase that would last for the next decade. This would be in addition to any other rate increases required to cover BC Hydro's ongoing debt servicing and other operating costs, including recovery of its rate deferral accounts.
- Under a longer recovery period of 70 years, customers would not face short-term rate impacts. Such a move would, however, force future generations to pay for a valueless asset from which they never receive benefits. This course of action would also increase the risk that provincial bond rating agencies would bring into question BC Hydro's financial sustainability, thus increasing the risk that BC Hydro's entire debt load becomes viewed as non-commercial. This would place significant pressure against the Province's AAA credit rating and annual borrowing costs.

If the BCUC decided that BC Hydro should not recover the \$4 billion of Site C debt from its customers, the corporation and the Minister of Finance would face two options that would significantly impact BC taxpayers.

If BC Hydro retained the \$4 billion debt:

- It would first be obligated to write off the Site C costs as unrecoverable thus causing BC Hydro and the Province to slip into significant deficits. The corporation would then face an even higher risk of no longer being viewed by rating agencies as self-supporting and having its entire debt reclassified as non-commercial.
- Such a move would significantly risk the Province losing its AAA rating with a resultant increase in borrowing costs, thus reducing the annual budget available for key priority spending areas.

If government itself chose to assume the nearly \$4 billion of Site C debt – thus safeguarding BC Hydro:

- It would immediately increase B.C.'s level of taxpayer-supported debt from about \$44.6 billion to \$48.6 billion.
- This increase would also erode the Province's key fiscal sustainability debt-to-revenue ratio by 7-8 percentage points – a measure critically assessed by provincial bond-rating agencies and ultimately determines the Province's borrowing and debt-servicing costs.
- Taking on the Site C debt into government taxpayer-supported debt would likely eliminate planned increases in provincial capital spending over the next two years. For context, \$4 billion in assumed Site C debt could pay for the equivalent of:
  - 66 secondary schools (\$60 million each); or,
  - 11 hospital projects similar to the North Island Hospitals (Province's share \$365 million); or,
  - 12 highway projects similar to the Okanagan Valley Corridor Project (Province's share \$330 million); or,
  - 3 Pattullo Bridges (\$1.3 billion each).
- This additional taxpayer-supported debt load would also increase operating costs in the provincial budget by \$120 million to \$150 million annually – putting at risk the services British Columbians count on.

Contact:

Suntanu Dalal

Media Relations

Ministry of Energy, Mines and Petroleum Resources 250 952-0628



# Site C Key Messages

## Snapshot Messages:

- The old government recklessly pushed Site past the point of no return.
- Site C should never have been started, but we can't change the past – we can only make the best decision for BC's future.
- We will not ask British Columbians to take on \$4 billion in debt with nothing in return for the people of this province and, even worse, with massive cuts to the services they count on.
- We will not put at risk our ability to deliver on housing, child care, schools and hospitals for families.
- We will launch a Site C turnaround plan to contain costs and add more benefits for people and communities.
- We respect and honour the commitment of people who oppose Site C and work every day to fight climate change.
- We share their determination to protect our environment and create a better future for BC built on clean, renewable energy.
- As we move toward reconciliation, our government and BC Hydro will work with Treaty 8 First Nations on solutions to address their concerns with Site C.

## General Messages:

- The old government's legacy of megaproject mismanagement has left B.C. in a terrible situation. But we cannot punish British Columbians for those mistakes and we can't change the past – we can only make the best decision for the future.
- It's clear that Site C should never have been started. But to cancel it would add billions to the province's debt – putting at risk our ability to deliver housing, child care, schools and hospitals for families across B.C. And that's a price we're not willing to pay.
- We will not ask British Columbians to take on an immediate and unavoidable \$4 billion in debt with nothing in return for the people of this province and, even worse, with massive cuts to the services they count on.
- The old government recklessly pushed Site past the point of no return, committing billions of dollars to this project without appropriate planning and oversight. Our job now is to make the best of a bad deal, overcome the previous government's legacy of megaproject mismanagement, and do everything possible to turn Site C into a positive contributor to our energy future.
- We are putting in place a Site C turnaround plan to contain project costs, provide enhanced project oversight, and add tangible benefits for people and communities.
- We respect and honour the commitment demonstrated by those who oppose Site C, and share their determination to move B.C. to a renewable energy future. So we will be pursuing an alternative energy strategy to develop even greater supplies of the clean power we'll need to electrify key sectors of our economy and meet our climate goals.
- We know this decision is not what some First Nations wanted. Their voices were heard and their perspectives were an important part of the deliberations on a very challenging decision.

**On the old government's legacy:**

- The old government stuck BC with the wrong project at the wrong time with a misleading budget and poor project management.
- Site C was driven by the old government's political agenda and mismanagement of BC Hydro.
- Former Premier Christy Clark drove the project forward – without independent BCUC review and without a solid budget – to meet political deadlines and planned to make it impossible to reverse. The \$4 billion in debt is her legacy.
- Our government is putting an end to the years' of energy policy that put politics ahead of people – where government forced BC Hydro into costly contracts, hiking rates for homeowners and renters, and delivering dividends to government it simply couldn't afford.

**How we got here:**

- We campaigned on a promise to refer the Site C project to the independent BC Utilities Commission for review. We delivered on that commitment.
- The BCUC validated some of our concerns:
  - Serious budget overruns were identified
  - The existence of alternative sources of green power – wind and solar – that could meet BC's needs were confirmed
- The BCUC ruled out any middle course: to mothball or suspend the project and restart it later was prohibitively expensive

**How we're moving forward:**

We are addressing issues raised by the BCUC and by British Columbians throughout the province who are concerned about BC's environmental future. Which is why – as we move ahead with completing Site C and making the best of a bad situation – we are putting in place a Site C turnaround plan to:

- Launch a new Project Assurance Board to provide enhanced oversight on future contract procurement and management, project deliverables, environmental integrity, and quality assurance – all within the mandate of delivering the project on time and budget. Based on current projections, BC Hydro has revised the budget to \$10.7 billion.
- Bring in a Community Benefits Programs, mandated with making sure that project benefits assist local communities, and increasing the number of apprentices and First Nations workers hired onto the project.
- Establish a new BC Food Security Fund – based on Site C revenues – dedicated to supporting farming and enhancing agricultural innovation and productivity across BC.

In addition to funding for provincewide food security initiatives, the turnaround plan will:

- Ensure the Peace River Legacy Fund implements solutions to longer-term environmental, social and economic issues.
- Activate the \$20-million agricultural compensation fund to offsets lost sales and stimulate long-term productivity enhancements in Peace Valley agriculture.

**Reaching our climate goals:**

- Our government respects and honours the commitment of people who oppose Site C, and share their determination to move B.C. to a clean, renewable energy future and to embrace the principles of reconciliation with Indigenous communities.
- As we move forward on climate action, we welcome ideas from across our province as we define an energy strategy that protects our environment, delivers on our climate responsibilities, powers future generations, and creates jobs and opportunities for all British Columbians.

**On relations with Indigenous communities:**

- We recognize the significant impact on Treaty 8 First Nations opposed to this project.
- We know this decision is not what some First Nations wanted. Their voices were heard and their perspectives were an important part of the deliberations on a very challenging decision.
- UNDRIP guides us on how we engage First Nations. That is why Ministers Mungall and Fraser wanted to hear directly from the Treaty 8 First Nations and to be able to carry those perspectives into Cabinet's deliberations.
- In addressing specific concerns about Site C:
  - BC Hydro and the Ministry of Transportation and Infrastructure will work with Treaty 8 First Nations and others to re-design the Highway 29 re-alignment at Cache Creek to reduce impact on potential burial sites and sacred places. BC Hydro will invite proposals from Treaty 8 First Nations for this roadbuilding work.
  - We'll continue recent engaging with First Nations to seek input into the design of a Peace River Legacy Fund and establish a collective Treaty 8 project advisory committee.

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## NEWS RELEASE

Not Approved  
Dec. 11, 2017

Office of the Premier

**Government will complete Site C construction, will not burden taxpayers or BC Hydro customers with previous government's debt**

VICTORIA – The British Columbia government will complete construction of the Site C hydroelectric dam, saying that to do otherwise would put British Columbians on the hook for an immediate and unavoidable \$4-billion bill – with nothing in return – resulting in rate hikes or reduced funds for schools, hospitals and important infrastructure.

“Megaproject mismanagement by the old government has left B.C. in a terrible situation,” said Premier John Horgan in making today’s announcement. “But we cannot punish British Columbians for those mistakes, and we can’t change the past. We can only make the best decision for the future.

“It’s clear that Site C should never have been started. But to cancel it would add billions to the Province’s debt – putting at risk our ability to deliver housing, child care, schools and hospitals for families across B.C. And that’s a price we’re not willing to pay,” said Premier Horgan.

Had government decided to cancel Site C, it would have taken on the project’s \$3.9 billion in debt, made up of \$2.1 billion already spent and another \$1.8 billion in remediation costs. As public debt, it would become the responsibility of BC Hydro customers or taxpayers.

“We will not ask British Columbians to take on \$4 billion in debt with nothing in return for the people of this province and, even worse, with massive cuts to the services they count on.

“The old government recklessly pushed Site C past the point of no return, committing billions of dollars to this project without appropriate planning and oversight. Our job now is to make the best of a bad deal and do everything possible to turn Site C into a positive contributor to our energy future.”

Premier Horgan said that in moving forward with the project, his government will launch a Site C turnaround plan to contain project costs while adding tangible benefits. The plan will include:

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“I respect and honour the commitment of people who oppose Site C, and share their determination to move B.C. to a clean, renewable energy future and to embrace the principles of reconciliation with Indigenous communities,” said Premier Horgan, who acknowledged that Site C does not have the support of all Treaty 8 First Nations. “We know this decision is not what some First Nations wanted. Their voices were heard and their perspectives were an important part of the deliberations on a very challenging decision.

“As we move forward, I welcome ideas from across our province as we define an energy strategy that protects our environment, delivers on our climate responsibilities, powers future generations, and creates jobs and opportunities for all British Columbians.”

Three backgrounders follow.

**Contact:**

Jen Holmwood  
Deputy Communications Director  
Office of the Premier  
250 818-4881

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Connect with the Province of B.C. at: [news.gov.bc.ca/connect](https://news.gov.bc.ca/connect)

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## BACKGROUND 1

Not Approved  
Dec. 11, 2017

Office of the Premier

### Site C Quick Facts and Mitigation Elements

#### Quick Facts:

- The Site C project is two years into construction.
- To date, \$2.1 billion has already been spent. It is estimated that another \$1.8 billion would be needed for site remediation (which, even then, would not restore the site to its previous condition).
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First Nations workers hired onto the project.

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### **First Nations**

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- The Province will continue recent direct government engagement with First Nations to seek input into the design of a Peace River Legacy Fund and establish a collective Treaty 8 project advisory committee.
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### **Contact:**

Suntanu Dalal  
Media Relations  
Ministry of Energy, Mines and Petroleum  
Resources  
250 952-0628

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## BACKGROUND 2

Not Approved  
Dec. 11, 2017

Office of the Premier

### **From private power to Site C: Bad decisions that shaped B.C.'s electricity policy**

Government's decision to proceed with the completion of Site C was driven, in large part, by a series of bad energy policy decisions made over the past decade and a half that put politics ahead of people. These decisions significantly increased the province's intermittent electricity energy supply and forced upward pressure on electricity rates.

In 2002, the previous government introduced the Energy Plan that mandated that all new power generation opportunities were reserved for private power producers. Through the extensive use of electricity purchase agreements, the board of BC Hydro made long-term commitments to purchase a large supply of new intermittent power, primarily through run-of-river power projects, at prices considerably higher than produced by BC Hydro's heritage hydroelectric assets.

The board of BC Hydro committed to more than 135 contracts with an average term of 28 years. And while power generated by BC Hydro's heritage assets cost \$32 per MWh, power from IPPs cost \$100 per MWh. Today these contracts represent future financial commitments of over \$50 billion.

The Energy Plan also changed the structure of BC Hydro and established a standalone BC Transmission Corporation to allow private power producers to access the transmission system and to sell directly to large consumers.

At the same time that BC Hydro was directed to accommodate this new supply of intermittent power, the previous government also instructed BC Hydro to decommission its Burrard Generating Station in Metro Vancouver to address growing concerns about local air pollution and greenhouse gas emissions.

As BC Hydro lost needed electrical capacity to backstop its new intermittent power supply, it was forced to seek new capacity or "firm" power, the type traditionally provided by hydroelectric facilities like Site C.

In 2010, the old government introduced the Clean Energy Act, which exempted a number of BC Hydro projects and power procurement activities from independent review by the BC Utilities Commission including Site C, the Clean Power Call, the Smart Metering Program and the Northwest Transmission Line.

The former government then compounded the financial problems at BC Hydro by directing the corporation to pay dividends to the province from funds BC Hydro had to borrow. The cost of this debt is a direct cost to BC Hydro ratepayers.

Between 2001 and 2017, the old government directed BC Hydro to increase its liabilities held in regulatory accounts from \$116 million to \$5.597 billion. These costs will have to be recovered



from ratepayers in the future.

As a result of these earlier policy decisions, the old government saddled BC Hydro with a new supply of long-term expensive intermittent power, without the electrical capacity to maintain reliable service to its customers.

Faced with challenges of its own making, the old government decided to push ahead with Site C without allowing review by British Columbia's independent regulator, the BC Utilities Commission.

**Contact:**

Suntanu Dalal  
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## BACKGROUND 3

Not Approved  
Dec. 11, 2017

Office of the Premier

### **Site C termination implications for BC Hydro customers and British Columbia taxpayers**

The decision to proceed with construction of Site C was primarily driven by a determination that British Columbians should not have to take on \$4 billion in debt with nothing in return for the people of this province and, even worse, with massive cuts to the services they count on.

Analysis conducted by the Ministry of Finance, Ministry of Energy, Mines and Petroleum Resources, and external experts on the BC Utilities Commission (BCUC), report concluded that completing Site C will be significantly less costly to British Columbians than cancelling the project.

In its report, the BCUC estimated that BC Hydro would need to spend an additional \$1.8 billion for termination and site remediation costs if it were to cancel the project. This is in addition to the \$2.1 billion of sunk construction and planning costs that will have been spent by the end of December 2017.

Faced with an immediate and unavoidable \$4-billion debt, the Province would have to recover these costs from either BC Hydro customers or taxpayers. As a regulated utility, BC Hydro is obligated to file a plan with the independent BCUC, which would ultimately determine the course of action it deemed most appropriate.

The BCUC did not take a position with respect to the options for debt recovery, however, government conducted extensive analysis of the fiscal and rate implications of likely debt recovery options.

If the BCUC determined that BC Hydro could recover the nearly \$4 billion in Site C costs from its customers, the commission would then have to decide what the repayment period should be:

- Under a 10-year recovery period, BC Hydro customers could face a one-time 12.1% rate increase that would last for the next decade. This would be in addition to any other rate increases required to cover BC Hydro's ongoing debt servicing and other operating costs, including recovery of its rate deferral accounts.
- Under a longer recovery period of 70 years, customers would not face short-term rate impacts. Such a move would, however, force future generations to pay for a valueless asset from which they never receive benefits. This course of action would also increase the risk that provincial bond rating agencies would bring into question BC Hydro's financial sustainability, thus increasing the risk that BC Hydro's entire debt load becomes viewed as non-commercial. This would place significant pressure against the Province's AAA credit rating and annual borrowing costs.

If the BCUC decided that BC Hydro should not recover the \$4 billion of Site C debt from its customers, the corporation and the Minister of Finance would face two options that would significantly affect B.C. taxpayers.

If BC Hydro retained the \$4 billion debt:

- It would first be obligated to write off the Site C costs as unrecoverable, thus causing BC Hydro and the Province to slip into significant deficits. The corporation would then face an even higher risk of no longer being viewed by rating agencies as self-supporting and having its entire debt reclassified as non-commercial.
- Such a move would significantly risk the Province losing its AAA rating with a resultant increase in borrowing costs, thus reducing the annual budget available for key priority spending areas.

If government itself chose to assume the nearly \$4 billion of Site C debt – thus safeguarding BC Hydro:

- It would immediately increase B.C.'s level of taxpayer-supported debt from about \$44.6 billion to \$48.6 billion.
- This increase would also erode the Province's key fiscal sustainability debt-to-revenue ratio by seven to eight percentage points – a measure critically assessed by provincial bond-rating agencies and ultimately determines the Province's borrowing and debt-servicing costs.
- Taking on the Site C debt into government taxpayer-supported debt would likely eliminate planned increases in provincial capital spending over the next two years. For context, \$4 billion in assumed Site C debt could pay for the equivalent of:
  - 66 secondary schools (\$60 million each); or
  - 11 hospital projects similar to the North Island Hospitals (Province's share \$365 million); or
  - 12 highway projects similar to the Okanagan Valley Corridor Project (Province's share \$ 330 million); or
  - three Pattullo Bridges (\$1.3 billion each).
- This additional taxpayer-supported debt load would also increase operating costs in the provincial budget by \$120 million to \$150 million annually – putting at risk the services British Columbians count on.

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Page 152 to/à Page 155

Withheld pursuant to/removed as

s.13

From: [McGregor, Cara GCPE:EX](#)  
To: [Aaron, Sage PREM:EX](#); [Meggs, Geoff PREM:EX](#); [Lloyd, Evan GCPE:EX](#)  
Subject: Speaking Notes  
Date: Saturday, December 9, 2017 5:03:42 PM  
Attachments: [20171211 SN Statement\\_draft5.docx](#)

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This version incorporates prior comments and includes a full set of speaking notes, as well as a quick-reference.

I have made two suggestions, in redline.

**Cara McGregor**

Executive Director | Cabinet Priorities | Government Communications and Public Engagement

[Cara.McGregor@gov.bc.ca](mailto:Cara.McGregor@gov.bc.ca)

## **Site C Decision**

**Dec. 11, 2017**

### **I: Intro**

- The Site C decision affects:
  - Local people, Treaty 8 First Nations, Site C workers
  - Every British Columbian, for generations
- Any decision must fit with our values, and our commitments:
  - Affordability
  - BC Hydro that works for people
  - Environmental commitments
  - Indigenous Peoples

### **2: History of Site C**

- We've been critical of Site C from the start
  - No business case, no referral to BCUC
  - \$2 billion spent: no plan, no apprenticeships
  - Their priority: the so-called Point of No Return

### **3: BCUC Review**

- We committed to review Site C, and we followed through
- BCUC confirmed our concerns
  - Cost overruns
  - Green power could meet BC's needs
  - We need more green power to meet climate commitments
- They left us with two options: continue or cancel

#### **4: The Decision**

- To those opposed: I respect your conviction and passion
- But there was only one decision we could make:
  - Site C is not the project we favoured
  - It is not the project we would have built
  - But we must build it
- This decision will be a disappointment to many, but we must think of the needs of all British Columbians
  - Who would not have schools, hospitals, roads, homes they need if we wrote off \$4 billion to end Site C
  - Our government could not make that choice

#### **5: Going Forward**

- We must overcome the legacy of mismanagement of BC Hydro, and turn Site C into a positive for BC's future:
  - Project oversight to keep control of project costs
  - Community benefit agreements, sub-contracting for biz
  - Agricultural land enhancements
  - Indigenous partnerships - BC Hydro renewable energy

s.13

#### **6: Closing**

- While not the project we favoured, Site C is the best choice to:
  - Deliver on our commitments to British Columbians
  - Chart a course to a sustainable future

**SPEAKING NOTES BEGIN NEXT PAGE**

What is most important to me, and to our government, is making life better for people.

That means tackling problems head-on, and making the best decisions for people, our province, and our future.

The future of Site C is one such question, and today we announce the way forward.

The decision whether or not to proceed with Site C is one of the most difficult our government will make.



I've sat across the kitchen table from families, whose farms and homes overlook the Peace River.

I've met with Treaty 8 First Nations.

I've met with workers, whose livelihoods depend on Site C.

The decision whether or not to proceed affects all of these people.

Our decision today will have profound and lasting effects for every person in this province, for generations.

We have not made this decision lightly.

Our priority as a government was to make sure any decision on Site C was consistent with our values, and our commitments to British Columbians:

To make life more affordable,

To make BC Hydro work for people,

Protect the environment, and embrace reconciliation with Indigenous peoples.

For many years, we have been critical of the previous government's decision to build Site C.

We questioned the business case and the budget.

We demanded the project be referred to the BC Utilities Commission.

They ignored public concerns and recklessly charged ahead.

More than \$2 billion dollars spent, without an independent review.

Without a clear understanding of the costs and risks.

Without a plan to make sure jobs and apprenticeships flowed to British Columbians.

All they cared about was getting Site C to the so-called “point of no return” before the election.

What’s worse was their gross mismanagement of BC Hydro.

They raided Hydro’s deferral accounts to balance the budget, while making regular people pay more.

Hydro rates are up 24% in four years,  
70% since 2001.

For these reasons and more, we  
promised, if elected, to send the Site C  
project to review by the BC Utilities  
Commission.

We delivered on that commitment.

The BCUC review validated many of our  
concerns.

There are serious cost overruns on Site C  
in excess of \$1 billion dollars.

Alternative sources of green power, like wind and solar, could meet BC's needs.

They made it clear B.C. needs more renewable energy to meet the challenges of climate change.

The BCUC ruled out the option of delaying or suspending the project.

Leaving our government with a clear choice:

Complete Site C at a cost of \$10.7 billion.

Or cancel Site C and absorb \$4 billion in construction and remediation costs.

I want to speak directly to those who demanded that we cancel Site C.

I respect the strength of your conviction, and your passion for our province.

I share your determination to protect B.C.'s farmland and reduce the impact of energy development on wildlife and wetlands.

We agree that decisions of this magnitude must embrace, to the greatest degree possible, the principles of reconciliation with Indigenous peoples and the UN Declaration.

The challenge of government is to deal with issues as they are, not as we wish they were.

We listened, we deliberated, we debated.

But at the end of the day there was only one decision our government could make.

**Site C is not the project we favoured.**

**It is not the project we would have built.**

**But we must complete it.**



Although Site C will cost over \$10 billion, those costs can be recovered over time by sale of the dam's energy.

Not so with cancelling the project.

The \$2 billion dollar price-tag to remediate would come directly from your pocket this year, next year, and the year after that.

You can't add \$2 billion in costs to the budget without taking something else away.

I know this decision will be a profound disappointment to many, including many I count as friends.

But we must think of the needs of all British Columbians who would not have the schools, hospitals, roads and homes they need if we wrote off \$4 billion to end Site C.

Our government could not make that choice.

We must overcome the previous government's legacy of mismanagement of BC Hydro, and turn Site C into a positive part of BC's future.

Today I am announcing a series of initiatives to minimize the risk and completion costs, and maximize the benefits of Site C.

We are launching a new project oversight team, to ensure the Site C budget is respected and achieved.

We will use community benefit agreements, to make sure Site C creates training opportunities for British Columbians, and sub-contracting opportunities for business.

We will enhance B.C.'s agricultural sector and bring more of our precious agricultural land into production.

We will introduce new measures to support reconciliation with Indigenous peoples by re-opening BC Hydro's standing offer program to trigger new partnerships with First Nations for renewable energy.

In addition, I have directed George Heyman, Minister of Environment, to develop a new strategy to use Site C power to de-carbonize the economy, fight climate pollution and reduce emissions.

What is most important to me, and our government, is making life better for people.

Site C is not the project we favoured.

It is not the project we would have built.

But it is the best choice to make sure we deliver on our commitments to British Columbians, and chart a course to a sustainable future.

From: [Aaron, Sage PREM:EX](#)  
To: [Meggs, Geoff PREM:EX](#); [Sanford, Donna L GCPE:EX](#); [Dewar, Bob PREM:EX](#); [Hannah, Matt GCPE:EX](#)  
Subject: Tweet by Andrew Weaver on Twitter  
Date: Sunday, December 10, 2017 12:26:22 PM

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**Andrew Weaver (@AJWVictoriaBC)**

2017-12-10, 11:53 AM

Let's have a look what our energy minister said about Site C on July 9, 2016:  
[facebook.com/AndrewWeaverML...](#) I would suggest a recall campaign in Nelson-Creston  
would be in order if Site C is approved on her watch as energy minister. [#bcpoli](#)

Download the Twitter app

Sage  
778-678-0832  
Sent from my mobile device

**From:** McGregor, Cara GCPE:EX  
**To:** Aaron, Sage PREM:EX; Meggs, Geoff PREM:EX; Lloyd, Evan GCPE:EX  
**Subject:** Updated script  
**Date:** Sunday, December 10, 2017 11:38:15 AM  
**Attachments:** 20171211 SN Digital Script finaldraft.docx

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Hi, it's Premier John Horgan.

We made an important decision about Site C today, and I wanted you to hear it directly from me.

This has been a very difficult decision, one of the toughest our government will make.

We took this choice -- whether to go forward with Site C, or to cancel it -- very seriously.

We listened to all sides.



We consulted energy experts

reviewed financial impacts

met with affected First Nations

and considered how it would affect the people who count on BC Hydro to heat and power their homes.

I want to speak directly to those who demanded we cancel Site C.

I respect the strength of your conviction, and your concern for our future.

I share your determination to protect B.C.'s farmland, and reduce the impact of energy development on wildlife and wetlands.

We listened, we deliberated, we debated.

But at the end of the day there was only one decision our government could make.

**Site C is not the project we favoured.**

**It is not the project we would have built.**

**But we must complete it.**

To cancel today would put British Columbians on the hook for a \$4 billion dollar bill with *nothing* to show for it.

Worse yet, we cannot pay that bill without increasing hydro rates or making cuts to services people count on.

I know this decision will be a disappointment to some.

But we must think of the needs of all British Columbians who would not have the schools, hospitals, roads and homes they need if we wrote-off \$4 billion to end Site C.

Our government could not make that choice.

Not when families have needed relief for so long.

It falls to us to turn Site C into a positive part of BC's future.

My commitment to you, is that our government will do everything in its power to:

Keep a tight rein on project costs

Make sure jobs and apprenticeships flow to British Columbians

We will extend benefits to communities and Indigenous Peoples

Enhance food security and protect agricultural land

And use Site C to de-carbonize our economy and fight climate change.

What is most important to me, and our government, is making life better for people.

Site C is not the project we favoured.

It is not the project we would have built.

But it is the best choice to deliver on our commitments to British Columbians, and chart a course to a sustainable future.

Thanks for listening.