

Mr. Randal Hadland's Submission to the IEPR Task Force

April 19, 2013

Attention Review Panel,

My interest in the use of BC's resources in the form of our river valleys to attract industrial activity, that otherwise might find a home in other locations around the world, came up forty years ago when BC Hydro first made known its intention concerning the lower Peace River. Our river Valleys, and all the use that we as citizens have of them, are very valuable commodities to be sacrificing, if it isn't absolutely necessary. Our Province is largely high plains and mountainous terrain.

Our best land, for recreation, food production, forestry, fisheries, wildlife habitat, and human living space, is in our valleys. From a sustainability viewpoint, flood destroying any more high quality land to service electrical demand is a big mistake. These are costs to the system that are coming home to roost whether we want it or not.

Sections A, Conservation, and C, Environmental objectives of the Reviews Mandate, have to be tied together with a view to sustainability and outweigh the options for provincial economic development in mandate B. Un-economic development based on poor decisions and uncoded inputs to Industrial Users electricity demands fulfillment cannot be allowed any more. The same is true for residential and commercial user demand, but is not part of your review.

The task force is to consider the following while developing its recommendations:

1. the appropriate allocation of BC Hydro's incremental and embedded costs, including generation and transmission costs, when new customers request service or existing customers request increased service;

The costs of borrowing for Hydros' old heritage projects; as soon as project construction was completed, all interest on the monies paid for construction and costs of borrowing during construction, were charged as system costs. This might be a very good way of embedding the costs of construction into the general ratepayers bills, but it is insufficient accountability when making a comparison of alternative energy options. Hydro's full costs of borrowing must be included in the equation of the cost to society of any new electricity projects like the very much proposed Site C, in the same way that private power producers must charge what it costs them to generate power or suffer financial losses when delivering power to BC Hydro.

The debt and repayment responsibilities also include the economic/ecological costs of Hydro's system. These costs have never been calculated for the so-called Heritage resources that Hydro built in the 60s and 70s. And yet these are costs that the people of BC are paying and will continue to pay. The cost of human lives, the people who lived in the Peace, Finley, and Parsnip reaches of Williston Reservoir, The Columbia River Valley, the cumulative loss of agricultural land, forestry potential, recreation opportunities and wildlife habitat, mineral resources etc. have been largely ignored whenever our low cost electricity is discussed.

The province has effectively been subsidizing Industrial consumers by sacrificing our best river valley bottom land. Industry demands for electricity from BC Hydro to power liquefied natural gas plants and new mines are just another extension of this misguided policy. How misguided it has been in the past we will never know, but for any future projects, including the proposed Site C, our politicians and economists and this review need an holistic accounting so that rational decisions can be made about what is demand, what is need, and what is profit taking at the expense of the future. We have heard a great deal in the last decade or so about how open markets, free enterprise, and democracy cannot tolerate subsidies. The decisions reached in this review and the political follow up will be an indicator of the seriousness of our government's and industry to live by the ecological/economic bottom line.

If the result of this is sustainable development, and there is industry here which is not equal to the challenge then we may have to lose them. The positive side of that is that our resources will still be here and in a planet and province with a limited resource base, they will only appreciate in value.

There are risks to the economy/ecology of overbuilding. The BCUC hearings and orders focus primarily on the financial values. The economic/ecologic costs of overbuilding are just as real as the financial ones. The environmental objectives of the Province, to be able to pass on to the future an economically viable and ecologically sound community will only succeed if we don't pursue development at unrealistic rates of resource use.

And overbuilding has an even more important consideration now, when small alternative energy projects are achievable in many locations around the Province that would be more economical than large projects plus transmission. High costs of construction are sending the signal that we have to cut back on our demands. The potential for conservation measures that can be implemented in this scenario is enormous, for all of Hydro's rate classes.

It is the total costs of Hydro's system, or any electrical project proposal in the Province, that society will pay. There is no sweeping under the carpet that will bury the externalities anymore. That portion of the environmental and resource costs which have been incurred, and would increase if more mega dams are built, are equivalent across the per kilowatt hour use whether in industrial, commercial, or residential sectors and should be allocated with that recognition in mind.

We have built up some huge debts in our dam building and economic development spree. And when those debts come due, and I would argue that the time is past for us to be pretending they will do otherwise, our children, grand-children, and descendants would want us to have paid them.

The BC Government should re-instate the BC Utilities Commission in its role as public arbiter of Utilities and energy use and development. By definition public convenience and necessity cannot be decided behind closed doors.

Thank you for your consideration, and your time, Randal Hadland

Peace River Country