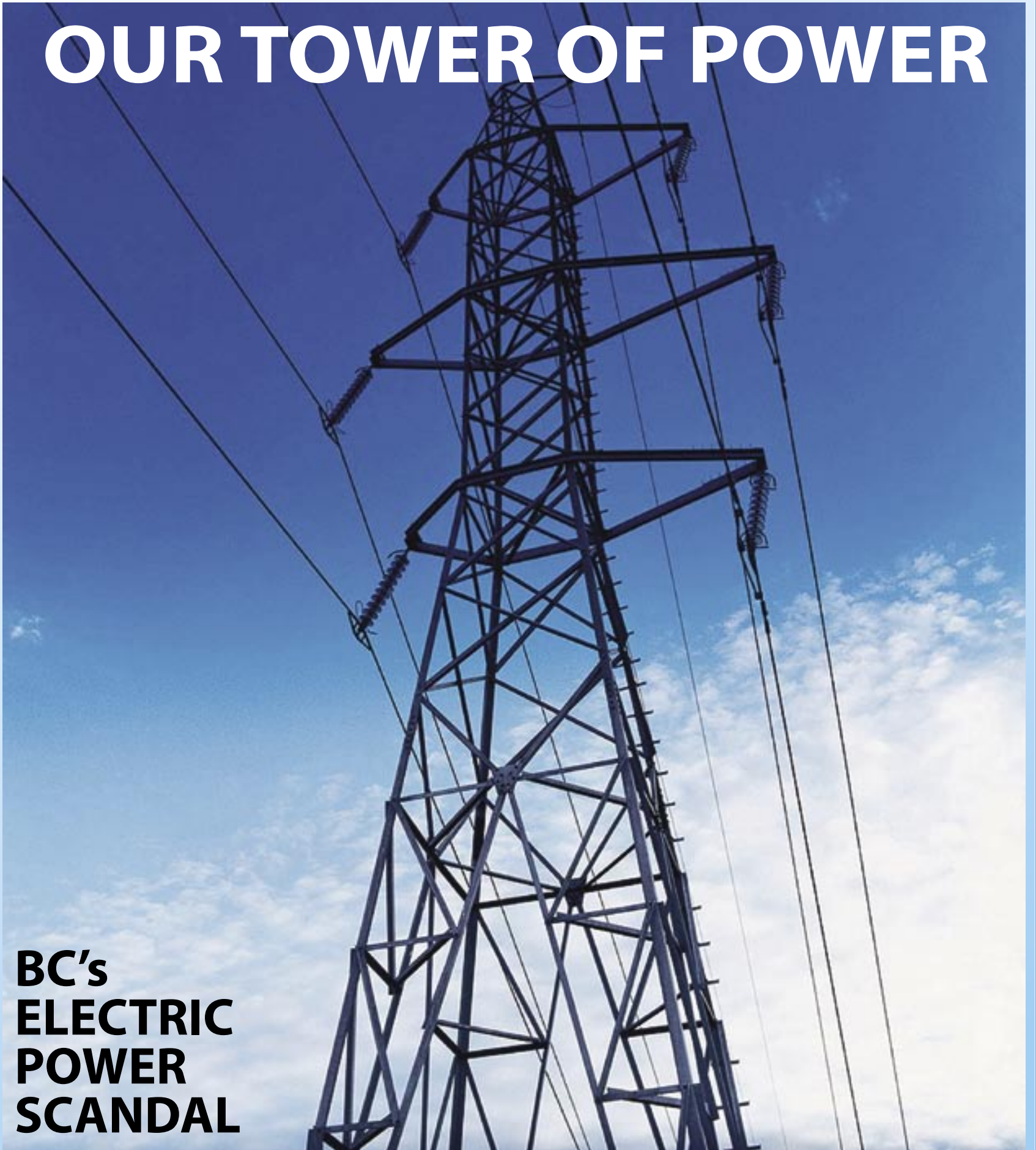


BC Hydro

OUR TOWER OF POWER

**BC's
ELECTRIC
POWER
SCANDAL**



HYDRO RATES TO SKYROCKET

THERE IS STILL TIME TO STOP IT

Our rivers make power for us and bring us wealth. We have always imported energy because we can store it and re-sell it. We do not need private companies to make this power for us.

BC Hydro, a public utility, used to add \$700 million annually to the public purse while delivering some of the least expensive power in the world. In the future it could add billions as energy prices rise worldwide.

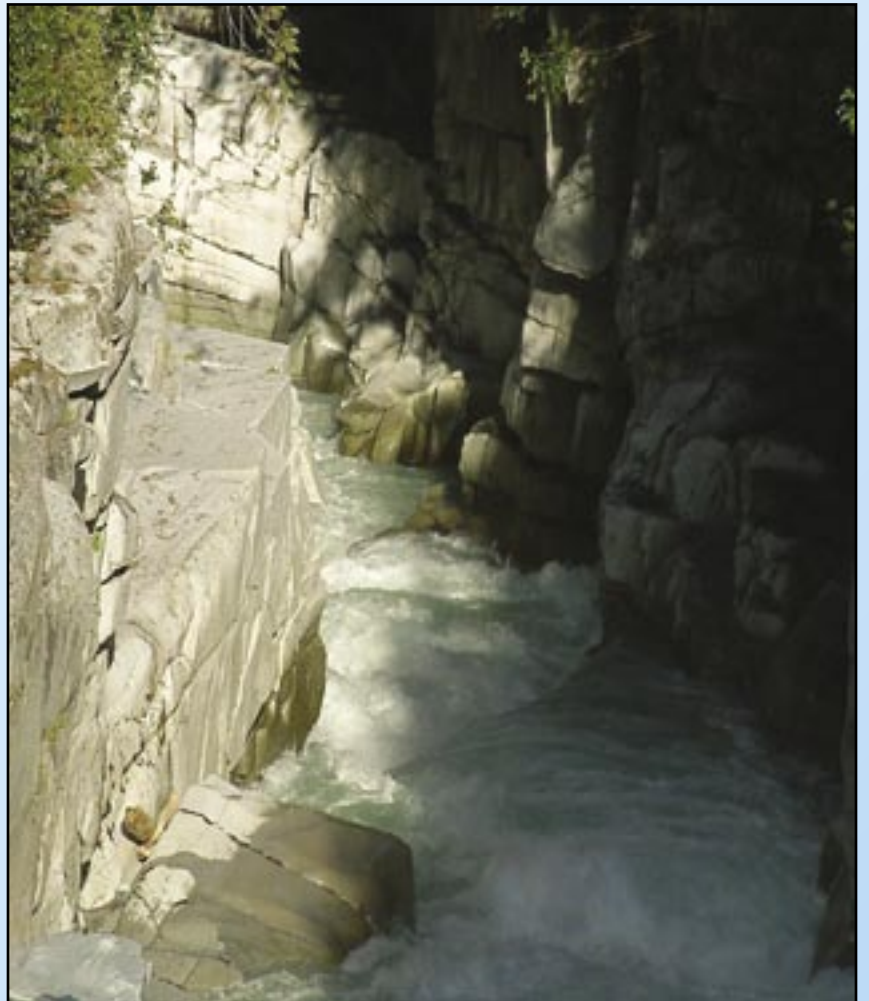
The BC government promised public involvement in energy decisions in 2001. It has not kept this promise.

Instead, acting against municipalities and the general public, it is giving away our public energy resources.

The end of publicly controlled electric power is fast approaching. The people of British Columbia will be stunned by dramatic price rises in the near future.

As *owners* of BC Hydro generation facilities, our *asset* used to add \$700 million to public coffers each year and *it costs us \$6 per megawatt hour* for the power produced by it, one of the lowest electric power rates in the world.

But, BC Hydro *will be charged* an average *\$100 per megawatt hour* for the power produced by private energy interests. All profits go to **billionaires.**



Ashlu Canyon is threatened unless the zoning denial is upheld

WE ARE BEING ENRONized

Private power, water licences and Bill 30

During the last few years the provincial government has gone to unusual lengths to keep energy information from the public. We said we wanted our electric power systems kept public. In 2001, the BC Energy plan was introduced prohibiting BC Hydro from developing any new energy sites. All future energy developments were to be private. The government then used laws against us to overrule us.

In 2003, the government put the financial services of BC Hydro into the hands of Accenture Consulting of Bermuda (previously the Enron accounting firm of Arthur Andersen) and then changed the Energy and Mines Act to avoid any scrutiny and make the deal secret. So began the dismantling of our power system, but it is reversible right now.

In May of 2006, the government enacted widesweeping legislation, Bill 30, removing the public's right to vote on proposed private power installations in their own communities. The Bill removes municipal authority over zoning by turning over control of land use to private companies.

Bill 30 strips people of their most important means of defending local interests in resource allocation decisions. Local governments exist to build community in the fullest sense of the word. They exist to put into action the goals and visions of residents – to support businesses and industries that provide jobs, to support development of houses, parks, schools, water and sewer plants and all the services needed by a thriving community. On a daily basis city councils and regional districts are faced with difficult decisions over land use – how do you balance a project that entices the community with promises of jobs and tax revenue against the changes that project will bring or effects it will have on the community or its land and environment?



Water Licences

A water licence costs \$10,000 or less for a whole waterway. The net present value of a single private, run-of-river power project can approach \$1 billion. There are about 500 active applications. Most of them are in the Squamish Lillooet Regional District. Several licence holders are former BC Hydro executives. Power purchase agreements are issued at the current average rate of \$100 per MWh and the public receives a flat fee of \$1 per MWh. A capacity charge is also levied of a few percentage points. The private company owns the facility and has a perpetual water licence of incredible value. It receives all of the income above the cost, about a 97 percent gain. At the end of the contract period with BC Hydro it can sell to whoever it wants in North America for as much as it can get.

Bill 30 was the result of the Ashlu zoning denial

Nowhere was the challenge to local politicians and the public more evident than with Ledcor's private power proposal on the Ashlu River near Squamish. For more than three years, the Squamish-Lillooet Regional District, together with local residents and river users from other parts of the province and the US, took part in many public meetings, open houses and public hearings.

Hundreds of speakers gave passionate accounts of the value the Ashlu River held for them as recreation users, as owners in the emerging recreation business sector in Squamish, and as ordinary residents who knew the jewel-like beauty of this river. At the same meetings, the regional district heard repeatedly from Ledcor as they offered financial incentives to the Squamish Nation which became partners in the project, and the local controversy deepened as aboriginal and non-aboriginal communities took sides. It created controversy and acrimony in a community that has long accepted many types of industrial development. In the end, the regional district did what local governments are meant to do; listened and turned down the Ashlu project rezoning. Twice.

The local government did so based on its Official Community Plan. Policies were adopted in response to the gold rush of small "green" hydro projects. The Squamish-Lillooet Regional District had more than 65 potential projects that had passed initial screening by the province. Policies were enacted based on two years of consultation with area residents, the new private power industry and other government agencies. Those policies clearly support "green energy" developments, where the project does not conflict with

other community values and goals. Policies that were based on experience with some of the first IPP developments (Mamquam province at one point). Policies were enacted based on two years of consultation on this issue with area residents, the new private power industry and other government agencies, facilitated by experts in the emerging small energy field. Those policies clearly support “green energy” developments, where the project does not conflict with other community values and goals. Policies that were based on experience with some of the first IPP developments (Mamquam River, Rutherford River and Miller Creek) in the region that resulted in a number of concerns that “green” does not necessarily mean “no impacts.” Policies spelled out the expectations of the local government. Policies, that the regional district spent thousands of hours of staff, public and elected official’s time and financial resources on. This is local government at its best, working within its policy framework.

As a result, the SLRD has been a major source of “green energy” projects in the province. According to a staff report, a total of seven IPP projects have now been constructed representing some 183 MW of small hydro. These projects are in addition to major hydro facilities which bring the regional energy production to some 400 MW. (January 19, 2006 report to the board).

But, the Ashlu IPP didn’t meet the policy. In the words of Whistler Mayor Ken Melamed, “Most of us believe in the value of green energy but not at the expense of some of our most precious places in the province. It is my intention to deny the project.” (*Whistler Question* 03/01/06). And not only did Whistler turn down the Ashlu project, the regional district urged the province to complete a long term plan for IPP development in its area. The district wanted this strategy to ensure that decisions on small “green” energy projects be made within a framework, so all the potential projects, their transmission lines and other impacts can be looked at comprehensively. In consultation with all the players – industry, provincial ministries, local government. This is what local governments do to avoid more controversy and anguish over individual projects and to avoid ad-hoc decisions.

But, the provincial government doesn’t agree. From its perspective, energy is now solely a provincial responsibility and any energy project is automatically considered to be a public benefit, not to be held up by bothersome local interests. And even within the provincial government, planning for energy projects is not tolerated. The provincial Sea-to-Sky LRMP (land and resource use management plan) was underway during the controversy over the Ashlu project, its goal to resolve and allocate resource use between the multiple interests (industry, recreation, energy etc.). But the recommendations of the LRMP planning forum to set aside 11 streams, including the Ashlu, that had very high value for recreation or other uses was rejected by George Abbott, then minister of Sustainable Resource Management and by Dick Neufeld, then and now minister of Energy, Mines and Petroleum Resources. They wanted a free hand to develop. Particularly the Ashlu.

Bill 30

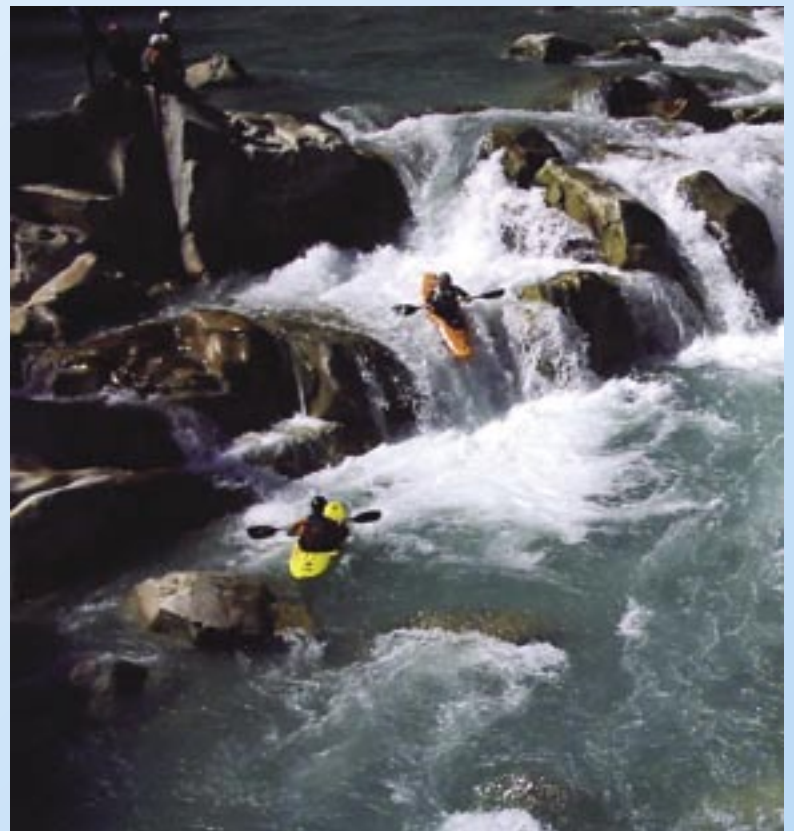
SECTION 56: (Utilities Commission Act, Section 121) provides that an authorization under the Act, including a certificate of public convenience and necessity and an exemption from the requirement to obtain that certificate, is not to be superseded or impaired by anything in or done under the Community Charter or the Local Government Act.

Bill 30 effectively exempts electricity generation projects from public reviews by local governments.

Prior to Bill 30, local governments would conduct public reviews to ensure such projects would not compromise local public values.

How Bill 30 applied to the Ashlu River

After the regional district denied Ledcor the Ashlu IPP for the second time, the province enacted Bill 30 as the Legislative Assembly closed in early 2006, to take away the ability of local governments to turn down any IPP development. With the adoption of Bill 30, the impacts of “green” hydro development are left to individual agencies with mandates to protect fish, protect water flows, and to sell or lease Crown land to increase provincial coffers. These agencies have, at best, a token public consultation component. Ledcor, with Bill 30 in hand, started working in the Ashlu in August without permits. The region, clearly, does not want them there. The Union of BC Municipalities (UBCM) the umbrella group for all local governments has taken a strong position against Bill 30.



Water licences give rivers away to private companies

Alcan

In 1950 the Nechako River was licensed to Alcan to make power for industrial development and smelting. Alcan, in 2001, wrote a submission to the BC Energy Task Force, which largely became the BC Energy Plan. It paved the way for Alcan and all of the newly created private power run-of-river companies to take public rivers and make them private through a process called water licences. The Alcan plan also called for a deregulated electricity market and the breaking up of BC Hydro as a public monopoly. More than 500 jobs have been lost and property values are down by 50 percent since 2001 as Alcan slowed production in the smelter. It has quietly sold more and more electricity and this year put \$140 million from hydroelectric sales in its pockets while paying only a tiny water rental fee to the public.

The District of Kitimat is fighting for us in the Supreme Court of BC doing what the province should have done all along which is to insist that Alcan abide by the 1950 agreement and make aluminum, not power. A few weeks ago the BC premier avoided the mayor and the Kitimat public by secretly meeting with Alcan and giving it a water licence so that Alcan could go forward to the BC Utilities Commission (BCUC) and entrench itself as an electricity seller. During the month of October, Alcan will be pursuing the power purchase agreement approvals through the BCUC. The district of Kitimat contributes up to 11 percent of the gross manufacturing product of the province. Power sales yield a 1,200 percent profit while aluminum produces a 30 percent profit. Such a change would devastate the already beleaguered population of Kitimat, as it would likely mean the end of Alcan's concern with smelting.

"It is time the people of British Columbia acted together in defence of water resources. The permanent transfer of public waterpower assets is imminent. If people knew the extent of lost value they would be outraged. The BC government is diverting huge current and future revenues from public resources into private pockets that could instead be funding our health care and education. Where is the accountability? The public needs to fight this giveaway of resources," says Mayor Richard Wozney of Kitimat.

Cascade Falls on the Kettle River at Christina Lake

Seabreeze Inc. a company with its name all over the changes in BC is a US transnational which has pursued the public of Christina Lake in the Kootenays relentlessly for 15 years. Cascade Falls is a beautiful local tourist asset. The public has worked tirelessly to bring forward and express their values and to save their highly valued tourist asset. The BC environment minister in September 2006 acted against the will of the people of Christina Lake and swept environmental concerns aside.

Payments by BC Hydro to Private Energy Developers F-2006 Call (2009-2051) and Current Unit Price

Fiscal Year	Payment (\$mm)	Energy (GW/yr)	Unit Price (\$MWh)
F2007	\$0	0	\$0.00
F2008	\$0	0	\$0.00
F2009	\$8	93	\$84.80
F2010	\$94	1,019	\$92.10
F2011	\$305	3,389	\$90.00
F2012	\$438	4,987	\$87.80
F2013	\$442	4,987	\$88.70
...
F2051	\$62	498	\$124.00
Total/ Average	\$15.6 billion	154,878	\$100.69

Our current cost is **\$6.00**
in our public system

Taken from *BC Hydro's Energy Purchases From Private Power Developers: Do We Want the \$15.6 Billion Price Tag?* by Prof. John Calvert at www.hydrofactsbc.ca

Although the provincial government has said it consulted with the citizens of Christina Lake in fact it only pushed its platform of mitigation. People do not want mitigation when they value an asset. It is the asset, alone which is valued. At the end of the day it approved a private project against the will of the people of Christina Lake" said Grace MacGregor, director for Area C, Christina Lake Regional District, Kootenay Boundary.



A LETTER FROM THE MAYOR OF VICTORIA OPPOSING BILL 30

THE CITY OF VICTORIA



OFFICE OF THE MAYOR

May 11, 2006

Premier Gordon Campbell
Room 156, West Annex
Parliament Buildings
Victoria, BC V8V 1X4

Dear Premier:

At the May 11, 2006, Committee of the Whole meeting, City Council supports the following resolution and urges you to reconsider Bill 30:

WHEREAS the Province of British Columbia and the Union of BC Municipalities, by Memorandum of Understanding signed September 22, 2004 are committed to:

- Fostering cooperative inter-governmental relations,
- Recognizing the jurisdiction and accountability of both orders of government,
- Facilitating the responsible development of clean, renewable energy sources to meet the energy needs of British Columbians,
- Providing efficient and effective IPP review and approval processes for both orders of Government.

AND WHEREAS the amendment to the *Utilities Commission Act* proposed by Bill 30 will serve to:

- Eliminate local government involvement and engagement in IPP review and approval processes,
- Remove jurisdiction of local government over IPP's on Crown Land,
- Remove local government from the responsible development of clean, renewable energy sources,
- Impair cooperative inter-governmental relations, and

AND WHEREAS these amendments will have significant impacts for local governments throughout the province when the full scope and potential of IPP's are considered (e.g. wind, geo-thermal, coal bed methane and run of river projects);

THEREFORE BE IT RESOLVED that the Province of British Columbia be requested to immediately set Bill 30 aside and return to working with UBCM to complete the commitments of the MOU on Independent Power Projects as quickly as possible;

AND FURTHER THAT copies of this resolution be forwarded to the Premier, UBCM, MLA's and British Columbia local governments.

CARRIED

THE CORPORATE-POLITICAL SALES PITCH

This is a letter from a BC Liberal MLA, printed in the Squamish Chief Newspaper September 9, 2006, revealing the BC government is not being honest with its citizens. Comments by Marjorie Griffin Cohen, an economist and professor of political science and women's studies at Simon Fraser University, reveal this lack of honesty.

Dear Editor:

Contrary to Dr. Hamish Nichol's letter "Ledcor's insane profit a Liberal fallacy" in last weeks' Chief, the people of BC will be the main beneficiaries from all new power projects, located throughout the province.

First, I need to point out that it was the BC Liberal Government ensuring our governments heritage assets, including, including our water, dams and transmission lines will remain in the hands of the public forever.

British Columbians have 100% ownership of two crown corporations: one to generate electricity; the other for distribution. I believe most British Columbians support BC Hydro's goal or attaining energy self sufficiency, eliminating the need to import 12% of our power.

With our growing population, this cannot be achieved without creating new projects. With an eye on the prudent stewardship of our environment, BC Hydro awarded these 38 contracts to a variety of innovative ventures including three wind, two biomass, two waste heat and two coal/biomass along with 29 hydro enterprises. By investing into these ventures, the companies are simply assisting BC Hydro in meeting our current and future energy needs through the development of clean resources in BC. BC Hydro remains in the hands of the public and so does our water.

Those who are building and operating these projects must sell the electricity generated exclusively to the BC Hydro grid. Our water will be used to power our homes our businesses and our province.

JOAN MCINTYRE, MLA
WEST VANCOUVER GARIBALDI

A separate transmission company is the path Enron used in the US to make markets. Electricity will not be in the public sector. Each year a larger and larger proportion of our electricity is to go to private hands where they will sell power at new high prices to local consumers who will compete with US consumers, where today in New York and Los Angeles they pay 5-7 times our utility rates.

Coal is not a prudent or innovative environmental solution. This is extremely regressive. So too are the supposed "green energy" projects associated with the newly announced 29 hydro enterprises. Why is it that these projects are 'green' when undertaken by the private sector, but not when in the public sector? Many of the 29 projects divert huge amounts of water into tunnels - away from the river. A combination of these projects on any one river can have a devastating effect.

This is unusually deceitful. The provincial government has promised to keep BC Hydro public. Throughout this gutting of BC Hydro the government has assured the unknowing with this double entendre. If this gutting process continues then the public is left with a very small utility named BC Hydro with very large financial obligations. It will have to maintain the expensive local power lines. It will not have billing services and will lose control of all other aspects of the lucrative operation we in the public know and value as BC Hydro.

Companies are the main beneficiaries as they will sell power at very high prices while paying almost nothing for public resources.

This does not mean that power should be produced at any cost. 100 percent ownership of BC Hydro means little if all new electricity is in private hands. This means people in BC are paying much more for electricity than they would have if new facilities were built and owned, as they should be in my opinion, by BC Hydro, but also that the people of BC acquire no new assets - all of these installations will be wholly owned by private companies.

Investment this is not. We are giving very lucrative public purchase orders to companies that will build and own dams and generators. That process, money for nothing, is not an investment. The public does not think it is an investment. The government is assisting private companies to tens of billions of taxpayer dollars. The stupidity in this whole exercise is in not letting BC Hydro build for the future. The public will be subsidizing the private building of electricity generation without having any cost advantage at all. And, no new public assets will be created in the process.

This is completely untrue. Once electricity is in the BC Hydro /BC Transmission system electricity can be sold and distributed anywhere. When the public purchase agreements expire there is no commitment to continue to sell to Canadians. Forever is a very long time. BC Hydro has already guaranteed huge price premiums to the private companies.

THE SOLUTION IS IN YOUR HANDS

Save BC Hydro checklist

- Write, fax, and e-mail Premier Gordon Campbell.
- Share this information and meet with others and speak out.
- Get involved and help your fellow Canadians to protect rivers and the power grid.
- Contact people you know and ask them to make their voices heard today by creating a personal approach to demonstrate the value to you and your relatives, friends and fellow citizens of maintaining control of our rivers and our energy system.
- Write a letter to the editor of your local paper expressing your support for an immediate inquiry into these facts.
- Write to your MLA, go to their office and demand that they act to represent you by taking a stand and speaking for public energy.
- Call and write your federal MP and Prime Minister Stephen Harper and ask that they represent you by urging the BC government to immediately stop transferring the public energy wealth.

This crisis may seem huge and it may seem unstoppable. But it is not.

It is your money and your energy, which is being taken. Your neighbours need you to act. Together, we can save our energy system for generations to come. If you only have one fight in you, let it be now.

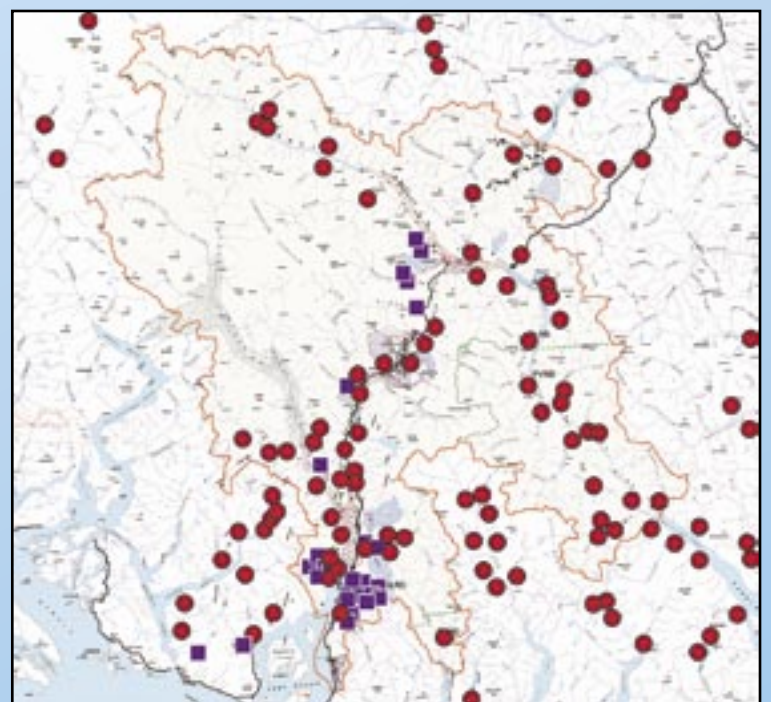
- I have done something to claim and save our waterpowered energy systems for future generations.

The provincial government and perhaps even the Crown corporations may deny these facts. The public must stop the process; allow no more purchase contracts through BCUC in order to gain control of the situation. A solution to arrest continued public harm must be found. Our energy sources must be protected, starting with our water resources.

A public debate would seem a sensible thing to do. Local governments are the closest responsible political representatives of the population. Most of them, like you, are largely unaware of these facts. They will need your support as you will need theirs. All of the local governments of British Columbia will meet in Victoria from October 23 to October 25 at their annual general meeting. The premier will address the convention at 10am on the 25th.

The course of action to reclaim BC Hydro is to cancel the BC Hydro-Accenture outsourcing agreement. Cancel the incorporation of BC Transmission Corporation, the Crown corporation set up to facilitate a deregulated electricity market. Cancel all undeveloped water licences. Do not issue any more purchase agreements and cancel the recent call for purchase before any of those private companies incur costs. Buy out the dozen or so run of river projects built in the last few years. Allow BC Hydro to generate power on behalf of its owners, the citizens of British Columbia.

For further details see www.hydrofactsbc.ca
Chinese, Punjabi and Persian versions online.
BC Hydro: Our Tower of Power by Austin Boyd



Whistler area (SLRD) run-of-river private power projects built in square blue and to-be-built in round red.