Peace River Regional District
REPORT

To: Regional District Board
From: Karen Goodings, Chair
Subject: Rise With Report – Resolution from Regional District Board Closed Meeting

RECOMMENDATION:

That the Chair’s verbal report on a resolution endorsed at the Regional District Board Closed Meeting held on April 11, 2013, relating to the Site C Regional Legacy Benefits Agreement, be received.

STRATEGIC PLAN RELEVANCE: None

FINANCIAL CONSIDERATION(S): None

OTHER CONSIDERATION(S): None
June 13th, 2013 Board Meeting - Rise with Report

**Peace River Regional District and BC Hydro - Site C Regional Legacy Benefits Agreement – from April 11, 2013 Closed Meeting**

The Regional District Board would like to report out that at its April 11, 2013 Closed Meeting, they endorsed the Site C Regional Legacy Benefits Agreement between the Peace River Regional District and BC Hydro and authorized the Chair to sign the agreement.

BC Hydro and the Peace River Regional District are announcing today that they have reached an agreement for regional legacy benefits associated with the operation of the proposed Site C Energy Project.

Under the terms of the agreement, BC Hydro will provide an annual payment of $2.4 million to Regional District and its member communities for a period of 70 years, once Site C is operational. The payments will be indexed to inflation after the first year of operation. The funds will be allocated to member communities based on a formula determined by the region that considers both population and relative project impacts for each community.
NEWS RELEASE

FOR IMMEDIATE RELEASE
June 13, 2013

Site C Regional Legacy Benefits Agreement Signed

DAWSON CREEK – BC Hydro and the Peace River Regional District (PRRD) announced today that they have reached an agreement for regional legacy benefits associated with the operation of the proposed Site C Clean Energy Project (Site C).

Under the terms of the agreement, BC Hydro will provide an annual payment of $2.4 million to PRRD and its member communities for a period of 70 years, once Site C is operational. The payments will be indexed to inflation after the first year of operation. The funds will be allocated to member communities based on a formula determined by the region that considers both population and relative project impacts for each community.

The proposed Site C project — including the hydroelectric dam, generating station and reservoir — is located within PRRD boundaries. The PRRD land area includes 12 million hectares (120,000 square kilometers) with a population of approximately 63,000. The PRRD is a federation of seven incorporated municipalities — District of Chetwynd, City of Dawson Creek, City of Fort St. John, District of Hudson’s Hope, Village of Pouce Coupe, District of Taylor, District of Tumbler Ridge — and a vast unincorporated rural area.

Site C requires environmental certification and other regulatory permits and approvals before it can proceed to construction. In addition, the Crown has a duty to consult and, where appropriate, accommodate Aboriginal groups.

Quotes:

Hon. Bill Bennett, Minister of Energy and Mines
“This legacy benefits agreement for the Peace River Regional District is an important step forward for the Site C project that will provide clean, reliable and cost-effective electricity to British Columbians for over 100 years. Site C will create about 33,000 jobs during development and construction and generate about $3.2 billion in GDP for the province.”

Karen Goodings, Chair, Peace River Regional District
“The Peace Region recognizes the provincial economic opportunity and value this new power source would bring British Columbia. It is important to acknowledge the significant sacrifices that the Peace region will be making in hosting this economic generator. This legacy agreement is a symbol of that acknowledgement.”

Susan Yurkovich, Executive Vice-President, Site C
“BC Hydro is committed to providing legacy benefits for communities in the Peace River Regional District. This agreement helps to recognize the important contributions that the region and its communities make in providing clean and affordable hydroelectricity for all British Columbians. In addition to this agreement, BC Hydro will continue to work with local governments on mitigation measures for the construction phase of the project.”

June 13, 2013
Hon. Pat Pimm, Peace River North MLA
“Peace River communities deserve a fair share of the benefits from Site C, and I have been advocating for a legacy agreement with BC Hydro since 2010. The agreement signed today promises to provide 70 years of financial support to the Peace River Regional District and its member communities once Site C is operational.”

Mike Bernier, Peace River South MLA
“The Peace region plays a key role in providing clean and reliable electricity for the province. This legacy benefits agreement for Site C is an important recognition of this role. In addition to the jobs and other economic benefits that will flow to the communities of the region, they will now also be able to count on long-term funding as a result of Site C.”

About PRRD
The Peace River Regional District and Hospital District serve the Peace River region of British Columbia, south of the 58th parallel and east of the Rocky Mountains to the Alberta border. Its boundaries encompass approximately 12 million hectares (120,000 square kilometers). The population resides in seven incorporated municipalities and four rural electoral areas. For more information: http://prrd.bc.ca.

About BC Hydro
BC Hydro has been providing clean, reliable power to British Columbians for more than 50 years while maintaining among the lowest rates in North America. BC Hydro is a provincial Crown corporation that serves 1.9 million customers and invests in the electrical system and in energy conservation to deliver a safe and reliable supply of electricity for today’s customers and for generations to come.

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

With Site C, BC Hydro is planning now so that British Columbians will continue to benefit from clean, reliable and cost-effective electricity in the future. Subject to environmental certification, Site C would be a source of clean and renewable electricity for more than 100 years. For more information: www.bchydro.com/sitec.

For more information, contact:

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**BC Hydro, Site C Clean Energy Project**
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June 13, 2013
**Site C Legacy Agreement - Key Messages**

**The Opportunity:**

A major new hydro facility such as the proposed “Site C” development is unique and provides an opportunity for the region and its member municipalities to partner with BC Hydro to achieve a real economic return to the region and to address the full life-cycle impacts of hydroelectric development of the Peace River. By addressing the issues at the outset, the desire for fair and equitable treatment, comparable to the considerations and benefits provided by the Columbia Basin Trust and a wide variety of First Nations Agreements, may be assured for the long-term benefit of the residents of the region as a whole.

**The Legacy Agreement provides:**

- 70 year time frame from the first month of power production (envisioned 2022 – 2092);

- Annual payments start at $2,400,000; indexed to the average CPI after first payment through the life of the agreement;

- Value to the region over 70 years is estimated to be over $335,000,000;

- Payments are made by BC Hydro to the PRRD, who in turn distributes funding through a distribution formula developed collectively by the member jurisdictions, that considers population and regional percentage of the project impact for each community;

- Full autonomy is granted to the local community as to how the funds are to be used within each community/jurisdiction.

**Points for consideration of the agreement:**

- Legacy agreement is intended to recognize the Region’s contribution in hosting the Site C Dam;

- Legacy agreement will provide stable long term legacy funding;

- Legacy fund has no spending restraints;

- The agreement is a collective regional benefit recognizing the 60,000 residents of the Peace River region;

- The Legacy agreement was developed jointly by the PRRD member local governments in cooperation with BC Hydro and has been endorsed by the Peace River Regional District, the District of Chetwynd, the City of Dawson Creek, the City of Fort St. John, the Village of Pouce Coupe, the District of Taylor and the District of Tumbler Ridge;

- This Legacy agreement is precedent setting in industrial development negotiations;

- The Legacy agreement funding is in addition to any taxation or payment in lieu of taxes;

- The Legacy agreement is completely separate and apart from any direct mitigation agreements between communities and BC Hydro negotiated as a result of the project.

**June 13, 2013**
In 2010 the Peace River Regional District initiated research into developing a position paper around a legacy benefit program for residents of the Peace region resulting from industrial development associated with hydroelectric power generation.

In October of 2012 that position paper was presented to BC Hydro requesting that Hydro and the region consider a legacy agreement to recognize the Peace region long-term effects as a result of the construction of the proposed Site C dam project.

The Peace region has negotiated an agreement that is specific to Site C only because BC Hydro’s mandate for negotiation was restricted to the Site C project only.

The Position Paper identified six Key Principles that needed to be recognized in the legacy agreement:

- **Equity and Fairness** – the agreement will recognize the principle of fair and equitable distribution of benefits that are derived from hydroelectric development in the region.
- **Recognition and Accommodation** – with the proposed agreement, BC Hydro and the Province clearly indicate they recognize the impacts of hydro developments on the Peace River, including foreclosure of opportunities for alternate economic developments, and will provide appropriate benefits to accommodate longer-term impacts and leave the region ‘better off after construction’.
- **Certainty** – with the agreement, BC Hydro and the Province can be assured the regional shared benefit issues would be resolved.
- **Recognize International and Industry Standards and Best Practices** – BC Hydro and the Province to be held to the highest standards and best practices for any major hydro development project.
- **Sustainability** - of the project and the affected communities to ensure long-term benefit for all.
- **Local Autonomy** – a benefit agreement to be based on revenue generating capacity and growth in sales revenue over the full life-cycle of the facilities and to be administered by the PRRD to ensure local autonomy and decision making with respect to utilization of the benefit.

**Regional Allocation Formula:**

The allocation formula is weighted 60% on population and 40% on regional percentage of the project impacts. The allocation formula will annually calculate the Legacy agreement funding based upon population. Local government percentage allocation based upon 2013 population would be:

- District of Chetwynd – 5.49% of the total legacy funding
- City of Dawson Creek – 13.02% of the total legacy funding
- City of Fort St. John – 34.59% of the total legacy funding
- District of Hudson’s Hope – 10.99% of the total legacy funding
- Village of Pouce Coupe – 1.95% of the total legacy funding
- Peace River Regional District – 20.60% of the total legacy funding
- District of Taylor – 9.40% of the total legacy funding
- District of Tumbler Ridge – 3.96% of the total legacy funding
Hudson’s Hope Responds to PRRD Site C Legacy Benefits Agreement

BC Hydro is proposing development of a new $7.9 billion dam known as Site C on the Peace River in northeast BC.

Large projects such as dams benefit the province and country as a whole but impose permanent losses and costs to the area which suffers permanent impact. Industry and governments have come to recognize the need to address this imbalance. The most relevant BC example may be the Columbia Basin Trust, set up to recognize the dams on the Columbia River in southeastern BC, which provided an initial $45 million endowment, a further $276 million for project construction and $2 million /year for operations for 14 years to the Columbia basin.

Thousands of acres of land would be permanently inundated by Site C. Statutory Rights of Way would be placed on large swaths of land adjacent to the reservoir which would disallow permanent buildings and would give BC Hydro the right to flood, erode, cause to slough, enter onto the land etc. Hudson’s Hope and the Regional District rural areas, particularly Areas B and C bear the permanent losses.

The District of Hudson’s Hope agreed to participate with the Peace River Regional District (PRRD) for a regional Site C legacy agreement on the following understanding:

1) “The agreement will recognize the principle of fair and equitable distribution of benefits that are derived from hydroelectric development in the region, from the most impacted to the least impacted and which would ensure that those areas which bear the impacts will receive a proportional share of the benefit.” and
2) “….the implementation agreement require unanimous approval of all eight local governments.”

This principle was adopted for the Fair Share agreement which determines regional allocation funds from oil/gas development. The requirement prevents a majority who bear little impact from out-voting those who bear the permanent losses.

Unfortunately for the areas permanently affected by Site C, the conditions proposed by Hudson’s Hope and the rural areas were ignored by the Regional District as a whole. Instead, a formula heavily weighted to population was adopted. As a result, communities completely separated from the permanent impacts of the Site C dam and its reservoir would receive far greater benefits under this agreement than would those which bear the permanent losses. If the project proceeds, Hudson’s Hope and the rural areas receive very little.

Hudson’s Hope Council believes this to be contrary to the principle of fairness and equitability and therefore voted against the Site C Legacy Benefits Agreement. For further information, please contact the District of Hudson's Hope at 250-783-9901 or mayor@hudsonshope.ca
Press Release

Area C Director Responds to PRRD Site C Legacy Benefits Agreement

It is worthy to note that the Director of Area C, PRRD is not a signatory to this document. This process has lacked the openness and transparency that citizens expect of their Elected Representatives.

It will be the residents of Old Fort, South Grandhaven and the Valley people up to and including Hudson’s Hope who will pay the full price for this proposal.

Some will lose the quiet enjoyment of their properties with no recognition. Others will face the full force of expropriation. Yet this process has ignored and disrespected the very people who will receive little or no benefit from this legacy agreement.

Questions that need to be asked:

Why has there has there been no legacy treaty established for the existing WAC Bennett and Peace Canyon Dams prior to any legacy agreement for proposed Site C?

And secondly

Why has the BC Utilities Commission been excluded from this process?

Until these questions are answered, the proposed Site C Legacy Agreement will sit as a reminder of a manipulative and secretive process.

Authored by

Arthur A Hadland. Director Area C, PRRD

June 13, 2013