



Consultation on BC Hydro and BC Transmission Corporation's Long-Term Electricity Transmission Inquiry Evidence and Information

Prince Rupert Workshop # 1 – July 17, 2009

Highliner Plaza Hotel & Conference Centre
Prince Rupert, B.C.

Attendees	
Gitanmaax Band Council	Lax kw'alaams Band
Gitanyow Band Council	Laxgalts'ap Village Government
Gitsegukla Band Council	Old Massett Village Council
Gitksan Government Commission	Tahltan Band

BC Hydro/BC Transmission Corporation Representatives

Name	Organization	Responsibility
Suromitra Sanatani	BC Hydro, First Nation Consultation Project Manager Long-Term Electricity Transmission Inquiry	Project Manager, First Nation Consultation Long-Term Electricity Transmission Inquiry
Vesta Filipchuk	BC Hydro, Senior Aboriginal Relations Coordinator	Coordinator/Records
Jane Newlands	BC Transmission Corporation	Presenter
John Rich	BC Hydro, Energy Planning	Presenter



Neutral Facilitator

Name	Organization	Responsibility
Dan George	Four Directions Management Services	Neutral Facilitator

Welcome and Introductory Remarks

Dan George

Dan George opened the session and acknowledged the meeting was held in the traditional territory of participating First Nations. Participants were welcomed to the Long-Term Electricity Transmission Inquiry – First Nation Consultation, which will involve three rounds of workshops. The participants held a moment of silence and then introduced themselves and their organization.

Dan George reviewed the agenda and explained that his role is to keep discussions on topic and make sure input is recorded accurately. He asked the participants to: listen generously to one another; build on the ideas of others and ensure that we challenge ideas and not people; and look for solutions. He encouraged the participants to provide their views as the process is only as strong as the input they provide.

Comments and Discussion

All

Consultation & Accommodation

Participants expressed concern about the use of the word “consultation” and asked if BC Hydro and BC Transmission Corporation could provide a definition. It was confirmed this is really information sharing at this round, which will evolve into in-depth consultation as specific projects are identified. This Inquiry process is about long range planning and is a new process. To clarify the context for the session, the facilitator reviewed the stages of transmission planning, and explained how discussions would move from information to consultation and accommodation on specific projects. Consultation and accommodation usually occurs at the project specific level.

Participants agreed that consultation needs to occur at the community level. Representatives cannot speak on behalf of members of their community. Participants indicated that they have come to collect information and take it back to their respective Chiefs and Councils.



One participant stated that the Inquiry process was remarkable given that people have a hard time paying their electricity bills and they are being asked to talk about 30 years in the future.

Participants asked if there is a possibility for this presentation to be given in the communities, because there are people there who are more familiar with this information. They were told this request would be considered and that location of the regional meetings was based on recommendations by the First Nations Energy and Mining Council.

Inquiry Scope & Process

Participants expressed interested in understanding the scope of the Inquiry and wanted to know if it would include regional development projects that are occurring in this area. They were told that there are pockets of generation in particular regions and that this Inquiry will look at where these pockets are and assess what kind of infrastructure might be needed to meet these resource requirements. The result may be the need for transmission in key areas.

BC Hydro explained that they have not built generation facilities for a long time. Generally, the planning process for transmission lines is longer than that for generation facilities. BC Hydro must understand the needs and resource potential to make sure that the right infrastructure is in place to serve energy load.

A participant asked if all First Nations would get information before it goes to the Commission so that they can review and determine how it affects their communities. Participants were informed that as part of the Inquiry process BC Hydro will be having a workshop in Vancouver on July 23, 2009 to look at the resource options. Participants were also told that BC Transmission Corporation will be holding a planning session in August. BC Hydro and BC Transmission Corporation explained that these workshops will provide context for the draft information submissions that will go to the BC Utilities Commission (Commission) in September, 2009. The Round two Workshops will provide First Nations with an opportunity to review and provide input on this initial information.

Participants questioned how much impact this Inquiry process will have on long-term planning. BC Hydro and BC Transmission Corporation confirmed that they expected the Inquiry to have an impact. The Inquiry will likely determine need, identify resource



potential, provide guidance on what is appropriate and what is not appropriate for development, and offer a probable sequence of development.

A participant thanked BC Hydro for taking the approach of coming to the various regions. First Nations have concerns about the Inquiry and how it relates to the treaty process and opportunities for revenue sharing. Participants recognized that when their concerns and issues go to the Commission, some will be addressed and some will not. They want to know how issues out of scope of Inquiry will be dealt with.

Economic Development & Procurement

Participants expressed interest in economic development opportunities. One participant indicated that he had been in touch with BC Transmission Corporation regarding their procurement policies. His community is interested in vegetation management work on transmission rights-of-way.

Another participant asked if this Inquiry will lead to economic development opportunities that would provide funding to train people in the regions to take on particular contracts and work. This participant asked if there would be investment in the local communities so that they can participate in the economic opportunities that come from future projects.

Revenue Sharing

Participants were of the view that BC Hydro makes phenomenal profits on the electricity it generates and sells to the U.S.A. They asked if the public has a say in how that money is channeled. Participants were told BC Hydro's profits are regulated and that money goes to the provincial government. When BC Hydro's subsidiary, Powerex, trades power on the market, that money is used to keep rates lower.

Participants indicated that First Nations want to explore revenue sharing. They said that they find it frustrating to know that last year, the Ministry of Energy Mines and Petroleum Resources (MEMPR) had revenues of \$2.4 million in royalties and First Nations did not receive any money. A participant noted that their First Nation is non-treaty First Nations, and they realize very little in terms of benefits. In order for this process and consultation to be meaningful, First Nations need access to benefits – financial, social (employment) and revenue sharing.

Participants said that, at the moment, the only way First Nations can benefit from development is to buy into a project, but most communities cannot afford to do this.



They are challenged to access economic capacity as well technical/knowledge capacity. As a result, First Nations see their communities being left out of the opportunities and without any benefit even though these activities are occurring in their territories.

Capacity Funding

Participants were skeptical about the consultation process and the commitment to provide capacity funding for participation. One participant said that while they appreciate the facilitator's "ground rules" at the beginning of the session, they find it difficult to set aside their past experiences. They said that time and again, First Nations see proponents and "consultation" – the proponents come and "bamboozle" First Nations with process – and without adequate capacity funding, First Nations get left behind. It was stated by a participant that it is inadequate for BC Hydro to give \$2,500 for a lawyer to review a 25-page document. That is a piecemeal approach to providing capacity and First Nations need something that helps to build knowledge capacity in the longer term.

Other participants agreed that First Nations need adequate funding to participate in a meaningful way, and that there is a need to engage First Nation peoples and expertise. BC Hydro and BC Transmission Corporation need to understand that when First Nations leave these meetings, First Nation representatives still have costs to hold additional meetings and get input from experts.

Past Grievances, Treaty Settlements & Compensation

One participant indicated that they have two big hydro-electric projects in their territory and that they were not consulted when these facilities were built and there has not been accommodation/compensation. The only opportunity First Nations have had to provide input was BC Hydro's Falls River Water Use Plan (WUP) and even then they had a terrible time getting the spawning ground restored. Before the facility was built, there were 7,000 salmon spawning at the mouth of the river and at the start of the WUP, there were no salmon. Something is finally happening after five years, but their First Nation still does not have revenue sharing.

The participant also indicated that they have many transmission lines in their territory, but they have never been compensated for the loss of land. The oil and gas companies do a much better job, because they pay when they trespass on this First Nation's territory but BC Hydro does not. The participant stated that BC Hydro got the rights-of-way for nothing and then First Nations have to pay for the power and phone lines.



A participant stated that First Nations are looking at resolving treaty issues as well, and revenue sharing is important because it is the only way that First Nations can move into the future. This participant noted that once treaties are resolved, these dollars are supposed to last and First Nations need a revenue stream so they can move toward sustainability. Participants noted that there is a need to get on with it and resolve these issues.

Another participant cited the Sto:lo Nation that recently won a case and received accommodation for past projects.

Independent Power Producers (IPP) Development

Participants asked if there is a system in place to keep track of all the IPP projects being undertaken in the province. It was confirmed there are at least 60 IPPs currently supplying BC Hydro with energy, and that during the development of BC Hydro's Long-Term Acquisition Plan, the energy planning group meets with potential suppliers (IPPs) to identify and confirm resource options and potential.

Participants noted that in their region, there is a lot of new power coming on line that is independently owned. There are at least three large projects and participants wonder how this will impact electricity rates.

A participant asked if First Nations have ever discussed amalgamating to create a First Nation power source in the northwest part of the province. Participants were told that there has not been a proposal put forward but that there are examples of First Nations power projects such as Hupacasath on Vancouver Island.

A participant asked if they want to develop their own projects (wind/small hydro etc) would they have to adhere to provincial and federal environmental regulations or could they develop their own process. It was also asked whether, if First Nations were undertaking a joint venture with a non-First Nation partner, would they be subject to tax if First Nations will be subject to taxation if they enter into a joint venture with a non-First Nation.

Power Acquisition & Selection Criteria

One participant asked how long it would be before proponents hear back on BC Hydro's last call for energy. The group was advised that BC Hydro is reviewing the bid and the timeline for notification is uncertain.



Another participant asked what happens when an IPP gets a contract and then does not develop the generation project. BC Hydro indicated that this is the challenging aspect of planning and there is a need to always plan for a certain level of attrition. There have been situations when contracts have been terminated.

It was asked if there is a ceiling on the price BC Hydro will pay for new supply. The example was given of small hydro at \$89/MW and biomass at \$110-120/MW. First Nations expressed concerns that this will escalate the cost of electricity.

The participants were informed that BC Hydro can only keep customer's hydro rates low by having a competitive bid process. By doing this, any IPP needs to come in with the most competitive offer and still deliver the project. It was also explained that there is a set of criteria used to assess IPP proponents. Part of this is the cost to interconnect the project, but BC Hydro also looks at how the IPP has consulted with First Nations and their environmental permitting. Ultimately, there is a requirement to demonstrate that the need is there and that a project is cost effective and in the public interest.

Impact of the U.S.A. on Energy Regulation

Questions were raised about how the Federal Energy Regulatory Commission's (FERC) rulings impact Canada and the projects undertaken by BC Hydro and BC Transmission Corporation. Participants were advised that FERC does not have jurisdiction. In Canada, the energy sector is regulated by the provincial governments. B.C. has set up an independent regulator, the Commission.

Participants asked if there are privately owned transmission lines. They were advised that there is nothing to prevent a merchant transmission from building transmission capacity in the province and selling directly to a buyer. There are currently small producers in B.C. that hire Powerex to market their power.

Participants wanted to understand who drives the development of energy policy on behalf of the province. They were advised that the provincial government is responsible for developing energy policy. The participants recommended that this is where there should be First Nation involvement.

Cost of Electricity

A participant recommended that the process needs to take a different view on what is happening in First Nation communities. This participant noted that some community members have costs of up to \$1,000 for power bills and when they cannot afford to pay,



the Band Office has to pay. Further, the Canadian Mortgage and Housing Corporation houses that have been built on Reserves are like cardboard and are expensive to heat. The participants stated that there is a need to look at ways to reduce power costs in First Nation communities, and Power Smart kits are great, but they are not going to do enough to deal with the high energy costs.

Transmission Lines & Right-of-Way Management

Participants observed that the main transmission lines are well maintained but the secondary lines are not. Participants indicated that this results in power outages in their communities. They questioned why secondary lines are not treated the same as the main lines.

Participants also indicated that they have problem with birds (eagles and ravens) causing power outages. BC Hydro has installed “T” units, which have been quite successful. They have also noticed that there are covers on some insulators and wondered if there was program for which they could get more information.

Reliability

A participant asked how many of the projects being reviewed were in the northwestern region. They said that it would be nice to see some of these come to the northern areas as they would help with reliability.

BC Hydro explained that this is called islanding, where you have local generators supply energy when the larger system goes down. Some technologies have islanding capability i.e. biomass. BC Hydro has developed islanding guidelines that arose in part as a result of the fires around Valemount where they were out of power for a couple of weeks and they need to bring in generators to supply electricity. BC Hydro would consider interconnecting an IPP with islanding capability if it was technically capable of doing so and would provide significant reliability benefits to a region.

Electricity Export

Participants were interested in understanding more about electricity exports. They were curious to know whether if you sold power to Alberta for a certain price could Alberta take that electricity and sell it to the U.S.A. for a higher price. Participants were told that there is nothing to stop that from occurring and it does happen. BC Hydro can purchase power from Alberta and then sell it back to them, or the U.S.A., at a higher price.



Participants were told that BC Hydro does not have a mandate to build for export. Electricity is exported to optimize the operation of the BC Hydro system. BC Hydro is unique because it has 90% hydroelectricity which allows it to store energy in its reservoirs. It can then buy power when the price is low and sell when the price is high.

A participant asked if BC Hydro is selling power to the U.S.A. right now. They were told that at this moment, it was likely BC Hydro was buying because of freshet and the need for the American facilities to release water for fish protection on the Columbia River system. Buying power when there is excess market supply allows BC Hydro to store energy until market demand for power is higher.

Participants asked whether, on a policy level, there are systems in place to protect BC Hydro from lawsuits like the one from California because BC Hydro was viewed as gouging. Participants felt these protections need to be in place.

Training Opportunities

There was interest in training opportunities for (i.e. line technician training). One suggestion was to have a “train the trainer” so that First Nations can work in their own community (i.e. power smart program, transmission line vegetation management).

Remote Communities & Power Supply

Participants shared experiences living in remote communities and discussed the frequency and impact of power outages. In one community, power outages have resulted in personal losses (food supply, seafood, etc). It was noted that BC Hydro pays a small percentage of compensation.

Participants noted that in some communities back-up supply is provided. Prince Rupert has a back-up supply but other communities do not. In one community, the back-up generator was taken away to provide power to a community that was cut-off from the grid because of forest fires. The generator was never returned. They were told it went to Prince Rupert so that it could be dispatched when there are outages in outlying communities. They were wondering if it had ever been used.

Participants noted that in some communities First Nations have had to buy their own generators at a cost of \$800-1200/each in order to provide their own back-up supply. They expressed frustration that the Inquiry is looking at export potential when it should be looking at providing remote communities with back-up supply. The cost of electricity



is expensive in remote communities and when First Nations conserve energy, there is a significant problem with mold and mildew in their homes.

One participant indicated that no one has mentioned the Northwest Transmission Line. Even if this goes through, their community will not have power. They are on diesel, and want to get off it because it is costly. They are also concerned about diesel spilling into Telegraph Creek. They want information on remote community electrification.

Participants were informed there is a community energy planning initiative underway to look at long-term supply options for non-integrated areas, including Haida Gwaii and the Anahim Lake area. The BC Hydro representatives said they would need to confirm whether communities in the northwest areas such as Atlin are also being looked at.

Accountability

A participant raised a question about accountability. They wanted to know who will be responsible for following up on what had been presented at the workshop and who would be the eyes and ears of the community to make sure issues and concerns were being addressed. Participants were told that BC Hydro and BC Transmission Corporation said they would follow up on questions and issues and that notes from the workshops will be posted on the Internet and distributed as required.

Another participant raised a question of accountability regarding the use of compact fluorescent light bulbs which contain mercury. There are concerns that Power Smart is promoting the use of something that creates health, safety and environmental problems. They wanted to know who would be accountable for dealing with these materials that are putting First Nation communities at risk.

Electromagnetic Fields (EMFs)

Participants expressed concern about the health risks of living close to transmission lines. It was explained that there is a large body of research but there is nothing conclusive. BC Transmission Corporation provides reports every two years. They also have links with health authorities. BC Transmission Corporation offered to provide participants with information.

Additional Information Needs

Dan George

The facilitator asked participants what additional information they will need to be involved in this process. The information needs they identified were:



- Information on remote community electrification program.
- A framework for negotiations to ensure that everyone knows what is discussed at the workshops.
- Examples to assist First Nations in understanding the overall transmission process.
- Information from BC Hydro and BC Transmission Corporation beforehand in order to give people an opportunity to review materials before meetings.
- Information on BC Transmission Corporation and BC Hydro's procurement policies.
- An understanding of whether this Inquiry will lead to economic development opportunities that will provide funding to train people in the regions to take on particular contracts and work.
- Regular meetings with BC Hydro to touch base and share concerns and issues.
- Energy conservation education programs in First Nation communities (beyond Power Smart kits).
- More information on community energy planning and IPP power in the Atlin area.
- Information on the tax structure for IPP projects and project proponents for projects located on First Nations reserves.
- If First Nations want to develop their own projects (wind/small hydro etc) they will need to understand if they need to adhere to provincial and federal environmental regulations or whether they can develop their own process.
- Information about the program that provides covers for insulators.
- Information about the health risks of living close to transmission lines.



Summary & Wrap-up

Dan George/Suromitra Sanatani

The Facilitator reviewed his notes and confirmed they will be incorporated into the meeting notes. He thanked participants for attending the workshop and asked them to fill in the workbook and feedback forms.

Suromitra Sanatani also thanked participants for coming to the workshop and welcomed them to contact her if they had any questions about the consultation process. She indicated that meeting notes would be posted on a website and that a letter will be sent to participants notifying them when the notes are posted.