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\$800-M dam approved

Hydro's Wuskwatim project gets green light from environmental panel

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By Dan Lett

THE Clean Environment Commission yesterday gave the green light to Manitoba Hydro's \$800-million Wuskwatim generating station but warned the utility to improve conservation efforts before building more dams.

In a 151-page decision, a CEC panel agreed Manitoba Hydro had made a strong economic and environmental argument for building the 200-megawatt Wuskwatim generating station on the Burntwood River, primarily to serve export customers.

The CEC recommendations will now be studied by Conservation Minister Stan Struthers, who has the final say on whether to issue an environmental licence for Wuskwatim.

Struthers said yesterday he would likely issue a licence, but wants to study all aspects of the report before deciding which conditions he will lay out for the utility.

"The CEC recommendations were clear... to go ahead with the licence," Struthers said.

"Now, we're moving ahead to do our homework, to ensure the proper thoroughness in the licence."

Given the breadth of the CEC report, it may take some time for Struthers to consider all the recommendations.

This was the first time the CEC reviewed both environmental and economic impacts of a large project, and the final report extends well beyond the impact of a single dam.

The CEC report not only outlines conditions for Wuskwatim construction and operation, but also recommends changes to the environmental assessment process and general operations of Manitoba Hydro. These broader recommendations include:

- That the Public Utilities Board be empowered to study the costs and revenues of any Manitoba Hydro capital projects as part of regular general rate application reviews.
- That higher standards of performance for environmental assessment be drafted in new legislation, which includes guidelines for proponents, practitioners and consultants.
- A requirement that, at minimum, Manitoba Hydro double its conservation targets before returning to seek approval for another generating station. Currently, Hydro estimates it saves about 180 megawatts of power each year -- enough electricity to light Brandon -- as a result of Power Smart, a program that encourages energy efficiency. Hydro believes it can double those savings by 2011.

CEC chairman Gerard Lecuyer said the panel reviewing Wuskwatim dealt with a number of larger issues which had never been discussed at a regulatory hearing because many of Hydro's older projects were constructed at a time before environmental licensing.

Although the utility has offered to double its savings by 2011, Lecuyer said the panel believed there should be even greater savings the next time Hydro appears before the CEC with a dam proposal.

Wuskwatim is just the first of at least three new generating stations Hydro wants to bring on line, including the \$5-billion Conawapa project on the lower Nelson River.

"We expect we would see significant improvement in conservation," said Lecuyer. "Only time will tell if that can be accomplished."

Hydro president Bob Brennan said he is pleased the CEC recommended a licence be issued for Wuskwatim, but cautioned there are other hurdles to cross before the project can be started.

In particular, Hydro must wait for the result of a vote on the Nisichawayasikh Cree Nation, the utility's partner for the Wuskwatim project. Band leaders promised to hold a final ratification vote on the partnership struck with Hydro in the event the CEC approved the project.

That vote is expected to take place sometime later this fall, after the federal government completes its review of Wuskwatim's impact on the local fishery.

If all goes well, Brennan said construction can begin in January 2005, and the dam will go on line in 2010.

As for all the other demands made by the CEC on Hydro, Brennan said he needed more time to review the report before commenting.

Byron Williams, a lawyer who intervened at the hearings on behalf of the Consumers Association of Canada and Manitoba Society of Seniors, said the CEC report is a valuable and broad examination of the economic and environmental issues facing Manitoba Hydro.

Williams said the CEC also issued firm warnings to Hydro to take a more comprehensive approach when pushing for new capital expansion, and strongly recommended the province put new legislative force behind future environmental assessments.

"This is the first hearing of its kind by the CEC and they're saying to Hydro, this is not a perfect template for how to do this in the future," said Williams. "This is a call to modernize environmental assessment in Manitoba."

Since it was kicked off more than a year ago, the environmental licensing process for Wuskwatim has been a political and bureaucratic nightmare.

Originally, the Public Utilities Board was to review the economic impact of the dam, while the CEC would deal with environmental issues. The NDP government then decided to have the CEC handle both environmental and economic issues, sparking widespread criticism the province was trying to fast-track the dam development.

Ironically, the decision created one of the longest, and certainly the most expensive, CEC hearing in its history. Almost \$900,000 was eventually set aside for intervenors, and the hearings dragged on for nearly two months.

The CEC also recommended Manitoba Hydro seek permanent environmental licences for its controversial Churchill River Diversion. The project, launched in the 1970s, led to dramatic flooding in some communities near Lake Winnipeg.

Lecuyer said currently Hydro must seek an annual renewal for an interim environmental licence to fluctuate water levels in parts of its generating system. If accepted, this recommendation would see Hydro apply for a permanent licence and negotiate firm conditions for operation of the diversion.

 dan.lett@freepress.mb.ca

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