

NEWS RELEASE

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EUB/NRCB ISSUE JOINT DECISION ON DUNVEGAN HYDRO-ELECTRIC PLANT

CALGARY (March 25, 2003) - The Alberta Energy and Utilities Board (EUB) and the Natural Resources Conservation Board (NRCB) have denied an application by Glacier Power Ltd. (Glacier), proposing to construct and operate an 80 megawatt hydro-electric plant on the Peace River upstream of the Dunvegan Bridge.

A joint EUB/NRCB review panel was established to hear submissions regarding Glacier's Dunvegan Project proposal. The company, government representatives (federal, provincial and municipal), non-governmental groups and the public made presentations and gave final evidence to the joint review panel at a 4-day hearing in Fairview, Alberta beginning October 16, 2002.

Issues discussed at the hearing included the economic benefits to the community and the Province, the potential for increased flooding to the Town of Peace River, the effects of the project on area residents who currently use the Shaftesbury ferry and ice bridge, the impacts to fish populations, and safety issues for boaters and for drivers using the Dunvegan Bridge.

The Panel determined that significant uncertainty remains concerning the potential benefits and costs of the project. In its findings, the Panel noted that while each of the potential negative economic, social and environmental effects of the project, if they were to occur, are substantive on their own, their cumulative effect clearly outweighs the social and economic benefits of the project to the local community, as well as to Albertans in general. The Panel was also not convinced that there were reasonable opportunities to offset or mitigate these potential negative effects.

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The attached backgrounder provides an overview and the Panel's findings from the decision report. The full text of the decision is available on the EUB website at <http://www.eub.gov.ab.ca> and the NRCB website at <http://www.nrcb.gov.ab.ca>.

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Backgrounder

EUB/NRCB Joint Decision on Dunvegan Hydro-electric Project

The Proposed Project

On June 19, 2000, Glacier Power Ltd., a subsidiary company to Canadian Hydro Developers Inc., filed an application with the NRCB and the EUB to construct and operate the Dunvegan Hydro-electric Project on the Peace River two kilometres upstream of the Highway 2 bridge at Dunvegan. The proposed project, which was designed to produce up to 80 megawatts of power, would have required a 400 m wide structure across the Peace River, comprised of a 285 m powerhouse containing 40 2-MW turbines, a 110 m weir, a boat lock and two 10 m fishways. The Project also would include a permanent access road along the south bank of the Peace River, and a 144 kV transmission line.

Joint Review Process

Glacier Power required approval in accordance with the *Natural Resources Conservation Board Act* for the construction of a water management project and with the *Hydro and Electric Energy Act* for construction of a new hydroelectric generating facility. Since both Boards have jurisdiction, a joint review panel was established to assess whether the Dunvegan Project would be in the public interest.

Panel Findings

With regard to the economic and social benefits of the Project, the Panel found that, overall, these would be positive. They would include 300 man-years of work during construction as well as ongoing employment for three to six people during operations. Other benefits would include local purchases of materials, goods and services and municipal, provincial and federal taxes.

However, the Panel also found that there were a number of potential operational constraints that may eventually affect the Project and which could result in the Project generating less than the expected revenues, reducing the associated economic benefits. The Panel also found that there was little evidence that the Project would have an effect, positive or negative, on the reliability of local electricity supply.

In considering the potential economic and social costs, the Panel found that there remains significant uncertainty as to whether the Project would result in an increase in the risk of flooding in the Town of Peace River. Although Glacier made a substantial effort, through its modeling, to quantify these risks considerable judgment was involved in the interpretation of the model results. Other ice experts did not share Glacier's conclusions and made plausible arguments as to why the Project might increase the risk of flooding to the Town of Peace River.

The Panel found that, in light of the severe social and economic consequences of past floods, any increase to the risk of flooding at the Town of Peace River would be a very significant negative impact. Furthermore, although Glacier offered to undertake a number of steps to mitigate some of these effects, the Panel was unable to conclude that they would be sufficient to reduce the risks to the Town of Peace River to acceptable levels.

The Panel also found that there is a high probability that the Project would result in an impact on the Shaftesbury crossing, reducing the use of the ice bridge and possibly the ferry as well. As a result, local residents who make use of the crossing would be adversely affected. The Panel also observed that the proponent was unable to suggest how these impacts could be reduced or mitigated.

The Panel found that there was a reasonable chance that there would also be an increase in safety risks,

both to boaters on the Peace River, due to the hydraulics of the weir, and to vehicles using the Dunvegan Bridge, due to increased winter fog and ice. The Panel noted that although the increase in the chance of these events happening may be relatively small, the magnitude of these negative impacts, if they do occur, clearly makes them significant.

With respect to the impacts of the Project on First Nations, the Panel found that the footprint of the Project would extend approximately from Taylor, B.C. downstream to the vicinity of Sunny Valley, Alberta. The Panel found that any impacts to communities that did occur would be confined within that footprint and that as a result, there was no real economic or social risk from the Project to the residents of the Paddle Prairie Métis Settlement, Ft. Smith or the Peace Athabasca Delta.

The Panel found that, although the Applicant had made significant efforts to modify and improve the project's design in order to reduce impacts to the fish populations of the Peace River to acceptable levels, the uncertainty around the potential effectiveness of these changes remained unacceptably high. Nor was the Panel satisfied that the use of adaptive management techniques post construction would be sufficient to address these concerns.

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