INFORMATION SHEET

COST ESTIMATE FOR SITE C

In 2011, the cost estimate for the Site C Clean Energy Project was updated to reflect the upgraded project design, and current market prices for labour, equipment and materials.

Site C would have an estimated capital cost of $7.9 billion (a detailed cost breakdown is shown on the following page). It would produce electricity at a cost between $87 and $95 per megawatt hour at the point of interconnection, based on a real discount rate from 5.5 to 6 per cent. This would make Site C among the most cost-effective resource options to help meet B.C.'s future electricity needs.

Like other large hydro projects, Site C would have an upfront capital cost, followed by low operating costs and a long life of more than 100 years.

Site C and BC Hydro Rates

There is no effect on today's BC Hydro rates from Site C, as costs are deferred until the project begins generating electricity. This ensures that the costs for Site C are paid by the ratepayers who are benefiting from the project.

BC Hydro is committed to keeping rates competitive. To reduce the rate impact on customers, BC Hydro anticipates that the costs for Site C would be amortized over a long period. This amortization period and rate impact would be determined through a future regulatory process with the British Columbia Utilities Commission.

Economic Development

Site C is estimated to create approximately 10,000 direct jobs during construction, and approximately 33,000 total jobs through all stages of development and construction. It is estimated that the construction of Site C would contribute $3.2 billion to provincial gross domestic product. The project would provide significant business opportunities for small, medium and large businesses, including northern and Aboriginal businesses.

Once in operation, Site C would contribute revenues to the local and provincial governments through water rentals, grants-in-lieu and other taxes, in addition to providing benefits to Peace region communities and First Nations, where appropriate.

GOVERNMENT REVIEW OF BC HYDRO

In June 2011, a report by a government-appointed panel concluded that: "Site C is a reasonable cost alternative to meet load growth."

The panel noted that: "Site C is seen as cost effective, as the cost of energy, at $87-95 per MWh, compares favourably with other benchmarks for clean energy."

The report is available at: www.newsroom.gov.bc.ca/downloads/bchydroreview.pdf.

PROJECT COST BREAKDOWN

Site C has an estimated capital cost of $7.9 billion, and it would have low operating costs over its lifespan of more than 100 years. The breakdown of the project cost estimate is below.

PROJECT COST ESTIMATE BREAKDOWN	Cost Estimate *$millions*
Dam and Associated Structures	$ 1,790
Earthfill Dam	
Approach Channels and RCC Buttress	
Spillway, Intakes and Penstock	
Left (North) Bank Stabilization	
Cofferdams, Dikes and Diversion Tunnels	
Power Facilities	$ 990
Powerhouse and Switchgear Building	
Stations and Transmission	
Offsite Works	$ 530
Highway 29 Relocation, Access Roads, Clearing, Land and Rights	
Construction Management and Services	$ 515
Worker Accommodation	
Construction Management and Construction Services	
Total Direct Construction Costs	**$ 3,825**
Indirect Costs	$ 1,005
Development Costs	
Regulatory Costs	
Construction Insurance	
Project Management and Engineering	
Mitigation and Compensation	
Contingency (18% on direct costs, 10% on indirect costs)	$ 730
Total Construction and Development Costs (real dollars)	**$ 5,560**
Inflation	$ 790
Interest During Construction	$ 1,550
Total Construction and Development Costs (nominal dollars)	**$ 7,900**

A preliminary forecast of anticipated operating costs for the planning life of the project is below.

ANNUAL OPERATING COSTS	Cost Estimate *F2011 millions**
Water Rentals	$ 40.2
Grants-in-Lieu and School Taxes	$ 2.6
Operations and Maintenance Costs	$ 7.5
Annualized Sustaining Capital	$ 9.3

* *Levelized cost per year*

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.

More information on Site C can be found at: www.bchydro.com/sitec.

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