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I have considerable sympathy for the government of Manitoba in standing up to the criticism thrown at it for raising the PST by 1 point. Remarkable, in that they were simply bringing that tax to exactly the same level as in all the provinces in the eastern half of the country. As a matter of fact, all the provinces that do not have oil and gas revenues now have the same sales tax level. What is the reasonable argument that these 7 provinces can somehow reduce their sales tax to the levels of B.C., Alberta and Saskatchewan—all three of which receive tax revenue from oil and gas extraction royalties amounting to hundreds of millions of dollars per year?

But, I have no sympathy for the government as regards its stubborn intention to construct the Bipole III transmission HVDC line in such a way as to increase its length by hundreds of kilometers, and consequently, increase its cost by several hundreds of millions of dollars.

This decision to avoid the obviously shorter and far less costly route to the east of Lake Winnipeg has to be regarded as breathtaking in its wrong-headed disregard for reality, common sense and for the obligation to avoid waste of public sector dollars—whether it is ratepayers' or taxpayer dollars!

Furthermore, what is conscience troubling is that every argument used by government to try to justify going the long way about—at a stunning extra cost and environmental impact—is lacking in merit and in plausibility. The argument that the World Heritage Site eligibility would be lost has been exposed by Jim Collinson (a long and trusted public servant whom I would personally vouch for). The argument that the tract of boreal forest east of the Lake would be significantly harmed is also easy to disprove. Less than 1/10 of 1% of the expanse of that bush country, including the swamp spruce, would be impacted. The argument that the caribou and other larger wildlife would be adversely affected is also to ignore actual experience along PTH 6 and Bipoles I and II—where evidence shows that similar rights-of-way can, in fact, provide for “enhanced access for social intercourse” in the animal world—to quote Farley Mowat, Canada’s venerable bête.

I could not understand how the Clean Environment Commission was able to conclude that the much longer Western Route was somehow less impacting on flora and fauna and therefore preferable the shorter Eastern Route. Then I realized that the Clean Environment Commission was not allowed to study and assess and rule on the relative impact of these two alternative routes. What an unconscionable piece of nonsense! So much for objectivity—so much for

quasi-judicial tribunals and the obligation to stand on guard against their being led to a conclusion by baton-wielding conductor(s).

Moreover, we can infer that the conductor(s) are no doubt literate, but tragically, but they are scarcely numerate. Numbers seem to have not mattered at all in choosing the alternative that is \$600 to \$800 million dollars more costly. In this entire episode the democratic process has been ignored and/or “log rolled” into a sad and costly mistake.

The other major cause of concern regarding Manitoba Hydro’s proposed development plan is primarily a problem of timing. Timing can be vital, and in this case, it is.

Personally, I support without hesitation, an energy policy that is based on renewable sources. I have done so for the past 40 years, oftentimes in the face of lobbying that was, and is, designed to poor-mouth the hydro resource and/or promote one or another fossil fuel—earlier coal—today natural gas. But regardless of personal preferences and priorities, the question of timing and of market penetration, realities simply cannot be ignored.

Right now, as Manitoba Hydro announces its mult billion dollar expansion plans, we become aware of both the sheer size of the financial commitment and the extent, if any, which this is really necessary for domestic load needs as opposed to export market speculation in the U.S. These two factors make for enormous risks. All the numbers news, released to date, show alarming rates of inflation of costs. Power plants that cost 1 million dollars per megawatt in the 1980s (e.g. Limestone) and in the order of 2 million dollars per MW in the 1990s to 2,000 or so now, we are told will cost in the order of 6 to 7 million dollars per MW. Pause to let that register and calculate.

And calculate we must since these numbers appear to be so hard to believe—especially since we keep being told that recent years have been so non-inflationary. Ah well, you might say, these costs are part of a dynamic and as costs rise, so too will the rates that can be charged in the marketplace, including exports. But, therein lies the rub and with salt in that wound—there is no evidence that electricity export prices are rising, or likely to rise, in the next decade. Certainly not in porportion to the above noted construction costs.

In fact, export prices are declining. They are less today than a decade ago. What is equally unsettling is the future scenario for export pricing in the U.S. market which is now psyched up into believing there is a future bonanza oil and gas all because of horizontal drilling and fracking. If this gigantic optimism re future oil and gas proves correct, it would be foolish to spend billions here based on export speculation. If this optimism in the U.S. oil and gas yields, based on fracking is grossly exaggerated, the market will know with more clarity within the next 2 to 4 years. My personal view is that fracked wells yield great volumes in the first 2 or 3 years and then fade fast.

So that by 2015/16 we will have some reliable data and projections based on wells fracked late in the previous decade. Why then rush on a multi billion dollar scale into a very uncertain

export market? And, we do have the time. Past demand growth rates and credible projections show a domestic growth rate well within Hydro's present capacity to manage with existing capacity for a few more years. If we had to face high costs because our own domestic load growth demanded it, then we would have to bite the bullet and go ahead with more hydro capacity. But to do so in a belated attempt to increase exports would be an exercise in folly. We would make patsies of ourselves. Imagine—just imagine—ending up having to subsidize electricity sales to another province or, another country altogether. Yet this could so easily happen. Indeed, based on present costs and prices—on both sides of the ledger—it is almost certain to happen.

Others have been making somewhat the same reasoned arguments to bear—hoping to help forestall what could be a bad decision of epic proportions. Within the past year, e.g., Tim Sale and Len Evans have publicly expressed their deep concerns and misgivings about Manitoba Hydro's capital budget plans. I assume they were reluctant to do so for reasons of their longstanding loyalty and support for the New Democratic Party and government. They may feel badly but, in my view, they deserve our appreciation for reminding us of a very important necessity of democracy. That is to say, politics and parties are (or should be) more than “team sport”. Democracy needs some of this, but just as much, or more, it needs from every elected member the courage and resolve to speak and vote on one's sense of reason and effort in good and clear conscience.

In the end, there can be no other basis for integrity in public policy formation and in “peace, order and good government”. So Tim Sale and Len Evans have expressed what they felt, in conscience, they must. I salute them for it even though I do not share to the same degree their enthusiasm for wind power (unless it is specifically integrated with, and backed up by, a much larger predictable utility based on hydro or some other renewable or non fossil alternative.

As for natural gas, I decline any association. It reminds me too much of where we were 40 years ago when an unholy alliance of those promoting coal or gas burning thermal plants and some environmental extremists opposing hydro development anywhere in the world tried hard to block our province's development of the major potential of the Nelson River. That much hasn't changed.

What has changed however, and big time, are the numbers as they relate to costs. But the rates chargeable have not kept pace. Not by a long shot. Ten years ago, one could have made a case to act boldly. That market opportunity has now passed. Prudence demands that we stop and think.