

Terry Sargeant
Chairperson
Clean Environment Commission
Room 305 – 155 Carlton Street
Winnipeg Manitoba R3C 3H8

JUN 21 2006

Dear Mr. Sargeant:

This is further to your September 22, 2004 letter and report on the public hearing respecting the Wuskwatim Generation and Transmission Projects. Pursuant to Section 12(8) of the Environment Act, I am providing written documentation of the reasons for not incorporating certain of the Commission's recommendations in Environment Act Licence No. 2699 for the Wuskwatim Generation Project, a copy of which you have received with this letter.

I have referred the recommendations not incorporated in the License, to the Ministers responsible for Manitoba Hydro, Energy, Science and Technology and Water Stewardship, as appropriate. A disposition summary of recommendations not incorporated in the License follows.

I appreciate the diligence of the Commission's Panel, its staff and consultants in conducting the hearing and preparing the report.

Sincerely,

**ORIGINAL SIGNED BY
STAN STRUTHERS**

Stan Struthers
Minister of Conservation

cc: Honourable Steve Ashton
Honourable David Chomiak

bc: D. Cook
B. Bremner
S. Scrafield
T. Braun

xc: **Steve Kearney**
All Public Registries



Original Text	Proposed Revisions	Rationale
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CLEAN ENVIRONMENT COMMISSION (CEC) RECOMMENDATIONS FOR WUSKWATIM GENERATION and TRANSMISSION PROJECTS	INCLUDED IN LICENCE YES / NO / IN PART	
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<p>Recommendation 6.1: Any future Manitoba Hydro "Need for and Alternatives To" filings for major hydroelectric projects be required to include an analysis of all risks, including business risks, and, where possible, the risks should be quantified.</p>	No	These five (6.1, 6.2, 6.3, 6.4 & 6.5) recommendations address matters outside the mandate of The Environment Act. The recommendations have been referred to the Minister responsible for Manitoba Hydro for consideration in developing justification documentation for future hydro developments.
<p>Recommendation 6.2: The Government of Manitoba grant the Public Utilities Board jurisdiction to review, on an ongoing basis, as part of Manitoba Hydro's future General Rate Applications, the actual revenues and costs of the Projects relative to forecast, along with the impact of the Projects on Manitoba Hydro's financial stability and its domestic rates.</p>	No	See first row.
<p>Recommendation 6.3: Any future Manitoba Hydro "Need for and Alternatives To" filings for major hydroelectric development projects be required to include internal-rate-of-return-analyses of the project that have been conducted from both a Project perspective and Manitoba Hydro's corporate perspective.</p>	No	See first row.
<p>Recommendation 6.4: Any future Manitoba Hydro "Need for and Alternatives To" filings for major hydroelectric development projects be required to employ a portfolio approach for assessing resource options.</p>	No	See first row.
<p>Recommendation 6.5: Manitoba Hydro should be required to review its non-utility generation policy and its rate structure to ensure that all possible steps are being taken to promote economic non-utility generation.</p>	No	See first row.
<p>Recommendation 7.1A: Hydrological requirements Recommendation on upstream water elevations, monitoring, recording and reporting requirements adopted. Recommendation on permissible daily flow change rates, not adopted.</p>	In Part.	Upstream and downstream water levels prescribed in licence Permissible daily flow changes place undue restrictions on plant operation and are not necessary with prescribed water levels. Drawdown limits on both Wuskwatim Lake and forebay are not necessary as there is no hydraulic difference between the two locations.
<p>Recommendation 7.1B: Environmental Protection Plan requirements (EPP) The Generation Station, Construction Camp and Access Road environmental protection plans (EPP) proposed by Manitoba Hydro and Nisichawayasihk Cree Nation for the Generation Project be incorporated in the licence.</p>	In Part	Generation Licence requires preparation of an EPP in consideration of the CEC recommendations, however does not stipulate specific requirements recommended by the CEC. The Licence provides flexibility so that the proponent can prepare the plan in consideration of CEC recommendations on EPP requirements. The EPP requires approval by the Director prior to implementation.

<p>Recommendation 7.1C: Employment and training requirements The licence should require Manitoba Hydro and Nisichawayasihk Cree Nation to: monitor and report annually First Nations, other Aboriginal people and northern Manitoba hiring for the Generation Project to Manitoba Advance Education and Training and include Manitoba Hydro's employment and training terms and conditions in contract specifications and operational procedures for the Generation Project. The contracts and procedures should be audited by Manitoba Advanced Education and Training and the results should be readily available to the public.</p>	<p>no</p>	<p>Beyond the mandate of The Environment Act. Referred to the Minister responsible for Hydro for consideration</p>
<p>Recommendation 7.2A Environmental Protection Plan requirements (EPP) The Wuskwatim to Birchtree transmission line, the Wuskwatim to Herblet Lake Station transmission line, and the Herblet Lake Station to Rall's Island Station transmission line environmental protection plans (EPP) by Manitoba Hydro and Nisichawayasihk Cree Nation for the Transmission Project be incorporated in the licence.</p>	<p>In part Note: Relates to transmission project and not applicable to generation licence</p>	<p>Transmission Licence requires preparation of an EPP in consideration of the CEC recommendations, however does not stipulate specific requirements recommended by the CEC. The Licence provides flexibility so that the proponent can prepare the plan in consideration of CEC recommendations on EPP requirements. The EPP will be approved prior to implementation by the Director. Licence Clauses 12 through 22 address EPP requirements</p>
<p>Recommendation:7.2B Employment and training requirements The licence should require Manitoba Hydro and Nisichawayasihk Cree Nation to: monitor and report annually First Nations, other Aboriginal people and northern Manitoba hiring for the Transmission Project to Manitoba Advance Education and Training and include Manitoba Hydro's employment and training terms and conditions in contract specifications and operational procedures for the Transmission Project. The contracts and procedures should be audited by Manitoba Advanced Education and Training and the results should be readily available to the public.</p>	<p>No Note: Relates to transmission project</p>	<p>Beyond the mandate of The Environment Act. Referred to the Minister responsible for Hydro for consideration</p>
<p>Recommendation 7.3: MMF Consultation Manitoba Hydro Consult with the Manitoba Metis Federation(MMF) matters of mutual interest pertaining to the Projects.</p>	<p>No</p>	<p>For recommendations 7.3, 7.4 and 7.5.These three recommendations are directed to MB Hydro and NCN and are related to specific consultation activities. There is no mandate in The Environment Act to require such activities through a Licence.</p>
<p>Recommendation 7.4: MCN Consultation Manitoba Hydro and Nisichawayasihk Cree Nation consult with Mosakahiken Cree Nation about their concerns with respect to transmission routes.</p>	<p>No Note: Relates to transmission project</p>	<p>See Rationale for 7.3.</p>
<p>Recommendation 7.5: Consultation with South Indian Lake Manitoba Hydro, Nisichawayasihk Cree Nation and the Community Association of South Indian Lake renew their efforts to resolve the issues that stand between them in regard to the Generation Project and other related matters.</p>	<p>No</p>	<p>See Rationale for 7.3.</p>
<p>Recommendation 7.6: CRD/AFP/L. Wpg. Regulation Issues The Government of Manitoba require Manitoba Hydro to resolve all outstanding issues with regard to the Churchill River Diversion, the Augmented Flow Program, and Lake Winnipeg Regulation. Following resolution of these issues, Manitoba Hydro should apply for the appropriate final licences for these three operations under The Environment Act and The Water Power Act as soon as possible.</p>	<p>No</p>	<p>The issues related to the existing Churchill River Diversion, the Augmented Flow Program and Lake Winnipeg Regulation are being dealt with through other departments and not pursuant to The Environment Act. Accordingly, this recommendation has been referred to the Minister responsible for Manitoba Hydro and the Minister of Water Stewardship.</p>

<p>Recommendation 7.7: Final Licences for CRD/L. Wpg Regulation The application for the approval of final licences for Churchill River Diversion, Augmented Flow Program and Lake Winnipeg Regulation should include a review of the terms and conditions, an operational review and any required environmental impact assessments. Clear guidelines should be developed with respect to what constitutes conformance to and/or violation of the terms of the licences.</p>	<p>No</p>	<p>Final Licences for the Churchill River Diversion, the Augmented Flow Program, and Lake Winnipeg Regulation will be issued under the Water Power Act not The Environment Act. Accordingly, this has been referred to the Minister of Water Stewardship.</p>
<p>Recommendation 7.8: Environmental Assessment Process review The practice of environmental assessment in Manitoba should be enhanced. The Government of Manitoba should: enact environmental assessment legislation; provide guidance for proponents, consultants and practitioners; establish protocols for best professional practice that includes cumulative-effects assessment.</p>	<p>No</p>	<p>This recommendation is not appropriate for the Environment Act Licence on a specific proposal and has not been accepted for the Licence. The recommendation will be considered during development of potential changes to The Environment Act.</p>
<p>Recommendation 7.9: Manitoba Hydro Climate Change Policy Manitoba Hydro develop a climate-change policy consistent with provincial and national climate change policies and guidance, and apply the policy in the assessment of future hydroelectric developments.</p>	<p>No</p>	<p>This recommendation is not appropriate for inclusion in an Environment Act Licence for a specific development proposal. The recommendation has been referred to the Minister responsible for Energy, Science and Technology.</p>
<p>Recommendation 7.10: Manitoba's Sustainable Development Code & Financial Management Guidelines Future Environmental impact statement submissions for large-scale hydroelectric developments should directly address the Government of Manitoba's <i>Sustainable Development Code</i> and its <i>Financial Management Guidelines</i>.</p>	<p>No</p>	<p>This recommendation is not appropriate for inclusion in an Environment Act Licence for a specific development proposal. The recommendation has been referred to the Minister responsible for Manitoba Hydro.</p>