

EAST TOBA RIVER MONTROSE CREEK HYDROELECTRIC PROJECT (PROJECT)

RECOMMENDATIONS OF THE EXECUTIVE DIRECTOR AND REASONS FOR RECOMMENDATIONS

Pursuant to section 17 of the *Environmental Assessment Act* S.B.C. 2002, c. 43 (Act), the Executive Director of the Environmental Assessment Office (EAO) provides the following recommendations and reasons relating to the Project. In preparing this document, the following have been considered:

- East Toba River Montrose Creek Hydroelectric Project Application for an Environmental Assessment Certificate, including Appendices (Application);
- All subsequent Project review documentation identified in Schedule A to the proposed Environmental Assessment Certificate (Certificate);
- The former proponent, Plutonic Power Corporation, and the current proponent, is a related company, Plutonic Hydro Inc. (Proponent);
- Compendium of Proponent's Commitments attached as Schedule B to the proposed Certificate; and
- East Toba River Montrose Creek Hydroelectric Project Assessment Report (Assessment Report).

The Executive Director recommends that the Certificate be issued for the Project, for the following reasons:

1. The environmental assessment of the Project was carried out in accordance with the scope, procedures and methods identified in the order issued by EAO under section 11 of the Act on December 1, 2004.
2. The environmental assessment of the Project addressed the potential effects identified in the section 11 order, including the potential for environmental, economic, social, heritage, including archaeological and traditional use, health effects, and effects on First Nations' interests.
3. Measures relating to the distribution of information about the Project to the public have been carried out by the Proponent in accordance with the section 11 order, including holding open houses and meetings with the public in Sechelt, Powell River and Squirrel Cove, and Powell River Regional District.
4. Measures relating to the distribution of information about the Project to the First Nations have been carried out by the Proponent in accordance with the section 11 order. The First Nations involved in the review of the Project included the Klahoose First Nation, Sliammon First Nation and the Sechelt

Indian Band. Measures included information meetings, site visits and open houses.

5. Opportunities have been provided by EAO for the Klahoose First Nation, Sliammon First Nation and Sechelt Indian Band to participate in the assessment process including reviewing and commenting on: the draft Terms of Reference for the Application; the draft section 11 order; the Application; the draft Assessment Report; and the draft Schedule B Compendium of Proponent's Commitments to the Certificate. The First Nations also had an opportunity to participate in the Working Group established by EAO to review the Project.
6. At the request of the Proponent, the legislated time limit for the environmental assessment process was suspended on July 10, 2006 to allow additional time for negotiations between the First Nations and the Proponent. The legislated time limit restarted on February 14, 2007.
7. Opportunities have been provided by EAO for federal, provincial and local government agencies to participate in the environmental assessment as members of the working group, chaired by EAO.
8. Issues identified by the public, First Nations, and local, provincial and federal agencies that fall within the purview of the assessment of the Project have been considered. The Assessment Report identifies these issues and documents practical means to prevent or reduce to an acceptable level any potential significant adverse effects of the Project.
9. Seventeen comments were received from the public during the 30-day comment period on the Application. Members of the public commented on the potential effects of the Project on access by recreational users and forestry, including old growth management areas. The public also commented on potential effects on aboriginal rights and title, wilderness values, wildlife and wildlife habitat, fish and fish habitat, and vegetation. The public raised concerns about the environmental assessment process, and potential cumulative effects.
10. The Proponent has responded to the comments from the public by committing to:
 - developing 16 Environmental Management Plans to be implemented during construction and operations and employing an independent Environmental Monitor;
 - committing to 77 mitigation measures to minimize the potential impact of the construction and operation of the Project;

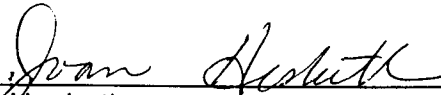
- restricting motorized access in the Toba River valley to minimize any cumulative impacts to wildlife;
 - involving recreation stakeholders during the development of final design plans for the Project to mitigate impacts, and supporting the maintenance of roads in the Powell River area; and
 - committing to ongoing consultation with the three First Nations during construction and operation of the Project.
11. Issues raised by the First Nations included potential effects on aboriginal rights and title, including traditional land use sites, land selection in treaty negotiations, archaeological resources, fisheries and wildlife regional cumulative effects, participation in environmental monitoring, and a desire for a share of the economic benefits from the Project.
 12. The Proponent has responded to comments from First Nations by committing to:
 - developing 16 Environmental Management Plans to be implemented during construction and operation and employing an independent Environmental Monitor;
 - committing to 77 mitigation measures to minimize potential impacts of construction and operation of the Project;
 - restricting motorized access in the Toba River valley to minimize potential cumulative effects on wildlife;
 - developing a Wildlife Monitoring Plan in consultation with First Nations;
 - entering into agreements with the Sliammon and Klahoose First Nations;
 - contracting and employment opportunities for First Nations members and their companies; and
 - ongoing consultation with the First Nations during the construction and operation of the Project.
 13. The Klahoose First Nation and the Proponent have signed an Impact Benefits Agreement which addresses revenue sharing and includes short and long-term employment, education and career training, and contracting opportunities, and implementation of business ventures.
 14. The Sliammon First Nation and the Proponent have signed a Term Sheet which includes terms of an Interim Benefits Agreement (IBA). The Term Sheet agreement provides the Sliammon First Nation with training funding, signing bonuses, construction fee and annual payments and equity options.
 15. As requested by the Sechelt Indian Band, the Certificate includes a commitment for the Proponent to negotiate and consult on potential impacts to traditional use areas.

16. Provincial, federal and local government issues were identified and addressed through working group meetings. The key technical issues identified during the review of the Project were potential effects on fish and fish habitat, wildlife resources (grizzly bears, mountain goats and avifauna), forestry, and recreation. Issues were also raised about potential visual effects and access management. Socio-economic effects were primarily in the form of concerns regarding forestry, recreational impacts and effects on the guide outfitter territory as the Project footprint is within the guide outfitter area.
17. To address the concerns raised by the potentially impacted guide outfitter, the Proponent has committed to:
 - meet directly with the guide outfitter within 14 days of the Project receiving a Certificate to discuss the Project design and ways to minimize impacts on the guide outfitter;
 - compensate the guide outfitter for demonstrable business loss; and
 - collaborate with the guide outfitter during the construction and operation of the Project.
18. Integrated Land Management Bureau will address the guide outfitters interests when developing motorized access restrictions for the road tenure, to minimize Project impacts on the guide outfitters activities.
19. To address issues raised by the provincial, federal and local government, the Proponent committed to:
 - implement 77 commitments and 16 environmental management plans to minimize project impacts;
 - employ an independent Environmental Monitor;
 - restrict access in the Toba River valley to minimize any cumulative impacts to wildlife;
 - develop and implement a Wildlife Monitoring Program in consultation with agencies and First Nations;
 - develop a Fish Habitat and Compensation Plan in consultation with the Department of Fisheries and Oceans;
 - minimize impacts through the final design stage in consultation with agencies, First Nations and stakeholders;
 - develop an in-stream monitoring plan in consultation with Ministry of Environment; and
 - develop a Flow Ramping protocol acceptable to the Ministry of Environment.

20. The environmental assessment associated with the Project has satisfactorily addressed the potential effects identified in the Application Terms of Reference issued for the Project on November 28, 2005.
21. EAO is satisfied that if the Project is approved, any potential adverse impacts of the Project on asserted rights of the Klahoose First Nation, Sliammon First Nation and Sechelt Indian Band will be appropriately mitigated by the conditions and commitments of the Certificate.
22. All potential significant adverse effects of the Project are considered by EAO to be manageable to an acceptable level through:
 - the implementation of the Proponent's proposed design and mitigation measures, as identified in the Compendium of Proponent's Commitments;
 - compliance with, and implementation of, the commitments and conditions specified in the Certificate, if granted; and
 - compliance with subsequent statutory permits, licences and approvals, or any authority required under any other enactment.
23. Federal responsible authorities have collaborated in the preparation of the Assessment Report and are supportive of its conclusions. The Assessment Report is intended to be used as the Screening Report required under the *Canadian Environmental Assessment Act*.
24. The Project is anticipated to create approximately 680 jobs during construction and 38 seasonal positions and 20 full time direct jobs during operations. Capital cost of the Project is estimated to be \$450 million. Construction is expected to take three years, and once commissioned, the Project is expected to operate for over thirty five years.
25. The Project is consistent with the provincial energy policy objectives to encourage electricity generation from clean energy sources. The Project will create employment and economic benefits for British Columbia.

The Executive Director's recommendation that an Environmental Assessment Certificate be issued for the Project is made subject to the following provision:

1. The final form of the Proponent's Table of Commitments, dated March 07, 2007, should be given the force of law by being made a condition of the Certificate, if the Project is approved.



Joan Hesketh
Executive Director and
Associate Deputy Minister
Environmental Assessment Office

Dated: March 12, 2007
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