

UPPER HARRISON WATER POWER 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:

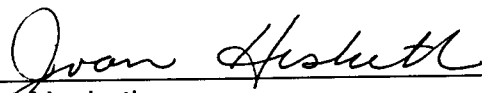
- Upper Harrison Water Power Project Application for an Environmental Assessment Certificate, including Appendices (Application);
- All subsequent Project review documentation identified in Schedule A of the proposed Environmental Assessment Certificate (Certificate);
- The Proponent Commitments identified in Schedule B of the proposed Certificate;
- Upper Harrison Water Power Project Assessment Report (Assessment Report); and,
- Negotiation of a Participation Agreement between Cloudworks Energy Inc. (Proponent) and the Douglas First Nation.

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

1. The environmental assessment (EA) 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 September 1, 2005.
2. The EA of the Project addressed the effects identified in the section 11 Order, including First Nations' interests and the potential effects of the Project on its environmental, social, economic, heritage and health setting.
3. Measures relating to the distribution of information to the public about the Project, have been carried out by the Proponent in accordance with the section 11 Order, and have included public open houses and meetings with the general public.
4. Measures relating to the distribution of information about the Project, to First Nations have been carried out by the Proponent in accordance with the section 11 Order. Measures included community meetings before the Application was submitted for reviewing, several field tours and a required community meeting for comments on the Application.

5. Opportunities have been provided by EAO for consultation with the Douglas First Nation in the assessment process. These included the review of draft Terms of Reference for the Application, review of the draft section 11 Order, review of the Application, review of the draft Assessment Report and participation in the Project Working Group meetings with EAO representatives. EAO provided funding for the Douglas First Nation participation in the review.
6. Opportunities have been provided by EAO for federal, provincial and local government agencies to participate in the EA process, along with the Douglas First Nation, as members of the Project Working Group. Since the Project triggered a federal screening level review under the *Canadian Environmental Assessment Act*, the assessment process has been designed to harmonize federal and provincial reviews, and has resulted in a joint federal/provincial Assessment Report.
7. Resources have been provided, and measures have been taken by the Proponent to secure First Nations support for the Project. This has included providing funds for the Douglas First Nation participation in the EA review.
8. A Participation Agreement has been signed by the Douglas First Nation and the Proponent, covering all of the Proponent's projects in the Upper Harrison area and Lower Lillooet area.
9. Issues identified by the public, Douglas First Nation, and provincial, federal and local government agencies that fall within the scope of assessment have been considered, and 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.
10. Two public comments were received during the formal 30-day public comment period on the Application which did not raise any significant new issues. Comments raised at the Open House were supportive of the Project proceeding, and emphasized the importance of jobs and possible electrification to the community. The Proponent has satisfactorily responded to the public on the issues raised.
11. The Douglas First Nation issues raised during the assessment process are reflected in the list of issues documented during the public review periods. In addition, the Douglas First Nation raised issues related to effects on traditional and current aboriginal activities in the Project area, archaeological site impacts, and the Douglas First Nation employment and business opportunities from the Project. The Proponent has satisfactorily responded to the issues raised by the Douglas First Nation through the Proponent Commitments.

12. Provincial, federal and local government issues were identified and addressed through Working Group meetings, and meetings between the Proponent and individual agencies throughout the process. The key issues that required more extensive review and resolution were associated with potential effects on: in-stream flow requirements; alterations to fish habitat and potential impacts on birds and mammals. The Proponent has satisfactorily responded to the issues raised by provincial, federal and local government agencies.
13. 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 design and mitigation measures identified in the Application;
 - compliance with and implementation of the commitments and conditions specified in the Certificate; and,
 - compliance with subsequent statutory permits, licences and approvals, or any authority required under any other enactment.
14. The potential effects of the Project on First Nations' interests are considered by EAO to have been adequately addressed through measures that include those referred to in #8, #11 and #13 above.
15. 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*.
16. The Project is expected to generate approximately 400 person-years of construction employment and 20 full time-equivalent jobs. The capital cost of the Project will be approximately \$225 - \$300 million. Construction is expected to start in the Spring/Summer of 2007 and be complete in Fall 2010.



Joan Hesketh
Executive Director and Associate Deputy Minister
Environmental Assessment Office

Dated: Aug 21, 2006

