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July 8, 2013

The Public Utilities Board of Manitoba
Attention: Mr. Hollis Singh, Executive Director and Board Secretary
400 – 330 Portage Avenue
Winnipeg, MB R3C 0C4

Dear Mr. Singh:

**COMMENTS RE: Hydro's Definitions of" Macro-Environmental Impact"
and "Socio-Economic Impact" (June 28, 2013)**

CAC MB has had the opportunity to review the June 28, 2013 and July 3 letters of Manitoba Hydro discussing the terms "macro-environmental" impact and "socio-economic" impact. It has read these letters in conjunction with the thoughtful advice of Dr. Gaudreau which was filed on June 28, 2013 by CAC Manitoba.

Overview

In its letter of June 28, 2013, Manitoba Hydro (MH):

- provides its understanding of the meaning of "macro-environmental" and "socio-economic";
- outlines its view as to the distinction between the "environmental review" as being carried out (currently) by the CEC versus that to be carried out under the NFAT terms of reference;
- summarizes the types of screening analysis it plans to file and how "macro-environmental" and "socio-economic" impacts fit into the analyses.
- summarizes the approach that will be taken to the analysis of the Preferred and Alternative Development Plans and how "environmental" and "socio-economic" factors will be take into consideration.

In the comment which follows, CAC MB will respond to the June 28, 2013 letter of Hydro referring where appropriate to the comments of Dr. Gaudreau.

A. Definitions

MH defines the two terms as follows:

- Macro environmental: high level summary of the environmental impacts and benefits sufficient to compare resources.
- Socio-economic: high level summary of potential effects to people in

Manitoba, including such things as employment; training and business opportunities; infrastructure and services; personal, family and community life; resource use and heritage resources

Comments

- The definitions of MH have some value. Care however must be used with the phrase “high level summary”. As Dr. Gaudreau noted in his commentary¹, sufficient detail must be provided for the Board to critically analyze the difference in impacts between the different development plans considered and for the PUB to:
 - draw conclusions regarding NFAT terms of reference requirement 2(j) – “If the Plan has been justified to provide the highest level of overall socio-economic benefit to Manitobans” and requirement 2 (h) – “the socio-economic impacts and benefits of the Plan and alternatives to northern and aboriginal communities”.
 - consider “macro environmental impact of the Plan compared to alternatives” (Terms of Reference item 2 (i))
- This concern regarding the level of detail that will be provided is compounded by the Multiple Account Analysis description provided on pages 3-4 and in Appendix D where:
 - The environmental account analysis only specifically identifies air quality (i.e. GHG and CAC emissions) as factors that will be assessed. Otherwise, the catch all phrase “other bio-physical effects” is used. This raises the concern that the Hydro analysis will be biased towards factors which may tend to favour its preferred plan (potentially GHG) and biased against factors which may tend to favour the alternatives (potentially bio-physical effects on species at risk). The other effects should include other aspects identified in the screening level analysis set out in Appendix A (i.e. water quality, land use, wild life) as amended for appropriate consideration of species identified as of concern or risk;
 - The social account analysis does not specifically identify any of the “other social effects not taken into account in the other accounts” that will be analyzed. The definition used includes a number of social aspects but it is not clear that all of them/which of them will be specifically included.
- For these reasons, CAC MB would suggest the terms be amended in the following matter:
 - Macro environmental: high level summary of the environmental impacts and benefits sufficient **for a critical analysis of alternatives**.
 - Socio-economic: high level summary (sufficient **for a critical analysis of**

¹“For this to occur, the PUB must be provided with the proponent’s best understanding of the nature and significance of the major effects of the various alternatives . . . Likewise, for informed decision-making the PUB must be informed by the proponent and other interveners on the quality of data collection and analysis lying behind the presented findings, the level of confidence to place on the assertions, and the implications of the findings and the uncertainties.”

alternatives) of potential effects to people in Manitoba, including such things as employment; training and business opportunities; infrastructure and services; personal, family and community life; resource use and heritage resources.

B. Environmental Review – CEC vs. PUB

MH emphasizes the intent of the terms of reference to avoid duplication of efforts as between the PUB and the CEC and sees the definition to be applied to the term “macro environmental” impacts as used in the PUB’s terms of reference as being critical to avoiding duplicative efforts.

At the same time, MH acknowledges (page 5) that the intent of Cabinet was for the PUB to “also consider over-arching socio-economic and environmental impacts” in making its recommendations.

Comments

- Like Dr. Gaudreau and Manitoba Hydro, CAC MB agrees that PUB is being asked to assess “macro” environmental impacts which will be at a “coarser level of detail” than the CEC’s environmental review.
- It is the CEC that is looking at the detailed environmental impacts of the proposed project and at a sufficient level of detail to determine significant adverse effects and whether Hydro’s mitigation efforts are adequate.
- However, it is also important to note that it is the PUB that is looking at the relative environmental impacts of the various alternatives (not the CEC). Currently, it does not appear that the CEC is expressly authorized to perform an alternatives analysis.² Given that the PUB appears to be the only game in town in terms of alternatives, the PUB must be provided sufficient information to critically assess the relative environmental impacts of the various options. This means that the “macro level (i.e. summary) information” provided on environmental impacts must be of sufficient detail for the PUB to critically understand and delineate any differences.
- Finally in order to obtain an “apples to apples” comparison, it is important that the environmental impacts of any potential Alternative be determined assuming reasonable mitigation efforts are made (commensurate with the level of mitigation being undertaken for the proposed Plan).

²While it is arguable that the Principles of Sustainable Development invite a need for an alternatives approach in the EIS, it does not appear that Hydro shares this view.

C. Screening Level Analysis

MH sets out the approach it is taking in its initial screening of resource supply options and how “environmental” and “socio-economic” considerations are factored in.

Comments

- The screening of resource options involves a range of economic, environmental and socio-economic criteria. As this is the initial screen of “options”, it is reasonable that it would be done at a coarse level and, then, as the number of viable options and plans are reduced, a more detailed evaluation will ensue.
- Given this context, the environmental characteristics included in Appendix A as being the factors considered appear to be reasonable with one caveat. Under the heading wildlife species of interest, special consideration should be given to potential impacts on species which have been identified as being of special concern or threatened by the Committee on the Status of Endangered Wildlife in Canada (COSEWIC³) or as species at Risk under the *Species at Risk Act* (SARA);⁴ The identification of these species by COSEWIC or under SARA highlights their macro-environmental significance; it also raises a risk that construction activities might be derailed either by a change in their status or by the recognition that species from this population are present in the area impacted by a particular alternative. Clearly, these are important risks which should be factored into the NFAT process;
- Given that this is an initial screening, Hydro's approach of screening options as in/out versus an attempt to rank them also might be considered appropriate.
- On the “socio-economic front”, the factors considered are more limited and only include: i) proximity to load centre, ii) regulatory constraints and iii) social acceptability. This is a concern.
 - Social acceptability is a broad factor and can vary across elements of society. It is not at all clear how MH intends to screen options on this issue.
 - It is not evident what issues “proximity to load centre” is meant to reflect. If it's reliability of supply – then it might better be categorized under technical. If it is meant to reflect social concerns regarding transmission location, then it is not clear why it is given separate treatment” as opposed to being simply included under “social acceptability”.
- The economic factors considered all relate to the economics of the options and therefore do not include any considerations regarding the economic impact on Manitoba's economy (other than through the resulting impact on electricity prices).

D. Preferred and Alternative Development Plans

MH states that potential environmental and socio-economic impacts are considered when it identifies and creates “plausible alternative plans” to be studied.

³For example, the COSEWIC status of Manitoba Lake Sturgeon is special concern. Committee on the Status of Endangered Wildlife in Canada.

⁴For example, the status of woodland caribou is threatened under COSEWIC and SARA.

Comments

- In Appendix C to the June 28th letter, MH sets out the various “impacts” that will be considered when developing alternative plans from the various resource options that have been “screened in”. Again, under the heading wildlife species of interest, special consideration should be given to potential impacts on species which have been identified as being of special concern or threatened by COSEWIC or as species at Risk under SARA;
- While there are a range of environmental considerations, the only socio-economic factors included are those related mostly to the economic side (e.g. employment and taxes). There are no factors related to the infrastructure and services; the personal, family and community life or heritage resources which were also elements of MH’s definition of “socio-economic”.
- Given this lack of detail regarding the socio-economic impact of the screened in options, it is difficult to see where MH is going to be providing much insight into the “socio” part of the “socio-economic” impact of the Plan and alternatives.

E. Multiple Accounts Analysis

MH outlines the various perspectives from which it evaluates the Preferred and Alternative Development Plans. From a ratepayer and government perspective, the following perspectives are also considered:

- Market valuation - i.e. net revenues
- Manitoba economy - including amount and nature of employment.
- Environment - including air quality, natural resource and other bio-physical effects
- Social - including consequences of the different plans for aboriginal and non-aboriginal communities as well as other social effects not taken into account.

Comments

- The description of the Environment Account analysis does not include any details as to the other environmental considerations that will be assessed apart from air quality. It should, at a minimum, address all of the environmental dimensions identified in Appendices A and C. It also should include special consideration to potential impacts on species which have been identified as being of special concern or threatened by COSEWIC or as species at Risk under SARA . As a matter of practice, as the number of options/plans are narrowed down the number of factors assessed should increase.
- The description of the Social Account does not contain any specifics as to the dimensions of “social” impact on aboriginal and non-aboriginal communities that will be included in the assessment. This omission aggravates and compounds the previously identified concerns regarding the lack of detail MH has provided regarding the scope of the “socio” part of the required “socio-economic” impact assessment.

Conclusion

The terms should be defined in the following manner:

- Macro environmental: high level summary of the environmental impacts and benefits sufficient for a critical analysis of alternatives.
- Socio-economic: high level summary (sufficient for a critical analysis of alternatives) of potential effects to people in Manitoba, including such things as employment; training and business opportunities; infrastructure and services; personal, family and community life; resource use and heritage resources.

As a matter of practice, as the number of options/plans are narrowed down the number of factors assessed and the intensity of the analysis should increase. The practical application of the environmental considerations should expressly include consideration of potential impacts on species identified as being of special concern or threatened by COSEWIC or SARA. At the level of practice, Hydro's consideration of "socio-economic" appears to be biased against "socio" impacts. It requires revision.

The macro level environmental effects findings presented to and discussed in the PUB process should be based on the detailed existing analyses and the level of confidence about the conclusions ought to be clearly established. The macro environmental effects discussion should consider the implications for the relative merits and the Plan components and the Plan in light of the relative significance of the effects and the trade-offs involved in proceeding with the major Plan components and alternatives.

Yours truly,

BYRON WILLIAMS
DIRECTOR

BW/sk

cc. CAC Manitoba
Interveners
Manitoba Hydro