

Your Participation

We are now moving into the consultation phase of our work to review and assess other options available to meet the environmental enhancement objectives of the fund. We invite you to become involved; we would like to hear from you. You can send us your comments and ideas at any time via our website or by mail - we would also be pleased to meet with you to have a conversation about use of the fund. Information that you provide will help guide us through the complex and difficult task of arriving at our decisions on the best uses of the fund.

We encourage you to visit the NEEF website (www.neef.ca) on a regular basis where you will be able to read our responses to frequently asked questions, keep up to date with all incoming and outgoing correspondence, read our synopsis of any meetings held and keep up to date on our proposed schedule and upcoming activities.

Written comments can be submitted to us at any time. Our address is:

NEEF MC
 C/O PO Box 2551
 Vanderhoof BC, V0J 3A0
 or email to administrator@neef.ca



Upper Nechako River



Nechako White Sturgeon



*Nechako Environmental
 Enhancement Fund*

**NECHAKO ENVIRONMENTAL
 ENHANCEMENT FUND**

As the Nechako Environmental Enhancement Fund Management Committee (NEEF MC) we met with many people in the Nechako Watershed region during the past month to discuss our work. Through those meetings it came to our attention that there is a need for us to clarify details about the fund and the context in which we as a committee are proceeding.

Background

As part of an agreement between the Province and Alcan (BC/Alcan 1997 Agreement) Rio Tinto Alcan will contribute up to \$50 million to the Nechako Environmental Enhancement Fund (NEEF) on a matching dollar basis and therefore the fund has a potential of \$100 million. As stipulated in the agreement a Management Committee (NEEF MC) was given the mandate to decide how these funds should be used and determine how the decisions should be implemented.

In 2001 the original NEEF MC decided the funds should be used to build a cold water release facility at Kenney Dam at a cost of approximately \$96 million. It also identified outstanding issues related to that decision. Over a period of almost ten years the Nechako Watershed Council directed a work plan towards understanding those outstanding issues. Their work revealed that a cold water release facility at Kenney Dam would not provide the same suite of benefits as originally anticipated and that a surface water release facility would be of equal utility. In addition, preliminary engineering level estimates revealed that the cost for a surface water release facility would in fact be at least \$260 million (2009 dollars).

In light of the new information the Province and Rio Tinto Alcan asked the NEEF Management Committee to convene and reconsider its previous decisions for use of the fund. We were appointed to the management committee and began our work in November 2011.

While we have accepted this task at the request of the two parties to the 1997 Agreement, the mandate and authority of the committee is stipulated in the agreement itself. As such the NEEF MC mandate is not restricted by the specific interests of any party nor any previous decisions, recommendations or opinions.

As members of the NEEF MC it is our distinct honour to be tasked with the responsibility of deciding the best use of the fund. We are a committee of three: Pieter Bekker appointed by the Province of BC, Justus Benckhuysen appointed by Rio Tinto Alcan and Byron Nutton appointed by Fisheries and Oceans Canada. Our work follows in the footsteps of the work done by the original NEEF MC in 2001 and a large volume of additional work done by many others since that time.

Kenney Dam



Looking Forward

With this in mind we examined the original NEEF MC decision in 2001 and all the information now available to us regarding construction of a water release facility at Kenney Dam. It is clear to us that a water release facility is the only way to fully rehabilitate the Cheslatta watershed, it would also create fish habitat between Kenney Dam and Cheslatta Falls. However, we now know the cost is far in excess of what was envisioned for the fund and perhaps more importantly, no party has been identified to invest the more than \$250 million required for this project.

We can speculate that a water release facility at Kenney Dam may in due time become an attractive investment if coupled with hydro power generation. But in that light, we also recognize that the up to \$50 million that could be leveraged from Rio Tinto Alcan via the NEEF would be less than 15 per cent of the total cost of such a project. Given that consideration we believe that using the NEEF for other purposes will likely have little bearing on a decision of whether or not a water release is built at Kenney dam. Nonetheless, at this time the enhancement benefits suggest that a water release facility at Kenney dam should remain a consideration.

Our approach for assessing other enhancement options will be to give consideration to a broad range of ideas for environmental enhancement. We now have the benefit of a large amount of information learned since 1997 including the work conducted by the NEEF MC in 2001, the sturgeon recovery initiative, the Nechako Fisheries Conservation Program, and the Nechako Watershed Council. It is incumbent on us to include this information in our deliberations.

Over the past month we have concentrated our efforts on defining the process we will use to learn from the public, First Nations and stakeholders about their ideas for use of the fund. We have already heard from some of you on how we should conduct this consultation process within the time constraints we have, and we are open to further suggestions.



Nechako River at Vanderhoof

Consultation Process

Our approach is to conduct the consultation process in four phases;

Information: share background information regarding the 1997 Agreement and the 2001 NEEF MC report, and request input on the proposed process;

Consultation: learn the interests and ideas of individuals, stakeholders, industry, First Nations, and government regarding uses of the fund for downstream environmental enhancement;

Confirmation: share what we have learned and provide an opportunity to affirm the information that was provided to us during the consultation process; and

Reporting: deliver our decisions on the use of the NEEF.

We began the first phase of this process through distribution of introductory letters, information bulletins such as this one, and meetings. We also established a website (www.neef.ca) which has background information and is updated regularly with our calendar of events, frequently asked questions, and other input we receive.

Over the past months we also developed our operating principles and schedule of activities and reviewed in detail the terms of the 1997 Agreement.

Amount of the Fund

A fundamental question in regards to the fund is the current value of the fund. To date Rio Tinto Alcan has contributed a total of \$1.2 million toward the original NEEF MC process and the work of the Nechako Watershed Council. The current NEEF MC process is expected to cost another \$100,000 which will be paid by Rio Tinto Alcan as a credit towards its NEEF obligations.

In addition, the 1997 Agreement notes that (Rio Tinto) Alcan may claim up to a total of \$10 million for any studies or work it conducted before 1997 as part of the Kemano Completion Project that is used to reduce the cost of implementing the environmental enhancement options chosen by NEEF MC. As such, exactly how much money is available depends on what the fund is used for. For example if a water release facility is built and that project is facilitated by work Rio Tinto Alcan commissioned as part of Kemano Completion Project then that amount will be subtracted from the obligation. In summary, currently the total remaining contribution from Rio Tinto Alcan is between \$38.7 and \$48.7 million. Therefore the total potential fund value is between \$77.4 million and \$97.4 million if each dollar is matched by another party.

This leads to a subsequent component of the question of fund value: that the fund is designed on a matching dollar basis. So the question remains as to who will contribute money in the first place in order to leverage funds from Rio Tinto Alcan. The 1997 Agreement does not identify any specific party - no other party or government is obligated to contribute to the fund. The ambiguity regarding the fund value and potential funding partners is a reality of the fund. We believe these details of the 1997 agreement must be kept in the forefront when considering options for enhancement. In other words, choosing options for enhancement must also include consideration for how those options will be implemented to ensure that environmental enhancement does in fact take place. This is in keeping with the agreement which mandates the committee with developing an implementation plan for each enhancement option it chooses.



Skins Lake Spillway

Geographic Scope and Intent of the Fund

A second fundamental question is regarding the intent of the fund. The geographic scope of the fund is directly related to the intent of the fund. We have decided the scope encompasses all tributaries to the Nechako, the reservoir and the river to its confluence with the Fraser River and within that, to focus on enhancement options that address matters related to the Nechako Watershed downstream of the reservoir.

In addition, environmental enhancement can mean many things. The purpose of the NEEF MC, as stated in the 1997 agreement is '...to review, assess and report on options that may be available for the downstream enhancement of the Nechako Watershed area...'. We have concluded that since the 1997 agreement is primarily concerned with water, the intent of the fund should be on environmental enhancement that is related to water. As such we have identified four objectives for the fund. These objectives are consistent with the considerations articulated by the original NEEF MC in 2001.

- 1) Options that address enhancement related to flow changes in the Cheslatta River and Nechako River
- 2) Options that seek to rehabilitate fish habitat and fish populations in the Cheslatta River and Nechako River.
- 3) Options that promote education and stewardship of water in the Nechako and Cheslatta watersheds.
- 4) Options related to improving how water flow regulation decisions are made in consideration of all environmental aspects.

We will endeavour to be broad yet practical in our approach and take into consideration a number of factors such as the level of interest in particular options, potential costs and benefits, technical feasibility, measurable objectives and probability that environmental enhancement would be implemented. It is our responsibility to balance the costs and benefits of options and ultimately be accountable for the decisions made and how the fund is used. However at this point we do not want to limit thinking and ideas regarding enhancement options.