

Premier promises B.C. mines will be able to defer power bills

Christy Clark said Monday the move would help them weather a brutal downturn in commodity markets

BY DERRICK PENNER, VANCOUVER SUN JANUARY 25, 2016



The province is working on a plan to allow struggling mines in British Columbia to defer electricity bills during the downturn in their industry, Premier Christy Clark said this morning.

VANCOUVER - The province will let struggling B.C. mines defer electricity bills to help them weather the current downturn in commodity markets, Premier Christy Clark said Monday.

The details have yet to be finalized on exactly how deferrals will be implemented, Clark said, and they can only be use a measure of last resort. But Clark promised the crowd gathered for the opening of the Association for Mineral Exploration B.C.'s annual conference that the policy will be an example of how "we've got your back" in tough times.

"It can't be a subsidy that puts taxpayers at risk," Clark said. "But we also know that getting it right means understanding that jobs and entire communities are at stake."

Such a measure would offer meaningful relief to mining companies facing escalating power costs during a steep economic downturn, said Karina Brino, CEO of the Mining Association of B.C.

“Depending on the operation, electricity costs sometimes come right after labour (in terms of a mine’s operating costs),” Brino said. However, she added it is difficult to know how much deferments will help, without more details.

“What we heard is encouraging news in terms of figuring out if there is anything the provincial government can do to provide some immediate relief,” Brino said.

Mining companies proposed the idea of deferring power bills late last year while lobbying Energy and Mines Minister Bill Bennett on the creation of some sort of rescue package for struggling mining operations. Bennett said he would take a proposal to cabinet, but not anything that would risk the government’s balanced budget or compromise BC Hydro’s objective to stick to its plan to hold rate increases within its existing five-year rate structure that will see rates rise 28 per cent. On Monday, Clark said she, Bennett and Finance Minister Mike de Jong are working on a plan that will give mining companies the option as a means to help them “at least keep their doors open,” while they wait for commodity markets to recover.

The move, however, has potential consequences from favouring the mining sector over other industries and the potential for such deferred payments winding up as just more debt in BC Hydro’s \$5 billion deferral accounts if the mines wind up not being able to pay, said opposition NDP leader John Horgan.

“If that’s the last resort, if that’s the way we keep people working, I support that,” Horgan said.

However, if the province is looking for “creative ways to reduce the burden of (BC Hydro’s) rate structure,” the province should consider putting the question to the B.C. Utilities Commission to involve other industrial users.

Clark offered the financial assistance during her opening remarks to the AME B.C. convention in which she gave tribute to the province’s resource sectors, “the bedrock of British Columbia’s wealth.”

B.C. has opened or started construction on seven new mines in the last decade and doubled its mining workforce during that time, Clark said. In the last two years, however, the industry has also seen six mines close with hundreds of layoffs. In addition, Clark said the province will also extend its existing tax credits for mining exploration, its refundable tax credit on mining expenses, and the non-refundable flow-through tax credit to shareholders on investment in exploration.

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