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November 2, 2011

Wesley Penner
Manager, Hydraulic Operations
P.O. Box 815 Station Main
Winnipeg, MB R3C 2P4

Dear Mr. Penner:

As you are aware the Minister of Conservation has requested that the Clean Environment Commission review Manitoba Hydro's application for a final licence under *The Water Power Act*, for the regulation of Lake Winnipeg.

The Commission Panel has reviewed the application but requires additional information to more fully understand the project background, its past, current and future environmental and socio-economic implications.

Please find following a list of issues the Commission wishes information on. Please feel free to add additional information that you feel is relevant to the review. The Commission expects that a comprehensive plain language document will be prepared to address the issues raised. This report should contain all the relevant information, rationales, discussions of uncertainty, assumptions, models, and citations needed to assess the application and be appropriately referenced.

The report should contain the following information:

- 1) Brief history of hydro-electricity generation in Manitoba.
- 2) History of the Churchill River Diversion and the role of Lake Winnipeg regulation in hydro electric generation.
- 3) Clearly define what approval is being sought under what legislation. What role does federal legislation play in the process? Other provincial legislation?
- 4) History of Lake Winnipeg regulation from an engineering perspective. Include such detail as:
 - Why is regulation needed?
 - Why the outlet channels were chosen etc.?
 - Who, when, why, how the maximum and minimum water levels were determined?
 - Are levels held at maximum and minimum of ranges, what is the variation?
 - Who, when, why and how were the flow rates through the outlets determined?
 - Is regulation done for purposes other than electrical generation?
- 5) Environmental effects
 - How does regulation affect the environment, including species or biological communities in and around the lake?
 - What contribution, if any, does lake regulation have to the current conditions of the marshes associated with Lake Winnipeg?
 - On nutrient retention?
 - Effect on erosion rates?
 - What would be the effect without regulation?
- 6) Socio-economic factors
 - Historical and current development around Lake Winnipeg, include visual aids where appropriate.
 - Historical and current uses.
 - Economic values and factors.
 - Based on the principles cited in a letter of 2000 02 25 from Bob Brennan to Dave Farlinger of the Lake Winnipeg Shoreline Erosion Advisory Group Steering Committee what would be the economic impact for Hydro holding the maximum lake level at 714, 714½, 715, 715½ and 716 ASL.
 - History of relations with First Nations, current and future commitments.
 - Please provide copies of all agreements, accommodations, processes, etc. entered into between Manitoba Hydro and First Nations, communities, resource user groups and the federal and provincial governments addressing LWR issues and the cumulative effects of other hydro-electric developments throughout the Nelson River and their implementation as described in your letter of 2010 12 22 to Mr. Topping.

- Other public consultations and commitments.
 - Issues raised by Aboriginal communities outside the NFA include erosion, increased flooding, algae and licensing violations. Have these been addressed? And if so how?
 - Cultural effects.
- 7) Cumulative Effects analysis
 - Using 1900 as a baseline
 - Describe changes to the watershed that affect water levels in Lake Winnipeg.
 - Describe changes at the outflows.
 - Describe in-lake and surrounding lake additive effects.
 - Describe effects of isostatic rebound --- future projections.
 - How many, frequency and magnitude of licence exceedences? Please provide a description of the nature of the exceedences – what licence clause or agreement condition did it violate and when did it occur. Please list exceedences and provide an explanation of any circumstances surrounding them.
 - 8) Mitigation Plans
 - What has been done and will be done to minimize negative effects on Lake Winnipeg's environment, affected communities and activities?
 - Can the level be drawn down further at times of high water? Kept lower at times of low water (closer to natural)? What would be the consequences?
 - Past, current and future. How are results of these actions communicated to the public?
 - 9) Monitoring Plans
 - Past, current and future. How are results communicated to the public?
 - 10) Operational Plan summary, including BMPs where applicable. Describe the current and projected operating parameters.
 - 11) Sustainable Development Analysis (can the project be maintained indefinitely in light of its impact on air, land, water, flora and fauna and predicted water flows?)
 - How have Manitoba Hydro's sustainable development guidelines and *The Sustainable Development Act* principles and guidelines been considered for the future of this project?

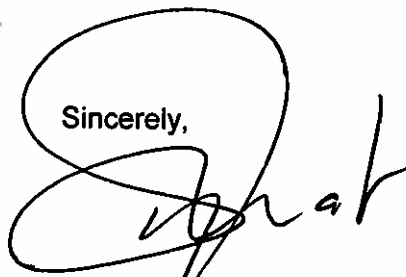
Manitoba Water Stewardship has offered to post on their website any and all technical and background documents required to support your licensing request.

Additional issues and subjects may arise through the hearing process, the Commission will determine what and how Manitoba Hydro will be required to respond as the situations arise.

If you have any questions please do not hesitate to contact either myself or the Secretary to the Commission, Cathy Johnson.

We look forward to receiving this report.

Sincerely,

A handwritten signature in black ink, appearing to read "Terry Sargeant". The signature is written in a cursive style with a large, looping initial "T" and a long, sweeping underline.

Terry Sargeant,
Chair