

**Premier Gordon Campbell
Announcement of Alcan Investment in Kitimat**

August 14, 2006

Check Against Delivery

I want to start by saying thank you to Alcan for this very, very exciting announcement for British Columbia and for the northwestern part of our province. Cynthia Carroll is the president and CEO of Alcan's Primary Metal Group and has been working for some time, looking at the future of the Alcan facility in Kitimat and what we can do to try and ensure that we secure the long-term economic viability of the northwestern part of our province.

It was 52 years ago this month that Alcan's Kitimat smelter officially opened for the first time. At the time, the smelter, the Kenney Dam, the related transmission infrastructure and the town of Kitimat itself were the largest privately-funded construction projects in Canadian history. Even in the 1950s the total project cost over half a billion dollars. To put that in context, that's a \$3.3-billion equivalent in today's dollars. In fact, Alcan has invested over \$5 billion in the northwestern part of British Columbia in today's dollars in developing and operating Kitimat over the last five decades. Today, as Cynthia has pointed out, Alcan contributes \$268 million to the B.C. economy each year and represents approximately 10 percent of the province's total manufacturing GDP.

But the aluminum industry is competitive, and there've been many, many changes in the last half century. What once was the largest aluminum smelter in the world was becoming outdated, and Alcan faced a crucial choice. What was the future of Kitimat Works? A company with operations in 50 countries, Alcan could focus its investments in any number of different locations.

Alcan chose British Columbia. They chose Kitimat. They chose the northwestern part of our province. They've chosen to invest \$2 billion in Kitimat, in the northwest and in B.C.'s future. As has been pointed out, this project's output will increase by 60 per cent from current levels and there will be a decrease – I want to underline that, a decrease – in greenhouse gas emissions of 70 per cent. There will be between 800 and 1,000 construction jobs associated with this project over the next five years, and there'll be a long-term, sustainable workforce of approximately 1,000 supporting jobs that will remain in Kitimat for the next 35 years. This investment will help ensure a stable energy supply for all British Columbians.

Alcan has had a long history of providing power to B.C. Hydro and to British Columbians, and today I'm pleased to announce that Alcan and B.C. Hydro have agreed to amend and extend the existing power purchase agreement. Under the new agreement, the new "smelter comes first" provision will ensure that firm power from Kemano goes to the smelter first, thereby reducing production curtailments. As well, B.C. Hydro is now able to purchase all power surplus to smelter needs at competitive prices. This will help

B.C. close the gap between energy demand and supply and will bring us closer to our goal of being energy self-sufficient within the next decade.

Importantly, the modern smelter Alcan is proposing won't require significant additional power. This means potential liabilities associated with the 1997 power agreement can be extinguished and the taxpayers are no longer exposed to that risk.

I want to acknowledge Alcan and B.C. Hydro for working together to make this an investment that will generate long-term benefits for all British Columbians. The power purchase agreement will provide for a stable and fixed-price power supply to at least 2024. During the term of the agreement, B.C. Hydro will be purchasing enough power to serve as many as 225,000 homes in the province. Combined with our recently announced independent power production purchases, this will be an important step to meet the growing power needs and demands for British Columbia.

But this isn't just about powering B.C.'s economy into the future; it's a reflection of the power of B.C.'s economy today. The globally competitive marketplace requires that British Columbia be competitive and create a strong foundation for investment decisions. Alcan has made a \$2-billion investment decision that has taken place only on the basis of serious analysis and a long-term look at the future of our province and of what we can do together. That Alcan chose British Columbia once again sends a clear message that B.C. is a strong part of their future and Alcan is a strong part of the northwest's economy in British Columbia.

Fifty-two years ago B.C.'s economy was opening up and embarking on a new age of prosperity. The same thing is happening today. The northwest of British Columbia is emerging as a transportation hub and resource powerhouse for Canada. With the \$500-million LNG plant now having received environmental assessment certification, with two major pipeline projects – the \$4 billion Enbridge and \$1 billion Terasen-Pembina choosing Kitimat for their ports – with the new potential for break bulk port expansion possible in Kitimat in cooperation with the Kitimat-Terasen industrial society and in cooperation with the Haisla First Nation, it's only fitting that the resource pioneer of the northwest of British Columbia, Alcan, is once again leading the way as a valued partner of growth in the years ahead for the northwest, for Kitimat, for Terrace, for British Columbia and for Canada.

On behalf of the people of British Columbia, let me say we look forward to this project with enthusiasm, with excitement and with gratitude to Alcan for its commitment to our province.