

Portugal Cove – St. Philips, NL

February 12, 2018

Commissioner – The Honourable Justice Richard LeBlanc

Commission of Inquiry Respecting the Muskrat Falls Project 5th Floor,
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Dear Commissioner:

Further to your call for submissions with respect to the interpretation of the Terms of Reference for the Commission of Inquiry Respecting the Muskrat Falls Project, I wish to respond as a concerned and informed citizen.

First, I should state that I have followed the Muskrat Falls project since inception and I have often been engaged in the debate about the merits of the project which have caused me to personally write editorials to The Telegram and media expressing concern.

I have read the submission of Mr. David Vardy et al regarding this subject and I commend them for putting forth on behalf of the NL public an excellent submission for your consideration. I share their view that the Commissioner broadly interpret the Terms of Reference so that there is a complete review of the project which provides full context for the public policy decision to announce and then sanction the project, the management of the project and its long-term effects on Newfoundland and Labrador electricity consumers and ratepayers.

Given that I fully endorse the Mr Vardy et al submission, including forty identified questions that need answering by the Commission, I will limit my questions for the Commissioner to examine to those important issues that are not explicitly included in the Vardy et al submission. These issues are outlined below:

1. Regarding the lack of an effective Water Management Agreement (WMA), or more particularly the lack of clarity and legal dispute regarding the WMA with Quebec Hydro, the Commission needs to examine and report on the total expected annual power will be that can be produced at Muskrat Falls? What is the adjusted cost per Kwh as a result of lower than planned output assuming Quebec Hydro's position is legally upheld in the courts? What ongoing negotiations or approaches/actions are Nalcor, or the NL Government engaged in to get access to water rights that will enable the MF generation to reach its stated capacity. It is clear that if Quebec Hydro controls the water flows and derives the benefit from any adjustments at the Upper Churchill then Nalcor/NL Government will have to give up something material in order to operate MF at capacity. This issue needs to be addressed by the Commission.
2. The commission needs to explain why Nalcor assumed no access to power from Upper Churchill in 2041? This assumption by Nalcor was a blatant misrepresentation that had a

very material financial effect on the comparative analysis to justify Muskrat Falls as the least cost it its analysis. This assumption was fundamentally without logical and neither Nalcor, nor our Government has provided any reasoning for this assumption.

3. Many people within our Province took comfort in this project because it was backed by the federal Government. Indeed, on two occasions the federal government provided significant financial support to the project. The Commissioner needs to enquire of the federal Government as to the analysis it performed and its reasoning for supporting the project. To the extent that the Commission determines that the Muskrat Falls project is not economically feasible, was not the least cost option, or will require that the people of the Province subsidize the costs through higher taxation or reduction in other public services to pay for this project, then it is only natural that people will turn to the Federal Government to explain why it facilitated the project which shall cause so much financial hardship on our people. While the Commission has a Provincial mandate it must also enquire of the federal Government due to its significant role in financing the project and the requirement to be transparent. If the Federal Government chooses not to cooperate with the Commission, or respond to any enquiry, the Commissioner should report same.
4. In question #19 of the Vardy et al submission, it asks "Did Nalcor at any point after sanction seek reconsideration of the decision to sanction". This question needs to be expanded to include whether our Government ever reconsidered the decision to sanction?
5. The Commission must also ensure that its public report explains the actual cost per kwh for Muskrat Falls power on a stand alone basis? To the extent that our Government or Nalcor has plans to mitigate the incremental cost to be passed on to the consumer, it is critical that any such mitigation costs are transparent so that the public is informed how much of other public resources are to be directed to subsidize Muskrat Falls power? The Commission must also inform the public of the costs Nalcor will recover under its agreement with Emera and what consumers in Nova Scotia will pay for Muskrat Falls power and other power supplied to Nova Scotia by Nalcor?

Thank you for the opportunity to engage with the Commission, I am very much looking forward to your important work on our behalf. I appreciate and welcome the public disclosure, engagement and transparency that will result from your inquiry. The Inquiry represents the last hope for our people, on the largest investment, our Province has ever undertaken.

Yours sincerely,

Gabe Gregory