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(Natural Resources)

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### Newfoundland and Labrador will lead Lower Churchill development

In keeping with the provincial government's agenda of developing resources for the maximum benefit of the people and continuing on the road to self-reliance, Premier Danny Williams announced today the Government of Newfoundland and Labrador and Newfoundland and Labrador Hydro (NLH) will take the lead on the potential development of the Lower Churchill hydroelectric resource. The decision was made following the assessment of the proposals short-listed from the Expressions of Interest and Proposals (EOI process).

"Just over a year ago, we embarked on a process to identify the best approach to develop the Lower Churchill hydro resource that would ensure maximum benefits and returns to the people of Newfoundland and Labrador," said Premier Williams. "Our team has thoroughly assessed and evaluated all of the proposals that were received through our EOI process, and today we are pleased to announce that the province in partnership with Newfoundland and Labrador Hydro will lead the development of the Lower Churchill. It became clear that a Newfoundland and Labrador-led development presented the best option to realize our objectives to develop this tremendous, clean source of renewable energy."

Premier Williams said the decision was approached from both a public policy and business case perspective.

"Never before has such serious consideration been given to the province leading the development of this resource," added Premier Williams. "Previous development was always contemplated in the context of an external partner joining with the province. This typically resulted in Newfoundland and Labrador being left with less than acceptable benefits and profits from the development of our own resource. Today marks a turning point in our history as we acknowledge that we as a province are capable of leading and having full control of this process."

"We know that we are capable of executing this project in a way that will ensure we maximize the returns while mitigating the risks," the premier continued. "We have the experience, knowledge and capacity to take on a project of this magnitude and we are recognized as world leaders in hydroelectric operations and development. This is about doing it by ourselves, for ourselves. We are on a path to be masters of our own destiny and the successful development of this project will be a significant step forward in reaching that ultimate objective for this province."

Premier Williams indicated the decision for a Newfoundland and Labrador-led development is only the next step in a long process. Further decisions will be made on the construction of the project in the coming months. There also remains further analysis of the various key elements and negotiations before a final decision can be made that will lead to the sanctioning of the project.

With Hydro leading the planning process, efforts will continue to determine the project's financial, technical and environmental feasibility. At this point, all development options are still being reviewed including project configuration, transmission routes, and markets.

"Our government has clearly stated that our primary objective for the development of our natural

resources is to optimize benefits for our citizens," said Ed Byrne, Minister of Natural Resources. "During the recent consultations on the development of a comprehensive Energy Plan in Labrador and on the island, I heard overwhelming support for this position as well as support for our approach to the Lower Churchill development. We will continue that approach by assessing and scrutinizing every aspect of this project to ensure we make informed, responsible decisions on behalf of the people of the province."

While Hydro will take the required time to complete due diligence on the feasibility of this project, a planning schedule has been developed that will see a project sanctioning decision by 2009 and potentially first power by 2015. Therefore, activity is taking place on several fronts including negotiations with the Innu Nation of Labrador on an Impact and Benefits Agreement (IBA) and laying the groundwork for the comprehensive environmental review process leading to the filing of an Environmental Impact Statement by the fall of 2007. Furthermore, Hydro continues to assess all market access options including monitoring the progress of its application to Hydro-Quebec TransEnergie that will allow power from the Lower Churchill Project to be transmitted from the Labrador/Quebec border to markets in Quebec, Ontario, U. S. northeast and the Maritimes.

"We are very excited about the opportunity to potentially develop the Lower Churchill project on behalf of the people of this province," said Ed Martin, president and CEO of Newfoundland and Labrador Hydro. "We have much work ahead of us leading to what we hope will be a positive decision to proceed with the project."

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### BACKGROUNDER

#### Lower Churchill Project – Environmental Studies

To date, following calls for Request for Proposals (RFPs), four environmental contracts have been awarded for studies required for the preparation of the Environmental Impact Statement. These contracts include:

- **Ice Dynamics of the Churchill River** - awarded to SGE Acres/Minaskuat Environmental Partnership (\$205,200)
  - This study will be carried out in two phases: 1) Ice Surveys; and 2) Modelling. The first phase will review existing data and obtain baseline information on ice formation, ice break-up and ice cover/ice-free areas. Information on the use of the ice by wildlife (e.g., seals, birds) and people will also be collected. Weekly helicopter surveys began on March 20 and concluded on May 2. The second phase will entail the modelling of the future thermal dynamics of the study area, to predict the effects of the project on ice formation, ice break-up and ice duration in the Churchill River.
- **Water and Sediment of the Churchill River** - awarded to Minaskuat Environmental Partnership (\$153,610)
  - This study's main objective is to assess baseline conditions of water and sediment quality in the Churchill River over a complete annual cycle. Sampling was initiated on April 4, 2006, and will be conducted monthly for 12 months. Study teams will collect water and sediment samples from 10 sites along the Churchill River during each sampling campaign.
- **Furbearer Winter Habitat Use of the Churchill River** - awarded to Sikumiut Environmental Management (\$52,233)
  - The purpose of the study is to collect information on the distribution, abundance

and habitat associations of furbearers in the project area. In order to gather this baseline data on furbearers such as marten, mink, lynx, otter, ermine, weasel, and wolf, winter snowtracking is required. A six-member team conducted tracking surveys during the first week of April.

- **Seal Abundance and Distribution** - awarded to Sikumiut Environmental Management (\$30,350)
  - The study entails a helicopter survey of seal abundance and distribution in Goose Bay and Lake Melville. The survey area extends from Muskrat Falls on the Churchill River east to Rigolet in Lake Melville. The survey was conducted during the first week of May.

On May 1, 2006, a Request for Proposal was released to obtain professional services to lead various components of the work necessary to complete a successful environmental assessment. Proposals are due May 12, 2006. The components are:

- Environmental assessment report preparation;
- Terrestrial wildlife;
- Freshwater and marine aquatic environments;
- Terrestrial vegetation and ecological land classification;
- Historic resources;
- Socioeconomics; and,
- Transmission line route selection.

When these consultants have been retained, scopes of the individual baseline studies will be developed with input from the Innu Nation and experts from appropriate federal and provincial regulatory agencies. Studies will be undertaken throughout the summer and early fall of 2006, and Environmental Impact Statement will be prepared in 2007.

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