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Quebec too politically 'volatile' to rely on for energy needs: N.L. premier

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ST. JOHN'S, N.L. (CP) - Canada should reduce its reliance on energy from Quebec because the province is too politically unstable, Newfoundland Premier Danny Williams said Wednesday in a bid to build support for the massive Lower Churchill hydroelectric project in Labrador.

"The more we can spread out our energy supply means that we won't be totally dependent on Quebec for energy which, given the volatility of the politics in Quebec, could be a very, very sensitive situation in the years to come," Williams said at the provincial legislature.

In May, Quebec unveiled details of an ambitious, 10-year plan to develop hydroelectric projects in an area known as the Five Rivers in the Lower North Shore region, just south of Labrador.

The province's Crown-owned electric utility, Hydro-Quebec, has since announced that the draft design for its 1,500-megawatt Romaine River project, which is in the most advanced stages, will be finished this fall.

Williams said Quebec's plans are an attempt to thwart Newfoundland's multibillion-dollar bid to develop a hydroelectric project down river from the existing Churchill Falls dam.

If Quebec's projects are developed, he said, the province's power grid might not have enough capacity to carry additional electricity from Labrador to other Canadian and U.S. markets.

"The fact that Quebec came out with their plan and are trying to tie up the (transmission) capacity that's available right now is all part of that," Williams said.

But the outspoken Conservative premier insisted Quebec's plan won't derail the Lower Churchill project, which has been on the drawing board in one form or another for several decades.

"We're not going to be governed in this process by what Quebec wants to do or doesn't want to do," the premier said.

A spokesman for Quebec Natural Resources Minister Pierre Corbeil said the province's hydroelectric plans have nothing to do with infringing upon Newfoundland's right to develop its own power.

"We have potential in Quebec and want to develop it. That's the bottom line," said Mathieu St. Amant.

But Tom Adams, executive director of Toronto-based Energy Probe, said Quebec's

projects are a threat to the viability of the Lower Churchill project.

"Newfoundland has to appreciate that it's in a highly competitive environment," Adams said, noting Williams must tone down his political rhetoric and strike a transmission deal with Quebec.

"Without it, you're nowhere," he said.

Ontario Energy Minister Dwight Duncan was equally blunt.

"At the end of the day, it's not about politics, it's not about provinces, it's about physics, and the only way we can get the power from Newfoundland to Ontario is through Quebec," he said. "I can't sign a deal if I don't have Quebec involved in assuring the transmission of power."

Ontario has made it clear it is interested in buying the clean energy that Lower Churchill offers.

Still, Williams admitted there's nothing stopping Ontario from buying electricity from Quebec.

Observers have warned Ontario faces energy shortages over the next five to seven years without significant new sources of power.

A final decision on the feasibility of building the Lower Churchill project, estimated to cost up to \$9 billion, will be made by 2009. If the project is given the go-ahead, the earliest it could produce power is 2015.

The desire to build more power plants on the Churchill River in central Labrador can be traced back to 1972, when the Churchill Falls hydroelectric dam was completed with Quebec's help.

Under that much-maligned deal, set to expire in 2041, at least \$750 million has flowed into Newfoundland's coffers as of 2004, the most recent figures available.

Quebec has pocketed almost \$1 billion annually.

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