

Article rank 26 Oct 2010 The Telegram (St. John's)

A new deal

A Lower Churchill deal is "looming very large on the horizon." So says Premier Danny Williams, who broke the news to party faithful at the annual Progressive Conservative convention in St. John's on the weekend.

"Right now we are in discussion with Emera Energy and the folks in Nova Scotia who are anxious to be our partners as we move forward," he said in a keynote address.

But are the wheels really rolling this time, or is this just another pep talk to keep the dream alive?

Developing the Lower Churchill is the premier's ultimate goal in office. Since 2003, however, the project has been a moving target. The province, through its energy corporation Nalcor, has posited a number of options and the projected start date has been repeatedly pushed back. As well, the estimated cost has climbed from about \$5 billion to more than \$10 billion by some counts.

The premier has consistently touted a subsea maritime route that would see power transmitted across the Strait of Belle Isle, down the Northern Peninsula and across the Gulf to Nova Scotia. At the same time, the province has been negotiating and/or wrangling with Quebec over the more obvious route through that province.

At the convention, Williams reiterated his preference.

"Imagine how exciting a day it would be if we could see that power avoid Quebec altogether. ... If there's anything that puts a smile on this face, that does every time."

Williams has boasted about talks with the Maritime provinces before. Two years ago, he told The Telegram that talks with Nova Scotia were already down to brass tacks, which included mapping out a specific transmission route.

In that light, Williams' "news" this weekend would appear to be anything but — except for one new twist. Now, he's proposed scaling back the project and doing it in two phases: developing the smaller Muskrat Falls first, and then damming Gull Island at a later date. It's a new idea, and that's a good thing. But it also raises new questions. The smaller project would require costly startup infrastructure. The overall price tag would still be lower, but the question remains, would the limited output be enough to offset the capital costs?

As well, the premier said the province would seek a loan guarantee from Ottawa. That would clearly raise hackles in Quebec, and in a federal Parliament that pivots on Quebec votes, it won't be taken lightly by the prime minister, either.

Ironically, in his speech, after banishing Quebec from the equation (to a standing ovation), the premier then produced an olive branch, suggesting Quebec could still get in on the "party" if it wanted.

These mixed messages demonstrate how complex the issue is. Williams has been keeping several irons in the fire, and has sparked considerable skepticism as a result.

The coming weeks and months will tell whether this new approach will bear fruit.

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