

Williams's shaky legacy? Expert says Lower Churchill project could unravel

Telegram, Published on November 25th, 2010

HALIFAX - It will be tougher for Newfoundland and Labrador to complete the Lower Churchill hydroelectric project without the commanding presence of Premier Danny Williams at the helm, a leading expert on the Atlantic Canadian economy says.

Donald Savoie, a professor at the University of Moncton, said the Conservative premier's stunning decision Thursday to step away from politics could stall the \$6.2-billion project that was announced only last week amid great fanfare.

"I think it will make it much more difficult because Danny Williams has a powerful, powerful personality that can drive change," said Savoie, who has served as adviser to several federal and provincial governments, the United Nations and World Bank.

"There's a lot that needs to be done. ... It's one thing to announce it and sign an agreement; it's quite another thing to deliver the goods."

Williams has long identified the proposed megaproject as a central goal of his political career and he cited last week's announcement as an achievement that helped him decide it was time to leave politics.

But before it goes ahead, the project still requires approval from the Innu, who are in the midst of land-claim negotiations with Ottawa.

Even though Innu leaders have signed a tentative side-deal with the province approving construction of a dam at Muskrat Falls, they have also said they won't give final approval until the land claims are settled and Ottawa recognizes the Innu as a First Nation.

As well, the federal Conservatives are under pressure from Quebec Premier Jean Charest, who has argued Ottawa should not offer the project any financial support.

"The vested interests of Quebec would have been heard loud and clear in Ottawa," Savoie said, noting that previous Lower Churchill deals have fallen through, most notably a tentative 1998 deal between former premiers Brian Tobin and Lucien Bouchard.

Williams, who made a name for himself by picking ugly scraps with Prime Minister Stephen Harper and oil industry titans, said the signing of the deal heralded his decision on Thursday.

"Only when that deal was signed did it really come to me, this is the time for me to move on," he said after his farewell address at the provincial legislature in St. John's.

He insisted the project will become a reality.

"There's no doubt in my mind that the Muskrat Falls deal will be done," he said, noting that his interim replacement is Natural Resources Minister Kathy Dunderdale, one of the main players behind the project.

"She knows it cold," Williams said. "It's a sweet, sweet deal."

Under the agreement, Newfoundland and Labrador's Crown utility, Nalcor Energy, plans to spend \$2.9 billion to build a power generating facility in central Labrador, down river from the Churchill Falls generating station.

A transmission link from Labrador to Newfoundland would cost \$2.1 billion, \$600 million of which would be provided by Halifax-based Emera Inc. (TSX:EMA). A link between Newfoundland to Nova Scotia would cost \$1.2 billion, all funded by Emera, which owns the utility Nova Scotia Power Inc.

Nova Scotia Premier Darrell Dexter described Williams as a "profound friend," whose "vision was matched by his determination, which was virtually boundless."

The NDP premier said he expects construction of the Maritime transmission link to start within months.

"This is a project that we have every confidence will be completed," he said when asked about Savoie's comments. "There is a momentum around Atlantic co-operation that has been started over the last couple of years that we can take advantage of."

Economist Wade Locke, who teaches at Memorial University in Newfoundland, said the province's renewed pride and economic prosperity will ensure the job gets done.

"There's a new sense of confidence in this province that wasn't there before," said Locke.

In the end, he said, the federal government will have little choice but to back the deal.

"The benefits of this particular project for Newfoundland, for the region, for the country should be sufficient motivation for the federal government to make this go forward."

While it's true the land-claim talks could scuttle the plan, it's important to note that the Innu leadership supports the project, unlike in 1998.

"It is tangible evidence of what you can have if there's regional co-operation — not just words, but actions," said Locke. "That bodes well for the region as a whole."