

Natural gas a viable option, says prof

By Carlo Mazzoni
THE TELEGRAM

Newfoundland and Labrador is wasting a valuable and cost-effective resource by ignoring natural gas, maintains a prominent MUN professor.

Steve Bruneau told a packed lecture hall Wednesday at the university's Angus Bruneau Centre natural gas could be pumped from the Grand Banks to a power plant on Newfoundland land for a fraction of the cost it would take to develop the Lower Churchill project.

"My recommendation would be that another independent review of natural gas for domestic power be required before a final decision is made. Certainly with respect to committing the public to that very long-term binding agreement to Muskrat Falls," said Bruneau, an assistant professor with MUN's faculty of engineering.

Development of a hydroelectric generating station on the lower part of the Churchill River in Labrador has been projected to cost \$6.2 billion, including the cost of constructing a transmission line from Labrador to Newfoundland and from the island to Nova Scotia.

Bruneau says it would cost roughly \$760 million to \$900 million to build an underwater pipeline from the Grand Banks to a newly constructed Combined Cycle Combustion Turbine (CCGT) at an additional cost of \$500 million to \$800 million. The cost of buying the gas itself would depend on a number of factors.

"I'm not an economist but if we were to purchase all of the natural gas that we would need from now until 2041, and we were to buy it today, and we were to pay the top price indicated for every piece of infrastructure I told you about, it would still be less than either of the



Professor Steve Bruneau talks about using natural gas for energy during a presentation Wednesday.
PHOTO BY JON EBBEDSON/THE TELEGRAM

other options — that have been dealt with. Substantially less," he said.

Bruneau's talk focused solely on producing enough electricity to feed the needs of Newfoundland and Labrador until 2041.

The Lower Churchill project includes the cost of getting power to Newfoundland and on to markets in the US, thus becoming a revenue-generating endeavour for the province.

Bruneau said according to his calculations, compiled using the same reports and files used by Navigant in its review of the Lower Churchill project, there is more than enough natural gas produced by the oil fields to power the province from 2020 at the latest to 2041 at the earliest. He estimated it would take between three and four years to get natural gas electricity pumping into provincial homes.

Most of the gas produced in the

oil fields is used by the three platforms. 10 per cent remains, however, the remainder is pumped back into the Earth for future extraction.

The timeframe of 2020 as the beginning of marketable production is laid out in the province's energy plan from 2007.

Bruneau took questions from the crowd following his presentation.

Most of the inquiries from the public had to do with the possible environmental effects of using natural gas for electricity, however, at least one person criticized Bruneau for leaving out a large expense in his calculations.

The speaker, who was not identified, said some types of natural gases couldn't be transported through pipelines, so facilities would need to be built onto the various oil producing platforms to separate the usable material from unusable.

Others wanted to know simply "which would run out sooner, water or gas?"

It should also be noted that while several reports and outlooks have deemed natural gas as having potential for Newfoundland and Labrador, it has also been dismissed by Dalent and the Canadian Association of Petroleum Producers as an economically viable option for at least the next few years.

But Bruneau contends the numbers he has presented are significant enough to warrant a second look at natural gas as a viable alternative to fishing ahead with the Lower Churchill project in order to meet the province's needs.

Bruneau's presentation can be found online at www.mun.ca/harbourcentre/.

cmaed@mun.ca/thetelegram.com

Fox Harbour calls drop

By Andrew Roach
THE TELEGRAM

According to the mayoral community he lived in year-old man who died Drummers Pond near Tuesday was an experienced fisherman who was well acquainted fishing.

"Why that morning he and take a short cut a pond, we'll never know," Harbour Mayor John Maher said. "He and wife were among those at the the incident Tuesday and word spread of what had happened."

The man's body was found in the pond Tuesday by volunteer firefighters from Centreville and Fox Harbour.

The RCMP has not released the name of the deceased man.

According to Maher, the old man was fishing for trout with his friend when he fell through the pond.

The other man had to

Four specialists

But his departure means only four urologists remain. Eastern Health has advised referring patients to Halifax, NS.

Eastern Health has a full complement of urologists, but some time ago, patients have been referred to Halifax since 2010.

"Patients referred to us are subject to a triage process to determine treatment,"

A spokeswoman for Eastern Health said during the process at the Halifax

March 29th 2012

Natural gas won't work: minister

By JAMES MCLEOD

THE TELEGRAM

Liberal Leader Dwight Ball has been asking for details when it comes to natural natural gas for a while. On Thursday, Natural Resources Minister Jerome Kennedy said that for the province's electricity needs, natural gas isn't even worth studying.

"Some things ... don't require extensive studies," Kennedy said. "The economics of it and the Atlantic Accord don't allow for it."

On Wednesday night, Memorial University engineering professor Steve Bruneau gave a detailed presentation where he outlined why he believes that natural gas is the best option for the province's electricity needs.

He said the province needs to do a detailed review of it as an alternative to developing the Muskrat Falls hydroelectric project at a cost of roughly \$6.2 billion.

In the House of Assembly Thursday, natural gas dominated question period. Ball wanted to know about the possibility of developing gas from the Grand Banks for domestic electricity.

"What we've been asking for is a complete analysis of all the options," Ball told reporters. "We're not here arguing for natural gas. We're here saying on behalf of the people of this province, why shouldn't we explore it?"

Kennedy, though, said it's simply not possible, and even if it was, it's not cheaper than Muskrat Falls.

"Under the Atlantic Accord Act, when a production licence is given to an oil company, they're essentially given the right to develop that oil and gas as they see fit," he said. "We can't order them to proceed and develop natural gas."

Kennedy said even if they could do it, it's not the cheapest option. NDP critic George Murphy has a lot of experience watching fossil fuel prices; he said he'd also like to see an independent analysis of natural gas as an alternative electricity source.

"The math is easy to figure out here; we're talking about the potential to save \$5 billion of the taxpayer's money to put a new form of energy out there on the market," Murphy said. "(Kennedy) told me that 15 years of pricing gas and everything like that does not make me an expert in gas. Well, he's a lawyer by trade and I guess the equivalent, 15 years as a lawyer doesn't make him a judge."

Killing Katimavik slammed

Corrupt Council of Labrador president deserves clemency of youth education programs

BY JAMES MCLEOD
OF THE TELEGRAM

Over the last 10 years, around 10,000 young people have participated in the Katimavik program, which began in 1990. It's been a great experience for many young people in parts of Labrador.

She's the executive director of the Katimavik program.

During Thursday's federal budget, which announced that funding for Katimavik will end come June 30, 2012, she said, "That news does not sit well with Adrienne Michel, president of the Canadian Council of Labrador."

"That is a tragic, tragic loss for our area and our region," she said.

Adrienne Michel's offering is

the following: "I'm sorry. Over the course of the program, over the years, the Council of Labrador has been doing a terrible job. They're not doing what they're supposed to do."

Aside from offering Canadian youth the opportunity to travel and live in each other's homes, and the programs provided through partnerships with Indigenous communities, Michel says, "There's no real program and instruction unless there's some kind of relationship between the two."

In a statement, Michel said, "I am very disappointed with the decision the government has made to cut off funding to Katimavik."

"The Katimavik program has been a wonderful contribution to communities across Labrador, so I definitely think we will lead & voice our

opposition & speak truth to power, & work for our youth until the end."

On other aspects of the budget, Michel said, "It's not all bad. There's more good than bad."

Michel added,

"I am very disappointed with the decision the government has made to cut off funding to Katimavik."

Michel was also critical of the Atlantic Canada Opportunities Agency (ACOA).

"A lot of the ACOA department and partners that take place in Newfoundland and Labrador are not interested in or provide services to our local communities or

Indigenous governments or

Indigenous peoples."

HIGHLIGHTS: FEDERAL BUDGET 2012

- Insights from the comprehensive government 2012 budget, released Thursday
- Reduction of the deficit to \$34.8 billion, saving \$11 billion a year
- Budget 2012 will add \$1.1 billion, or \$34.8 billion for 2013-14, to reduce to \$27.7 billion over three years to 2016-17
- More than \$2 billion in cuts to annual federal spending by 2014-15
- Job Bank funds promised to be eliminated, or 4.3 percent of the federal workforce
- Age of old age security and the guaranteed income supplement to gradually move to 67 years old beginning in 2023
- \$2.3 billion over 10 years to restore and renew the Canadian Parks and Protected Areas Fund
- Digital Libraries to be phased in after 2012-13, in exchange for higher benefits
- \$2.1 billion in research and development over five years

'The devil is in the details'

Municipal leaders yet unsure how federal budget will affect communities

By DEREK BARRETT

OF THE TELEGRAM

Municipal leaders in this province say it's too early to tell how the federal budget will affect towns and cities.

Without having read the 200-page document — and with little time to digest it in the highlights — four mayors contacted by The Telegram Thursday said they were limited on what they could say.

"You can only draw assumptions because you don't have the details," said Municipal Newfoundland and Labrador president Clarence Rogers, the mayor of Corner Brook.

"Right now, I don't see any significant impact on municipalities."

Mount Pearl Mayor Randy Smallwood agreed.

"As they say about everything, the devil is in the details," he said.

Big Bay陀螺 Mayor George Murphy said that he's not sure if the little syllables that make up the big picture budget are going to go away.

"I've got a better feeling it's going to be alright, we're not qualified and I don't feel that I've got much of the little syllables that make up the big picture budget."

St. John's Mayor Jim Keay



Municipal Newfoundland and Labrador president Clarence Rogers

might be a more description of it in the budget."

The only detail the Telegram could find in the 20-page budget highlights related to municipal infrastructure, top a \$14-million commitment over five years for

the capital budget.

Indeed, Rogers and Keay

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there on the market," Murphy said. "(Kennedy) told me that 15 years of pricing gas and everything like that does not make me an expert in gas.

Well, he's a lawyer by trade and I guess the equivalent, 15 years as a lawyer doesn't make him a judge."

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THE PEOPLE'S PAPER

St. John's, Newfoundland and Labrador

PUB forces Muskrat Falls about-face

Following question period Monday afternoon, Natural Resources Minister Jerome Kennedy (left) and Premier Kathy Dunderdale met with reporters outside the House of Assembly where they discussed the Public Utilities Board report on the Muskrat Falls energy project. — Photo by Joe Gibbons/The Telegram

Dunderdale promises full House debate, natural gas and wind studies

By JAMES MCLEOD
THE TELEGRAM

The provincial government moved decisively to extinguish any doubt about the Muskrat Falls development Monday, after the province's Public Utilities Board (PUB) refused to certify it as the lowest cost option for electricity.

In the wake of the PUB report, Premier Kathy Dunderdale promised added study of natural gas and wind as options for electricity generation, and vowed to call a summer sitting of the House of Assembly to debate the Muskrat Falls project.

At the same time, though, Dunderdale called out the PUB saying they "wasted \$2 million" by reviewing the Muskrat Falls project and refusing to make a say whether or not it was a good project.

"They don't disagree with us on the Muskrat Falls project," Dunderdale said. "After nine months and \$2 million, they refuse to make a recommendation."

Late Friday, the PUB formally delivered its report on the Muskrat Falls project to the government. The board had been tasked with deciding whether Muskrat Falls is a cheaper source of electricity than an isolated island alternative.

The information it was given by Nalcor to assess the project mostly dates back to November 2010, when Nalcor passed its Decision Gate 2 and proceeded with planning of the project.

Later this year, the government is expected to pass through Decision Gate 3 and decide whether to formally sanction the project and proceed with development and construction.

In its report, the PUB said it couldn't certify that the project is the cheapest electricity option based on the November 2010 numbers, because they're vague and amount to not much more than a feasibility study of the Muskrat Falls project.

"In conclusion, the information which was made available during the review was considerably less detailed and comprehensive than the information that Nalcor has today and will have at Decision Gate 3," the PUB wrote. The board concludes that the information provided by Nalcor in the review is not detailed, complete or current enough to determine whether (Muskrat Falls) represents the least-cost option for the supply of power.

Dunderdale said this is a change of tune for the board.

See MHAs, page A4

FISHERY/LABOUR

Talks break down between OCL, unions

Union president accuses co-operation of union busting

By DAVID MCKEON
THE TELEGRAM

The president and Allied union accuse International Harvester of busting, after it Newfoundland down.

The coming about trying to president Earl news conference at the union Avenue interested in capitalization this dispute McCurd pushed them to resolve disruption to for Ocean. "But when the labour, in pure put worse the start of

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PUB makes no decision on power supply options

Bogged requests review down the line, Nalcor says, report valuable

By Andrew Parsons

10 pages

The provincial government has referred the Board of Inquiry Report on the proposed Muskrat Falls development to the board to decide if the development is preferable to an "isolated island" power option.

The report calls for further information.

The board concluded the information provided by Nalcor in its review is not detailed, complete or current enough to determine whether the information it contains, including the development of Muskrat Falls, represents the best power option for the supply of power to Island rate customers over the period of 2011-2037, as compared to the isolated island option, it states.

Its release by the PUB had proceeded, reluctantly, in a flurry Monday, yet Nalcor Energy's Ed Martin expressed his discomfort with the PUB's statements when speaking with The Telegram.

"I think the critical pieces for me — what we're going to do here from all of those criteria now, trying to gain whatever insights we can from the input. So I sort of look through it with an eye of what's there that can be helpful."

"There's some things that are helpful there," Martin said.

The PUB's report did not state the board was refusing to choose a power option because all alternatives had not been properly explored. The board, in fact, was not asked to consider potential alternatives or Nalcor Energy's consideration thereof and, as a result, it did not pursue information on alternatives outside of the two options before it.

The board was also instructed not to consider anything related to the sale of excess power produced by the Muskrat Falls project. It was not to consider the proposed Maritime link to potentially connect this province's power system with that of Nova Scotia.

The PUB said these restrictions raised problems in assessing the options, both in terms of cost and technical aspect.

The Maritime link was referenced during the board's review in the context of the reliability of the island's power system, system standards and overall cost. The board noted at times information regarding the link was offered by Nalcor representatives and, at other times, it fell victim to the review's terms of reference.

The PUB also questioned why it was working from dated numbers. For example, it used a load forecast from 2010, when it was told a fore-



The provincial government released the much-anticipated review of the Muskrat Falls development Monday. — François Boisjoly photo



Ed Martin

cast for 2011 was not going to be made available.

The board stated it felt limited information was available on the province's industrial customers, calling Nalcor's responses on the subject "inadequate."

Ultimately, the sticking point in answering whether the development of Muskrat Falls was the least-cost option for supplying the province with reliable power was apparently the fact the board's decision was to be based on information from "Decision Gate 2" in November 2010 — the point at which Nalcor first decided to move ahead with an independent review of its project plans.

The PUB indicated the numbers now being prepared by Nalcor — more current, precise numbers for a go or no decision on the project — would better serve the type of review it was asked to conduct.

The board's report was initially to be filed by Dec. 31, 2011. The date was pushed to March 31, 2011, due to delays in submissions on the part of Nalcor.

An extension was requested, but denied by the provincial government.

Members of the PUB have so far refused to comment on their final

product.

Meanwhile, Martin said he has no objection to another review being conducted, as the Dunderdale administration has publicly stated will happen. This time, the review is to be conducted by Manitoba Hydro International, with the numbers in June, there, he said, all of that information will be made public and the House of Assembly will be called back for a special session to debate the project.

"It's a good thing, to have the final review, and we would have found a way to do that one, [but] not another," Martin said.

He said the Crown corporation will now have to work towards providing the information needed.

"A lot of the things have been accomplished and, you know, I talk about some of the most important things we've done, such as the final environmental arrangements, the environmental assessment work, we have the majority of the engineering that we want to have done completed and, we're into a re-coating exercise now, which is taking a little time, but we should be ready. We are in the process of finalizing our financing strategy and working with the federal government and concluding the Energa agreement," he said.

"All that work's going well and it's converging at a reasonable rate. So once again, I won't give a date, but it's coming together."

Nalcor will pay the cost of the next review. The PUB's review will be a \$2 million expenditure on Nalcor's books.

The PUB report notes Nalcor spent \$82.8 million feeding the assessment of the province's power options, in relation to the Lower Churchill from November 2010 to Dec. 31, 2011. Nalcor forecasted an additional \$1.1 million in the spent per month from January 2012.

It was also noted the value of all contacts and work packages prepared by Nalcor to date, since November 2010, to be "in excess of \$900 million."

<http://www.iainfo.ca/pubs/legis.htm>

MHAs to vote on project

Continued from page A3

The government has said all along it's the job of the board to make recommendations, but it must pass until some time in June.

In December, Liberal MHA Andy Willis argued for a three-month extension before the PUB in the mid-point of June, to complete the project. At the time, Willis said they needed more time to do more public consultation on prospects, given the June deadline.

"I think there were significant issues that at the end of December they came to us and asked for a somewhat extension for public consultation. That's all," Dunderdale said.

"We need to ask them why, at the end of December?" asked Willis. They very asked for an extension to the end of June [knowing full well that the something members were only going to be available in June]."

The government refused to give the PUB the extension at the time, saying it was important to have time to debate Muskrat Falls in the House of Assembly.

Monday, Dunderdale said because the PUB didn't endorse or reject Muskrat Falls, the government will chart a new course.

Dunderdale announced the government has hired Manitoba Hydro International to do a full assessment of Nalcor's Decision Gate 1 numbers in June. There, she said, all of that information will be made public and the House of Assembly will be called back for a special session to debate the project.

There will be a formal motion and MHAs will vote on whether or not the province should proceed with the project.

"Up until now, Dunderdale has said there's no need for a detailed debate on Muskrat Falls because MHAs could talk about it during the spring debate on the budget."

To mollify the opposition parties, Dunderdale said the government will also do a formal study on natural gas, which the Liberals have been saying is a viable option that has never been considered.

Wind power, which the NDP has been championing, will also get

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WEEKEND EDITORIAL

Don't call us

SUN TO CBC CUTS, BIG CHANGES TO THE POPULAR TV SHOW DES IS BACK; THE REST OF THE CAST ARE FIRED!

**HEY, BYE,
C'MON, I'M
OK, REALLY.
JUST A FLESH
WOUND...**

**REPUBLIC
of DES**

LETTERS TO THE EDITOR

The best option for electrical power

By Ed Morris

Who's Muskat Falls? This is a question I get asked a lot.

To help answer this question, I'll dedicate a number of blogs to the Muskat Falls project over the next month. These blogs will take readers through the detailed analysis Nalcor, with the government of Newfoundland and Labrador, Muskat Falls with the interconnected island alternative to meet the long-term electricity needs of our province. I'll also focus on areas where the majority of questions or concerns have been raised by the public.

Nalcor's subsidiary, Newfoundland and Labrador Hydro, has a responsibility to assess and recommend supply options to meet the province's growing energy needs. This is a function it has been performing since the 1970s, and its predecessors before it. In 2010, Hydro determined new generating capacity was required to meet the growing demand for electricity on the island.

Many options examined

Nalcor examined a broad selection of generation supply options to meet the island's growing and long-term electricity needs, including nuclear, natural gas, liquefied natural gas, coal, combined oil-fired generation at Holyrood, simple and combined cycle combustion turbines, wind, biomass, solar, wave and tidal hydroelectric developments on the island and inter-island and electricity imports.

Two least-cost scenarios were developed from these options — one from options available for an isolated island

Rising oil prices and rising demand for power means electricity rates are increasing on the island. In 2017, with Muskat Falls, rates for consumers will stabilize with minimal variation or increases.

With Muskat Falls, generations of Newfoundlanders and Labradorians will benefit from low-cost hydropower. The benefits of clean, renewable hydropower can be seen in other jurisdictions in Canada with low stable electricity rates, such as British Columbia, Manitoba and Quebec.

The finalization of the impacts and benefits agreements and the signing of the New Dawn Agreement mean the Labrador Innu will see substantial revenues from Muskat Falls.

The development of Muskat Falls and the future development of Gull Island also offers substantial employment, income and taxation benefits to all Newfoundlanders and Labradorians and the rest of Canada.

Finally, with Muskat Falls, electricity generation in our province will be 98 per cent renewable. Electricity consumers and businesses will benefit from rate stability and predictability that comes from hydropower. An investment in Muskat Falls also lays the foundation for future electricity exports from our smaller hydro developments and wind, and we'll be structured to have a longer-term renewable energy sector.

I'll expand on many of these topics in my blogs over the next few weeks which will be posted at www.nalcorislandsiplog.com. I encourage you to participate in this public dialogue.

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