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# Muskrat Falls must have full review

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The Telegram (St. John's) · 12 Jan 2012 · Ron Penney is a former deputy minister of justice and city manager for the City of St. John's. David Vardy is a former secretary to cabinet and chairman of the Public Utilities Board. BY RON PENNEY AND DAVID VARDY

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We wrote the former minister of natural resources, Shawn Skinner, in May asking him to have the Muskrat Falls project reviewed by the Public Utilities Board. We were pleased that the minister agreed to refer the project to the board, even though the reference was limited to comparing the isolated island option with the Muskrat Falls project, and the reference was advisory only.

We have been following the process quite closely since then and commend the board for its transparent approach, which allows interested members of the public to follow the information flow between the board and Nalcor. The correspondence demonstrates the frustration being experienced by the board with the timeliness and quality of the responses being provided by Nalcor.

We were therefore not surprised by the recent request by the board to have the deadline extended for the completion of the reference until June 30 and fully expected Minister Jerome Kennedy to provide the extension.

We were shocked by the immediate decision of the minister to deny the request. The stated reason is to allow a debate in the House of Assembly in March but there is no reason why the House cannot debate this in July, following the completion of the reference.

As pointed out by the chair of the board in his letter to the minister of Jan. 6, the likely result of this decision will be to reduce the role of the consumer advocate and to restrict public consultations to St. John's. We urge the minister and the government to reconsider this decision.

The Muskrat Falls project is by far the largest capital works project ever undertaken by the provincial government and the most important public policy issue ever to have faced Newfoundland and Labrador.

It requires careful and comprehensive independent analysis and a public debate, informed by that analysis. That is the purpose of the reference to the board and to restrict that review does a disservice to the people of the province.

This project exposes us to significant risk.

Major infrastructure projects like this inevitably cost considerably more than originally estimated so we might well double the debt of the province at a time when it is likely that offshore revenues are in decline and our expenditures are increasing to meet the challenges posed by our changing demographics.

We are also concerned about the minister's criticism of the approach of the consumer advocate and the stated intent to restrict his role. This is most unfortunate and should also be reversed.

What we need is the most robust and thorough review possible, and the consumer advocate should be given all the tools he needs to ensure this is the case and that the public interest is protected.

In the interest of such a robust enquiry there should be an opportunity for interveners to register and obtain standing so they can place their evidence before the board.

We know there are many knowledgeable people who have strong reservations about this project but, who, for personal reasons, are reluctant to make their concerns public. It is now vitally important that they make their concerns public while there is still time to influence this decision.

The minister also needs to seek out those informed citizens. He needs to broaden his circle of advisers and not rely solely on Nalcor. This is not to say that those officials are not acting in 'good faith,' but there is a natural human tendency to reject alternate views after much effort and money has been expended.

All parties should set aside preconceived ideas and partisan positions on this project and allow the evidence to determine the final decision.

Given the significance of this decision with reference to present and future generations, there should be a vote in the provincial parliament, the House of Assembly. Depending on what the board advises, and the response of the House of Assembly to that advice, it may well be the kind of decision, like denominational education, which requires a referendum. This decision should not be made by the executive branch of government on its own, without parliamentary approval or a referendum.

It is vitally important that all options be pursued with vigour, rather than limiting the mandate of the PUB. The board should be allowed to consider the other issues that have been raised publicly over the past year such as the use of natural gas as feedstock for the Holyrood thermal plant, incentives to reduce demand during the winter peak, conservation measures, and estimates of future population and electrical load growth, among others. Furthermore, we maintain that these issues are legitimate questions within the review of the isolated island alternative to Muskrat Falls, even though we believe that the board should be unfettered in its mandate.

Minister Kennedy, government is betting the future of Newfoundland and Labrador on this project. You have an obligation as minister of Natural Resources to do everything possible to ensure that it is the right decision and that all due diligence is taken.

There is no overriding urgency which would warrant compromising this reference by denying the PUB the additional three months.

This is a decision which will define how your administration will be remembered, particularly in 2041 when the Upper Churchill contract comes to an end and we have unrestricted access to very low cost power.