



MEDIA ADVISORY

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Navigant Report Fails to Address Concerns Raised by the Joint Review Panel

HAPPY VALLEY-GOOSE BAY, LABRADOR, NL – “This report was commissioned and paid for by Nalcor,” said Roberta Frampton Benefiel, Vice-President of Grand Riverkeeper Labrador Inc. “Its purpose was to confirm the decision to go ahead with Muskrat Falls, not to question it.”

The Joint Review Panel (JRP) was not convinced that Muskrat Falls is “the best and least cost way to meet domestic demand requirements”, and called for an independent review to ask: “What would be the best way to meet domestic demand under the No Project option?” Navigant was not mandated to answer this question, and it didn’t answer it. Instead, it simply affirms that Nalcor’s assumptions are “reasonable”.

The Panel specifically required that the “independent reviewer” address certain specific issues, which Navigant failed to do, including, to mention a few:

- Recall power options
- Technologies that are not yet commercially available, but which will be within the 50-year study horizon,
- Additional wind generation on the Avalon Peninsula,
- More aggressive conservation and demand management (CDM).

“Navigant’s analysis is strictly cost based, and doesn’t even try to take the environmental and social implications of energy choices into account,” added Ms. Benefiel. “Navigant did not even begin to address the JRP’s call for an **“independent analysis of economic, energy and broad-based environmental considerations of alternatives”**.”

Furthermore, Grand Riverkeeper Labrador Inc. believes that Navigant erred in accepting some of Nalcor's premises, in particular with respect to wind power and Conservation and Demand Management (CDM).

Navigant acknowledges that wind is ubiquitous, cheaper than smaller hydro, and readily available on the Avalon peninsula; without transmission upgrades, thereby confirming information presented to the Panel by the Helios Centre on behalf of Grand Riverkeeper. Citing a 2004 study, Nalcor refuses to even consider requiring wind generators to curtail production during certain hours, even though their cost advantage is great enough to make this cost-effective. Inexplicably, Navigant finds it "reasonable".

Navigant acknowledges that saving energy costs less than Muskrat Falls or any other generation technology, estimating that CDM energy cost would be around \$60/MWh. Navigant relies, like Nalcor, on the 2008 Marbek study, but failed to note that Marbek's estimate of potential savings is very much out of date. There is no doubt that, if the Marbek study were brought up to date, the potential savings would be much higher, given the much higher energy prices forecast for the coming years.

The bottom line is that **neither Nalcor nor Navigant adequately addressed the potential contributions of either Wind power or CDM to meet future generation requirements** – two key elements of the Joint Review Panel's recommendations.

Rate Impacts

Navigant indicates that the supply cost for Muskrat Falls energy is \$76/MWh (2010\$), and that adding the cost of the Labrador-Island Link (LIL) increases the capital costs by 73%. This is coherent with Nalcor's estimate that delivered cost of Muskrat Falls power is over 14 cents/kWh.

How, then, can it be that the average revenue requirement is far less than the cost of Muskrat Falls power (delivered), even later on, when Muskrat Falls is serving a significant portion of Island loads? Nalcor's rate impact projections are dubious on their face, and no supporting information has been released.

Curiously, Navigant was extremely cautious in its review of Nalcor's rate impact analysis, declining to repeat the formulaic statement that "Navigant finds reasonable..." used elsewhere in the report.

"The Muskrat-LIL project is a high-cost solution that can only make money for the government by taking it out of ratepayers' pockets," said Roberta Frampton Benefiel. "The Joint Review Panel had grave concerns about the economics of this project, which is why it called for 'a separate and formal review of the projected cash flow of the Project...to confirm whether that component would in fact provide significant long-term financial returns to

Government for the benefit of the people of the province’.” **“The Navigant report does nothing to provide this assurance,”** she added.

Grand Riverkeeper Labrador Inc. (www.grandriverkeeperlabrador.ca) first came together as a concerned citizens group in 1998 to challenge plans for a mega hydro dam project. In 2005 they became affiliated with Waterkeeper Alliance (www.waterkeeper.org) and joined some 200 other Waterkeepers worldwide. The purpose of GRK is to preserve and protect the water quality and ecological integrity of the Grand River watershed and its estuary, through actions of public awareness, monitoring, intervention and habitat restoration. It actively promotes economically and environmentally sustainable ecosystem management approaches that will maintain the heritage and intrinsic value of this river for present and future generations.

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