

LOWER CHURCHILL HYDROELECTRIC GENERATION PROJECT  
**JOINT REVIEW PANEL**

PROJET DE CENTRALE DE PRODUCTION D'ÉNERGIE HYDROÉLECTRIQUE DANS  
LA PARTIE INFÉRIEURE DU FLEUVE CHURCHILL  
**COMMISSION D'EXAMEN CONJOINT**

CANADIAN ENVIRONMENTAL ASSESSMENT REGISTRY 07-05-26178  
REGISTRE CANADIEN D'ÉVALUATION ENVIRONNEMENTALE 07-05-26178

**HEARING HELD AT**

Hotel North Two  
Conference Room  
382 Hamilton River Rd  
Happy Valley-Goose Bay, NL

**Thursday, April 14, 2011**

**Volume 33**

**JOINT REVIEW PANEL**

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(ii)

## TABLE OF CONTENTS / TABLE DES MATIÈRES

	<b>PAGE</b>
Opening Remarks	1
Closing remarks by Mayor Leo Abbass	3
Closing remarks by Mr. Philip Raphals	9
Closing remarks by Ms. Robin Goodfellow-Baikie	35
Closing remarks by Ms. Carol Best	38
Closing remarks by Ms. Jennifer Hefler-Elson	41
Closing remarks by Mr. Paul Thomey	47
Closing remarks by Mr. Bruno Marcocchio	51

1 Happy-Valley Goose Bay, NL

2

3 --- Upon commencing Wednesday, April 13, 2011 at

4 8:34 a.m.

5 --- OPENING REMARKS:

6 CHAIRPERSON GRIFFITHS: Good

7 morning, ladies and gentlemen.

8 First I want to say a few words

9 about where we are in the hearing process.

10 Yesterday, April the 13<sup>th</sup>, was the

11 close-off for accepting new information, and the

12 panel will not consider any information submitted

13 beyond that date.

14 This is day one of the closing

15 remarks session. It provides an opportunity for

16 individuals and organizations that have previously

17 presented to summarize their position and to

18 provide a rationale for that position.

19 Of course, the panel has

20 encouraged and does encourage all participants to

21 reflect on all of the information presented and to

22 indicate to what extent this might have caused you

23 to change your view or your position.

24 The procedures for today and

25 tomorrow are relatively straightforward. Only

1 those who registered by April the 11<sup>th</sup> can present  
2 closing remarks.

3                   The presentations should be a  
4 maximum of 15 minutes unless a longer period was  
5 previously requested of the secretariat and  
6 approved by the Co-Chairs. And there is no  
7 questioning process of the presenters other than  
8 the fact that the panel itself may wish to ask  
9 questions of clarification to ensure that they  
10 fully understand the position that's been  
11 presented.

12                   In addition or instead of,  
13 participants may also submit closing remarks in  
14 writing. As I mentioned earlier, the panel will  
15 not consider any new evidence or any new  
16 information other than what has been, you know,  
17 formally submitted up to yesterday's deadline.

18                   For today's schedule, we have five  
19 presenters this morning and two registered for this  
20 afternoon. I'll just very briefly run through  
21 them.

22                   The first is the Municipality of  
23 Happy Valle-Goose Bay, Mayor Leo Abbass. And then  
24 Mr. Philip Raphals, followed by Robin Goodfellow-  
25 Baikie. Then the Central Labrador Economic

1 Development Board, Ms. Carol Best, followed by  
2 Jennifer Hefler-Elson.

3                                 And then this afternoon, we have  
4 two presentations, both by teleconference. The  
5 first is by the St. John's Board of Trade, and the  
6 second is by the Sierra Club Atlantic, Mr. Bruno  
7 Marcocchio.

8                                 So that's the schedule for today.  
9 And without further ado, I'd like to call on Mayor  
10 Abbass.

11 --- CLOSING REMARKS BY MAYOR LEO ABBASS:

12                                 MAYOR ABBASS: Good morning. And  
13 I again thank you for the opportunity to express a  
14 few closing comments regarding the Lower Churchill  
15 project.

16                                 I'd like to say before I start  
17 that the Town Council -- I'm speaking on behalf of  
18 the Town Council.

19                                 When I presented the opening  
20 night, there was some confusion with some of the  
21 media the following day whether it was Mayor Leo  
22 Abbass speaking or -- but I'm speaking on behalf of  
23 the Town Council of Happy Valley-Goose Bay and  
24 these comments should reflect their feelings on the  
25 project.

1                   The Town Council fully supports  
2 this project, and we believe this project has the  
3 potential to be the most important factor to the  
4 future growth and development of this community and  
5 possibly all of Labrador.

6                   As the most adjacent community to  
7 the project, we are seeking guaranteed benefits,  
8 and we mentioned this in the opening statement.  
9 We're looking at a block of power with competitive  
10 rates and a Labrador heritage fund.

11                   This fund could be in the form of  
12 an enhanced northern strategic plan or a new  
13 comprehensive Labrador agreement fund.

14                   We'd like to see a program aimed  
15 at developing and improving infrastructure in our  
16 community, and we believe these are realistic aims  
17 for us to ask of the company and of the province.

18                   We are also confident that new and  
19 exciting opportunities will present themselves once  
20 there is additional power in central Labrador. And  
21 as stated in our opening presentation, it's not  
22 just the construction phase we're looking at. We  
23 are looking down the road into the future and  
24 envisioning opportunities that will be attracted to  
25 this source of stable, reliable power.

1                   This project is an opportunity of  
2 a lifetime sitting on our doorstep. This project  
3 will not only benefit those in the area of central  
4 Labrador for years to come, but will provide  
5 benefits for those throughout all of Labrador,  
6 Atlantic Canada and the country.

7                   We believe this is evident by the  
8 fact that, recently, the federal leaders of the  
9 Conservative and Liberal parties have stated very  
10 clearly their support for this project and they've  
11 also stated their parties' willingness to support a  
12 federal loan guarantee for the project.

13                   So the federal government is on  
14 side, the provincial governments of Newfoundland  
15 and Labrador and Nova Scotia are on side, the  
16 leadership of the Innu Nation is on side.

17                   And just recently at the Atlantic  
18 Mayors' Congress meetings held in Halifax, a  
19 resolution was passed -- and you should have  
20 received this resolution yesterday, from the  
21 Atlantic Mayors' Congress. But a resolution was  
22 passed which gave unanimous support to the Muskrat  
23 Falls project from Mayors and Councillors from  
24 various communities throughout Atlantic Canada.

25                   This type of agreement among the

1 different orders of government does not happen too  
2 often in this country.

3                   The Town of Happy Valley-Goose Bay  
4 will continue to work with Nalcor and other  
5 stakeholders in the local area to ensure that this  
6 community will receive maximum benefits with  
7 minimal negative impacts.

8                   Over the past few weeks, there  
9 have been a number of ideas brought forth through  
10 these hearings which our municipality hopes will be  
11 given serious consideration in the sanctioning of  
12 this project, ideas such as a lumbering industry  
13 and possibly a mitigation and monitoring panel with  
14 representation from the public.

15                   As a municipality, Council  
16 recognizes that there are areas where we have to do  
17 additional work before this project is completed,  
18 and we fully expect the support of Nalcor and the  
19 province to assist us in mitigating any of the  
20 issues we face such as infrastructure improvement  
21 and development and emergency preparedness.

22                   We also expect a willingness in  
23 the sharing of their knowledge and expertise in  
24 assisting us with speeding up certain government  
25 requirements to help move agendas forward.



1                   And I think I mentioned in our  
2 opening statements that the acquisition of Crown  
3 land is a long, drawn-out process, and we believe  
4 that the provincial government has to look at this  
5 and realize that, as things start to unfold here,  
6 that eight months is not satisfactory to have  
7 certain permits, applications. That time frame is  
8 not acceptable with us.

9                   As a Council, we appreciate there  
10 is a lot of emotion surrounding this particular  
11 project. The passion by all who have attended the  
12 sessions and presented is quite evident.

13                   However, if we don't move forward  
14 on the development of our resources what  
15 alternatives will there be to entice our young  
16 people to stay home, to work here locally and to  
17 raise their families here.

18                   This is just one project, but a  
19 project which will help fulfill the dreams and  
20 goals of our children and our grandchildren. A  
21 project that would help train them and allow them  
22 to apply their skills and then provide a bright  
23 future for themselves and their families here in  
24 Labrador. There will no longer be a need to leave  
25 and go west.

1                                   This is what the community of  
2 Happy Valley-Goose Bay is striving for; a future  
3 for our children and our grandchildren, a future  
4 filled with hope and optimism, not a future of  
5 uncertainty.

6                                   And that concludes my remarks.

7                                   I'd like to thank you the panel.

8 I know you've had some long days and evenings. I  
9 want to thank you for the work you've done here and  
10 I want thank all those who have participated in  
11 this process.

12                                  And as a Mayor and the  
13 representative of the community of Happy Valley-  
14 Goose Bay we look forward to the recommendations  
15 form this panel.

16                                  Thank you.

17                                  CHAIRPERSON CLARKE: Thank you  
18 very much, Mayor Abbass, on behalf of the town  
19 council of Happy Valley-Goose Bay.

20                                  I'd ask my colleagues if they have  
21 any question of clarification for the Mayor.

22                                  No. Thank you very much, sir.

23                                  The next presenter is Philip  
24 Raphals, who I don't see in the audience at this  
25 stage.

1                   He's just coming in, okay. We'll  
2 wait a minute or so for him rather than trying to  
3 change the schedule.

4                   (SHORT PAUSE)

5                   CHAIRPERSON CLARKE: So good  
6 morning, Mr. Raphals, this is just in time  
7 presentation.

8                   So take a while to get yourself  
9 straightened away and then when you're ready you  
10 can proceed.

11 --- CLOSING REMARKS BY MR. PHILIP RAPHALS:

12                   MR. RAPHALS: Good morning.

13                   Where to start. It seems to me  
14 the first question is the project definition, what  
15 is the project that we're looking at. Clearly from  
16 an administrative point of view the project that's  
17 filed consists of both Muskrat Falls and Gull  
18 Island.

19                   But from what we've learned in the  
20 last couple of months it seems clear to me that at  
21 this stage the Gull Island project is entirely  
22 hypothetical.

23                   Mr. Bennett told us yesterday that  
24 there are several transmission requests pending in  
25 the TransÉnergie queue and that the plan to

1 transmit Gull Island power through Quebec is alive  
2 and well.

3 Last night I double-checked -- I  
4 checked it earlier, the TransÉnergie impact study  
5 list, which includes all of the requests as they're  
6 queued, and indeed nothing has changed since my  
7 original brief filed on February 28<sup>th</sup>.

8 There is one 740 megawatt  
9 reservation, which I refer to on page 23, which is  
10 the only one -- the only active one in the queue  
11 which obviously totally inadequate for the 2,000 --  
12 more than 2,000 megawatt Gull Island project.

13 Recently the Régis has rejected  
14 Nalcor's request for revision with respect to an  
15 earlier request. Clearly, Nalcor still has the  
16 option of going to court about this but even if it  
17 wins there someday, it still won't have  
18 transmission access since the refusal was strictly  
19 procedural.

20 In fact -- I think we spoke about  
21 this earlier -- the issue is that a letter had to  
22 be filed by a certain date in order to keep the  
23 file open. Nalcor filed the letter, TransÉnergie  
24 considered the letter to be inadequate and,  
25 therefore, the file was closed and the Régis

1 disposed of the matter simply in addressing that  
2 simple question of whether or not the letter was  
3 valid or not, which means that even it is  
4 eventually overturned on appeal we'll still be back  
5 at stage one, all of TransÉnergie's reasons for  
6 rejecting the application remain.

7                   So one would have to be extremely  
8 optimistic, have very deep pockets and be ready to  
9 fight for many years, if not decades to really see  
10 hope for transmission access based on that first  
11 request.

12                   It seems to me that if Nalcor were  
13 really serious about proceeding with Gull Island it  
14 would have filed new reservations with HQT for the  
15 full amount of power that it would eventually need  
16 to transmit. Not having done so, I think it's safe  
17 to conclude that Muskrat Falls is the only real  
18 project that is being proposed here.

19                   Now, what is the justification for  
20 this project? Initially it seemed that the  
21 justification for the global project was primarily  
22 export sales but looking at the Muskrat Falls  
23 project and the current configuration, market  
24 prices are far too low and it seems that export  
25 sales have now become sort of a footnote.

1                   Export sales will use up the power  
2 that the island doesn't need now but gradually the  
3 island will eventually need that power and export  
4 sales will diminish.

5                   So the real justification for this  
6 project is to supply the island with power and in  
7 particular to allow it to shut down the Holyrood  
8 oil plant, which is a very valid and desirable  
9 objective for both economic and environmental  
10 reasons.

11                   But then we get to the question,  
12 what are the alternatives for this justification  
13 for this project, not for the 3,000 megawatts that  
14 were initially proposed but for the real project  
15 that's on the table.

16                   The Proponent essentially says  
17 that there aren't any viable alternatives but I  
18 don't find this credible. He's argued that the  
19 realistic CDM potential is small, that small hydro  
20 is of no real help because it would need a billion  
21 dollars of transmission upgrades and because  
22 there's no storage to allow it to displace Holyrood  
23 in the winter and that wind is no real help either  
24 because there's only 80 megawatts of wind capacity  
25 that can be effectively integrated.

1                   They say that intermittency is  
2 actually not a significant problem but the real  
3 problem is storage for the winter and that having a  
4 large wind capacity would cause spillage in the  
5 summer because they'd have to pay for it anyway.

6                   So what's wrong with this picture?

7                   First with respect to CDM, the  
8 Marbek study identified a very significant  
9 potential in 2007 I think it was. The avoided  
10 costs are significantly higher and one can  
11 certainly expect that the potential -- if the same  
12 study were done again today would also be  
13 significantly higher.

14                   The Newfoundland and Labrador  
15 utilities have done practically nothing to realize  
16 this potential to date.

17                   There was a five-year plan filed,  
18 as my report yesterday showed, they're  
19 approximately 50 percent behind on all of the  
20 objectives, both for spending and for savings, and  
21 I don't see any real indication that there is an  
22 urgency here, that the people are struggling to  
23 figure out how to desperately catch up with these  
24 objectives. It seems to be that's just the way it  
25 is.

1                   Instead, we're seeing a  
2 downplaying of the potential. We saw a table that  
3 showed the achievable potential -- I referred to it  
4 yesterday, I don't remember exactly where it is --  
5 oh, it's in the response of April 1<sup>st</sup> -- which shows  
6 the percentage of achievable potential as actually  
7 being the will/were achievable potential, again,  
8 based on the Marbek study, based on the old avoided  
9 costs.

10                   As some of the information that I  
11 presented yesterday showed, Newfoundland and  
12 Labrador is really extremely far behind the rest of  
13 Canada, certainly behind -- which is, in general,  
14 pretty far behind many regions of the United  
15 States.

16                   Great advances are being made,  
17 many utilities are taking conservation and demand  
18 management extremely seriously, are looking at zero  
19 growth over the medium-term and none of that is  
20 happening here; which means that if that change of  
21 corporate culture were to take place to enable a  
22 very substantial effort in conservation and demand  
23 management, it could go a very long way to meeting  
24 the objective of this project, to meeting load  
25 growth which is largely related to the shift to



1 electric baseboard heating, which everyone knows is  
2 a terrible thing to do when you're burning fossil  
3 fuels to make electricity and to reducing the  
4 reliance on Holyrood.

5                                 Now, what about wind? The energy  
6 plan was very clear about wind, that Newfoundland  
7 has a world-class wind resource. The Canadian wind  
8 atlas map was actually in the energy plan. The map  
9 they use is at a 50-metre hub height when 80-metres  
10 is the height which is standard in the industry  
11 now. And I've included the 80-metre map in the  
12 document yesterday.

13                                 The map of the Avalon Peninsula  
14 and indeed of most of the island is entirely red,  
15 this doesn't exist anywhere else in Canada, this is  
16 a phenomenal wind resource.

17                                 It means you can put up a wind  
18 turbine practically anywhere on the island and have  
19 better -- more energy per capacity than the wind  
20 farms that are being installed in Quebec. I mean,  
21 this is a stunning wind resource, so what are we  
22 doing about it?

23                                 Furthermore, in most of North  
24 America, in most parts of the world, wind resources  
25 are far away from loads, so, like hydro, if you

1 want to build wind, you have to worry about  
2 transmission in there, or costs in there, or  
3 losses.

4                   In this case, the load centre is  
5 on the Avalon Peninsula, and the winds right at the  
6 load centre are extraordinary. So it's really  
7 remarkable that more effort hasn't gone into trying  
8 to explore how this wind resource could be  
9 mobilized to solve the problem that's before us,  
10 which is how to meet island demand and load growth,  
11 and to reduce need for and hopefully eliminate the  
12 need for the Holyrood oil plant.

13                   In the document that I filed  
14 yesterday, on pages 10 to 14 I sketched out the  
15 characteristics of a wind farm on the Avalon  
16 Peninsula, or nearby, that would produce the same  
17 3.9 terrawatt hours a year as the Muskrat Falls  
18 project will deliver to the Island.

19                   It would consist of about 1,000  
20 megawatts installed capacity which would require  
21 about 659 square kilometres. That's about 25  
22 kilometres square, spread out in hopefully as many  
23 areas as possible to increase the geographical  
24 diversity. The locations, obviously, should be  
25 chosen to maximize diversity, as well as

1 transmission access.

2                   This project would structure from  
3 the perspective of an IPP that would sell power  
4 with a 25-year PPA, at \$75.00 a megawatt hour. The  
5 escalation was small, just .38 percent per year,  
6 and even so the IRR was 11.55 percent, better than  
7 Muskrat Falls.

8                   Last night I looked again and  
9 re-adjusted the parameters of that and, if we do it  
10 the same way as Muskrat Falls, with a 2 percent per  
11 year estimation, that is, escalating strictly  
12 according to inflation, and with a 7.3 percent  
13 interest rate, the power price falls to \$65.00 a  
14 megawatt hour. And this is without need for long-  
15 distance transmission, and with an IRR of over  
16 12 percent.

17                   Now, this basic analysis was  
18 performed by a professional in the wind industry,  
19 based on the data in the Canadian Wind Atlas. It's  
20 obviously very preliminary and indicative, but it  
21 is -- so it is, clearly, a first estimate, but I  
22 consider it to be a highly credible first estimate.

23                   In my paper yesterday, I explained  
24 how geographic diversity diminishes the  
25 intermittency of wind resource, and I presented a

1 few studies that demonstrate this concept. The  
2 degree to which this occurs varies from place to  
3 place.

4                               In Manitoba, for instance, wind  
5 turbines would have to be much farther apart to  
6 produce this effect, than in a place like, say,  
7 Newfoundland, because complicated geography leads  
8 to complicated meteorology. When the land is flat,  
9 and the weather system moves from one end to the  
10 other, obviously you don't see as much diversity as  
11 you do when you have complicated ridges and  
12 mountains and coasts in different directions.  
13 Obviously, careful study is needed to understand  
14 exactly how this effect would play out on the  
15 Island, but it certainly is there.

16                              Now, I understand it's difficult  
17 for an environmental assessment panel to start  
18 telling Nalcor, or the Government of Newfoundland  
19 and Labrador, how it should meet its electric  
20 needs. I know that's not your role. You're here  
21 to evaluate the project, not to substitute yourself  
22 for the planners.

23                              The problem is that the planners  
24 are not working within a framework that allows a  
25 careful evaluation of the alternatives, which, as I

1 understand the legislation, is something that you  
2 need to, indeed, take into consideration.

3                   We learned yesterday that despite  
4 the clear statement by the Public Utilities Board,  
5 quoted on page 29 of Nalcor's April 1<sup>st</sup> response, to  
6 the effect that IRP is an important planning tool,  
7 and that it should be implemented, in reality  
8 nothing is being done.

9                   At the time, 2007, the PUB chose  
10 not to require it, in deference to the forthcoming  
11 energy plan. That was four years ago. The energy  
12 plan is out, and since then nothing has happened.

13                   NLH has not filed another general  
14 rate application, which may be why the PUB hasn't  
15 returned to that question. It may be -- I'm not  
16 familiar enough with their regulatory procedures to  
17 know if they need to wait for a general rate  
18 application to move on this or not.

19                   But, more important, neither NLH  
20 nor Newfoundland Power has of its own initiative  
21 moved to initiate such a process, or even initiated  
22 reflections on what it might look like. Instead,  
23 they continue to produce documents like the 2009-  
24 2010 generation planning reviews that we've seen,  
25 which seem to be more summaries of what the utility

1 intends to do than actual planning documents.

2                   For instance, the section on near-  
3 term resource options, section 6, each proposed  
4 resource has a heading called "Cost Estimate  
5 Basis," which doesn't even mention the cost of each  
6 option.

7                   So this is, in my view, a document  
8 that's prepared to explain the planning choices  
9 being made by the utility, but it certainly is not  
10 either part of a process or even a report of a  
11 process, of a careful evaluation of alternatives.

12                   Now, the best way to understand  
13 what integrates recourse planning is, and how  
14 greatly it differs from the kind of planning  
15 reported in these generation planning reviews, is  
16 to look at the results of an IRP. That's why  
17 yesterday I submitted the final report of the  
18 Hawaiian Electric Company's IRP for Oahu, which is  
19 the island where Honolulu is located.

20                   The executive summary states the  
21 Hawaiian Electric Company's IRP is designed to  
22 develop a comprehensive 20-year plan for meeting  
23 Oahu's energy needs, evaluating and integrating  
24 both resources that supply electricity, and  
25 resources that are reduced or better manage the

1 demand for electricity.

2                                 As part of its IRP process,  
3 Hawaiian Electric works with a community-based  
4 advisory group, and the public, to ensure the  
5 delivery of a reliable and reasonably-priced  
6 electric power for residential and business  
7 customers.

8                                 This IRP preferred plan represents  
9 an aggressive move towards the use of renewable  
10 resources and the reduction of fossil fuels,  
11 including major changes to the Hawaiian Electric's  
12 infrastructure and policies, that will be  
13 technically challenging and requires significant  
14 investment. The significant implementation of this  
15 preferred plan will also depend on government and  
16 public support.

17                                 In other words, the IRP is the  
18 driver. It's an in-depth procedure that allows a  
19 careful examination of alternatives, that then  
20 become -- that then allows the utility to say,  
21 "This is really where we should go. Now, what is  
22 needed to get there?" Infrastructure is needed,  
23 policy changes are needed. This is diametrically  
24 opposed to the passive approach of -- well, it's  
25 really traditional utility planning, which is, your

1 load forecasting department produces a forecast,  
2 and then the planners go and figure out what has to  
3 be built to meet that forecast. That was already  
4 outmoded in the early 1990s.

5                   As I read yesterday, the  
6 restructuring movement has meant that where markets  
7 have replaced planning in many parts of the  
8 continent -- so it took a bit bite out of  
9 integrated resource planning's momentum, but in  
10 areas, in isolated areas, and even in many areas  
11 which are interconnected and do participate in  
12 markets, IRP is really -- plays an essential role.

13                   And just to sum up on the Hawaiian  
14 Electric IRP, it had two main objectives: First,  
15 to transition the system to one that focuses on  
16 renewable energy, energy efficiency, and energy  
17 conservation; and, two, to keep the current system  
18 providing reliable power. Those are objectives  
19 that I think should be shared by the utilities  
20 here.

21                   So I encourage you to -- not  
22 necessarily to read this report cover to cover, but  
23 to examine it, to get a sense of its nature, and  
24 what kind of a process led to it.

25                   Given the extraordinary wind



1 resources on the Island, and the as yet unexploited  
2 efficiency resource, I have no doubt that an  
3 effective planning process could produce a solution  
4 for the Island's electricity needs that meet these  
5 same two objectives.

6                   And what might such a solution  
7 look like? Obviously, we're speculating here, but  
8 building 1,000 megawatts installed of wind capacity  
9 on Newfoundland Island, relatively near  
10 transmission, seems like an extremely feasible  
11 possibility.

12                   Obviously, the fact that it's an  
13 isolated system imposes challenges. Now, we've  
14 been told that 5 terrawatt hours of energy from  
15 Muskrat Falls will enable the construction of the  
16 transmission line to the Maritimes, which solves  
17 the problem and creates enormous benefits. Why  
18 wouldn't 5 terrawatt hours of wind power enable  
19 exactly the same solution?

20                   But, even if that solution can't  
21 be implemented -- well, if that solution can't be  
22 implemented -- then, clearly, some kind of thermal  
23 back-up is needed. Even with geographic diversity,  
24 wind is an intermittent resource.

25                   So the very worst case is keeping

1 Holyrood, but using it essentially as a reserve,  
2 with the number of hours per year in which it  
3 functions being very dramatically reduced. Vastly  
4 less use means vastly less greenhouse gases, less  
5 pollution, and less fuel expense.

6 Under that scenario, whether  
7 installation of \$600 million worth of scrubbers is  
8 really necessary, at a date fix, or a fixed date,  
9 is not obvious. I think that careful thought would  
10 be needed to evaluate that, but, more important,  
11 careful thought to evaluate what other source of  
12 back-up resources could be put in its place.

13 Again, it doesn't make sense to be  
14 looking at enormous infrastructure changes with  
15 respect to one project and assume that nothing can  
16 change anywhere else.

17 What are the options for re-firing  
18 Holyrood with cleaner fuel? What are the options  
19 for bringing in some form of gas, maybe even  
20 liquefied gas, to maintain it as a back-up  
21 resource?

22 It seems to me surprising that we  
23 haven't seen a thorough study of the Holyrood -- of  
24 the options for Holyrood, given that it's at the  
25 heart, really, of the justification.

1                   Moving on now to the question of  
2 pricing. In my initial comments on February 28th,  
3 in section 3, I addressed the question of rate  
4 impacts. I stated that to understand the rate  
5 impact, we had to know what terms and conditions --  
6 under what terms and conditions energy would be  
7 transferred from Muskrat Falls -- I'm sorry, we'd  
8 need to know under what terms and conditions the  
9 energy from Muskrat Falls would be transferred to  
10 the island utilities. On page 8 I wrote:

11                   "Thus the first question is  
12 will the Muskrat Falls  
13 project be owned and operated  
14 by NLH. If so, the cost of  
15 the flow-through into  
16 Newfoundland power rates  
17 would normally depend on the  
18 annual cost related to the  
19 facility including interest,  
20 appreciation, return on  
21 equity, et cetera. If, on  
22 the other hand, NLH purchases  
23 power from Muskrat Falls from  
24 its parent, Nalcor, it would  
25 normally be the purchase cost

1                   that would be flow-through.  
2                   In the second scenario, the  
3                   rate impact obviously would  
4                   depend on the contractual  
5                   arrangement between Nalcor  
6                   and its subsidiary, NLH.”

7                   In the topic-specific hearing, we  
8                   were told that the nature of the contractual  
9                   arrangement between the two is not yet known.

10                   In the April 1st response, though,  
11                   we were told that a) the cost to be passed on to  
12                   island ratepayers is \$143 in 2017 escalating  
13                   annually at 2 percent and b) that this is exactly  
14                   the same result as would occur if Muskrat Falls  
15                   were included in NLH’s rate base.

16                   To me, that response answered  
17                   the question. It says that this project is being  
18                   treated as a rate-based project, but at the same  
19                   time, the data that we’re provided showed the  
20                   opposite; for instance, that prices will continue  
21                   to escalate even after the financing is paid off  
22                   which clearly couldn’t happen in a cost-to-service  
23                   regulated project.

24                   Indeed, the reason it couldn’t  
25                   happen is very simply it would constitute monopoly

1 pricing. In a cost-to-service regulated electric  
2 utility serving a -- as a monopoly serving a  
3 franchised territory, the whole reason that there  
4 is regulation is because the utility can charge  
5 whatever it wants and people have to pay because it  
6 is the only source of electricity and that's why  
7 rates are based on costs. If the utilities' costs  
8 have diminished because it's no longer paying  
9 interest, then the rates that it can charge for  
10 that particular facility -- whatever it is, whether  
11 it's a transmission line or a generator -- have to  
12 diminish as well.

13                               So the treatment that's being  
14 proposed -- as I understand from the data that was  
15 presented yesterday -- is really that of a PPA, a  
16 third party where simply we're making these  
17 payments which are based on a real price that  
18 continues to escalate forever which, at the end of  
19 the day, will produce windfall profits, enormous  
20 profits, for the owner. But the source of those  
21 profits is the ratepayer, so it really is a machine  
22 for taking money out of ratepayers' pockets and  
23 putting it in the shareholders' pockets which in  
24 most places is not legal.

25                               Now, legislation can be structured

1 to allow that if that's really what's wanted and I  
2 think I mentioned yesterday, the Quebec legislation  
3 only goes a very small step in that direction;  
4 certainly, not as far as this, but I don't want to  
5 waste too much time going into the Quebec  
6 structure, but in Quebec there's a block of  
7 patrimonial energy that's by law offered to  
8 ratepayers at a fixed price and last year they  
9 decided to increase that price by a cent. Well,  
10 this is the government's way to get out of its  
11 budget problem, bring in another billion dollars in  
12 electric rates and, you know, that's the way things  
13 work in Canada.

14                                   But it seems to me -- and again, I  
15 haven't examined the legislation, but that given  
16 the affiliate relationship between Nalcor and NLH,  
17 I wouldn't be surprised if some kind of regulatory  
18 -- some kind of legislative exception would be  
19 required to allow this kind of treatment.

20                                   Around the world, ratepayers did  
21 finance capital-intensive projects like hydro  
22 projects through their rates; eventually do benefit  
23 from them when the financing is paid off. So I  
24 think people need to understand that there is no  
25 such benefit waiting for them when the Muskrat

1 Falls project is paid off. As currently  
2 structured, economic benefits all go to the  
3 government which, of course, will already be quite  
4 wealthy after the expiration of the Hydro Quebec  
5 contract.

6 I was hoping to be able to present  
7 you with an alternate scenario based on traditional  
8 cost-of-service pricing for the Muskrat Falls  
9 power. This would have been possible had the data  
10 produced yesterday been provided earlier. It is  
11 regrettable that the combination of the proponent's  
12 reluctance to provide detailed information and the  
13 inflexible hearing calendar made it impossible to  
14 prepare this relatively straightforward analysis.

15 I have, however, calculated the  
16 values that I sought from Nalcor yesterday which do  
17 flow directly from the information already on the  
18 record. I was simply trying to confirm my  
19 conclusions and I still don't see how they can  
20 cause commercial harm, but for the record, in case  
21 they're of interest to you, based on a construction  
22 cost of \$2.5 billion, the borrowings that would be  
23 necessary in order for the mortgage payment at 7.3  
24 percent interest over 30 years to be 167.9 million  
25 as in the table yesterday would be borrowings of

1 \$2,023 million which means that the amount  
2 financed, assuming a dead-equity ratio of 59-41  
3 would be \$3.429 billion which is the equivalent of  
4 the overnight construction cost and that implies an  
5 interest rate on construction costs given the  
6 annual expenditures that are in that table of 4.6  
7 percent which also implies an equity investment of  
8 \$1.406 billion.

9 All of this, of course, does not  
10 include transmission to the island without which  
11 the project will be impossible. Presumably, we  
12 will have a chance to discuss this with your  
13 colleagues who will be evaluating the other half of  
14 this project -- the transmission half -- a little  
15 bit later on.

16 Also, just for the record, it  
17 appears that the discount rates used to calculate  
18 the levelized unit energy cost of 7.7 cents were  
19 5.3 percent for the energy component and 7.3  
20 percent for the financial component. I would have  
21 preferred to be able to confirm these figures with  
22 the proponent, but that's no longer possible.

23 To be clear, it is my opinion that  
24 the information provided yesterday should have been  
25 in the file before these hearings even began. In



1 fact, the proponent has succeeded in running up the  
2 clock and this should not have been allowed to  
3 happen.

4 I would also like to say I've been  
5 very impressed with your work here, both in terms  
6 of the way the hearings have been run; fairly and  
7 equitably, and the seriousness with which you're  
8 approaching these complicated issues. However, I  
9 do continue to believe it was a serious mistake to  
10 move to hearings with such an incomplete record  
11 given the drastic changes in the context that  
12 occurred last fall. I'm sure there were many  
13 important people breathing down your necks, but I  
14 do think this is at the root of most of the  
15 difficulties; at least the ones -- the part of the  
16 hearings I've been involved with.

17 I'd also -- with your permission,  
18 I'd like to say a word about my clients, The Grand  
19 Riverkeeper. The reason I ended up here really is  
20 because the Chairman of the Board of the Helios  
21 Centre ran into Clarice Resowski on a visit to  
22 Labrador many years ago and ever since then Clarice  
23 has been after me to try to give them a hand. But  
24 I have to say, I've worked -- and I think I've told  
25 you before, I've worked with a number of First

1 Nations on energy-related issues and as I've gotten  
2 to know these people -- you know, it's really the  
3 first -- my two visits here -- I have to say that  
4 to me these people have attachments to this place  
5 that are just as deep and just as serious as the  
6 attachments of the First Nations that I've worked  
7 with. But at the same time, the political context  
8 is very different. There are no land claim  
9 negotiations. There are no benefits agreements.  
10 And it seems to me there's something inherently  
11 unjust in this kind of arrangement.

12                                   Now, we've all read all the  
13 literature about sustainable development and the  
14 role of equity as one of the major components of  
15 sustainable development and equity in large  
16 projects has something to do with the sharing of  
17 benefits and costs. And there's something wrong  
18 with the situation where for large numbers of  
19 people, there are only costs related to a project  
20 and there are no benefits from that project that  
21 flow to them and I'm sure you'll find a good  
22 solution to that.

23                                   CHAIRPERSON CLARKE: Mr. Raphals,  
24 I should -- I know you weren't here for my opening  
25 remarks ---

1 MR. RAPHALS: I'm sorry. I  
2 apologize.

3 CHAIRPERSON CLARKE: --- but I  
4 just want -- and we do have some time, but I wanted  
5 to remind you that the intent is that before 15  
6 minutes and I'm not sure ---

7 MR. RAPHALS: I'm almost done.

8 CHAIRPERSON CLARKE: --- how much  
9 more you've got there.

10 MR. RAPHALS: I'm almost done.

11 CHAIRPERSON CLARKE: And secondly,  
12 as you know, that the panel can only consider  
13 information in the closing remarks which are --  
14 it's information that you previously provided.

15 MR. RAPHALS: Yes.

16 CHAIRPERSON CLARKE: It's your  
17 sum-up position. Okay, thank you.

18 MR. RAPHALS: So just to sum up  
19 actually -- that's where I was -- as I noted in my  
20 initial report, in some ways a literal way and also  
21 I think in a sense of intention, a significant part  
22 of the justification for this project is actually  
23 to build the project and I find that unacceptable.

24 The project has substantial  
25 economic costs, environmental and social

1 externalities, and these environmental and social  
2 externalities should be incurred only if either the  
3 project meets a need that cannot be met at lower  
4 economic, environment and social costs or if it  
5 produces benefits that are so great as to outweigh  
6 these externalities, including the equity issues  
7 where the people who receive the benefits are  
8 different from those who bear the costs.

9                   From what I've seen, neither of  
10 these is the case. There is no reliable evidence  
11 that the needs to be met by the project, that is to  
12 say, serving island electric needs and reducing or  
13 eliminating the use of Holyrood, cannot be met at  
14 lower economic and environmental costs by alternate  
15 solutions involving wind efficiency and probably a  
16 peaking plant or a transmission line, or in the  
17 worst case, the occasional use of Holyrood.

18                   The financial benefits are  
19 strictly the result of using the monopoly situation  
20 to extract funds from ratepayers in excess of the  
21 actual cost of the project, and I think  
22 economically that's not a benefit, it's a really  
23 awash, and for these reasons, in my view, the  
24 project should not be authorized.

25                   That completes my comments.

1 CHAIRPERSON CLARKE: Okay, thank  
2 you, Mr. Raphals.

3 I'll ask my colleagues on the  
4 panel whether they have any questions of  
5 clarification of your position.

6 Okay, thank you very much.

7 Our next presenter is Robin  
8 Goodfellow-Baikie.

9 --- CLOSING REMARKS BY ROBIN GOODFELLOW-BAIKIE:

10 MS. GOODFELLOW-BAIKIE: Good  
11 morning.

12 CHAIRPERSON CLARKE: Good morning

13 MS. GOODFELLOW-BAIKIE: Suppose a  
14 Nalcor team member lives on a beautiful natural  
15 property in St. John's, it is a home that's been in  
16 the family for generations, I come along and say  
17 that the government's going to move in on that  
18 property because they want money from it and I say  
19 it's for the good of the province.

20 The property, however, will be  
21 irreparably damaged; pesticides will be used so I  
22 can't garden anymore. There will be many workers  
23 around it for years. And I cannot move.  
24 Compensation, no, although, there may be some  
25 benefit in 20 years -- maybe -- and not only that

1 but I will eventually be doing the same to the  
2 neighbours.

3 How would a Nalcor person find  
4 that?

5 The panel's decision on this  
6 project is to be guided by the concept of  
7 sustainable development. On the CEAA website that  
8 definition is, and I'm repeating it, the government  
9 of Canada seeks to achieve sustainable development  
10 by conserving and enhancing environmental quality  
11 and by encouraging and promoting economic  
12 development that conserves and enhances  
13 environmental quality.

14 I find the incomplete accounting  
15 for the loss is serious. It is also serious to dam  
16 a river, as it can be done only once so it should  
17 not be done in haste and without proper analysis.

18 As well, I see this project as a  
19 thin edge of the wedge in turning Labrador into a  
20 boring powerhouse.

21 If this project, however, is  
22 judged sustainable by the panel then sustainable  
23 development practice of local public well-versed  
24 monitoring committees divided into several areas of  
25 interest and concern must be set up and must be

1 listened to. This is not the old age of Upper  
2 Churchill methods but one of public participation  
3 in all spheres of concern and change.

4 I'm glad to have been a part of  
5 this process. I felt it was well run.

6 After hearing and learning as much  
7 as I could from the hearings I still consider the  
8 project bad development. What I'm surprised about  
9 is that so many local people also understand that  
10 there must be a better more environmental and  
11 community way of creating power. But I still  
12 believe that good development here in Labrador is  
13 possible.

14 I wish the panel courage in making  
15 this challenging decision.

16 CHAIRPERSON CLARKE: Thank you,  
17 very much.

18 Is there any -- okay, thank you.

19 Everything is going so quickly  
20 this morning. I'm going to suggest that we take a  
21 coffee break and people have a chat or whatever and  
22 we'll come back at 10 o'clock, in fifteen minutes,  
23 for the next two presentations.

24 Thank you.

25 --- Upon recessing at 9:46 a.m.

1 --- Upon resuming at 10:05 a.m.

2 CHAIRPERSON CLARKE: Okay, thanks  
3 everybody for coming back after coffee.

4 The next presenter is the Central  
5 Labrador Economic Development Board, Ms. Carol  
6 Best.

7 --- CLOSING REMARKS BY MS. CAROL BEST:

8 MS. BEST: Thank you very much for  
9 providing the opportunity for some closing remarks.

10 I spoke twice to the panel first  
11 with a presentation and second with some  
12 information regarding an undertaking.

13 And I realize that it is your  
14 responsibility to review the impacts of this  
15 project to develop the Lower Churchill  
16 hydroelectric capacity at Muskrat Falls and Gull  
17 Island, but I have to reiterate that it doesn't  
18 make sense to view this project in isolation from  
19 everything else that is happening and will happen  
20 in Labrador over the next several years.

21 The development of this hydro  
22 resource will be the impetus for so many other  
23 initiatives that will move Labrador forward for  
24 decades. Even the local dairy industry that we are  
25 working to develop will require and use this



1 reliable power source. Hydro power from this  
2 project is required for future development in  
3 Labrador.

4                                   Access to reliable hydroelectric  
5 power for major projects proposed across Labrador  
6 will lead to road construction to those projects  
7 and roads will then be connected to adjacent  
8 communities and then hydro resources can be more  
9 affordably connected to those adjacent communities  
10 taking them off of diesel power.

11                                   The quality of life on the coast  
12 of Labrador will be improved because of the  
13 development of the Lower Churchill hydro resources.

14                                   Human resources, people now  
15 training for this project, will be able to transfer  
16 the skills that they are receiving to future major  
17 developments in construction, mining, forestry,  
18 offshore oil and gas over the next 20 to 30 years.

19                                   The timber resources that will be  
20 harvested from the reservoir will significantly  
21 benefit our local forest industry.

22                                   Fibre optic Internet that will be  
23 routed into Central Labrador for this project will  
24 provide significant opportunities for expansion of  
25 Internet use and services for health care,

1 education, business, justice and for domestic  
2 purposes across Labrador.

3                               Labrador businesses will have the  
4 opportunity to provide goods and services during  
5 the construction of Muskrat Falls and Gull Island.  
6 Businesses will also receive spin-off benefits from  
7 the higher level of wages and employment of workers  
8 at the project.

9                               The development of the Lower  
10 Churchill will provide direct and indirect jobs and  
11 wealth for citizens from across Labrador. Hotels,  
12 restaurants, grocery stores, car dealerships, auto  
13 repair shops, nightclubs, clothing stores, and even  
14 our local farmers will have an opportunity to grow  
15 their businesses and to prosper because of this  
16 project.

17                               Labrador will grow and Labrador  
18 will prosper with the development of the Lower  
19 Churchill hydroelectric resources at Muskrat Falls  
20 and Gull Island.

21                               Thank you.

22                               CHAIRPERSON CLARKE: Thank you,  
23 Ms. Best.

24                               Are there any questions of  
25 clarification?

1 Thank you.

2 So the next presenter is a person  
3 who told me some time ago, when she last appeared  
4 here a couple weeks ago, to call her by Jenny  
5 Elson. So I'll call you, so it's Ms. Jennifer  
6 Hefler-Elson

7 --- CLOSING REMARKS BY MS. JENNIFER HEFLER-ELSON:

8 MS. HEFLER-ELSON: Good morning.

9 I'm here as me again, the girl  
10 from the valley, who's lived in the valley all her  
11 life and I'm now 48 years old and I want to live in  
12 the valley until I pass away.

13 And when I was here on April the  
14 2<sup>nd</sup> I told you some things about my life and how it  
15 is connected to the river and what happened in the  
16 past when Joey came to town and told us that not  
17 one red cent of Newfoundland money will go into  
18 road construction for us outside of Labrador.

19 And I stated then that I believe  
20 that the same thing is happening now; is that they  
21 will take and take, without giving back to any of  
22 us in Labrador. I truly believe that.

23 I wanted to come up here today  
24 just to let you know that I still don't want this  
25 project to go ahead. I know there's some people in

1 this community that do want it and I know there's  
2 some people that don't want it.

3                                   And I think the people that don't  
4 want it find it very difficult to stand up and say  
5 that when you're standing up against people with  
6 money and businesses, and support of other  
7 industries when you have to stand up as an  
8 individual and say you don't want something that  
9 people who control things within the community do  
10 want.

11                                   I don't think that the 12 to 15  
12 permanent jobs after Muskrat Falls is constructed  
13 is enough to warrant having the dam put in place,  
14 enough to destroy our land.

15                                   And I don't believe that the town  
16 of Happy Valley-Goose Bay council consulted with  
17 the members of this community to decide if this is  
18 something that we wanted or did the six members of  
19 the town council decide on their own that this is  
20 what the town wanted.

21                                   I think the town council should  
22 have consulted with the people that live here and  
23 have lived here for most of their lives or all of  
24 their lives.

1                   I'd like to take a minute to read  
2 to you something that was written by Byron Chaulk,  
3 the late Byron Chaulk, Fiddler Chaulk he's known  
4 as, and it's called "Mighty Churchill Falls", it's  
5 a song that he wrote.

6                   "Up in the northland far away  
7 from our coastal shores a  
8 mighty power potential waits  
9 in western Labrador. It's  
10 waiting days are nearly over,  
11 progress makes its call.  
12 Thousands of men are  
13 harvesting the mighty  
14 Churchill Falls. Their  
15 government in search of power  
16 to the northland went. The  
17 Churchill was the biggest  
18 scene in all the continent.  
19 Come for the contracts, make  
20 your bid, for now your  
21 country calls to tame the  
22 raging waters of the mighty  
23 Churchill Falls. They can  
24 search all over Canada such  
25 power they'll never find, as

1                   they found up in Labrador the  
2                   mighty Churchill line. Be  
3                   proud you natives of this  
4                   land, you've answered your  
5                   country's call. You've done  
6                   your share, you gave them the  
7                   mighty Churchill Falls,  
8                   you've done your share, you  
9                   gave them the mighty  
10                  Churchill Falls."

11                   I don't think we gave it but it  
12                  was taken from us and this can apply to Muskrat  
13                  Falls in another way and Gull Island, they're  
14                  coming to take it from us.

15                   And I would like for it not to be  
16                  taken and I'd like for it to stay as it is.

17                   That's all I got to say today and  
18                  I just wanted to sit here and tell you that I still  
19                  don't believe the project should go ahead.

20                   And I believe that there's a lot  
21                  of people in Labrador that feel that way because it  
22                  doesn't just have to be development in the way that  
23                  people are presenting it.

1                   Not everybody wants this town to  
2 turn into a mini-city or -- it was quoted in  
3 another meeting, a "mini-Fort McMurray".

4                   If I wanted to live in Fort  
5 McMurray, in a city, I would have moved years ago.

6                   Thank you.

7                   CHAIRPERSON CLARKE: Thank you  
8 very much, Ms. Hefler-Elson.

9                   Any comments or questions?

10                  Thank you.

11                  So that brings an end to all of  
12 the people who had registered for this morning. We  
13 have two more people this afternoon, well two more  
14 presentations, as I mentioned earlier, a  
15 teleconference St. John's Board of Trade at 1  
16 o'clock and then followed by the Sierra Club, Mr.  
17 Bruno Marcocchio.

18                  So thank you very much and we'll  
19 meet again at one.

20 --- Upon recessing at 10:14 a.m.

21 --- Upon resuming at 1:02 p.m.

22                  CHAIRPERSON CLARKE: Okay. Good  
23 afternoon, ladies and gentlemen. We're ready to  
24 start the afternoon session of day one of our  
25 closing remarks.

1                   And as I mentioned this morning,  
2 we have two presentations. Both of them are by  
3 teleconference, and the first is the St. John's  
4 Board of trade, Mr. Thomey.

5                   And Mr. Thomey, I'm wondering, are  
6 you on the telephone right now?

7                   MR. THOMEY: Yes, I am.

8                   CHAIRPERSON CLARKE: Okay, thank  
9 you.

10                  My name is Herb Clarke, and we can  
11 hear you quite well. And the panel is all here as  
12 well as a fairly large audience in the meeting room  
13 in Happy Valley-Goose Bay.

14                  And as you weren't here for our  
15 opening remarks this morning, I just wanted to very  
16 briefly remind you that generally the presentations  
17 should be a maximum of 15 minutes.

18                  Normally there won't be a question  
19 period after that other than the fact that the  
20 panel may ask for clarification of a position. And  
21 then you would be expected to make a closing remark  
22 based upon the information that you've previously  
23 submitted as opposed to new information.

24                  So with that little introduction,  
25 Mr. Thomey, I pass it right on to you.



1     --- CLOSING REMARKS BY MR. PAUL THOMEY:

2                             MR. THOMEY: Thank you, Mr.  
3 Clarke.

4                             As you know, St. John's Board of  
5 Trade did present at your hearings here in St.  
6 John's. And basically, our purpose in  
7 participating today is to just re-emphasize the key  
8 points that we made in that presentation.

9                             I can assure you, the panel and  
10 the people in the room that we will not be taking  
11 advantage of our full 15 minutes. If I run any  
12 more than five, I will be somewhat surprised.

13                            The Board did present to the  
14 panel, and these basically are the highlights and  
15 the major points as we see them.

16                            And the first item regarding the  
17 advantages, the business community is already at a  
18 disadvantage in many ways because we have to bring  
19 so many goods in to our province, and the  
20 transportation routes are limited. And if we want  
21 to compete in exports, we have to add that price  
22 back on.

23                            We need whatever advantages we can  
24 get, and stable electricity rates should be  
25 advantageous.

1                   This project as conceived and  
2 articulated will cost consumers and businesses more  
3 in the short term. We understand that. It's not  
4 something that we're pleased about, but if the cost  
5 projections and the economic models are accurate,  
6 then we will accrue benefits in the long term, and  
7 that's something that we certainly can live with.

8                   Regarding the environment, the  
9 Board of Trade is pleased that because of Muskrat  
10 falls, Newfoundland and Labrador will have an  
11 electricity system that will be greater than 98  
12 percent carbon free.

13                   The development of Muskrat Falls  
14 would avoid approximately 96 million tons of  
15 emissions by 2065.

16                   On the decision to move forward,  
17 right now most of the more easily accessible oil,  
18 natural gas and hydro resources have been  
19 developed. The low-hanging fruit is essentially  
20 gone.

21                   That means that much of Canada's  
22 future energy potential is located in less  
23 accessible areas such as the north and the  
24 offshore.

25                   Pursuing these supplies are likely

1 more costly and riskier. There are already  
2 existing assets that can support Muskrat Falls.  
3 There is already existing expertise.

4                   There is certainly inter-  
5 provincial cooperation and there is certainly an  
6 identified need to bring more energy on stream in a  
7 cleaner way.

8                   While, like any project, we don't  
9 believe it's a perfect project, but it does give us  
10 options for our own use and for exporting. It  
11 makes sense environmentally and it makes sense in  
12 the long term economically, so it's a good project  
13 and we hope to see it move forward in a timely  
14 fashion.

15                   And I would like to thank the  
16 panel for the opportunity to present it in more  
17 detail last week here in St. John's and again for  
18 the opportunity to make this closing remark and  
19 reiterate our major points, that we believe it is a  
20 good project and should proceed.

21                   Thank you very much.

22                   CHAIRPERSON CLARKE: Thank you,  
23 Mr. Thomey, for your presentation.

24                   I would ask -- there's no  
25 questions of clarification, so thank you very much.

1 MR. THOMEY: Thank you. Have a  
2 great day.

3 CHAIRPERSON CLARKE: Have a great  
4 day, too.

5 So the next presenter is Mr. Bruno  
6 Marcocchio for Sierra Club Atlantic. And Mr.  
7 Marcocchio, are you on the line now?

8 I think Mr. Marcocchio wasn't  
9 scheduled until like 1:15, so they'll try to make  
10 the connection. We just have to stay with it for a  
11 little while.

12 Thank you.

13 (SHORT PAUSE)

14 CHAIRPERSON CLARKE: Mr.  
15 Marcocchio, are you on the line now?

16 MR. MARCOCCHIO: I am. Hello.

17 CHAIRPERSON CLARKE: Hello. It's  
18 Herb Clarke, and we're in this room that you're  
19 very familiar with. And the panel is at the front,  
20 and there's quite a large group in the room in the  
21 audience.

22 And as you know, this is the  
23 closing remarks session. And generally, the  
24 presentations would be in the order of 15 minutes,  
25 although we're not overly pressed for time.

1                                   And the idea is that the  
2 presentation would be based upon information  
3 previously submitted. And there's not a question  
4 and answer period afterwards, other than the fact  
5 that the panel itself may wish to ask for a  
6 clarification. But other than that, there wouldn't  
7 be any questions and answers from the floor.

8                                   So I'm sure you understand that  
9 process, and I just pass it over to you, Mr.  
10 Marcocchio, to go ahead.

11 --- CLOSING REMARKS BY MR. BRUNO MARCOCCHIO:

12                                   MR. MARCOCCHIO: Thank you, Mr.  
13 Clarke.

14                                   The Sierra Club thanks the panel  
15 for the opportunity to participate in this process.

16                                   First of all, we wish to thank  
17 both the secretariat and the technical staff for  
18 their work during this process. The secretariat  
19 was both efficient and very helpful.

20                                   The information on the registry  
21 was very well organized and described well, to make  
22 finding the documents very easy. It made our task,  
23 particularly with slow internet connections, very  
24 much easier, and for that we're very grateful.

25                                   The technical staff integrated the

1 remote links like this one remarkably smoothly and  
2 permitted remote input smoothly into the process.

3 Both the Secretariat and the  
4 technical staff had made for an efficient and  
5 smooth process.

6 Now, on to the substance. In our  
7 opinion, the proponent has failed to justify the  
8 project. They have failed to apply the  
9 precautionary principle. Using the profit portion  
10 of its mandate as its primary justification for  
11 this project, it has thrown precaution to the wind  
12 and proposed the destruction of Canada's seventh  
13 largest river system to generate a profit for the  
14 primary stakeholder, the Government of Newfoundland  
15 and Labrador. It does not meaningfully assess the  
16 alternatives that would meet the energy demands of  
17 residents of Newfoundland and Labrador. These are  
18 dismissed by the proponent because they do not meet  
19 its stated mandate; that is, to earn a profit.

20 Posing a significant risk to the  
21 environment to earn a profit is not precautionary  
22 as the Supreme Court decision in the Hudson, Quebec  
23 case shows. A precautionary approach would have  
24 been to consider all alternatives including wind,  
25 tidal wave energy and aggressive demand-side

1 management to meet the present and future energy  
2 needs of the province and to compare the costs;  
3 both environmental and ecologic of the various  
4 options.

5                                   Environmental destruction to  
6 generate a dubious claim of profit is clearly not  
7 precautionary. The proponent has failed to  
8 demonstrate the three-fold need for this project  
9 that it has stated. Future demand can be met with  
10 aggressive demand-side management, small-scale  
11 hydro, wind recalled from power from Hydro-Québec,  
12 et cetera and I'll touch on that again in a moment.

13                                   Second, it has not demonstrated  
14 the ability or cost of delivering the power to  
15 market.

16                                   Finally, both the demand  
17 projections and returns from potential markets are  
18 wildly exaggerated. Target markets will accelerate  
19 demand-side management and clean alternatives and  
20 smart-grid rollout that will reduce the demand for  
21 distant, expensive energy like the current  
22 proposal.

23                                   The proponent is prepared to sell  
24 40 percent of the energy in New England at one-  
25 third of the cost of production and distribution;

1 in effect, dumping the unwanted power in New  
2 England subsidized, of course, by the ratepayers in  
3 Newfoundland and Labrador.

4                   Emera will get 20 percent of the  
5 power for free for 35 years in exchange for  
6 constructing the bumpy, two-lane-like hardtop link  
7 to Nova Scotia where it will be shipped on  
8 congested line to distant markets. The smart grid  
9 that is the new paradigm is ignored in analysis of  
10 demand and future supply options that are today  
11 being ruled out as we speak.

12                   The primary stated purpose; that  
13 is, to generate a profit is the most deficient, as  
14 the comments submitted yesterday by the Sierra Club  
15 demonstrate. In evidence that's now before the  
16 panel, Mr. Collins, a former Conservative energy  
17 minister in Newfoundland; Mr. Hearn who is a former  
18 Director of Newfoundland and Labrador Hydro and  
19 Jacques Parizeau, the former Premier of Quebec have  
20 all given compelling evidence that the need,  
21 purpose and alternatives to this project are not  
22 demonstrated.

23                   Mr. Collins and Hearn have made  
24 clear the economic justification for this project  
25 is not demonstrated.



1 Mr. Parizeau has indicated that  
2 demand-side management is much cheaper than new  
3 hydro.

4 Former Conservative Minister  
5 Collins outlines the concerns with the financial  
6 liability of the project. As well, he outlines how  
7 the lessons from the Upper Churchill have not been  
8 learned. He outlines the dangers of little or no  
9 financial returns from the 60 percent surplus power  
10 that will have to be sold at a loss. He outlines  
11 the speculative nature of future energy needs and  
12 power should not be built in Labrador on a  
13 speculative basis. The price tag to shut down  
14 Holyrood with the current proposal, according to  
15 Minister Collins, is much too expensive. He feels  
16 solid facts, not speculation, should be the basis  
17 of energy decisions. He states plainly that the  
18 current proposal does not make sense economically.  
19 He states that unless markets materialize in  
20 Newfoundland and Labrador for this power, it does  
21 not make sense economically to proceed.

22 Minister Collins thinks that using  
23 the recall power now being sold at a loss to Hydro-  
24 Québec could be used in Newfoundland and Labrador  
25 to meet the forecasted demand. This would require

1 a link to the island that would then provide  
2 affordable energy to replace Holyrood.

3 Mr. Hearn, a former Newfoundland  
4 and Labrador Hydro Board Member stated:

5 "Cost overruns in the range  
6 of 50 percent are not  
7 unprecedented."

8 Is the Muskrat Falls project still  
9 affordable if such a cost overrun would occur? In  
10 any plausible development strategy for bringing  
11 Muskrat Falls' power to the Island of Newfoundland,  
12 the delivered cost of energy would increase  
13 substantially from today's prices and would likely  
14 be too high to attract new industry to the island.

15 "The limited assessment of  
16 alternatives to Muskrat Falls  
17 is even more disturbing" (he  
18 goes on to say). "There  
19 appears to be no  
20 consideration to recalling  
21 power from the Upper  
22 Churchill utilizing the  
23 legislative authority of the  
24 province under section 92 of  
25 the Canadian Constitution."

1                                   That's further explained in the  
2 brief we submitted yesterday and I do hope the  
3 panel has an opportunity to look at it carefully.

4                                   As he points out:

5                                   "Power can be recalled from  
6 Hydro-Québec for less than a  
7 penny a kilowatt and shipped  
8 to the island if a link were  
9 constructed."

10                                  The economics of this are  
11 obviously much more attractive than the current  
12 proposal considering the power now is being sold to  
13 Hydro-Québec at a loss and it could be recalled  
14 with the proper legislative changes and a link at  
15 less than a penny a kilowatt.

16                                  In addition, evidence before the  
17 panel -- already before the panel states:

18                                  "The cost to build virtually  
19 any type of new power  
20 generation, whether coal,  
21 nuclear, solar, wind or  
22 natural gas (and I dare say  
23 hydro as well) is higher than  
24 the current price of power  
25 discouraging new investment

1 in generating assets  
2 according to Jonathan  
3 Siegler, Chief Financial  
4 Officer of Bluescape  
5 Resources as quoted in the  
6 Dallas Morning News  
7 recently."

8 He also points out that it's the  
9 depressed price of natural gas, not the price of  
10 oil, that will determine the value of energy and  
11 markets. Nalcor bases all of its assumption on  
12 spiralling oil costs. The results will be  
13 delivered power will cost three times the value of  
14 a delivered energy. Helpless ratepayers who  
15 because the Public Utility Board guarantees a  
16 return for Nalcor will have to pay the two-thirds  
17 of the cost of the energy Nalcor hopes to dump in  
18 New England.

19 The leader of the opposition in  
20 Newfoundland and Labrador has asked a telling  
21 question of the premier with respect to the  
22 viability of this project in the last several  
23 weeks. Ms. Jones says:

24 "Mr. Speaker, this is the  
25 most pathetic picture I've

1                   ever seen in my life; a  
2                   premier in this province  
3                   trying to justify why they  
4                   have to give Nova Scotia  
5                   power cheaper than they can  
6                   give it to Newfoundlanders  
7                   and Labradoreans. I ask you  
8                   again, premier, why is it  
9                   that under your Muskrat Falls  
10                  deal any company who wants to  
11                  develop industry can do so in  
12                  Nova Scotia, get their power  
13                  cheaper from Muskrat Falls  
14                  than they can in Labrador.  
15                  What kind of rationalization  
16                  is that in telling people  
17                  that this is a good deal?"

18                               Herein lays the crux of the issue  
19                  that the panel must struggle with. It is a massive  
20                  political impetus that is all that justifies this  
21                  project. The stated primary purpose -- profit --  
22                  clearly has not been demonstrated. The proponent  
23                  continues to refuse to indicate the level of  
24                  capital investment required stating the stakeholder  
25                  will make the decision at the third gate. It

1 refuses to show the panel or stakeholders the full  
2 financial picture despite their claim that profit  
3 is the primary purpose of the project.

4 Will short-term political  
5 interests be allowed to trump economic viability or  
6 environmental sustainability? Not only is the  
7 economic outlook for the project bleak, the  
8 ecological and social impacts are significant and  
9 destructive. Wild rivers are not a renewable  
10 resource and the Grand will be destroyed if this  
11 project is allowed to proceed.

12 The social and cultural dimensions  
13 of destroying the river have virtually unanimously  
14 been rejected by all affected communities in  
15 Labrador and the costs that will be guaranteed by  
16 the PUB will be punitive to island ratepayers.  
17 They all condemn this project as not being  
18 sustainable, wanted or needed. Striking was the  
19 unanimous message from all cultural groups that  
20 Labrador, in particular, will not benefit from this  
21 project even in the short term.

22 The clear issue before the panel  
23 is to reject the proposal for failing the economic  
24 test, sustainability test, failure to justify the  
25 need, purpose or alternatives to this project.

1 Similarly, the significant adverse affect on a  
2 valued economic component represented by the core  
3 values of the affected communities have not been  
4 demonstrated.

5                   This leaves the panel in a very  
6 difficult situation. Approve a powerful, short-  
7 term political agenda or reject the proposal on the  
8 overwhelming evidence of ecological and social  
9 destruction and lack of economic justification. It  
10 will take courage to make the decision; the  
11 evidence before the panel clearly demonstrates.

12                   The evidence of engaged  
13 stakeholders has clearly stated that the  
14 information provided by the proponent does not  
15 justify the project or provide benefit to affected  
16 communities. With few exceptions, the message  
17 heard by this panel is that the project will  
18 irrevocably change the fundamental, physical and  
19 spiritual relationships the residents have with the  
20 river and their way of life. The poisoning of the  
21 fish and game from mercury contamination will  
22 destroy the relationship the indigenous communities  
23 have had with the river and its bounty. Deprived  
24 of fish and a transportation corridor that have  
25 sustained them for millennia, they realize they

1 will be forever impoverished and their culture  
2 undermined by the project.

3                   Robert Gibson has documented the  
4 evolving sustainability analysis by review panels  
5 in the Canadian environmental assessment. This  
6 project clearly fails every one of the  
7 sustainability criteria set out by Dr. Gibson as  
8 the positive contribution to sustainability test  
9 that review panels in Canada have employed. We've  
10 gone over this in detail, point by point, and  
11 showed how this project clearly fails.

12                   The project has clearly  
13 demonstrated it will be destructive. The Proponent  
14 has chosen to cling to the notion that the  
15 footprint will not extend beyond the mouth of the  
16 river, despite abundant evidence from scientific  
17 sources, first-hand accounts, and local knowledge  
18 of affected communities, all the way out to the  
19 coastal communities, and yet there is no  
20 acknowledgment that this will fundamentally change  
21 everything about the entire way of life in  
22 Labrador, and the relationship to the river and the  
23 entire eco-system.

24                   The significant impacts on red  
25 wine caribou, on hazard quotients exceeding



1 permissible levels in osprey, the implications to  
2 human health -- please remember that the river from  
3 the Upper Churchill proposal is on the verge of  
4 once again rendering both the fish and the  
5 dependent wildlife edible and available to local  
6 communities.

7                   The river is largely still  
8 unregulated because of the tributaries and has  
9 enough of a natural attenuation of the hydrologic  
10 cycle that it continues to function as a workable  
11 river. That, of course, will all change if Muskrat  
12 Falls is developed, and we will end up with a  
13 lacustrine system that is both significantly  
14 diminished and decreased in its species  
15 composition, and therefore its resilience and its  
16 sustainability.

17                   And the costs of all of that has  
18 been largely discounted by the Proponent, by  
19 virtually denying every significant impact, in a  
20 weak attempt, in our opinion, to minimize the  
21 amount of analysis that needed to be done.

22                   Both the local knowledge of both  
23 the indigenous and the European residents of the  
24 community have clearly indicated that the impacts  
25 will be profound, that they will be extensive, that

1 they haven't been looked at properly.

2                                   We've heard disturbing evidence  
3 from scientists, despite the fact that they clearly  
4 appeared to have been muzzled and were unable to  
5 draw conclusions that there is a dramatic risk of  
6 the riverbanks receding, in some cases up to  
7 200 metres; posing a dramatic risk of by-pass to  
8 the river, among other things; and threatening a  
9 massive dam by-pass that would lead to catastrophic  
10 results.

11                                   The Proponent has cared for little  
12 apart from building a dam project that will be  
13 guaranteed by the Public Utilities Board despite  
14 the fact that it can't be justified on an economic  
15 basis; despite the fact that it will destroy the  
16 way of life for all Labradorians; despite the fact  
17 that it will burden all the residents of  
18 Newfoundland and Labrador with excessively high  
19 energy costs for this ill-advised project that will  
20 require them to subsidize two-thirds of the cost of  
21 most of the energy produced; and, finally, we need  
22 to clearly understand and look at the alternatives,  
23 particularly the one of recalling power from Hydro-  
24 Québec at less than a penny a kilowatt, and  
25 building a link to Newfoundland that would very

1 nicely provide for the needs of current and future  
2 generations, even return some profit to the  
3 residents of Labrador and Newfoundland, and keep  
4 prices low, the way other provinces blessed with  
5 large hydro facilities are currently paying, like  
6 in Quebec and Manitoba.

7                   The Proponent would have you  
8 believe that it's a good deal for the residents of  
9 Newfoundland and Labrador to be paying 14.3 cents  
10 wholesale, delivered to the Island, when this  
11 project is completed. Compare that to those other  
12 hydro-rich provincial utilities, in Manitoba and  
13 Quebec, where the price paid by ratepayers will be  
14 approximately a third of that. This is a terrible  
15 deal economically for Newfoundlanders and  
16 Labradorians.

17                   More tragically, it will destroy  
18 Canada's seventh largest river system and  
19 impoverish a vibrant and -- vibrant cultures that  
20 are renewing their connection to their -- and  
21 spiritual connection and roots to the river and its  
22 bounty.

23                   And I do hope that the panel  
24 weighs carefully the very difficult task of  
25 weighing the costs and benefits of the short-term

1 political agendas versus the real economic and  
2 social costs of this proposal that clearly is not  
3 needed.

4                               The alternatives have not been  
5 explored.

6                               It is not wanted by the residents,  
7 either in Newfoundland, in Labrador, or in New  
8 England where it will have to be dumped to be  
9 competitive.

10                              I thank you, and I just want to  
11 remind the panel once again that it, at times, has  
12 been difficult to maintain a level playing field.  
13 I have tried to be respectful, but at times  
14 admittedly forceful in trying to maintain that  
15 level playing field. I hope that the panel weighs  
16 the evidence and takes that into consideration,  
17 primarily.

18                              I thank you and I, once again,  
19 enjoyed both the process of being involved in these  
20 very important panel hearings, and equally in  
21 getting to know and respect and admire the cultures  
22 of Newfoundland and Labrador, in particular. It  
23 was a wonderful learning experience for me, and I  
24 hope that I can soon return to celebrate that  
25 beautiful river in its unhindered state.

1 I thank you very much.

2 CHAIRPERSON CLARKE: Thank you  
3 very much, Mr. Marcocchio, for your presentation.

4 I don't believe any of the panel  
5 members have any clarification questions on your  
6 position, it was very clear, and thank you and have  
7 a good day.

8 MR. MARCOCCHIO: Thank you very  
9 much.

10 CHAIRPERSON CLARKE: Okay, That  
11 brings to an end the presentations that we have for  
12 today and, as I indicated this morning, the only  
13 presentations that can be made today and tomorrow  
14 are those that have registered by April the 10<sup>th</sup>.

15 Tomorrow we start again and we  
16 have a -- I'll just go very quickly, starting at  
17 9:00 in the morning.

18 We have five presentations in the  
19 morning: Nunatsiavut government, the Labrador  
20 North Chamber of Commerce, the Mokami Status of  
21 Women, Mina Campbell Hibbs, and Eldred Davis.

22 Then in the afternoon, there are  
23 four other ones: Innu nation, Kirk Lethbridge,  
24 Grand Riverkeeper, Labrador Inc., and Nalcor  
25 Energy.

1                                   So I would like to thank everybody  
2 for your participation and for your attendance here  
3 today, and hopefully we will see everybody again  
4 tomorrow morning at 9:00.

5                                   Thank you.

6 --- Upon adjourning at 1:28 p.m.

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## C E R T I F I C A T I O N

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4 I, Sean Prouse, a certified court reporter in the  
5 Province of Ontario, hereby certify the foregoing  
6 pages to be an accurate transcription of my  
7 notes/records to the best of my skill and ability,  
8 and I so swear.

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10 Je, Sean Prouse un sténographe officiel dans la  
11 province de l'Ontario, certifie que les pages ci-  
12 hautes sont une transcription conforme de mes  
13 notes/enregistrements au meilleur de mes capacités,  
14 et je le jure.

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19 Sean Prouse, CVR

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