

Date : 3/17/2011 11:04:01 PM

From : DawnDalley@nalcenergy.com

To : "Williams, Tina"

Cc : "Bown, Charles W."

Subject : Re: Review - Letter of Response

Attachment : Minister Skinner - Telegram Letter - March 16, 2011.doc; Minister Skinner - Telegram Letter - March 16, 2011_dd.doc; ATT470865.jpg;

my comments and suggestions in track changes.



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From: "Williams, Tina" <TinaWilliams@gov.nl.ca>

To: "Bown, Charles W." <cbown@gov.nl.ca>, <DawnDalley@nalcenergy.com>

Date: 03/17/2011 01:14 PM

Subject: Review - Letter of Response

Hello – Attached is a draft response to the excerpt in Russell Wangersky's editorial that appeared in last Saturday's Telegram. Editorial can be seen below. I'd appreciate your thoughts. Upon discussion over here, the intent was to highlight the importance of this project from more of an electricity need perspective and show that MF is indeed a good solution. Thanks in advance.

Mortgaging the future

Here's a simple question: Is the Lower Churchill Project as it stands now a good investment for the people of this province?

How would we know? Because someone told us it was?

The Conservatives say it is – but is their support contingent on politically connected firms getting a healthy dose of untendered contracts now that the Tories have exempted Nalcor from public tendering requirements? That sounds far-fetched, but if you can't trust them to tell the truth, how can you ignore that possibility?

The Liberals say the project will deliver huge costs and wildly expensive electricity, and that the costs will be borne by anyone who pays an electric bill. Once again, how do you know they're not lying for their own benefit, knowing that instilling a goodly fear of high electricity prices might push a few more votes their way?

If the project goes ahead as planned, the province will assume billions of dollars of new debt, debt that will have the ability to drastically alter the futures of our children and grandchildren. Before we decide to invest that money, we have to know if the investment makes any sense at all – and if we can't trust politicians to make even a basic, honest effort to clearly represent the issues involved, we can't make an informed decision.

The politicians of the day will be long gone, enjoying huge pensions that most taxpayers will never see. Their anointed patronage and pork barreling conferees will have the comfort of their political gains. And the lies involved will disappear into the mists of "what was wrong with the people back then? Couldn't they see what was going on? They must have been some stupid.

Why does it happen? Because like the Boston Bruins' Zdeno Chara almost decapitating Max Pacioretty of the Montreal Canadiens last week, we let it happen.

Until there are consequences for the deceit that's reached the level of bold-faced, unapologetic lies, we can hardly expect a change.

Heck, under parliamentary rules, you're not even allowed to say that someone lied, even when they clearly have done exactly that.

If you're a politician, what more permission do you need?

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**Letter of Response
Telegram**

I write in response to an editorial published in the Telegram on March 12, 2011, which questioned whether the Lower Churchill Project is a good investment for the people of Newfoundland and Labrador.

With or without the development of Muskrat Falls, electricity rates in Newfoundland and Labrador are expected to increase by five percent annually between 2012 and 2017 due to our dependence on oil-based generation. Electricity demand in the province will increase over the next six years, and by 2019, the existing system will be challenged to accommodate new demand. The bottom line is that we require additional sources of energy to meet future demand and ensure a reliable supply of electricity for the province.

Newfoundland and Labrador Hydro is mandated by the Public Utilities Board to forecast electricity requirements. Hydro considered five alternatives to address the Island's long-term needs, and concluded that the development of Muskrat Falls with the Labrador-Island Transmission Link is the best low-cost option. This was based on criteria including reliability, cost, supply security, provincial benefits, greenhouse gas reductions and long-term value.

The Lower Churchill Project, starting with the development of Muskrat Falls and followed by Gull Island, will stabilize prices by delivering clean, renewable hydro power and avoid the volatility of oil prices and fossil fuel dependence. This project supports our Energy Plan commitment to provide renewable, affordable energy and stabilize rates.

Muskrat Falls stands on its own merit when it comes to the economic viability of the project. It is a strong financially attractive development that will generate a positive rate of return to the province and ensure long-term price stability.

The Lower Churchill Project will ensure a secure, clean energy future for the province. This resource development is not about politics; rather, it is about supporting a development that will benefit Newfoundlanders and Labradorians now and for future generations.

Sincerely,

The Honourable Shawn Skinner
Minister of Natural Resources

Letter of Response Telegram

I write in response to an editorial published in the Telegram on March 12, 2011, which questioned whether the Lower Churchill Project is a good investment for the people of Newfoundland and Labrador.

~~With or without the development of Muskrat Falls, electricity rates in Newfoundland and Labrador are expected to increase by five percent annually between 2012 and 2017 due to our dependence on oil-based generation.~~ Electricity demand in the province will increase over the next six years, and by 2019, the existing system will be challenged to accommodate new demand. The bottom line is that we require additional sources of energy to meet future demand and ensure a reliable supply of electricity for the province.

Commented [DD1]: Really don't think we should continue to focus on the fact that rates are going up now but that they will be stable from 2017 beyond as done below.

Newfoundland and Labrador Hydro is mandated by the Public Utilities Board to forecast electricity requirements. Hydro considered five alternatives to address the Island's long-term needs, and concluded that the development of Muskrat Falls with the Labrador-Island Transmission Link is the best low-cost option for consumers. This was based on criteria including reliability, cost, supply security, provincial benefits, greenhouse gas reductions and long-term value.

The Lower Churchill Project, starting with the development of Muskrat Falls ~~and followed by Gull Island~~, will stabilize prices by delivering clean, renewable hydro power and avoid the volatility of oil prices and fossil fuel dependence. This project supports our Energy Plan commitment to provide renewable, affordable energy and stable electricity rates for consumers. I am confident, with a view to 2020, this province will be the most competitive jurisdiction for electricity rates in Atlantic Canada and one of the best in North America. Our electricity will be generated from clean, renewable – and stable – hydropower.

Commented [DD2]: Gull will not come to the island...or likely will not

Muskrat Falls stands on its own merit when it comes to the economic viability of the project. It is a strong financially attractive development that will ~~generate a positive rate of return to the province and~~ ensure long-term price stability for consumers and generate a positive rate of return to the province.

~~The Lower Churchill Project will ensure a secure, clean energy future for the province.~~ This resource development is not about politics; rather, it is about supporting a development that will benefit Newfoundlanders and Labradorians now and for future generations.

Sincerely,

The Honourable Shawn Skinner
Minister of Natural Resources