

Date : 4/2/2012 12:05:48 PM

From : "Thompson, Robert"

To : "Power, Glenda"

Subject : Re: revised news release draft for comment - PUB

Some extra words if they are helpful:

The report of the PUB has not provided an answer to the question posed in the terms of reference. The report is a disappointing outcome to a lengthy and expensive process. Other experts and reviewers were able to answer the same question based on the same information available to the PUB. The PUB should have told the Government at an earlier date that it could not reach a conclusion and it chose not to do so.

One of the findings of the PUB was that the next stage of detailed information will provide a more thorough basis for decision making. This point is consistent with the Provincial Government's policy. The more detailed information, known as "Decision Gate 3", will be available in June 2012.

This information is required by Nalcor and the government to decide whether or not to provide sanction and final approval to the construction project.

In the normal course of reviewing the more detailed information, the Government will hire expert advisors to assist in the review of Nalcor's recommendation before making a final decision. The same experts used by the PUB have been hired by the government for this process. The government commits to making the detailed information and the advice of MHI publicly available. It is also prepared to reconvene the House of Assembly in June to have a special debate on Muskrat Falls to review the new information.

Muskrat Falls to be Debated in House of Assembly

The Provincial Government will hold a special debate on Muskrat Falls in the House of Assembly. The Honourable Kathy Dunderdale, Premier of Newfoundland and Labrador made the announcement today in the House of Assembly. The debate will take place once final Decision Gate 3 data and analysis has been completed, and prior to making a decision on whether or not to proceed with the development of Muskrat Falls.

"We want to ensure Newfoundlanders and Labradorians are engaged, informed and confident in the decision to develop Muskrat Falls, and this focused debate is another important opportunity to ensure that the project benefits from rigorous input and debate prior to project sanction," said Premier Dunderdale. "I was disappointed that after nine months, several million dollars spent, and supportive conclusions from both Manitoba Hydro International, and the Consumer Advocate that the Board of Commissioners of Public Utilities (PUB) was unable to make any conclusion in their review to determine whether Muskrat Falls is the least-cost option to respond to future power needs on the Island. Given issues raised in the report, a special debate will take place in the House of Assembly."

In support of an informed debate, new data will be available through the Decision Gate 3 process, and will provide the most comprehensive information to date and include new information on updated load forecast, defined capital costs, and system integrated studies. Discussions are ongoing with external advisors to provide expert advice, and conduct an assessment of the Decision Gate 3 information.

Information from the Decision Gate 3 process, along with additional reports on natural gas and wind will be tabled in the House of Assembly prior to the debate. Terms of the debate will be announced at a later date.

The PUB review was announced in June 2011, and included submissions from Nalcor Energy, the province's Consumer Advocate and other participants in the public consultations, as well as an independent assessment commissioned by the PUB by Manitoba Hydro International. The PUB report was received by the Provincial Government on March 30, and released publicly earlier today.

"We remain confident in the analysis provided by Nalcor and the conclusion that Muskrat Falls is the least-cost option to meet electricity demand requirements on the Island, replace the high costs associated with oil prices to operate Holyrood, and meet industrial growth in Labrador," said the Honourable Jerome Kennedy, Minister of Natural Resources. "Our government encourages questions and debate, and we look forward to the opportunity to debate the merits of the project. At the end of the day,

this project must be developed in the best interests of the people of our province, and we will consider all reports, analysis and informed discussion prior to making a decision on project sanction.”

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