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Government of Newfoundland and Labrador
Department of Natural Resources
Office of the Minister

Ms. Judy Facey



Dear Ms. Facey:

Thank you for your March 16, 2011, letter to Premier Dunderdale. The Premier has asked that I respond on her behalf.

Our government is continuing to work to develop a least-cost, reliable, and clean source of electricity to meet the supply shortage that is facing our province. The supply and demand forecasts by our crown energy corporation, Nalcor Energy, clearly show our province will begin to experience power shortages in the next five years unless we act now to develop a solution. Independent electricity consultants have confirmed these forecasts.

You mentioned in your letter that your bills are climbing, which is precisely why our government is so committed to this process. We will ensure development of a source of electricity that will stabilize electricity prices, and provide our people and our economy with clean and reliable electricity to heat our homes and power our businesses far into the future. All the evidence and studies we have seen, to date, clearly demonstrate that Muskrat Falls is the least-cost source of the electricity we need, and several independent experts have also confirmed these conclusions.

Although this evidence is persuasive, our government will await the results of some important additional work before deciding whether to proceed further with the project. This work includes an independent review of Nalcor's updated project information, which will be available later this year. The additional work will inform our government on whether Muskrat Falls remains the least-cost source of new electricity generation for the Island of Newfoundland. Only after we have all this information as well as a full debate in the House of Assembly, will we be in a position to reach a final decision on Muskrat Falls.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Jerome P. Kennedy".

Jerome P. Kennedy, Q.C.
MHA, Carbonear-Harbour Grace
Minister of Natural Resources

c. Premier Kathy Dunderdale