

The House met at 1:30 p.m.

**MR. SPEAKER (Wiseman):** Order, please!

Today, before we start the proceedings, I want to welcome to the public galleries representatives from the sealing industry: Dion Dakins from Carino Processing Limited, and Jennifer and Kerry Shears of Natural Boutique.

Welcome to our Assembly.

**SOME HON. MEMBERS:** Hear, hear!

**Statements by Members**

**MR. SPEAKER:** Today we will have members' statements from the Member for the District of Fortune Bay – Cape La Hune; the Member for the District of Baie Verte – Springdale; the Member for the District of St. John's Centre; the Member for the District of Lake Melville; the Member for the District of Lewisporte; and the Member for the District of Cartwright – L'Anse au Clair.

The hon. the Member for Fortune Bay – Cape La Hune.

**MS PERRY:** Thank you, Mr. Speaker.

I rise in this hon. House today to applaud three outstanding individuals from my district who were recently awarded the Queen's Diamond Jubilee Medal: Mr. Jim Sheppard, Chief Warrant Officer, retired; Saqamaw Misel Joe; and Mayor Stewart May.

Mr. Jim Sheppard, a veteran who served our country for over thirty-two years with the Queen's Own Rifle, Princess Patricia's Light Infantry, and the Canadian Military Engineers, has established a military museum in Rencontre East, his hometown, preserving a remarkable era in our veterans' history.

Saqamaw Misel Joe was recognized for his exemplary leadership on behalf of and in conjunction with his fellow band members, in promoting and preserving the language, culture, and traditions of his people.

Mayor Stewart May is yet another truly remarkable person who has spent his life going over and above the call of duty as a community leader to help make life better for others. He has served with over thirty volunteer organizations and is extremely dedicated, reliable, and committed, a true example of leadership and volunteerism at its very best.

Mr. Speaker, I ask all members of this hon. House to join me in congratulating these well-deserving recipients of the Queen's Diamond Jubilee Medal in Fortune Bay – Cape La Hune.

Thank you, Mr. Speaker.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The hon. the Member for Bay Verte – Springdale.

**SOME HON. MEMBERS:** Hear, hear!

**MR. POLLARD:** Thank you, Mr. Speaker.

I rise in this hon. House today to acknowledge the accomplishments of four outstanding summer club swimmers from the Springdale Blue Fins.

Brady Huxter, Ben Melindy, Andrew Goudie, and Scott Pynn smashed the Summer Club under-eighteen Boys 200-metre medley relay with a time of 2:11.24.

Ever since they were tiny tots, they converged upon the Gander pool to attend the Summer Club Provincial Championships. This past summer they were on a mission to set a new record and they did it.

For over forty years, Gander pool has been the site for this fun-filled event. Many records have been broken and many memories have been made.

For the past twenty-four years, my wife and I have attended and can attest that this event is the highlight of all Summer Club swimmers. The team play, the stamina, and the sheer determination displayed by these four athletes was a joy to experience as they splashed and pulled themselves to record-breaking speed.

I invite all hon. colleagues to join me in applauding Brady, Ben, Andrew, and Scott, not only for providing us with nail-biting entertainment, but also for their outstanding achievement.

Thank you, Mr. Speaker.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The Speaker acknowledged a guest to the gallery a few moments ago. I had not realized at the time, but Kerry and Jennifer Shears had just joined us after my comments.

Welcome to our galleries.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** This was not a staged event with the Member for Bay Verte – Springdale. He wears that tie all the time.

Next we will have the hon. the Member for St. John's Centre.

**MS ROGERS:** Thank you very much, Mr. Speaker.

Mr. Speaker, I rise today to salute a vibrant community group, and a good corporate citizen who has made it possible for that group to offer an outstanding program to the people it serves.

The Boys and Girls Club of St. John's, under the leadership of Executive Director Kelly Sandoval and Program Director Michael Jacobs, is the latest beneficiary of the Rogers Raising the Grade program.

This national program gives youth – like the ones in Buckmaster's Circle who go on to the Boys and Girls Club After-School Program – skills, tools, and opportunities that will help them succeed at school.

Mr. Speaker, I had the great pleasure of attending the grand opening at the Boys and Girls Club. The technology that Rogers has given them is so impressive, and the enthusiasm shown by the staff and the students is truly contagious.

The St. John's club is one of twenty-five across the country to benefit from the Rogers Raising the Grade program.

I commend Rogers for their exceptional community spirit and their vision in creating this program to help our youth get the education they need for a solid base in life.

Thank you to Kelly, to Rogers, and the Boys and Girls Club for this fantastic program serving the youth in St. John's Centre. I am sure that the House would like to join me in saying bravo to them all.

Thank you, Mr. Speaker.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The Member for the District of Lake Melville.

**MR. RUSSELL:** Thank you, Mr. Speaker.

I rise today to recognize Mr. Edward Blake of North West River – a recipient of the Queen's Diamond Jubilee medal.

Mr. Blake was born in 1928. He is the oldest of nine siblings and grew up in the family home, a trapper's cottage at a place called the Rapids, three miles up the river near North West River. From a very young age Mr. Blake displayed the resilience and ambition that is common with Labradorians. During the winter months, Mr. Blake would walk three miles across river ice just to attend school.

Through this strength as a young man, Mr. Blake helped establish North West River by clearing the land for several North West River landmarks and through his community involvement he helped North West River incorporate in 1958.

Mr. Blake opened the first gas station in North West River providing home delivery to the residents, later expanding to open an Arctic Cat Snowmobile shop.

Mr. Blake continues to live an active life at home with his family, and chooses to spend his spare time restoring his historic family home at the Rapids.

I ask all hon. members of this House to join me in congratulating Mr. Edward Blake, a true Labradorian.

Thank you, Mr. Speaker.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The Member for the District of Lewisporte.

**MR. VERGE:** Thank you, Mr. Speaker.

I rise today to recognize Patrol Commander Horace Lane of the Canadian Ranger Patrol. Mr. Lane has been nominated and awarded the distinction of Member in the Order of Military Merit. This award was presented in recognition of his dedication to his community and Province, as well as his contribution to the Canadian Ranger Patrol and the Patrol Group for the past twenty-two years.

The Order of Military Merit was established to provide a worthy means of recognizing conspicuous merit and exceptional service by members of the Canadian Forces, both regular and reserve.

Lieutenant Lane has been actively involved in: the Newfoundland and Labrador Outfitters Association, the Department of Tourism Hunting and Fishing Project Team, The Beothuk Institute, Lewisporte Area Chamber of Commerce, Lewisporte Yacht Club, Calypso Recycling Committee and auction committee, as well as a director of the Calypso Foundation. He is also involved with the Lewisporte and Area Economic Development Committee, and an Honorary Associate of the Lewisporte Kinsmen Club.

Last week, His Excellency, the Right Honourable David Johnson, Governor General and Commander-in-Chief of the Canadian Forces conducted the Investiture at Rideau Hall in Ottawa.

Members of the House of Assembly, please join with me in recognizing the tremendous contributions made by Lieutenant Horace Lane.

Thank you, Mr. Speaker.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The Member for the District of Cartwright – L'Anse au Clair.

**SOME HON. MEMBERS:** Hear, hear!

**MS JONES:** Thank you, Mr. Speaker.

I rise in the House to recognize and congratulate two long-serving employees of the Labrador Fishermen's Union Shrimp Company, Mr. Gilbert Linstead and Mr. Ken Fowler. Both of these gentlemen have been with the company for over thirty years, and it has been a pleasure for me to have had the opportunity to work with them for the last twenty years.

Mr. Linstead has been the General Manager of the Labrador Fishermen's Union Shrimp Company and continues to encourage growth in the Labrador fishery and Labrador communities. Through his leadership and vision, he took a private fish company, turned it into a co-operative, and grew it into a competitive business employing 1,500 Labradorians with millions of dollars in assets, and has secured markets for fish products all over the world.

Mr. Fowler has been assistant General Manager and has been a strong partner and leader in building the company and the fishing industry in Labrador as well. He helped fishermen diversify their fishing enterprises, gain new expertise, and help secure offshore fishing vessels for the company.

Together, with their board of directors, they have taken the Labrador Fishermen's Union Shrimp Company into the twenty-first century as the ideal fisheries model for Newfoundland and Labrador, ensuring growth, stability, and profitability for communities and people on Labrador's South Coast.

I ask my colleagues in the House to recognize their service, their commitment, and offer them our congratulations on a job well done.

Thank you, Mr. Speaker.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** I recognize, as well, that we just had enter our public galleries the Mayor of Grand Falls-Windsor, Mayor Hawkins.

Welcome to our Assembly.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** All of these guests wanting to be here, and we are trying to get out.

Today we will have Statements by Ministers.

### **Statements by Ministers**

**MR. SPEAKER:** The hon. the Minister of Justice.

**MR. KING:** I am sorry, Mr. Speaker, I am attentive in all directions here today.

Thank you, Mr. Speaker. It is a pleasure to rise today.

Mr. Speaker, I am pleased to stand here today in the House of Assembly with my colleagues and recognize the Royal Newfoundland Constabulary's promotion of Stephanie Motty to the rank of sergeant.

On December 7, 2012, Sergeant Motty became the first woman to be appointed to the position of sergeant at the RNC's Labrador City Detachment.

I am very pleased to congratulate Sergeant Motty on her promotion to the rank of sergeant. Not only does it speak to the level of commitment that she has shown to her profession, it is also a significant milestone for the RNC detachment in Labrador City to have its first female sergeant.

As we are all aware, we have many female police officers in various roles within our communities. They are an important part of the overall operations of the RNC, and certainly play a leadership role in many specific areas of policing.

As of December 1, 2012, approximately 25 per cent of RNC officers were female, and this government is committed and will continue to be committed to ensuring that women are represented in policing and justice in Newfoundland and Labrador.

Since the RNC recruiting program started, almost 40 per cent of the officers recruited have been female, Mr. Speaker, making the RNC one of the national leaders in the recruitment of women to the force.

**SOME HON. MEMBERS:** Hear, hear!

**MR. KING:** Mr. Speaker, Sergeant Motty is no stranger to hard work or to dedication that comes with working with the RNC. Last year, she received the Excellence in Performance Award at the Atlantic Women in Law Enforcement's nineteenth annual training conference. This honour is awarded to a female officer who distinguishes herself through superior attention to duty or outstanding investigative efforts.

Having held positions in various areas of the RNC for more than ten years, Sergeant Motty has spent time as a patrol officer, and also as a member of the Criminal Investigative Division. With the Criminal Investigative Division she divided her time as a member of the child assault and sexual assault unit, as well as the major crime unit. She is considered to be an adept and a highly-competent investigator and has excelled in many complex investigations.

Mr. Speaker, on December 7, a ceremony was held to formally promote Stephanie Motty to the position of sergeant. I would like to thank her for her contributions to the Province and the police services in our Province, and to wish her every success in her new role.

Thank you.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The hon. the Member for Burgeo – La Poile.

**MR. A. PARSONS:** Thank you, Mr. Speaker.

I thank the minister for an advance copy of his statement.

Certainly, we would like to send congratulations to Stephanie Motty on her promotion to sergeant. Becoming the first female sergeant of the RNC's Labrador City detachment is not only an advancement for Sergeant Motty but for all women. As my colleague, the Member for Cartwright – L'Anse au Clair says, women are currently running Labrador. That is a great step forward.

Increasing the presence of women in law enforcement is a positive step forward for society as a whole. In September, our Province hosted the fiftieth annual International Association of Women Police Conference. It was a great thing to have police officers from all over the world converge on our fair Province.

Earlier this year, Tracy Hardy was appointed the new commanding officer for the RCMP B Division in the Province. These are tremendous strides for both women and the RNC and RCMP.

In closing, we would like to wish Sergeant Motty all the best in her new position.

Thank you, Mr. Speaker.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The hon. the Member for St. John's Centre.

**MS ROGERS:** Thank you, Mr. Speaker.

I also want to thank the minister for the advance copy of his statement.

It is wonderful to be able to stand in this House today to congratulate Sergeant Stephanie Motty. I can remember thirty years ago giving workshops to the RNC about violence against women and there was a hardly a woman in the ranks to be seen. I want to commend the RNC for the progressive work it has done over the years to ensure that women are fully represented in all levels of policing.

On behalf of the people of Newfoundland and Labrador I want to thank Sergeant Stephanie Motty and all the women of the RNC who work with courage, commitment, expertise and compassion alongside their male counterparts. You make us proud.

I am sure that Sergeant Stephanie Motty will continue to be a great role model for women cadets and will continue to mentor other women in policing. Your participation makes an important difference in policing in Newfoundland and Labrador.

Thank you, and bravo Sergeant Stephanie Motty.

**MR. SPEAKER:** Does the hon. the Member for St. John's South have leave?

The hon. the Minister of Fisheries and Aquaculture.

**SOME HON. MEMBERS:** Hear, hear!

**MR. DALLEY:** Mr. Speaker, it is my pleasure to rise in this hon. House today to report that Carino Processing Limited, the primary seal processing facility in our Province, has made the first payment of approximately \$1.1 million toward the \$2 million loan our government provided the sealing industry last spring.

**SOME HON. MEMBERS:** Hear, hear!

**MR. DALLEY:** The remaining amount owing is anticipated to be paid back in the first quarter of the New Year.

Mr. Speaker, this is great news, and it is an indication that the sealing industry continues to provide opportunity for harvesters and business owners in this Province. There were over 67,000 pelts purchased from harvesters throughout the Province this year, with a landed value of approximately \$1.5 million. About 430 harvesters and 388 vessels were involved in the harvest, representing an increase from the previous year.

Mr. Speaker, our government continues to support the sealing industry in its innovative and creative efforts to identify new markets and generate new opportunities for seal products in the world markets.

We are pleased to see that the funding provided by our government last year had such a positive impact. The success can be seen in the participation of harvesters, to the success of stores like Always in Vogue, Natural Boutique, and the North Atlantic Fur Group, to increases in activity at Carino, the Northeast Coast Sealers Co-op, and Sea Water Products. I recently attended a very encouraging meeting with industry stakeholders where discussions focused on the future of the sealing industry and the commitment to full utilization of these animals to maximize the economic benefit to the Province.

In addition, Mr. Speaker, we are seeing positive movement in relation to the ongoing World Trade Organization challenge and the European Court of Justice, which may once again provide access to world markets. Here at home,

we continue to work with our federal partners in finalizing access to markets in China. I recently met with federal minister Gail Shea to discuss these important issues and to reiterate our unwavering support in this regard.

Mr. Speaker, the anti-sealing campaigns are filled with misinformation on the harvest, a skewed perspective to say the least. The annual seal harvest is highly regulated and environmentally sustainable. The harp seal population has increased from approximately 2 million animals to 8 million in just a few years. This is extraordinary and surely invites the question of impact on the natural balance of the ocean's ecosystem.

Activist groups truly display a lack of understanding about what is responsible ecosystem management, the economic importance to people dependent on this hunt, and the cultural realities in this Province. We will not be swayed by the propaganda of such campaigns or that of misinformed followers and celebrities.

**SOME HON. MEMBERS:** Hear, hear!

**MR. DALLEY:** Collectively, we must continue our resolve to overcome the challenges of this industry to ensure a humane and sustainable annual seal harvest.

Over the years, the sealing industry has contributed much to the provincial economy. It has helped to define our culture and it has carved a place in our storied history.

Mr. Speaker, we are proud to support the seal harvest, a part of our heritage that has provided much benefit to the people of Newfoundland and Labrador for centuries. We are confident it will continue to do so in the years to come.

Thank you, Mr. Speaker.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The hon. the Member for St. Barbe.

**MR. BENNETT:** Thank you, Mr. Speaker.

I thank the minister for an advance copy of his statement. Mr. Speaker, this is very positive action by our government in the sealing industry, consistent with a modern sealing industry that is humane, sustainable, and ecologically responsible. What other industry is there that serves as a responsible, humane cull of an exploding animal population whose very existence will be threatened without human intervention?

Mr. Speaker, this is not just a cull. The meat is suitable for human consumption, the oil for an omega-3 dietary supplement, and the pelts are then turned into beautiful long-lasting clothing and boots. When seal products are no longer serviceable, they are biodegradable and return to the environment to complete the cycle.

We need to do more and better with our sealing industry, but I believe we have turned the corner in this historic industry and that our best days are in the future.

Thank you, Mr. Speaker.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The hon. the Member for The Straits – White Bay North.

**SOME HON. MEMBERS:** Hear, hear!

**MR. MITCHELMORE:** Thank you, Mr. Speaker.



I, too, thank the minister for an advance copy of his statement. Government-provided assistance had benefits to sealers, industry, retailers, crafters, and suppliers of oils and related products. It is good to see a repayment commence as scheduled. I only hope that more of the Canadian quota will be taken next season.

Government must continue to be active players with the federal government to help advance the industry, but not lose focus of the local market. I have been a proud supporter of the seal hunt and Home from the Sea Campaign, and wear my coat, boots, mitts, wallet, belt, tie, and slippers with pride. I am encouraged by new entrants, including the Natural Boutique, but I must also recognize the GNP Craft Producers in my district, who have North America's only economuseum of sealing.

More must be done to ensure young people are carrying on our culture and tradition. We have a history and a future of sealing in rural Newfoundland and Labrador. Let us continue to show our support for the industry.

Thank you, Mr. Speaker.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The hon. the Member for St. John's South?

**AN HON. MEMBER:** (Inaudible).

**MR. SPEAKER:** Oral Questions.

### Oral Questions

**MR. SPEAKER:** The hon. the Leader of the Official Opposition.

**MR. BALL:** Mr. Speaker, today the government is bringing forward legislation for the Muskrat Falls Project that Nalcor needs passed before financing. We received copies yesterday morning. Meanwhile, the dates on the bills provided to us in the briefing were November 29 and December 7.

So I ask the Premier: Why did you wait for over two-and-a-half weeks before you provided those bills to the Opposition to review on behalf of the people of this Province?

**MR. SPEAKER:** The hon. the Minister of Natural Resources.

**SOME HON. MEMBERS:** Hear, hear!

**MR. KENNEDY:** Thank you, Mr. Speaker.

These bills have been looked at for awhile. The dates on the bills themselves mean nothing. Up until the time when we decide to bring the bill into the House, we could still make changes to the bill.

I really do not know what the member opposite is complaining about. They were provided with briefings today, Mr. Speaker. They were provided with a copy of the bill. It is up to them to do their work, to look at the bill, and to determine what questions, if any, they want.

Mr. Speaker, the government's obligation is one that we do out of courtesy and it is one that we will certainly have to look at as we move forward.

**MR. SPEAKER:** The Leader of the Official Opposition.

**MR. BALL:** Well, Mr. Speaker, the minister would not have to look at it moving forward if we just followed the practice that we had agreed to here just a few weeks ago.



Mr. Speaker, government agreed to give Opposition seventy-two hours of preparation time for any new legislation that was introduced; however, you have broken the promise and given us just twenty-four hours on Bills 61 and 60. Now your government is rushing forty pages of legislation through this House.

Haven't we learned anything at all from the botched expropriation of Abitibi?

**MR. SPEAKER:** The hon. the Minister of Natural Resources.

**SOME HON. MEMBERS:** Hear, hear!

**MR. KENNEDY:** Yes, Mr. Speaker, we are not rushing anything through. We are willing to stay here as long as it takes for these bills to be debated. What we have indicated, Mr. Speaker, is that the bills are needed in order to support the sanction decision which was made yesterday, that we are proceeding with Muskrat Falls, Mr. Speaker. The bills outline the financing structure and the expropriation structure that is required. We are here as long as the Opposition wants to be here, Mr. Speaker.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The Leader of the Official Opposition.

**MR. BALL:** Mr. Speaker, we can assure we will be here to debate it as long as it takes too.

They have had a year, Mr. Speaker, to prepare this legislation. Over a year now they have known the requirements that they would need this for financing.

Bills 60 and 61 are two very important pieces of legislation. One deals with taking away power from the PUB and putting it in the hands of Cabinet; the other deals with the expropriation of thousands of kilometres of land. There are at least fifteen pieces of legislation affected by these two bills.

I ask the Premier: Where is the due diligence, when you are ramming legislation through this House?

**MR. SPEAKER:** The hon. the Premier.

**SOME HON. MEMBERS:** Hear, hear!

**PREMIER DUNDERDALE:** Thank you, Mr. Speaker.

Mr. Speaker, the Opposition Parties have had over two years to examine the Muskrat Falls Project. We have made more information available on this project than any other project in the history of this Province, Mr. Speaker. Yet, they have not been able to come up with one substantive critique of this project. They have not been able to come up with another viable alternative.

Mr. Speaker, here we are in the House now after a wonderful event yesterday, a paradigm shift in the history of Newfoundland and Labrador, arguing over profit. paradigm

Mr. Speaker, they will have all the time they want to investigate these bills, to talk about these bills. As long as you are here, we will be here.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The Leader of the Official Opposition.

**MR. BALL:** Thank you, Mr. Speaker.

If the process was fixed with Abitibi, we would not be in the mess we are in right now in Grand Falls – Windsor.

Bill 60 gives Emera the right to expropriate land in the Province of Newfoundland and Labrador as well.

Why are you giving a Nova Scotia company the right to expropriate land in this Province?

**MR. SPEAKER:** The hon. the Minister of Natural Resources.

**SOME HON. MEMBERS:** Hear, hear!

**MR. KENNEDY:** Yes, Mr. Speaker, that is not correct. Emera will not be expropriating land in our Province. The Maritime Link will go to Granite Canal. Any land that is expropriated will be expropriated by our government, as outlined in the act, and fair compensation will be provided. Again, I guess a briefing is not enough; we will have to give them written answers next time.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The Leader of the Official Opposition.

**MR. BALL:** Well, it is nice to hear that the Minister of Natural Resources is willing to give answers because that is not a lot he has done in the last few weeks.

Mr. Speaker, Emera, a publicly traded company, will not be allowed to expropriate land in the Province. This is what we were told in the briefing, by the way. So, why isn't Emera paying taxes on the property that they are using? That is what we were told in your briefing.

**MR. SPEAKER:** The hon. the Minister of Natural Resources.

**SOME HON. MEMBERS:** Hear, hear!

**MR. KENNEDY:** Thank you, Mr. Speaker.

Again, Mr. Speaker, the laws of the Province will apply to Emera. The expropriations will be carried out by our government, as required, Mr. Speaker, in line with the act. Also, it is my understanding that Emera will pay taxes and that they are not excluded from paying taxes. They are not a Crown corporation in this Province and they will pay taxes like anyone else.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The Leader of the Official Opposition.

**MR. BALL:** What we were told in the briefing is that they would not pay taxes on the power line, only if they did business in the community, Mr. Speaker. It is clear that Emera was not ready to sanction and would have preferred to wait until after they had completed their regulatory review in Nova Scotia.

I ask the Premier: Is that why Nalcor agreed to pay \$30 million of the penalty if Emera backs out of the deal?

**MR. SPEAKER:** The hon. the Premier.

**SOME HON. MEMBERS:** Hear, hear!

**PREMIER DUNDERDALE:** Thank you, Mr. Speaker.

Mr. Speaker, I have to go back to the preamble of his question a few minutes ago when he talked about the expropriation of the Abitibi properties. Mr. Speaker, that was something we did over the course of three days. We suspended our normal way of doing things and included both Opposition Parties in the decision-making. We knew, because we were operating in a hasty way because it was necessary to do so, that we were running risk. Both parties agreed that that risk was worthwhile to get the assets of Abitibi so they would be in the hands of Newfoundlanders and Labradorians.

Mr. Speaker, they wonder why we do not have committee meetings – because they are in when it suits them, and they are out when it does not.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The Leader of the Official Opposition.

**MR. BALL:** Mr. Speaker, what the Premier tried to do – the Premier knows that the Opposition Parties of the day were told, quite frankly, that they would not be expropriating that mill.

I will ask the Premier because the question was not about that. The question was about a \$30 million penalty that they have agreed to pay if Emera backs out of this deal. Would she please answer that question?

**MR. SPEAKER:** The hon. the Premier.

**SOME HON. MEMBERS:** Hear, hear!

**PREMIER DUNDERDALE:** I am happy to answer this question, Mr. Speaker.

Mr. Speaker, this is one of the most well-planned –

**MS JONES:** (Inaudible).

**PREMIER DUNDERDALE:** Mr. Speaker, could you save me from the Member for Cartwright – L'Anse au Clair, just long enough to answer the question.

Mr. Speaker, this is a well-planned project, and like every other project that we have planned and delivered to the benefit of the people of Newfoundland and Labrador, we have imagined every scenario, everything that could possibly go wrong, and we have a remedy in case it does. It is going to go ahead, Mr. Speaker, because this is a regional project, because we are doing it with Nova Scotia, because Emera is our partner, we have earned a billion-dollar benefit to the people of Newfoundland and Labrador.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** Order, please!

The hon. the Leader of the Official Opposition.

**MR. BALL:** Thank you, Mr. Speaker.

Well, for the third time – and let's talk about well-planned projects and well-planned takeovers. What about FPI? Was that well planned? Today there is a plant in Burin that is closed up, Mr. Speaker.

I will ask the Premier one more time: Will you please explain the \$30 million penalty that you are willing to share with Emera if they back out of this deal?

**MR. SPEAKER:** The hon. the Minister of Natural Resources.

**SOME HON. MEMBERS:** Hear, hear!

**MR. KENNEDY:** Thank you, Mr. Speaker.

Mr. Speaker, what we have done here is that there has been a sanctioning both by Nalcor and Emera, which means that the federal loan guarantee applies.

Mr. Speaker, Mr. Huskison, the CEO of Emera, made it clear yesterday, and the sanction agreement makes it clear, that Emera is committed to building the Maritime Link. What you look at, Mr. Speaker, is they look at

eventualities: Well, what if this happens, what if that happens? Well, these are all very low risk. Mr. Huskison was very clear that the Maritime Link will be built, Mr. Speaker, as planned, and that he sees no problem with it.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The hon. the Leader of the Official Opposition.

**MR. BALL:** Mr. Speaker, we have tried the Premier, now the Minister of Natural Resources.

The question will be simple to the Premier or the Minister of Natural Resources: Was Emera prepared to sanction without the commitment to \$30 million for the payment of this penalty?

**MR. SPEAKER:** The hon. the Premier.

**SOME HON. MEMBERS:** Hear, hear!

**PREMIER DUNDERDALE:** Thank you, Mr. Speaker.

Mr. Speaker, you finalize commercial arrangements, and only when they are all done do you move ahead to the next step. Mr. Speaker, as the minister has said, you imagine every scenario.

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

**PREMIER DUNDERDALE:** So, Mr. Speaker, if there comes a point when Emera might not, for some catastrophic reason that we cannot imagine, cannot build the Maritime Link, we have ensured that the billion dollar benefit to the people of Newfoundland and Labrador is secure. It might cost us \$30 million, but we get a billion.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The hon. the Leader of the Official Opposition.

**MR. BALL:** Thank you, Mr. Speaker.

Well, by not answering the question we know that the \$30 million will be paid to Emera. It has nothing to do with the loan guarantee, and the Premier should know that. The financial close is the object of the loan guarantee. Bill 61 will prohibit the residents of this Province from access to cheaper rates in the future. Access to natural gas for instance, innovative technologies that will happen over the next fifty years.

I ask the Premier: Why are you tying the hands of future generations for cheaper power in this Province?

**MR. SPEAKER:** The hon. the Premier.

**SOME HON. MEMBERS:** Hear, hear!

**PREMIER DUNDERDALE:** Thank you, Mr. Speaker.

Mr. Speaker, it is hard to pick which piece that the Leader of the Opposition has just spoken to that is incorrect.

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

**PREMIER DUNDERDALE:** Because, Mr. Speaker, the loan guarantee was contingent on the project being a reasonable project.

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

**PREMIER DUNDERDALE:** Nova Scotia and Emera were critical to the loan guarantee – absolutely critical to the loan guarantee. I do not know where the Leader of the Opposition gets his information, Mr. Speaker. That is something we have been trying to puzzle through for the last two years. Most of what has been brought forward on the floor of this House of Assembly has been not correct, Mr. Speaker.

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

**PREMIER DUNDERDALE:** Mr. Speaker, this is a good project for Newfoundland and Labrador, and a good project for Atlantic Canada.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The hon. the Leader of the Official Opposition.

**MR. BALL:** Mr. Speaker, thank you.

The federal loan guarantee is contingent on the financial close of the project. In the briefing session we were given this morning, it was quite obvious that there was a time, for many years actually after if Emera did not agree to do this. We can chat about this later.

Mr. Speaker, the question –

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

**MR. BALL:** Bill 61 will remove the limit on the amount of debt that the Muskrat Falls Project can carry. The existing \$600 million was not high enough apparently.

I ask the Premier: What is the new limit and how high can this debt go?

**MR. SPEAKER:** The hon. the Minister of Natural Resources.

**SOME HON. MEMBERS:** Hear, hear!

**MR. KENNEDY:** Yes, thank you, Mr. Speaker.

The cost of the project at present will range from \$7.2 billion to \$7.7 billion, including the Maritime Link, Mr. Speaker. The cost to the Province at this point or the provincial section is the \$6.2 billion minus the \$800 million that will be contributed by Emera to the transmission – the Labrador-Island link.

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

Important questions are being posed here in this House today. I think the members posing the question deserve an answer uninterrupted.

The hon. the Minister of Natural Resources.

**MR. KENNEDY:** Thank you, Mr. Speaker.

The amount of investment by our Province will be approximately \$5 billion. There will be a \$2 billion equity investment which means we will be borrowing around – Nalcor will be borrowing around \$3 billion.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The hon. the Member for Torngat Mountains.

**MR. EDMUNDS:** Thank you, Mr. Speaker.

A fifty-metre crack in the dam at the former Gullbridge Mine has residents on alert as tailings flow toward their water supply.

I ask the Minister of Environment and Conservation: When was this dam ruptured, and has an analysis of the tailings been completed?

**MR. SPEAKER:** The hon. the Minister of Environment and Conservation.

**SOME HON. MEMBERS:** Hear, hear!

**MR. HEDDERSON:** Thank you, Mr. Speaker.

I thank the member opposite for the question. Yesterday morning at about 7:00 o'clock there was a breach in the tailings dam –

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

**MR. HEDDERSON:** – at the old Gullbridge Mine just about twenty-six kilometres upstream from the Town of South Brook.

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

**MR. HEDDERSON:** The failure, of course, spilled water and tailings. There were some construction and repairs going on at the time. There were no injuries to any of the workers. Of course, the concern now is the water supply of South Brook.

We have officials that are on site from a number of different departments. The work has been carried out now. Most importantly, an advisory has been issued to the people of the Town of South Brook.

**MR. SPEAKER:** The hon. the Member for Torngat Mountains.

**MR. EDMUNDS:** Thank you, Mr. Speaker.

South Brook's water supply is twenty kilometres downstream of a tailings dam that has been showing instabilities since June 2010.

I ask the Premier: What do you have to say to the people of South Brook whose safety you reassured just a few months ago?

**MR. SPEAKER:** The hon. the Minister of Environment and Conservation.

**MR. HEDDERSON:** I would say to the hon. member that what we are saying to the people of South Brook is that there is an advisory out, a nonconsumptive advisory with regard to the water. I will tell them that we have all of the expertise we have on hand in our department, plus consultants and plus engineers, who are on the job. We are doing

daily updates of the possible effect of these tailings on the water supply. Up to this point in time, again, it is too early to say if there is indeed any contamination, but we err on the side of caution to make sure the health and safety of the people of this town is what is uppermost in our mind.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The hon. the Member for Bay of Islands.

**MR. JOYCE:** Mr. Speaker, we have been hearing about the government's ferry replacement strategy for years – ten, actually. The people of Fogo Island and Change Islands heard the same promise last May. Yesterday they heard all about it again.

I ask the Premier: Will you commit any actual spending in the 2013 Budget towards building new vessels, or will this be just another idle promise?

**MR. SPEAKER:** The hon. the Minister of Environment and Conservation.

**SOME HON. MEMBERS:** Hear, hear!

**MR. HEDDERSON:** I would have to say to the member opposite: you have a lot of difficulty with commitments of this government. Let me tell you, this government is committed to making sure that the people in some of the most isolated areas of our Province get the ferry service they deserve. We are moving forward with the replacement ferry in Windsor. We are moving forward on the third ferry. We are also looking at The Straits and the North Coast of Labrador – much better than, I say, the previous Administration, whose answer was to give us the *Nonia, Hull 100*, and spend millions of dollars trying to put it into the water. It is shameful – shameful.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The hon. the Member for Bay of Islands.

**MR. JOYCE:** Mr. Speaker, speaking of shameful, when the minister, nine months ago, was down in the same briefing room and announced the same ferry for Fogo and Change Islands – the minister was over there sitting next to him, Mr. Speaker. That is what is shameful: a nine-month commitment and we are still announcing them again today.

Mr. Speaker, the best-case scenario in the new ferry strategy is to have new vessels in the water by April, 2016. Until then we will hear of more ferry delays, no service, and broken commitments.

I ask the Premier: With your ferry replacement strategy in shambles, what measures are being taken to ensure that these will be adequate and efficient marine services during this three, and possible four-, five-, six-year gap?

**MR. SPEAKER:** The hon. the Minister of Environment and Conservation.

**SOME HON. MEMBERS:** Hear, hear!

**MR. HEDDERSON:** I hate to be the one to spoil it, but you are letting the facts get in the way of a good story – but I want to tell you the facts.

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

**MR. HEDDERSON:** What I, as the previous minister, announced nine months ago was that we were moving forward with the *Winsor* replacement, that we were looking at putting out expressions of interest, and that it took nine months to make sure we put it through in the right manner, because we are not going to rush into anything; we are going to do it right – and nine months later, guess what? We have an RFP out for a boat for a *Winsor*



replacement, and I say the member over there can go home this Christmas with a great gift for the people of Fogo Island, Change Islands.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The Leader of the Third Party.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** Order, please!

**MS MICHAEL:** Thank you, Mr. Speaker.

Mr. Speaker, Bill 61, which we are going to discuss later today, gives Nalcor monopoly rights so that there could be no other –

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

I have recognized the Leader of the Third Party.

**MS MICHAEL:** Thank you very much, Mr. Speaker.

Bill 61, which we will be discussing later today, gives Nalcor monopoly rights so that there will be no other power created or brought to the Province. So consumers –

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

The Speaker is reluctant to be interrupting and taking time away from members of the Opposition, but important questions are being posed. I cannot hear the answers, nor can I hear the questions. I cannot imagine, the people who are posing the question and providing the answer, the position they might be in. I am asking for the third time in this one Question Period for all members to be respectful of the person who has been recognized by the Chair, who is either posing the question or answering one.

The Leader of the Third Party.

**MS MICHAEL:** Thank you again, Mr. Speaker.

Consumers are going to have no choice but to buy electricity from Muskrat Falls for fifty years.

So, Mr. Speaker, I ask the Premier: Has this government sold out consumers to get a better financing deal for the now-unregulated Nalcor?

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The hon. the Premier.

**SOME HON. MEMBERS:** Hear, hear!

**PREMIER DUNDERDALE:** Thank you, Mr. Speaker.

Mr. Speaker, when we campaigned for government in 2003, part of our election platform was to have an energy plan, to develop an energy plan for Newfoundland and Labrador.

Mr. Speaker, we came to the House and members opposite would get up day after day in Question Period, moan, complain, and carry on over the fact that the much promised energy plan was not delivered.

In the fall of 2000, Mr. Speaker, we delivered our Energy Plan. I encourage the Leader of the Third Party and all members opposite to please read it, because Newfoundland and Labrador, in its Energy Plan, put us in charge of our energy resources.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The Leader of the Third Party.

**MS MICHAEL:** Thank you very much, Mr. Speaker.

I invite the Premier to read the Energy Plan, which does not mention Muskrat Falls, which now has become their Energy Plan.

**SOME HON. MEMBERS:** Hear, hear!

**MS MICHAEL:** Mr. Speaker, about an hour ago, the Minister of Natural Resources told the media that he was planning to look at the structure of the Public Utilities Board after Christmas.

Mr. Speaker, I ask the minister: Would he care to share further details on changing the PUB with the House of Assembly?

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The hon. the Minister of Natural Resources.

**SOME HON. MEMBERS:** Hear, hear!

**MR. KENNEDY:** Thank you, Mr. Speaker.

The Opposition, on a number of occasions, have raised the issue of the Public Utilities Board and maybe we should change it if it is not working the way that it should work.

Essentially, all I said today was that we have to look at all commissioned boards in the Province and that we would look at the efficiency and the effectiveness of the board. It was nothing more than that. It did not deal with individual members. It did not talk about that, Mr. Speaker. It simply talked about looking at this board to make sure that it was working as efficiently and effectively as possible.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The Leader of the Third Party.

**MS MICHAEL:** Thank you very much, Mr. Speaker.

Mr. Speaker, later today we shall be debating bills related to the Muskrat Falls Project. Within the past twenty-four hours, we, in the Opposition, received the two bills along with a sanction agreement between Nalcor and Emera. These documents took months and months to write and we have only had hours to study them.

This disregard for the Opposition by this government is an insult to the people of the Province.

Mr. Speaker, I ask the Premier: How can she tell the people of the Province that she respects this Legislature and is open and transparent?

**MR. SPEAKER:** The hon. the Premier.

**SOME HON. MEMBERS:** Hear, hear!

**PREMIER DUNDERDALE:** Thank you, Mr. Speaker.

Mr. Speaker, the work is in the construction of these documents and the negotiations that take place. Those negotiations are long and often tedious.

Opposition Parties are not required to be part of that, Mr. Speaker. They have a completed document, with the principles outlined and the agreements all there done for them. They get a chance to review. We provide briefings, Mr. Speaker, to make sure that any questions they have are answered.

Mr. Speaker, this morning we were getting tweets, as fast as information was being given, by the staff of the department – as fast as they could put it out. If you put your BlackBerrys away and pay attention, maybe we would not have so many questions here in the House, Mr. Speaker.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The Leader of the Third Party.

**MS MICHAEL:** Mr. Speaker, I remind the Premier that the Opposition has the responsibility to study every word that comes out from them and every bill. We have to vote on them. We have to know what is inside of them. They should know that after –

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

**MS MICHAEL:** – the mistake they made with the bill with regard to Abitibi-Price.

We have to know what is in the bills; we have to have time to study them.

Will the Premier admit that expecting us to stand here today after just finishing a briefing with her experts two hours before the House opened is an affront to democracy and an abuse of the people's House?

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The hon. the Premier.

**SOME HON. MEMBERS:** Hear, hear!

**PREMIER DUNDERDALE:** Thank you, Mr. Speaker.

Mr. Speaker, this from the same woman who refused to present to the PUB, who is now their staunch defender; from a woman who refused to debate the Muskrat Falls Project in this House of Assembly, where hours and hours could have been dedicated to the debate, Mr. Speaker; this woman who has not yet been able to propose a viable alternative to Muskrat Falls.

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

**PREMIER DUNDERDALE:** This woman who has not been able to provide one substantive critique to the planning of this project, Mr. Speaker. I never heard such hogwash before in my life.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** Order, please!

The Leader of the Third Party.

**MS MICHAEL:** Thank you very much, Mr. Speaker.

It is hard to know what to say after that, Mr. Speaker. After everything I have said in this House, the Premier has –

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

This is the last time. The next time the Speaker stands, I will name members. There is only a few minutes left in Question Period and I am pleading to you to be respectful of our colleagues who are posing questions. If not, I will have no choice but to name you and ask you to leave the Chamber.

The Leader of the Third Party.

**MS MICHAEL:** Thank you, Mr. Speaker.

I have one final question for the Premier: Is her judgment so clouded by Muskrat Falls that she cannot see how she is insulting the people of this Province?

**MR. SPEAKER:** The hon. the Premier.

**SOME HON. MEMBERS:** Hear, hear!

**PREMIER DUNDERDALE:** Thank you, Mr. Speaker.

Many times in the last year, primarily in our election process in October 2011, the people of Newfoundland and Labrador told this government how they feel about their planning, their governance, and particularly Muskrat Falls. Every piece of polling that has taken place since then, Mr. Speaker, has only reaffirmed what the people said in October.

Mr. Speaker, what the Leader of the Third Party has not been able to do is, substantively show where the project is flawed; nor has she been able to provide an alternative. What else is there to say?

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The hon. the Member for St. John's Centre.

**SOME HON. MEMBERS:** Hear, hear!

**MS ROGERS:** Mr. Speaker, the housing crisis in Happy Valley-Goose Bay and Labrador West is growing. It is as plain as the nose on your face: zero per cent vacancy rate and rents that are doubling and tripling.

Once again, Mr. Speaker, I ask the Minister of Transportation and Works: What is he going to do to address this housing crisis in Labrador?

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The hon. the Minister of Environment and Conservation.

**SOME HON. MEMBERS:** Hear, hear!

**MR. HEDDERSON:** Thank you, Mr. Speaker.

I say to the hon. member across the way, we will continue to do what we were doing all along, which is to continue on our strategy to deal with those most vulnerable in housing, to continue to invest dollars in partnership with the

federal government and in partnership with a lot of the non-profit groups around this Province. We as a government have committed to make sure that we are going to do everything we can to help those most in need.

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

The hon. the Member for St. John's Centre.

**MS ROGERS:** Thank you, Mr. Speaker.

Although more was allocated to the Rent Supplement Program this year, there are none left. Many seniors are still in apartments they cannot afford or on a long waiting list for rent supplements.

I ask the minister: Will this government allocate more resources to Newfoundland and Labrador Housing for additional rent sups in the next budget?

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The hon. the Minister of Environment and Conservation.

**SOME HON. MEMBERS:** Hear, hear!

**MR. HEDDERSON:** Mr. Speaker, in the years that we have been in government, since 2003, we have invested significantly in housing, but also significantly with regard to programs that help seniors to make sure that they can stay in their homes, as well as live a healthy and productive life.

Mr. Speaker, what the member is asking me to do is to get ahead of a Budget process in the coming year. I can assure the member that the minister will be only too glad to make sure, going into that process, that all avenues will be explored as we continue to do what we can to make sure that people who she has described get what they need in order to live healthy and productive lives.

Thank you, Mr. Speaker.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The hon. the Member for St. John's East.

**MR. MURPHY:** Thank you, Mr. Speaker.

The environmental disaster at the former Gullbridge site is costing the people of the Province, not just the population of South Brook. *The Telegram* tried to obtain information on the dam but only received redacted sheets of paper for its efforts.

I ask the minister: Why the redacted information and what was the department hiding?

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The hon. the Minister of Environment and Conservation.

**SOME HON. MEMBERS:** Hear, hear!

**MR. HEDDERSON:** I can say to the member across the way, first and foremost, this is a very serious situation, and a situation that deserves to have the full attention not only of government but even of members like yourself.

We had this breach yesterday at 7:00 o'clock in the morning. Immediately our people were on the ground. Immediately the concerns were about the people who are in South Brook and their water supply. We have done everything we possibly can.

For the media, you, or anyone else to ask us to immediately analyze the situation and to give out the information – we gave out to the media what information we had. Of course, today we are making sure any other information is getting out into the public first and foremost. We have worked very closely with the mayor, we are working very closely with the clerk, and are making sure the people most important here are getting the information they need in order to give them the assurance that things are (inaudible).

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The hon. the Member for St. John's East.

**SOME HON. MEMBERS:** Hear, hear!

**MR. MURPHY:** Thank you very much, Mr. Speaker.

It is obvious that as time went by the crack obviously got bigger.

How long was the dam leaking before the Town of South Brook was informed of the leak?

**MR. SPEAKER:** The hon. the Minister of Environment and Conservation.

**MR. HEDDERSON:** Again, as I said to the hon. member on the Liberal side: do not let facts get in the way of a good story.

Yesterday at 7:00 o'clock we had a construction crew out there doing what they should be doing to try to make sure that tailings dam could stand up to any floods or anything that is there. That is what this government is all about: making sure that people have some sort of safety.

In the midst of that, in disturbing some of the material, there was a minor breach. Of course, a minor breach in a dam got into a larger one. The equipment and the people luckily just got out of the way when the whole dam burst. That fifty-metre one was what was the result of it. The water carried out we do not know how far downstream. We know that the tailings also spilled out. We do not know how far down. Again, we are –

**MR. SPEAKER:** Order, please!

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The time for Question Period has expired.

Presenting Reports by Standing and Select Committees.

Tabling of Documents.

### **Tabling of Documents**

**MR. SPEAKER:** Pursuant to section 8 and subsection (10) of the Public Tender Act, I hereby table the report of the Public Tender Act exemptions from May to October 2012 inclusive as presented by the Chief Operating Officer of the Government Purchasing Agency.

Notices of Motion.

### **Notices of Motion**

**MR. SPEAKER:** The hon. the Government House Leader.

**MR. KING:** Thank you, Mr. Speaker.

I give notice under Standing Order 11, I shall move that this House not adjourn at 5:30 p.m. on Thursday, December 20, 2012, and further I give notice under Standing Order 11, I shall move that this House not adjourn at 10:00 p.m. on Thursday, December 20, 2012.

**MR. SPEAKER:** Further notices of motion?

Answers to Questions for which Notice has been Given.

**MR. BENNETT:** A point of order, Mr. Speaker.

**MR. SPEAKER:** The hon. the Member for St. Barbe, rising on a point of order.

**MR. BENNETT:** Mr. Speaker, my point of order deals with the failure of certain ministers to provide answers to questions that were placed on the Order Paper.

Standing Order 51.(1) says, "Questions may be placed on the Order Paper seeking information from the Ministers relating to public affairs; and from other Members relating to any Bill..." and so on.

Standing Order 51.(3) says, "If a question is of such a nature that in the opinion of the Minister who is to furnish the reply, such reply should be in the form of a Return, and the Minister states that he or she has no objection to laying such Return upon the Table of the House, his or her statement shall, unless otherwise ordered by the House, be deemed an order of the House to that effect."

Mr. Speaker, on April 2, 2012, I placed on the Order Paper question 11, which has not yet been answered. On May 16, I placed question 18. It has not been answered. On June 19, I placed question 26 on the Order Paper which has not been answered. Mr. Speaker, our Standing Orders seem to be maybe hazy or possibly even inconclusive as to what should happen in a situation like this.

In referring to the House of Commons Procedure and Practice, in 1991 a new Standing Order was adopted to address the issue of unanswered questions on the Order Paper. If a question for which a response within forty-five calendar days have been sought and is not answered within a specific time period, the member could ask that the subject matter of the question be transferred to the adjournment proceedings. This proved unsatisfactory and resulted in a further amendment to this rule in 2001. This changed the Standing Order provided for the automatic referral of the failure of a ministry to respond to the written question to a Standing Order for study.

The outcome was that in the House of Commons if government fails to answer an Order Paper question for which a member has requested an answer within a forty-five day period, the matter of the failure of the minister to respond is deemed referred to the appropriate Standing Committee. Although the question remains on the Order Paper, it is designated as referred to a committee. The chair of the committee is required to convene a meeting of the committee within five sitting days of the referral to investigate the failure of the government to respond to a written question.

Mr. Speaker, obviously, you may want some time to consider, but it is a request on a point of order for questions on the Order Paper that were not answered.

**MR. SPEAKER:** The member is accurate in that Standing Orders do not provide a definitive time in which those answers to be replied. To suggest that the minister is not in compliance would not be consistent with our Standing Orders.

The issue of some of the ambiguity that may be in language in our Standing Orders would be a task for the Standing Orders Committee when they sit to review the current Standing Orders and to make some recommendations to this House with respect to how some improvements will be made. Until such time as that happens, we will be guided by the current Standing Orders and there is no point of order.



The hon. the Government House Leader.

**MR. KING:** Mr. Speaker, I am not sure of the protocol. If I may respond to a point raised –

**MR. SPEAKER:** I have already ruled on the point of order.

**MR. KING:** Okay.

**MR. SPEAKER:** Thank you.

Petitions.

Orders of the Day have been moved.

All those in favour of the motion.

**SOME HON. MEMBERS:** Aye.

**MR. SPEAKER:** All those against, 'nay'.

Motion carried.

Orders of the Day.

### **Orders of the Day**

**MR. SPEAKER:** The hon. the Government House Leader.

**MR. KING:** Thank you, Mr. Speaker.

Mr. Speaker, I call Order 3, third reading of a bill, An Act To Amend The Provincial Offences Act. (Bill 55)

Mr. Speaker, I move, seconded by the Minister of Innovation, Business and Rural Development, that Bill 55, An Act To Amend The Provincial Offences Act, be now read the third time.

**MR. SPEAKER:** It is moved and seconded that the said bill be now read a third time.

Is it the pleasure of the House to adopt the motion that Bill 55 be read a third time?

All those in favour, 'aye'.

**SOME HON. MEMBERS:** Aye.

**MR. SPEAKER:** All those against, 'nay'.

Motion carried.

**CLERK:** A bill, An Act To Amend The Provincial Offences Act. (Bill 55)

**MR. SPEAKER:** This bill is now read a third time and it is ordered that the bill do pass and that its title be as on the Order Paper.

On motion, a bill, "An Act To Amend The Provincial Offences Act", read a third time, ordered passed and its title be as on the Order Paper. (Bill 55)

**MR. SPEAKER:** The hon. the Government House Leader.

**MR. KING:** Thank you.

Mr. Speaker, I am referring to Order 4.

I move, seconded by the Minister of Innovation, Business and Rural Development, that An Act To Amend An Act To Amend The Enduring Powers Of Attorney Act, Bill 56, be now read the third time.

**MR. SPEAKER:** It is moved and seconded that the said bill be now read a third time.

Is it the pleasure of the House to adopt the motion that Bill 56 be read a third time?

All those in favour, 'aye'.

**SOME HON. MEMBERS:** Aye.

**MR. SPEAKER:** All those against, 'nay'.

Motion carried.

**CLERK:** A bill, An Act To Amend An Act To Amend The Enduring Powers Of Attorney Act. (Bill 56)

**MR. SPEAKER:** This bill is now read a third time and it is ordered that the bill do pass and the title be as on the Order Paper.

On motion, a bill, "An Act To Amend An Act To Amend The Enduring Powers Of Attorney Act", read a third time, ordered passed and its title be as on the Order Paper. (Bill 56)

**MR. SPEAKER:** The hon. the Government House Leader.

**MR. KING:** Thank you, Mr. Speaker.

Mr. Speaker, I move, seconded by the Minister of Advanced Education and Skills, that Bill 57, An Act to Amend the Workplace Health, Safety and Compensation Act, be now read a third time.

**MR. SPEAKER:** It is moved and seconded that the said bill be now read a third time.

Is it the pleasure of the House to adopt the motion that Bill 57 be read a third time?

All those in favour, 'aye'.

**SOME HON. MEMBERS:** Aye.

**MR. SPEAKER:** All those against, 'nay'.

Motion carried.

**CLERK:** A bill, An Act To Amend The Workplace Health, Safety and Compensation Act. (Bill 57)

**MR. SPEAKER:** This bill is now read a third time and it is ordered that the bill do pass and the title be as on the Order Paper.

On motion, a bill, "An Act To Amend The Workplace Health, Safety and Compensation Act", read a third time, ordered passed and its title be as on the Order Paper. (Bill 57)

**MR. SPEAKER:** The hon. the Government House Leader.

**MR. KING:** Thank you, Mr. Speaker.

Mr. Speaker, I move, seconded by the Minister of Advanced Education and Skills, that Bill 53, An Act To Amend The Churchill Falls (Labrador) Corporation Limited (Lease) Act, 1961 and The Electrical Power Control Act, 1994, be now read a third time.

**MR. SPEAKER:** It is moved and seconded that the bill now be read a third time.

The hon. the Member for Bay of Islands.

**MR. JOYCE:** Thank you, Mr. Speaker.

I just wanted to finish a few words on Bill 53. Last night, Mr. Speaker, I was going to have a few words, but I guess things got a bit short, so I am going to have a few words on Bill 53 in third reading.

As we know, the second reading has already been done and this has been approved by the House, but we want to have a few words on this. I definitely do, Mr. Speaker, to ensure that the points that I wanted to make on Bill 53 are heard.

I am going to pass out the information. I will just go through it, Mr. Speaker, because not everybody last night was listening to it and we always get a different audience throughout; all the people who were looking last night do not always get to look at it in the daytime. There is a different audience.

Mr. Speaker, I will just go through some of the information that was supplied to us by the department and the information that we gathered on this bill. It is the Labrador interconnected system supply, Mr. Speaker. It is the load served from Churchill Falls to the hydro facility CF(L)Co. A TwinCo block provides 225 megawatts to IOC and Wabush Mines. There is a recall block that provides an additional 300 megawatts to the Labrador grid with any surplus sold in export markets. Mr. Speaker, as we know, this 300 surplus power could be a potential for development in Labrador.

As I said on many, many occasions, Mr. Speaker, if we have a surplus of power in Labrador and we are going to create development, it is good for everybody in the Province, not just Labrador. Everybody is aware how many people we know are working in Labrador today and how much employment is created in Labrador because of a lot of this power. A lot of people we know work there, Mr. Speaker, so it is very, very important for Labrador.

Mr. Speaker, some of the rates that are given out by the department – and, of course, there is no reason to assume these rates are not accurate – is that Newfoundland is the lowest of the six that are given. The Canadian average is high and Newfoundland and Labrador is low in their industrial rates. We also have to remind the people out listening today, Mr. Speaker, that these rates are for industrial users in Labrador. We use IOC, Wabush Mines, and a lot of the current people who employ a lot of people in Labrador. There are a lot of Newfoundlanders and Labradorians who work up there.

These rates here are relatively low as compared to the Canadian average. We can see the boom times up in Labrador. As we know, one of the biggest issues facing Lab West now is housing because there are so many people and so much expansion there that people are looking at even flying in and out. It is a big issue because there is not enough housing in Labrador because of the boom.

There is absolutely no doubt: when we go back over the years when this power was given at this rate, it was to create jobs, create employment, and to spur on investment. As we see by these rates, they are low, but as we can see, when the initial rates were brought into play, it worked – it definitely worked, Mr. Speaker. The intent was to spur on economic development. The intent was to grow the economy. The intent was to create employment and prosperity up in Labrador, Lab West, and other areas, and it worked, Mr. Speaker. So, the intent when this was set up, we all must commend the people who thought about this.

I know the minister gave an example yesterday why we need to bring rates up and be fair to other people. I understand that, Mr. Speaker. I understand that very well – that yes, we can ensure that the rates are going to be fair for all commercial users in the Labrador Region. It is hard sometimes to deny that, but we have to look at the

history and look at the why the rates were so low and why some had a bit of an advantage. Some built their own lines, actually. From my understanding back years ago, that was a part of the trade-off to spur economic development in the area.

Mr. Speaker, any time that we see a plan put in place by the government of the day, working with industry – and if we look at the Lab West area now in particular, we look at how that was developed, you can say, well that was great co-operation between the mining companies and the government of the day to create what was intended, which was economic development and employment in the area.

So, I have to say, it was a great idea, great foresight for the people who organized this, and it was a great plan kept in place. I know, as the minister mentioned and is in the briefing here, that this power now will be up for renewal in 2015. In 2015, this is when this act will take place. Now the government and the minister is looking for some way to make all rates comparable all throughout for the all the industries in the area, Mr. Speaker.

You go through the policy of the government, Mr. Speaker, in the briefing that we had, and some of the questions – and I will just go through them: Why is the policy needed? Again, I will explain to the people the government rationale and why we on this side of the House support this. Why we have supported this, but we have to ensure to make sure there was no confusion. Because you know yourself, Mr. Speaker, I am sure you were the House before when there were some issues on the go that people said there was too much confusion, but you voted for it.

So I think it is incumbent on all of us to ensure that we express our views, that we pass out our views and give our views out in such a way that when you go back and check Hansard there is no confusion of where you stood on a certain issue, why you spoke on a certain issue.

So, why is the policy needed? There are no current published industrial electricity rates in Labrador. Mr. Speaker, that is true. As we know now there are some that have special rates. There are some now that do not meet some of the standards that are set in Labrador. As we know, how it was set up at the beginning for IOC was once they created the power lines then they get the preferred rate. That was fine again, Mr. Speaker. There is no published industrial rate in Labrador.

I am assuming that this government here – which I assume they are – is trying to ensure that there is some kind of uniform rates all across Labrador. Mr. Speaker, there are some great benefits to that. The government should be commended for that.

Now you are going to have some people who are paying the lower rates probably saying: No, no, no, we should not have to pay the lower rates. Some other people might say: Well, we already have the lower rates; let us keep it the way it is. The ones with the higher rates say: Well, let us get a uniform rate because we are competing against the companies with the lower rates so we should have a uniform rate.

Both sides of the argument – so I can see where the government is coming across here, Mr. Speaker, in saying let us have one uniform rate right across Labrador so that we can all ensure that when a company comes in, you are on the same playing field as the company next to you. Mr. Speaker, that is not a bad plan. I definitely do not want anybody in the Province, and especially in Labrador, to think that I am speaking against this bill, because I am not, Mr. Speaker. I am definitely not speaking against this bill.

I just want to explain why this party, and myself, are supporting this bill, to ensure, Mr. Speaker, that there is no ambiguity when it comes to what I am saying and ensure that it is on the record.

This is a good bill for Labrador. I said it yesterday and I say it again today: This is a good bill for Labrador. There may be some things that we can work on to make it better.

The Third Party have their own reasons why they would not support it. That is up to them. I think any time, Mr. Speaker, that you can set a level playing field and then everybody knows what they are up against, knows what they have to fit into their budget, knows the cost when they are going to produce iron ore, knows the cost before they come in so that they can project years down the road, it is going to be good. It is going to be good for all the

people of Labrador. Mr. Speaker, I am sure everybody here knows this: what is good for Labrador is good for all the Island of Newfoundland and Labrador. Make no mistake about it.

**SOME HON. MEMBERS:** Hear, hear!

**MR. JOYCE:** Make no mistake about it, that Labrador is a great contribution to all of Newfoundland and Labrador, Mr. Speaker.

I can tell you the number of people I know personally working up in Lab West, it would surprise a lot of people. I have family members from Carbonear, Mr. Speaker, Nick George and Paul George. I know the Member for Lake Melville and the Member for Lab West would know them. My first cousins and good friends, Mr. Speaker, and they moved up years ago. They have their family, made a living, and that is their home, all because of the rates in Labrador that have spurred on economic development for the mining industry. Those are just a few that I know, and I know a lot more home on the West Coast. There are a lot more around.

Mr. Speaker, why the policy is needed, the current industrial contracts will be expired by 2015. Mr. Speaker, once again, this is being proactive by the government. In 2015 we are going to have this power, this TwinCo block of 225 megawatts, back. What do we do with it? There is the potential for other energy which we could use for export that you could recall. So what do you do with it? That is a question by government: What do you do with it?

I know the Minister of Natural Resources yesterday gave a great speech of why this is being done. I say to the minister, the reasons you gave were very strong, very compelling. I agree with the reasons he gave yesterday, Mr. Speaker. We cannot wait until 2015 and then be in a rush as a government and as people who support this bill, then all of a sudden turn around and say: Okay, we have all this power now, what are we going to do with it?

Mr. Speaker, this is a great forum for government. Any government, like the minister right here today, is trying to be proactive. Any new business that is going to move into Labrador that has the potential –

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

**MR. JOYCE:** I know, Mr. Speaker, they are all over there clapping because they are so proud that I am standing up and supporting their bill. I thank the members opposite for that.

Mr. Speaker, as we know and people in the industry are well aware, you need to know what your costs are. Instead of waiting until 2015, the minister and the government are saying, okay, we will set the rates now. Who knows, there may be potential development and potential people who want to move in well before 2015, or look at it maybe for expansion, which is a big thing in Labrador West.

Mr. Speaker, that is why the government and we as an Opposition are supporting this, because 2015 is not far away. Once we get this bill through the House and get the legislation passed, then we can get it out to the consumers of why we are doing this.

Mr. Speaker, the next reason why the policy is needed in the government briefings is potential for new mining developments and expansions in Labrador. Mr. Speaker, what great words, new mining developments and expansions in Labrador. With that, Mr. Speaker, we create some great problems: workforce, equipment, housing, but the thing is we will find a way around it. We will find a way, but, Mr. Speaker, potential for new mining developments and expansions in Labrador.

Once again I say to the members opposite, any time that we can help out Labrador, we are helping out Newfoundland and Labrador. Mr. Speaker, with the new mining developments and expansion in Labrador, we need new tradespeople. This comes in the government's own briefing, that with new mining development and expansion, we need a labour force.

Mr. Speaker, in the labour force in Newfoundland and Labrador now – we always heard for the last ten years about this big labour shortage. If government is looking at new developments and expansion, the question has to come up: How are we going to find some way to ensure there is a labour component that will not stop this development and ensure that we will spur on future expansions? Mr. Speaker, this ties in to the government policy on new tradespeople. Again –

**MR. SPEAKER:** Order, please!

I remind the member the focus of the bill is not about skilled trades. I would ask the member to go back to the relevance of the bill. Up to this point, you have been very much focused on the bill. I would ask the member to stay relevant to the bill at hand.

**MR. JOYCE:** Can I explain why I think it is relevant?

**MR. SPEAKER:** You need to get to it pretty quickly, please.

**MR. JOYCE:** Yes, very quickly.

Mr. Speaker, if we are going to put this excess power back in Labrador from new expansion, we have to ensure that we are going to put the electricity back into Labrador, the 300 surplus megawatts, and we have to ensure that if in the government briefing there is going to be new mine development and expansion, the labour component is available for that, or this is meaningless.

It is no good to put the development – and I did not mean to stray off it, but this is just bringing it to the forefront on behalf of the government. I am speaking on the bill because this is the briefing from the government.

**MR. SPEAKER:** I understand the government department may have given briefings that included a wide range of things. As the Speaker, I am presiding over the debate on the legislation. It is the rules of the House to respect the relevancy that will be guiding the debate and not the briefing given by the department officials.

I would ask the member to be relevant to the debate with respect to the legislation itself and not necessarily focusing on the briefing that may have been given by members of a department who do not consider relevance of the debate in the House of Assembly.

**MR. JOYCE:** Not a problem, Mr. Speaker.

As usual, we always follow the rules. You know that.

Mr. Speaker, I go back to why the policy is needed, again, from the department. The absence of policy and clarity creates challenges for planning and investment decisions. That is so true.

Any of us here in this Legislature, or anybody out in the general public, Mr. Speaker, who is going to set up a business, the first thing that you do when you set up a business is sit down – what are your expenses, what is your projected revenue, what is your contingency fee, what is your contingency, just in case there are things that go astray.

Mr. Speaker, without a policy, how can anybody come in and say: my costs are going to be a certain amount. Mr. Speaker, as we all know, in business – and we all helped at times to set up business and expand businesses through our roles as the legislators here in the Province – we always ask, and this is common for business: what will be your expenses? Any business venture that is going to be trying to make a go of it must know what the cost will be. We have seen, Mr. Speaker, on many occasions here in this Province, businesses have failed because the expenses are too high, because of the unknown cost.

What this bill does, Mr. Speaker, is take the cost from the unknown and put it into a certainty. Once you take the cost and put it into a certainty, you know what you can sell your product for. You know what labour you can charge. You know what expenses you need extra to run your business in the location that you are at, Mr. Speaker,



and in doing that you would ensure that the viability of the business venture has greatly improved and also you will ensure that there is a possibility for expansion.

You know – and we all know – that if you are paying a certain rate, once you create a profit, the majority of businesses that create profits want to reinvest. You reinvest, you create more business, more jobs, and more wealth. Mr. Speaker, on the other side of that is you get more money for the Treasury of Newfoundland and Labrador.

Once you expand – and this bill will allow for the expansion, because you know the hard cost of electricity, which is a great commodity in Lab West these days; once you know the hard cost, you have the potential for expansion. Once you have the potential for expansion, brand-new opportunities open up because, as I just mentioned, the Treasury will get funds from the expansion, the new business, from jobs, from income tax, and other related expenses. We will also get construction if there is new expansion. We also create new employment through expansion. Again, I go back to the workforce, Mr. Speaker, as I mentioned earlier about the potential of what we need for the workforce in Newfoundland and Labrador.

Mr. Speaker, the big thing for this: if you look at any major company moving into Labrador, they do not move into Labrador, decide on a Monday we are going to move in, and move in on a Friday. When people move in, when you are talking about a billion-dollar expansion or \$600 million, \$700 million, you are looking at years and years of planning, Mr. Speaker – years and years of planning. With those years and years of planning, on many occasions, they always look at their hard costs. Mr. Speaker, it is very difficult for any company to plan four or five years before the actual venture will start or open its doors. The planning itself is very tedious. It is a long process, but creating stable rates and creating a uniform pricing system for all will help.

Mr. Speaker, there is another issue with the expansion, with the uniform rate, and it is the human cost. This is where the housing comes in. This is where building trades come in. This is where new sub-developments – and it is all good for the economy. It all good for up in Lab West, Mr. Speaker. As we all know, it is booming.

We have seen the Member for Labrador West, and I do not envy the minister, and I will say to the minister: I do not envy you with the housing crisis up in Lab West. It is tough. It is really tough. Sometimes the market conditions create that, and there are a lot of people who are displaced by it and put in a situation which is very uncomfortable, and sometimes they cannot afford – and I say to the minister: I do not envy you in your position, because it is tough. A lot of times when you bring on prosperity, there are challenges with the prosperity.

Mr. Speaker, one of the issues that was brought up yesterday by colleague, the Member for Cartwright – L'Anse au Clair, was incentives for secondary processing. I know the Minister of Natural Resources stood up yesterday and gave me a twenty-minute speech, and the reasons that he gave were very compelling. There was an argument for and against, both ways, why there should be incentives and why there should be no incentives for different companies, Mr. Speaker.

With those incentives, you can have some development. Let me explain that, Mr. Speaker. If you have a certain rate for all the companies across the board and the rate is uniform – and I will use the iron ore, a prime example up in Labrador, Mr. Speaker, which we are speaking about. If you take the iron ore and say, okay, let us just mine it, let us just get it, let us just ship it down to Sept-Îles, take it, send it over to China somewhere, there is lost productivity – definitely lost productivity.

Mr. Speaker, a good example of all that is if we look at IOC, about how much more productivity if it is landed and processed here in Newfoundland and Labrador. Mr. Speaker, that is a principle of this government, that is the principle of all governments: trying to get the maximum value for its people. It is a principle, Mr. Speaker, I think that we all adhere to: to try to get maximum value.

The question is: Is it valuable to offer incentives for people who want to do secondary processing with iron ore in Labrador? It does have some merit. It absolutely does have some merit. Mr. Speaker, what happens when you process is that it is creating a brand-new line that you can have new employment. With new employment, as I mentioned earlier, there are new revenues for the Province and for the Treasury of the Province. We are going to need a new labour force, Mr. Speaker. I bring it back again to the labour force because it is very important we have



an adequate labour force. With the uniform energy bill for Labrador, we will have some challenges with labour. It is tied to energy – I really feel that it is. Any time you create a secondary processing facility, you need extra people to work it.

**MR. SPEAKER:** I remind the member one more time about relevance. This is the second time you drifted into the labour market and discussion around the labour market. I would ask the member to focus attention on the bill and to leave the labour market issues as not being a subject of this bill.

**MR. JOYCE:** Mr. Speaker, the reason for the incentives is very strong. I also heard the Minister of Natural Resources on the opposite way give it why it should be uniform. Mr. Speaker, once again, I can see both reasons, but the incentives could work.

Mr. Speaker, the principles of the industrial rate setting in Labrador, considering market value for energy resources, power rates will leverage viable industrial development, which I mentioned earlier. Mr. Speaker, one of the other points under their Energy Plan is the Labrador transmission system treated as a separate system from the Island. We all know that to be the case and that to be true.

Mr. Speaker, as we all know we are into different debates on energy bills here in this Legislature these days. When we look at this bill, it is separate from Muskrat except when there is power put into the pot from Muskrat then it will be put into the industrial rate. Again, the PUB I understand does not set the rates anyway. Any excess power from Muskrat that is transmitted into this pot will be used in Labrador for some industrial rates. It takes out the PUB. It is a separate system. There is no doubt what the department is saying, that Labrador is on its own. We need the power. There is absolutely no doubt.

Mr. Speaker, some of the other reasons why we feel - the government feels, and we agree - is that old bogeyman Quebec. I know, Mr. Speaker, one of the reasons the rates are going to try to be uniform is to ensure that we are competitive with other jurisdictions, including Quebec. We know on our boundaries up in Labrador, there is Quebec over there with the excess power ready to bring it over, and then development would move over into Quebec if we do not get the rates at a certain level. It is very, very important that we try to level out the playing field for our industrial customers in Labrador, Mr. Speaker. It is very, very important.

If we can find some way to get a uniform system, Mr. Speaker, once again, Quebec will be less of a hindrance for all mining development in Labrador. If we can find a way – and I have to give the government credit and we support it also, Mr. Speaker, to ensure that we do set a playing field so that the business will have a level playing field against Quebec.

Mr. Speaker, I have a few more minutes left, but I am going to make an amendment. It is a referral to a committee, Mr. Speaker. I move, seconded by the Member for Burgeo – La Poile, that Bill 53, An Act To Amend The Churchill Falls (Labrador) Corporation Limited (Lease) Act, 1961 and The Electrical Power Control Act, 1994, be not now read a third time but that it be read a second time this day six months hence.

Mr. Speaker, I present the amendment.

**MR. SPEAKER:** The House will take a brief recess to consider the amendment to determine if it is in order.

### Recess

**MR. SPEAKER:** Order, please!

The Chair has had an opportunity to review the proposed amendment and rules that the wording makes it out of order.

The member has twenty-nine minutes left on the clock in third reading. I acknowledge the Member for Bay of Islands to continue.

**MR. JOYCE:** Thank you, Mr. Speaker.

The wording was a bit of a misunderstanding there, but that is fine, Mr. Speaker; we can always find a way to correct the wording, as we all know. Word-splitting is a term used, but thank you, Mr. Speaker, for pointing that out.

Mr. Speaker, as I was speaking earlier about the competitive rates compared to Labrador, there are a lot of positive results when you become competitive in a border with Quebec. As I said earlier, Mr. Speaker, it is great for the government to ensure that they are not waiting until 2015 to be competitive for Labrador, that you set them now. The planning down the road, Mr. Speaker, will be able to ensure that companies that are going to move into Lab West know what rates they will be competing against in Labrador.

If we are competitive, it does help, Mr. Speaker, to ensure that we are going to create employment in Lab West and create employment all through that region.

Mr. Speaker, planning is a big part of any business. When you plan for any business, you have the proper planning in place, and you put the infrastructure in place, you would definitely ensure a very positive and very great outcome for a lot of the people working there and for the community as a whole.

Mr. Speaker, in this bill itself – again, I said I support this bill; I think it is great that the government is –

**AN HON. MEMBER:** (Inaudible).

**MR. JOYCE:** Well, the reason why I am supporting it is it is going to create this uniform rate across – but, Mr. Speaker, if there is anything I could urge the government on this, it is to see if there is some way we can work out incentives, see if there is some way, Mr. Speaker, that incentives can be brought into it so that we can ensure that there is going to be secondary processing in the area.

I know the minister – and I know I am repeating myself, but I just want it on the record again, Mr. Speaker, that the minister gave a compelling reason why it should not be. There is definitely a compelling reason for both, Mr. Speaker.

Mr. Speaker, I can see my time is getting a bit short and I am going to make an amendment, a third reading amendment – hoist 3, third reading.

Mr. Speaker, this amendment: I move, seconded by the Member for Burgeo – La Poile, that Bill 53, An Act To Amend The Churchill Falls (Labrador) Corporation Limited (Lease) Act, 1961 and The Electrical Power Control Act, 1994, be not now read a third time, but that it be read a third time this day six months hence.

I make that amendment, Mr. Speaker.

**MR. SPEAKER:** Do we have a written copy of the amendment for my consideration?

**MR. JOYCE:** Yes, Mr. Speaker.

**MR. SPEAKER:** When I receive a written copy of the proposed amendment, the House will take a brief recess to consider whether the amendment is in order.

### Recess

**MR. SPEAKER:** Order, please!

The Speaker has considered the amendment to the motion put forward by the Member for Bay of Islands and it is in order.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The Member has twenty-five minutes left on the clock.

The hon. the Member for Bay of Islands.

**MR. JOYCE:** Thank you, Mr. Speaker.

The amendment was to be referred to Committee.

**MR. SPEAKER:** Just so we are clear, the amendment is a hoist amendment, not a referral to Committee. It is deferring the vote for some future date, which is very different than a referral to Committee. It is an amendment to the motion at third reading, but it is a hoist amendment and not a referral to Committee.

The hon. the Member for Bay of Islands.

**MR. JOYCE:** What I meant by that, Mr. Speaker, I know you take it up, you take it out of the House and give us more time to review it. That was the idea. That is the intent of the amendment, Mr. Speaker, to take it out of the House now. Move it out of the House, Mr. Speaker.

I am a firm believer, Mr. Speaker, that because forty of us get elected here, we do not know it all. It is a great opportunity for us to take this here, move it out of the House, and give us six months so that we can go out and talk to the people who are directly affected. The people who would be directly affected would be some of the people who run the companies and some of the unions.

As we all know, there is always precedent set and you want to make sure that you are making the proper decisions. When you take it out of the House and have a six-month sober thought, we all can sit back, look at it and say: What can we move on from here, or how can we move on from here? Mr. Speaker, this is a situation that is timely. A good example for a hoist, Mr. Speaker, where you want to have a second sober thought –

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER (Verge):** Order, please!

**MR. JOYCE:** Mr. Speaker, I am sure I am allowed to give examples of why I made this amendment. I will give some examples of why this should be done to ensure that we are making the right decision.

Mr. Speaker, I am not one to bring up too many things in the past, but just look at Abitibi that was brought up last week by the Supreme Court of Canada. Look at Abitibi, Mr. Speaker. Last week there was a ruling by the Supreme Court of Canada, which said: Right now the Province of Newfoundland and Labrador will be liable for the cleanup of the mill in Abitibi.

Now, Mr. Speaker, I understand the circumstances at the time and that it was rushed. If we did have the opportunity, the question I would ask: Would we take a little second, sober thought to ensure that we look at all aspects of the amendment? To ensure that we could take it out six months, sober thought, go around ensuring that we view all the people who are directly affected, adversely affected, Mr. Speaker. To ensure that when we make the decision in the House, that we make the proper decision to ensure that it is going to have the greatest benefit for the people of Newfoundland and Labrador.

Some of the things that this will give us the opportunity – for example, go up in the companies and just check and see what rates are competitive against Quebec, Mr. Speaker. While we are up there, we will say: okay, let's ask the companies. I have not done it personally but I am sure the Member for Cartwright – L'Anse au Clair has done it. Go up and ask the companies: What if we offer an incentive? Would that help create secondary processing in the field?

Would that not be a great idea? Instead of forty-eight of us sitting down making a decision here in this House, wouldn't it be nice if we could go up and sit down with the companies and say: Okay, listen now, we have a block of power here, we are going to level off the playing field. If you want to do secondary processing, create another 200 or 300 jobs, what do you think if we gave you a little incentive? Would that be an incentive?

Mr. Speaker, if you look at any department in government, and I use industry, trade and rural development, we use incentives all the time.

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

**MR. JOYCE:** We always use incentives. If it could work on the Island, why can't incentives work in Labrador? It is a question, Mr. Speaker, that I feel should be at least explored. If we took this bill and just passed this bill without exploring all the options, my question is: Are we doing our due diligence if we do not go out and explore the options that are available? Are we doing our due diligence, Mr. Speaker? I am not sure if we are, Mr. Speaker.

The point behind this hoist is to ensure that we look at all aspects. As we know, we sit back sometimes – and I can remember bringing motions into the House. The last session we brought motions into this House that the government accepted. They came back and said: yes, they are good. They were good amendments – this is going to strengthen the bill. I congratulate the government for taking that, whatever is going to strengthen the bill.

There is absolutely no difference from what I am proposing here now. What I am proposing here, Mr. Speaker, is to ensure that the legislators – who are the people here in this room, and the officials – be able to take this bill, go through it, go up and meet with all the people who are going to be directly involved, and say: how can we help spur on more activity? How can we help create more employment in the area? How can we use the electricity and the raw product that we have at our fingertips to the greatest potential for the people of Newfoundland and Labrador? In this case, it will be in Labrador.

Mr. Speaker, once we put this bill, proclaim it in 2015, and it starts being used, it is going to be awfully hard to change. It is going to be awfully hard to change, Mr. Speaker, I can tell you that. Now is the time; if we want to make any changes to this bill, now is the time to sit back and say: okay, let us take our time; let us collectively look at this.

At no time, Mr. Speaker, in any of my speech am I saying this is not the right thing for Labrador – absolutely not. Absolutely not am I at any time suggesting that this is a bad piece of legislation for Labrador. I am not. I want to make sure that is clear for the record, that is clear for all the members here for Labrador, the four members from Labrador. I even voted for it. Yes, I did vote for it. Absolutely, I voted for it.

**AN HON. MEMBER:** (Inaudible).

**MR. JOYCE:** Absolutely. Mr. Speaker, I will vote for it again, but I can tell you one thing, and I say for the Member for Mount Pearl North, or South, I am – Mount Pearl South, I know he is saying: well, you voted for it.

Mr. Speaker, I do not think that I am smart enough that I know all of the answers, but I think I am smart enough to ask people who know the answers. I am smart enough to say: yes, I vote for this bill. I want to be on the record that I voted for this bill, but I also want to be on the record to urge all people in this House to say: how can we make it better? How can we create more employment? I do not think that is a bad idea. I do not think that is a bad idea.

Mr. Speaker, I am sure a lot of people in government – and I know there is a topic; this is in line, and it may stray for a minute, but: the hospital in Corner Brook. Mr. Speaker, the minister last week sent a committee out to look at and speak to the people involved, of what is the best hospital available. That is a good thing to do.

**MR. SPEAKER:** Order, please!

**MR. JOYCE:** I say to the minister –

**MR. SPEAKER:** Order, please!

I ask the member to be relevant to the bill we are debating.

**MR. JOYCE:** I am, Mr. Speaker, just explaining what I am doing.

**MR. SPEAKER:** Order, please!

I ask the member to be relevant.

**MR. JOYCE:** Yes, Mr. Speaker, I am going back to the –

**MR. SPEAKER:** The hospital in Corner Brook is not relevant. I ask the member to be relevant.

**MR. JOYCE:** But there are people going out searching and asking questions, like I am asking them to do in Labrador. That is what I urging the government, Mr. Speaker: to go out and see people, go out and chat with people, to go out and say: what is the best for this area?

Now, Mr. Speaker, I know that there is no one in this House going to disagree with that. We do not have all the answers. We see in this House, Mr. Speaker, on many occasions: let us go out and consult, let us go out and get new ideas, let us go out and see what everybody thinks of our new ideas; that is what we are doing in –

**MR. SPEAKER:** Order, please!

The member has proposed a hoist amendment. That does not give the member full latitude to talk about whatever he feels he is wanting to be postponed. The bill that we are debating deals with industrial rates for electricity in Labrador. You have proposed a hoist amendment. You still must be relevant. It does not give you wide latitude to say whatever you feel you should say. So, I will ask the member to confine your comments to the bill that we are debating.

The hon. the Member for the Bay of Islands.

**MR. JOYCE:** Consultation, I say to the Member for Cartwright – L'Anse au Clair. That is what I am proposing in Labrador, I say to the member: consultation in Labrador. That is why we need the six-month hoist, for consultation, Mr. Speaker.

I thank the Member for Cartwright – L'Anse au Clair for knowing that when we go out and consult, we get new ideas. That is why we need the six months, Mr. Speaker: new ideas, so we can look at if we have a block of power up in Labrador, what ways we can use this power, and what ways we can go out and bring it in to a confined area – which is Labrador – and we can have the greatest, maximum benefits for the people of Labrador. That is why I made that recommendation, that amendment, Mr. Speaker.

I think the people in Labrador, Mr. Speaker, especially the people directly involved and directly responsible for the hiring, would think it would be a great idea that we would take time off to go up and say: okay, let's go up and have meetings; let's go up and have consultations in Labrador, Mr. Speaker, about the block of power and the potential recall of some of the power that we have; 300 megawatts I think it is. I think it is 220 or 225 on the TwinCo.

Mr. Speaker, as we know, we are looking at possible other expansions in Labrador for other industrial users. We need to ensure that once we do this for Labrador, it is done right. We need to ensure, Mr. Speaker, that when we go up to Labrador and we sign this deal in 2015 – well, the deal will be signed before then, but when we go up in 2015 and we put it in place, we have to ensure that we have the best possible bang for our buck.

Mr. Speaker, as I mentioned earlier, we had two opposing views here. The Member for Cartwright – L'Anse au Clair, yesterday, was talking about how we can find some way for incentives. The Minister of Natural Resources said: No, there are reasons why we should not do that. There are opposing views.

Consultation, Mr. Speaker, in my view, is the best way for any of us to go up and to ensure that we are doing our due diligence. If we all do our due diligence, we can say that we did our best as legislators and we can say that we did the best for the people of Newfoundland and Labrador. We created as much employment as we possibly could,

Mr. Speaker. Whenever then, in 2015 and beyond, we can say that the maximum benefit for Newfoundland and Labrador will be maintained by this block of power.

Mr. Speaker, I am just proud to be able to offer a second sober thought to all the people in this Legislature to think about what I am saying. Think about the recommendations I am making, Mr. Speaker – think about those recommendations. To ensure, Mr. Speaker, that we do a great job.

**SOME HON. MEMBERS:** Oh, oh!

**MR. JOYCE:** Mr. Speaker, I can hear a bit of heckling on the other side saying: Eddie, you are right. Eddie, you are correct in what you are saying. So, I just thank for the members for at least considering what I am saying and ensuring that the issues that I am bringing forward is not in vain.

Mr. Speaker, I will close with this: What we do, when we do it, if we do it right, we are going to have the maximum benefit for all people of Newfoundland and Labrador. Not just for a certain few but we are going to have it spread out all across Labrador so we can help as many people as we can so we can create more employment. There are a lot of times when we step back from any bill that we bring in the Legislature – and this is just a prime example. When we step back from any bill, especially one concerning Labrador because when you lock in, it is locked in.

As people said earlier, when they make business plans – when I said earlier, when you make business plans it is going to be for the long term. Isn't it better for us as legislators to ensure that when we do this here for the long term that we go up and consult the people who we need? We go up and consult the people who are directly affected, go up and consult the town councils, go up and consult the unions so that, Mr. Speaker, when they are tied into some long-term power rates, that we know that it was done properly, it was done for the right reasons, that we are going to have the maximum benefits for all people in Newfoundland and Labrador. Above all, Mr. Speaker, so we as legislators can say that we did our due diligence, that we did our job.

Mr. Speaker, I just want to thank all members for listening to me so attentively. I know it is such an important issue for all Newfoundland and Labrador.

Thank you, Mr. Speaker.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** Order, please!

The hon. the Minister of Natural Resources.

**SOME HON. MEMBERS:** Hear, hear!

**MR. KENNEDY:** Yes, Mr. Speaker, there comes a point in time where you can consult so much it becomes an insult. That is exactly what I would suggest would happen here.

What we are hearing from these mining companies, the mines that I have met with on a regular basis which I will go through in a second, they do not have another six months. They need this industrial rates policy now, Mr. Speaker, because they are making their plans to proceed while the market requires their product and while they are looking for financing.

I look at the list of companies, Mr. Speaker. I have met with IOC on numerous occasions including meeting with the board of Rio Tinto, the parent company in London earlier this year, myself and the Premier along with the President of IOC. I have met with Labrador Iron Mines, Mr. Speaker, in Toronto at the mining conference last year and other occasions.



I have met with Vale Inco, the head of their Newfoundland operations in Toronto, and I know the Premier has met with Vale Inco. We have met with Tata Steel on a number of occasions and talked to them. We have met with Alderon – and these are just meetings I have had, not including meetings that have taken place by my officials.

I have met with Grand River Ironsands, including their local guys on at least a couple of occasions and their South African investors. Julianne Lake, Mr. Speaker, we are the ones who are putting this up. I have met with the consultants there, we have instructed the consultants and very familiar with that, Mr. Speaker.

When you talk about consulting, these are meetings that I have had as minister. We have also had my officials meet with them. What each one of these companies has told us, Mr. Speaker, is we need an industrial rates policy now. We need to know what you are going to charge us.

So, Mr. Speaker, there comes a point when the industry – and I know that it is ironic when I heard the Member for Bay of Islands talk the other day. I heard the Opposition House Leader say the other day: What took us so long to come in with this policy? So, on the one hand, Mr. Speaker, you have one member saying it is about time, and on the other hand now you have another member of the same party, let us delay it a bit further. You cannot have it both ways, Mr. Speaker.

Right now, we have a need for iron ore coming out of China that has increased the price significantly. I would encourage, for all listening, to read the Labrador mining and power paper which was released by the Department of Natural Resources and looks at all stages of the mining industry. Very significantly, Mr. Speaker, we have \$10 billion to \$15 billion dollars, potentially, of mine developments in Labrador. They are predominantly in iron ore in Lab West, but we also have the Grand River Ironsands project in Happy Valley-Goose Bay, we have the potential for underground mining in Voisey's Bay, and we also have the Michelin project.

Mr. Speaker, we would like for all of these to go ahead, but we know that when you look at the development of a mine, there are so many stages that there could be delays, there could be economic downturns, there could be financing issues, that it is perhaps idealistic to expect all of them to proceed.

What I can tell you, Mr. Speaker, from each of these companies I have met with, they are committed to developing these properties, and it is because the price of the commodity in question is at a point where it makes it economically feasible, it makes it viable to proceed with the mine. So, if you look at the importance of the mining industry to our Province – and we have talked about this before. As a government, we do not make as much money in terms of direct taxation on mining companies as we do, for example, with the offshore oil companies where we have royalty regimes, but there are significant indirect benefits to the mining industry, from employment to the money circulated in the economy, to the benefits that come with the development of the mine.

In fact, in 2011-2012, the mining industry contributed \$343 million in direct mining taxation. Now, that is a lot of money, but compared to what we get from oil, Mr. Speaker, that is not a lot of money. Oil is what is making our economy run, and it is one of the reasons that we are developing Muskrat Falls: to ensure that when the oil runs out, we will have a sustainable –

**MR. MARSHALL:** Diversified economy.

**MR. KENNEDY:** – resource for our economy.

**SOME HON. MEMBERS:** Hear, hear!

**MR. KENNEDY:** The Minister of Finance just talked about diversification. Well, what better way to diversify than to use our own natural resources, Mr. Speaker, to ensure a bright and prosperous future for our children?

The mining industry is an important component of what is taking place. Again, I talked the other day briefly about the mining industry that we have on the Island of Newfoundland too, it is not only Labrador. What we are talking about here today are Labrador industrial rates.



Let me give you an example, Mr. Speaker, of why these mining companies cannot wait six months. Let me give you an example of why they have come to us, why the Opposition House Leader says it is time to get this done. In 2004, a ton of iron ore was \$50 a metric ton. In February 2011, a ton of iron ore was \$180; in September 2012, it dropped to \$100; the forecast for the long-term is in the \$90 to \$110 range. If all of the developments in Labrador proceed, then we would go from developing 23 metric tons in 2011 to 80 metric tons by 2020.

What is needed for all of these mining developments is power and estimating the power needs can be challenging because each project is at a different stage. As they are at a different stage, they are trying to determine if they are going to proceed to the next one. We are sort of a Catch-22 situation on the one hand. The mining companies are saying: Well, we cannot tell you if we need the power until you tell us how much you are going to charge us for the power and if you have the power available. The government says: Well, we cannot tell you if we are going to give you the power until we have a firm contract from you telling us you will buy the power.

I said this the other day, Mr. Speaker, and again the MHA for – who was talking about this last night, about 1:00 o'clock in the morning? The MHA for The Straits – White Bay North talked about the possibility of Muskrat Falls not being big enough.

Mr. Speaker, what I have heard all along is the NDP does not agree with the development of Muskrat Falls and last night it was not big enough. That is the reality. If all of these mining industries developed, then we would need Gull Island, but we are not going to build Gull Island on the basis of what we might need. That is why Muskrat Falls is the perfectly sized project for what we need in our Province at present.

We have satisfied the demand in the Island here, that we know will be up to 200 megawatts at peak demand, extra in 2020. We allowed for the building of the Maritime Link which connects us with the rest of the country, Mr. Speaker, and we have power available for projects in Labrador.

That is why Muskrat Falls is such a good, good project for what we need in the Province of Newfoundland and Labrador at present, Mr. Speaker.

**SOME HON. MEMBERS:** Hear, hear!

**MR. KENNEDY:** Now, if you look at it, and the minister will tell you, IOC and Wabush Mines have developed. They led to the creation of Labrador City and Wabush. They have received power at a very good rate for a long time. We recognize this transition will be difficult on them and that is why we have tried to phase in the power over a period of time. We want them – IOC is an absolutely amazing operation when you go up there – and we were all there, as I indicated the other day – and you see what they are doing up there. It is estimated there could be 100 years of iron ore in the Labrador Trough.

Now, the iron ore is of a high quality. As I understand, it is what makes it attractive, Mr. Speaker. Then we get to the Chinese markets, because that is what is making this happen. The Chinese economy is demanding the need for iron ore. They need iron ore. They develop their own, and what I am told – again, it is referred to in the paper – it costs \$100 a ton to develop their iron ore in China. Anywhere they are paying \$100 a ton that is a good price. That \$100 a ton then allows companies to proceed.

Paying a \$5 power or \$4 power is not realistic. We sell, by virtue of the contract in 1969, power at \$2.50 a megawatt hour, going down to \$2 in 2017 as a result of a renewal clause, and we sell that to Quebec. Now, Wabush Mines gets it at \$4 a megawatt hour. This cannot continue. As I think one of my colleagues talked about, in the last ten years Wabush Mines and IOC have paid \$100 million for \$900 million worth of power that it would cost in Quebec.

We want them to continue. We want to try to help, but we want other companies to come in and develop also, Mr. Speaker. We want Julianne Lake to be developed. How we do this is by coming up with a rates policy that says: We will direct the PUB, this is your generation rate. The PUB will then continue to assess the cost of service for the transmission rate and you will pay as you use the line, which is a fair way to go.

When we look at the projects that are currently there, one of the key issues in terms of their financing, in terms of obtaining financing, and in terms of developing whether or not the project is viable is the cost of power. Where are we in terms of the projects themselves? If you look at the ones currently in existence, we know we have IOC and Wabush Mines.

We also have Voisey's Bay, which hopefully will proceed to underground mining. If they do, then they will need power for that, whether it be from a transmission line from Happy Valley-Goose Bay or another development on the coast, which could be run of the river and wind, or one or the other. They will need an amount of power. I do not know the exact figure; let's say fifty megawatts of hour. Well, the benefits of that would be, we would now be able to connect Natuasish and Nain. They are in operation. The question is whether or not they are going to go underground.

We have Wabush Mines and IOC, which are in operation. Then we have Labrador Iron Mines was the first new iron ore producer in the Province since 1965, when it shipped iron ore in 2011. Now they are a smaller operation compared to the bigger operations, but I have been very impressed in my meetings with them, very committed. They want to make this happen. Their geographical location poses some challenges both in terms of the supply of power and getting the product to market, but they opened up. They do not need as much power as the other companies, Mr. Speaker, but they certainly have been impressive in my dealings with them.

In construction, we have the IOC Concentrate Expansion Program, which is a very significant expansion. We would be into Phase II which would require, I think it is about forty megawatts of power. Tata Steel minerals, Tata Steel is a very big iron ore company out of India, but this Tata Steel mineral is a joint venture between Tata Steel and New Millennium which is a publicly listed junior mining company on the Canadian markets. They have a project in North Western Labrador that is developing deposits very similar to Labrador Iron Mines Limited.

Mr. Speaker, if they proceed, there are different amounts of power that will be needed. There would be significant – at this stage, to complete the pre-feasibility study would be eight megawatts. In terms of feasibility complete, we have the Labrador Iron Mines expansion.

Undergoing feasibility studies and environmental assessments we have the Alderon Iron Ore Corporation, Kami project which is located approximately five kilometres southwest of Wabush Mines. This appears to have a very good grade of ore with approximately eight million tons. In my meetings with this group, myself and the Premier met with the President of the company, Mr. Mark Morabito. Again, very aggressive, very interested in doing business and having very significant benefits to the people of Labrador West. They are the first company to actually indicate that they would proceed and wanted to buy power from Nalcor.

We have talked about, and I have talked about in the past, that we currently have 525 megawatts of energy that we recall from the Upper Churchill or that we get back from the Upper Churchill contract out of the 5,400. We have the 225 megawatt TwinCo block, which will come back, as indicated earlier. Then we have 300 megawatts of recall power.

At peak in the wintertime, 220 megawatts is required for the Labrador area. That leaves approximately 80 megawatts, because you always have to be able to meet your peak. There is obviously more available in the wintertime, so there are 80 megawatts of power available that we could sell to mining companies at present.

I am just trying to get the figures correct. We currently have capacity on the Quebec lines of being able to export 265 megawatts of energy. What happens is that energy that is not used in Labrador, the 80 megawatts, is sold on the spot markets in the Northeastern US, Mr. Speaker, and in the summertime there is more. The summertime is actually a very good time for selling energy in the United States because that is when they have all the air conditioners on. The air conditioners use a lot of energy.

Alderon is saying: well, we will buy those 80 megawatts of power off you, or whatever we need, to get going. We then have the Tata Steel LabMag project, which is undergoing feasibility. This will be a big project that will require 235 megawatts of energy, with also extra power for a pellet plant. We get our source, Mr. Speaker, from their 2006

pre-feasibility study. As I have talked about already, the Voisey's Bay underground and the potential for that is now in pre-feasibility.

We have in construction, we have feasibility complete, we have undergoing feasibility studies, and we have pre-feasibility studies. In pre-feasibility we again have the IOC strategic development and the North Atlantic Iron Corporation, or Grand River Ironsands. I met with these individuals on a number of occasions. They are talking about needing up to 100 megawatts to 150 megawatts of power. What we have is a situation where these are not as advanced as the other companies, although they are certainly very keen on obtaining power and starting their business.

The Aurora, Paladin, Michelin Project, a uranium project that was under moratorium for a couple of years, two to three years, from Nunatsiavut Government, is in the essential mineral belt. If they proceed, depending on the uranium markets – and again, the Member for Torngat Mountains might be able to help me – the closest communities would be Postville and Makkovik, which could result in the potential to have power delivered to those communities if this project proceeds.

Then we have Julianne Lake, which is a Crown-owned iron ore project approximately fifteen kilometres from Labrador City and Wabush. We have conducted geographical and economic analyses, we have hired consultants, and we currently have that project out on RFP. Those power requirements will be eighty to 160 megawatts of energy.

Dr. Wade Locke has done his economic analysis of Labrador West iron ore mining based on different scenarios. I think he has chosen four different scenarios. The numbers, Mr. Speaker, in terms of the economic benefits to the Province, could be huge. People who are making high wages spend their money: they buy houses, they buy cars. They are spending their money; they are putting that money out into the community. Even though the royalties or the direct taxation is not as great, the mining industry is a huge industry in this Province.

What we are trying to do as a government, we are trying to very prudently and cautiously proceed to see if we can provide the power that they need. The first step that they have all told us is not six months from now, not a year from now, but we need to know what the industrial rates are going to be. What we said to them is we will be competitive with Quebec. We will ensure that the rates that are paid here are competitive with Quebec.

I would encourage anyone listening, Mr. Speaker, to read Dr. Locke's – all these reports are available on the Web site. The Labrador mining and power: how much and where from, is available on the Web site; Dr. Locke's paper is available on the Web site. There are significant economic benefits, Mr. Speaker.

I think really what is happening here, at least us and the Official Opposition, I do not think we disagree that the policy is necessary. I think what is going on here now is simply that the Opposition have certain points to make and they are making them, which is certainly the way this situation works. I do not think there is anyone who is going to stand here and say: let us not give the certainty to the industry they require to develop. We are in a good situation in this Province now, Mr. Speaker.

Whoever thought we would be in a situation in Newfoundland and Labrador, where we never – we said we do not have enough people to fill all the jobs, Mr. Speaker. Whoever thought we would be in a situation where we have all of these people looking for all of this power, and we have to choose whether or not to develop Muskrat Falls or Gull Island – that we are in a situation where financially we can develop these projects.

Mr. Speaker, when we talk about the rates on the Province – and I will come back to this a little later over the next week or two as we are finishing this off – we are not even including the monies made from Labrador mining; we are not even including any potential exports or spot markets.

What we are trying to do, and I think what we have done here, is very logically outline that this is how the rates will apply, and what the mining companies have said to us, all of whom we have consulted with, is we need this policy now.

Thank you very much, Mr. Speaker.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** Order, please!

The Member for Torngat Mountains.

**MR. EDMUNDS:** Thank you, Mr. Speaker.

It is an honour to speak to the amendment moved by the Member for Bay of Islands, seconded by the Member for Burgeo – La Poile: An Act To Amend The Churchill Falls (Labrador) Corporation Limited (Lease) Act, 1961 And The Electrical Power Control Act, 1994, be not now read a third time but that it be read a third time this day six months hence.

Mr. Speaker, I listened with great interest to the Minister of Natural Resources as he read his report. I was impressed by his knowledge on the many companies that are operating in Labrador in the north, in the west, and in the south. The reason I say this, Mr. Speaker, is because it was just a short time ago that there was no demand for power in Labrador. It was only over the past summer that all of a sudden the demand for power in Labrador started to come forward.

Mr. Speaker, when you see a demand that comes forward like this and you have an electrical bill that is scheduled to be slated and a new one that has to be put in place, in the very near future, I certainly encourage the government to come forward with this bill. In light of my comments earlier where there was no demand for power, and I think it was the Member for Labrador West last summer that first mentioned the 40 per cent power for Labrador, it was certainly an exciting time to hear this.

I heard the Minister of Natural Resources talk about the mining projects that are ongoing. Old companies in Labrador West –

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

**MR. EDMUNDS:** – like the Iron Ore Company in Labrador and Wabush Mines that have been in operation for a long time. I heard the minister talk about new companies that are in pre-design, pre-operation stages, and their demands for the power.

Mr. Speaker, I also heard the minister talk about the Paladin project inside of Makkovik, Postville, and the ambitions of Vale Inco to go underground and their demands for power. I tried to add up the numbers as he was presenting them, Mr. Speaker, and compare them to the power that is going to be made available as a result of the Muskrat Falls Project.

I think the reason for the amendment is to look at how far we have come in the last six months with the first proposal by this government that did not involve power for Labrador. There was no mention of it. Now, we are hearing all kinds of potentials. These are the reasons for amendments, Mr. Speaker.

Certainly, when I heard the Minister of Natural Resources talking about the up and coming projects, it certainly drives home the need for Bill 53 to be revisited. Mr. Speaker, I heard my hon. colleague talk about the mistakes we made with Abitibi. We do not want to see those mistakes in this project, Mr. Speaker. When you want to cover off good legislative work, it does take time. We have seen that and we are seeing it again now with how far events have unfolded leading up to the introduction of Bill 53.

I realize that we need legislation to protect the industrial rates in Labrador. We need legislation that will allow cheap, competitive rates, Mr. Speaker. I agree with all of this, but there are some questions or concerns that do come to mind as we move forward with this legislation.

We talked about TwinCo output, Mr. Speaker, 225 megawatts along with the 300 recall. That will be subject to a new rate when 2015 rolls around, and a much-needed rate. This bill separates the rate of industrial power and it is solely for Labrador. We know that power is going to be generated all over this Province and out of this Province, Mr. Speaker. Certainly, I would be very tuned in to see what the ratepayers outside of our Province will be paying as opposed to the people in this Province. I certainly would not want to see too much of a discrepancy there.

Mr. Speaker, when we talk about industry in Labrador and the need for power, we have the power. We all agree that we have the power. We have proven it. We have had power coming out of Churchill Falls. Government is proposing another project on the very same river, Mr. Speaker.

You have industry in Labrador – and to talk about Labrador, Mr. Speaker, if you subtract the oil revenues that provide investment funds for this Province, once you remove that, you realize how important the Labrador portion of this Province is to this Province. I certainly heard my colleague, the Member for Bay of Islands, indicate that, Mr. Speaker, and I am sure there is no one in this hon. House who does dispute that.

Mr. Speaker, the current rate for power in Labrador West is less than 1 cent, I believe, per kilowatt hour. In Quebec, I think it is just under 5 cents per kilowatt hour. Once you compare this to the Canadian average, Mr. Speaker, which is 6 cents per kilowatt hour, we are well under any national standards.

With no industrial electricity plan currently in place – and current industrial contracts will expire; thus the reason for this legislation, Mr. Speaker. I do support having legislation that will allow for a common power rate in Labrador, but the reason that this is all coming into play now is a little bit confusing to me, because as I go back to six months ago, there was no plan for power in Labrador. It was unheard of. As we push the issue, certainly all of our colleagues decided to come forward and realize that there is potential and there is demand.

Power comes from Labrador, Mr. Speaker. It is also needed in Labrador. Now that this government has finally accepted the need for industrial power in Labrador, and specifically power needed for development in Labrador, a plan has to be implemented, a plan that I heard the Minister of Natural Resources talk about that will give fair market value, Mr. Speaker, and competitive rates.

Mr. Speaker, when I went through the plan from the briefing that was given to us – a very good briefing, and I thank the staff for giving it to us – I looked at the rate of increase from 2012 to 2020. In 2012, I just talked about the prices being 1 cent, and 5 cents in Quebec; as I progressed, as outlined in the briefing notes, in 2020 I saw rates that, if you take the high level of Labrador's rates, exceeded the rates in Quebec.

There lies the concern, Mr. Speaker. If our rate goes from less than one cent to being equivalent with Quebec in eight years, and Quebec has moved one cent, does that mean in twenty years beyond that, our rate will exceed Quebec? We have only gone as far as 2020, Mr. Speaker, so this question is out there.

Certainly we do not want to see our rates go beyond competition, Mr. Speaker. We would like to see industry in Labrador buy power from Labrador. I encourage the government to take the time to revisit and to make sure that this does not happen. If you follow the rates as they are now, there will come a time when our rates will surpass those of Quebec in price. There is always a concern there when you are looking at what power we have to put out, Mr. Speaker.

I think with industrial rates, it is good to see that the residential and commercial customers will have a first right to recall power, Mr. Speaker. It is very important. We can talk about industry in Labrador, we can talk about the need for power, but it is fundamentally the people who make up that industry. It is the people who will be affected; it is the people who will be concerned, a reason why we would like to see this bill done and we would like to see it right, Mr. Speaker.

Mr. Speaker, Labrador West is a company town. It always was, and as long as that industry is there, there will be a need for power. In the regional vicinity there are other projects that have started up, Mr. Speaker, and they all want competitive rates. To go from the current rate now of one cent to a projected rate even of three cents per kilowatt



hour will be a marked increase in the cost of power – having said that, still at least three cents below what Quebec currently has to offer.

I go back, Mr. Speaker: industry is run by individuals. The residents of Labrador West make up that industry. It is good to see this mechanism built in place, where commercial and residents will have right of first refusal to block power.

I would like to talk about the amount of power that is required, as I heard the Minister of Natural Resources talk about. He talked about 800 megawatts there, 1,000 megawatts there. The list was substantially high, Mr. Speaker,

The questions I have, Mr. Speaker, is that there is more demand for power in Labrador than what Muskrat Falls can obviously generate. If we are looking at good governance in supplying power to industry – industry is very important to our Province in terms of development, in terms of progress, and in terms of the Treasury. We have seen that with what industry in Labrador gives to the provincial Treasury, Mr. Speaker, and it is a large amount. Again, I would just like to say it is good to see the government has taken into an understanding of how important Labrador is fiscally to this Province, Mr. Speaker, because it was just a few short months ago, I think six months ago, when there was no talk of power.

I just have a few more comments, Mr. Speaker. If you could be specific, you talk about the 239 megawatts. That usage is based on historic needs.

Mr. Speaker, I heard the Minister of Natural Resources talk about expansions, and I kept going back to that because I think it needs to be taken into account. It certainly needs to be revisited. How much of the market block – if these companies come on line, Mr. Speaker, and the demand for power goes way beyond 230 megawatts, is there a plan in place that these companies will have that cheaper rate of power?

Right now, Mr. Speaker, up and down the coast, I have worked at the Vale Inco site in Voisey's Bay. I have seen the terrible cost of burning diesel generation, generated fuel. We are seeing it in all of our communities.

I heard the minister talk about projects that would tie in Vale Inco, that would tie the communities of Nain and Natuashish in my district, Mr. Speaker. I also heard the minister talk about the power going to the Paladin site if it ever comes on line, and that demand for power and how that could tie into communities, Mr. Speaker.

As power is generating industry, you cannot take power off the main grid, Mr. Speaker. You have mineral exploration ongoing on the South Coast where there is no charge in terms of traffic lines to take power off the main grid – industrial power, Mr. Speaker. All of this I think is applicable when you are looking at a standard rate for power in Labrador, Mr. Speaker, industrial power and the options that we have.

Mr. Speaker, I would just like to close off by saying that I am glad this government has gone from not recognizing the need for power in Labrador to a full plan on the delivery of power in Newfoundland and Labrador. They finally realize how important power is to this Province and to the rest of the country, and that we maintain a good rate of return on the sale of that power.

Thank you.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER (Littlejohn):** The hon. the Minister of Service Newfoundland and Labrador.

**SOME HON. MEMBERS:** Hear, hear!

**MR. MCGRATH:** Thank you, Mr. Speaker.

It gives me great pleasure to be able to stand again and speak to this bill, Bill 53, An Act To Amend The Churchill Falls (Labrador) Corporation Limited (Lease) Act, 1961 and The Electrical Power Control Act, 1994.

Mr. Speaker, I would like to start off by saying that this government, from day one, has recognized the need for power in Labrador. I think it goes back – ironically, Mr. Speaker, they have been working on Muskrat Falls since the early 1970s, late 1960s early 1970s. Might I remind the Opposition on the other side, they were not able to close the deal on Muskrat Falls.

The need for power has been recognized for Labrador for a long, long time. One of the best examples I can give for that, Mr. Speaker, is Voisey's Bay. We realize that Voisey's Bay needed electrical power and still needs it. In order for them to expand and go underground, we realize that Voisey's Bay, Vale Inco is going to need energy transmitted up to the North Coast of Labrador.

I am going to talk a little bit about Labrador West. I am very pleased to say that almost every member on the other side of the House recognizes the importance of Labrador West to the economy of Newfoundland and Labrador. I am very pleased that you could stand up and talk about the value that Labrador West puts into it.

I would like to make a couple of corrections, or just observations that I made. You talk about royalties, I heard the Member for Torngat Mountains talk about the royalties. If you were to take away the royalties of the oil and gas, we would realize how significant the royalties from the iron ore industry are right now. I just want to make it very clear that if you look at the royalties we receive now as a government from the iron ore industry – and I am not knocking the iron ore industry – in the late 1950s and early 1960s when the deals were made with the royalties on the IOC project and the Wabush Mines project, today we are only getting about \$300 million a year in royalties that come in for Labrador West.

This, to me, is one of the reasons we need to realize now why more development and new development in the iron ore industry and the mining industry is so important. The deals that were made with the royalties back then in the late 1950s and early 1960s just do not pay the dividends the Province needs in order to maintain solid revenue coming into the Province.

I also heard the Minister of Natural Resources talk about some of the new developments that are happening in Labrador alone and the need for power in Labrador, the need for the electrical power. It was about six months ago that – I was not the first one to talk about the 40 per cent power. I have been in government now for fourteen months and I have been hearing it since I have been elected to this government. Every time that I sat at the table –

**MR. SPEAKER:** I remind the minister to speak to the bill, please. The bill is on industrial rates. I have given you a fair amount of leeway, Mr. Minister.

**MR. MCGRATH:** Thank you, Mr. Speaker.

As I was saying, the need for the electric power in Labrador – and I am going to talk a little bit about some of the new developments that I have had meetings with. In every meeting I have had with these new developments that are happening, one of the most important things they needed in order to move out of the pre-feasibility study and into the next phase of the study is a solid, stable electrical rate for Labrador. We never had that.

I have met with Voisey's Bay. I have met with Labrador Iron Mines. I meet on a regular basis with IOC. In every one of the meetings they want to know: where are we with the electrical rate in Labrador? In order for them to put their fiscal plans in place, they need a stable electrical rate in order to forecast what it is going to cost them to do business. If they are going to move forward with their developments, Mr. Speaker, they need to have an electric rate they could fit into their formulas to see: is it feasible for us to move forward with these projects, or do we shelf the projects? Without that electrical rate set for Labrador a lot of these projects were, I would not say, on standstill, but they were slowed down in progress.

I think it is very important we realize for every day that a project in the mining industry in Labrador or anywhere else in the Province – we are talking about Labrador electrical rates here, so I am going to stay specific to Labrador – every day that one of those projects are on hold because they were waiting to find out what the electrical rate was going to be, the Province is losing revenue. If they stay in a pre-feasibility study, then we do not move forward and



we are not getting revenues back. We are not getting taxes back; we are not getting royalties back. It was very important that we get this rate set and that it was done in an expeditious way.

I am a little bit taken aback that they would actually put a hoist amendment on the floor and ask us to lift this bill off the table.

**AN HON. MEMBER:** A bill that they said they supported.

**MR. MCGRATH:** A bill that they said they were supporting, a bill that they were in support of, now they want to lift it off the table and park it for another six months. That is another six months that we would not have an electrical rate set. That is another six months of non-development that we would have in the Labrador mining industry. Those are taxes and royalties that we are losing for another six months.

Then in six months time, we go back and we say: okay, here is the best that we can do – because this government did not just sit down and decide this is a rate we are going to go with. There was a lot of work, a lot of expertise, and a lot of professionals who sat down, worked out, and formulated the electrical rate that we have come up with.

One of the important things that we had when we decided what the rate would be was that we would be competitive. It is very important that if you are going to set an electrical rate – and we need to keep in mind there has never, ever been an electrical rate set for Labrador; there has never been an electrical rate set for the mining industry in Labrador.

I will go back to IOC and to Wabush Mines and the electrical rate that they got. They have enjoyed a very good rate for over forty years, almost fifty years now. I am witness to it; I have enjoyed and I benefited from those rates that they have enjoyed.

I think it is important, Mr. Speaker, that we recognize that Wabush Mines and IOC are not two companies that just moved into an area, opened up a mine, and were given this gift of a low, low rate. What we have to bear in mind is that the Iron Ore Company of Canada and that Wabush Mines, Cleveland-Cliffs built the transmission line. They built TwinCo bar. They were the ones that brought the energy, by transmission, into Labrador West.

Labrador West was a very remote area until those mines started to develop in the late 1950s, early 1960s. They realized back then that they needed power. They needed electricity in order to run their mines. They decided if we need it, we are going to have to bring it to Labrador West. That is what they did.

In return, when Hydro took over those transmission lines that deal was worked out with the mines that in return for you building it, here is the rate that you will have, and there was a contract signed. That contract, Mr. Speaker, will be up in 2015. Those companies have known for a long time, over forty years, that the electrical rate that they were, I will say, enjoying for the last forty-five, fifty years, they knew that in 2015 that rate, that contract, was coming to an end.

It is not a big surprise to the Iron Ore Company of Canada or to Wabush Mines that this was going to change. The negotiations with both of those companies for a new electrical rate set for Labrador has been in the works – I remember fifteen years ago, in one of my businesses, sitting down talking about it. Because at that time, fifteen years ago, they were not sure: Was it going to be an industrial rate? What was going to happen to the residential and commercial rates? This government has been very careful and very prudent in putting together an electrical rate for Labrador that works best for everybody.

I think it is very important that we realize that with the new industrial rate, and the word industrial being very important there, this new electrical rate does not affect the residential rate and it does not affect the commercial rate. The residents in Labrador, their rates will not increase by this electrical rate. The commercial businesses, the restaurants, the hotels, the shopping centres, their rates will not increase because of this new industrial rate. This rate is set for large industrial companies.

Again, I will allude to the fact – and I think it may have been the Minister of Tourism, Culture and Recreation when he spoke to this bill. He said those companies – again IOC and Wabush Mines – have spent \$100 million, whereas if you were across the border in Quebec, it would have cost you \$900 million to do the same business for your electrical rates. It is time now that we as a Province bring our rates up to par.

I have seen the work that has been done on the transmission lines. I see the rationale and I understand the rationale of there being an increase. I see the amount of money that has been built to upgrade that fifty-year-old transmission line right now that comes into Labrador West. I also realize in the Muskrat Falls deal part of putting the formula together for this electrical rate, you have to bear in mind there is a transmission line being built from Muskrat Falls to Churchill Falls; that all has to be taken into part of putting together the formula for the electrical rate. It is very important we remember all of this stuff.

I look at Labrador West as an example and look at the need for power. In the last three years, I have seen four new hotels or complexes being built that are going to need electricity. The developers of these projects, one of the things they want to know is: What is it going to cost?

I spoke earlier and I said: One of the big fears in Labrador West, and I hear it in Lake Melville when I am in Lake Melville – and I am sure my colleague for Lake Melville will probably talk about it when he gets the opportunity to speak again. In Happy Valley-Goose Bay right now because of the Muskrat Falls deal you are hearing comments and they are asking: What is the industrial rate going to be? That is for the last year-and-a-half, I have heard a lot of that.

There is a mine being explored now in the Lake Melville area. They are talking about secondary processing. Before they can come out of that pre-feasibility study and into a feasibility study, they need to know, Mr. Speaker: What is the electrical rate going to be? In order for them to take a product and make a choice – are we going to put a raw product to market or are we going to put a secondary-processed product into market – they need to know what the electrical rate is going to be so they can build that into the cost of the product before it goes to market. Because I do not care who you are or what business you are in, if you are in business your main goal, your bottom goal, is to put something in your back pocket at the end of the day. If you cannot make money, if you are in business and you are not making money, close your door because you are in business for the wrong reason – and it does not matter how big or how small your business is.

This electrical rate, setting a stabilized rate for Labrador now gives those companies, gives those large industries an opportunity to set the prices. It gives them an opportunity to go out, look at the market and realize, make the decision whether they can or cannot compete within that market.

I heard the Minister of Natural Resources talk about the market right now is dictated by China. China right now, for the iron ore industry, for the demand for iron ore, China is dictating what the market is. In China right now, where they can get ore for \$100 a ton, they feel they are doing well.

These new developments that are happening, they now have an electrical rate they can build into their pricing. They can do the market analysis, and they can say we can compete or we cannot compete. Without that electrical rate set, they did not know whether or not they could compete.

So, to me, the only complaint that I have as an MHA, and as a minister with this government, is that it has not happened before. Because like the Minister of Natural Resources, every meeting that I am in – and I meet with the mining companies on a regular basis. They are a large component in my district. I have a very good relationship with all of the stakeholders and the shareholders within those mines, all of their senior officials, and when I meet with them, they want to know –

**MS JONES:** (Inaudible).

**MR. MCGRATH:** Mr. Speaker, I know you are having a hard time hearing me because of the Member for Cartwright – L'Anse au Clair, but that is okay, because I know she is in favour of it. She can applaud, no problem, and I do not mind that at all.

By setting this rate, those companies now can move forward. I will talk about IOC. You talk about IOC – Rio Tinto, the largest mining company in the world. The largest mining company in the world, and they are looking at an expansion in Labrador West that is larger than the mine they are already operating for the last fifty years. That is the largest open pit mine in North America. They are looking at expanding that larger than what they already have, but they cannot do it without more power.

Another thing that I have heard, Mr. Speaker, people talking about here, is people keep saying that Muskrat –

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

Thank you.

The hon. the Minister of Service Newfoundland and Labrador.

**MR. MCGRATH:** Thank you, Mr. Speaker.

I am glad the Opposition is over there cheering on as I am talking about everything that is happening with this. I am glad to hear that.

Mr. Speaker, when I look at companies like IOC – I had the pleasure only a little while ago and I heard the Minister of Natural Resources – in September I had the pleasure of hosting Cabinet in Labrador West. We all got ready to go out to IOC.

Two weeks ago when I was home in my district I had the distinct pleasure of doing a personal tour of the new crusher at IOC. This is a building that needs electrical power. You cannot crush that rock if you do not have the energy to do it, the electricity to do it. Just to give you an example, Mr. Speaker, this is a building where the raw ore is put into a pit and then crushed. The crushed ore is then carried on a conveyor belt 7.5 kilometres long. That is an electric conveyor belt, 7.5 kilometres long. That costs money. That takes energy.

Now, this company, Rio Tinto that is working on this huge expansion, they can now say they do not have to project: Well, this is what it is going to cost us. They can sit down now with their formulas, they know their revenue streams. They can sit down and say this is what it is going to cost us in electricity to produce what we are producing today.

If we decide we are going to go from 18 million tons a year – they are hoping to be at 23 million tons in the first phase of their expansion. Then, Mr. Speaker, they are going to 50 million tons of iron ore is what they are hoping to be producing when they finish Phase II of their expansion; going from 18 million tons to 50 million tons. That is a huge, huge increase, but it is going to take a lot of power.

I heard member's opposite say Muskrat Falls is not big enough. I am proud to say Muskrat Falls is just the beginning. Muskrat Falls will give us the power to negotiate and eventually – and I hope I am here as part of this government the day that we sign the deal for Gull Island.

Thank you very much, Mr. Speaker.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The hon. the Government House Leader.

**MR. KING:** Thank you, Mr. Speaker.

Mr. Speaker, I move, seconded by the Minister of Innovation, Business and Rural Development, that we adjourn the current debate on Bill 53 to resume at another time.

**MR. SPEAKER:** The motion on the floor is to adjourn debate.

All those in favour, 'aye'.

**SOME HON. MEMBERS:** Aye.

**MR. SPEAKER:** Contra-minded.

Carried.

On motion, debate adjourned.

**MR. SPEAKER:** The hon. the Government House Leader.

**MR. KING:** Thank you, Mr. Speaker.

Mr. Speaker, I move, seconded by the Minister of Advanced Education and Skills, Motion 4: pursuant to Standing Order 11, that the House not adjourn at 5:30 p.m. today, Tuesday, December 18, 2012.

Further, Mr. Speaker, I move, seconded by the Minister of Advanced Education and Skills, Motion 5: pursuant to Standing Order 11, that this House not adjourn at 10:00 p.m. today, Tuesday, December 18, 2012.

**MR. SPEAKER:** It has been moved and seconded, pursuant to Standing Order 11, that the House not adjourn at 5:30 o'clock today, Tuesday, December 18; and to move, pursuant to Standing Order 11, that the House not adjourn at 10:00 o'clock p.m. on Tuesday, December 18.

All those in favour, 'aye'.

**SOME HON. MEMBERS:** Aye.

**MR. SPEAKER:** All those against, 'nay'.

Carried.

**AN HON. MEMBER:** (Inaudible).

**MR. SPEAKER:** It is on the Standing Order sheet, as I understand it.

The hon. the Government House Leader.

**MR. KING:** Thank you, Mr. Speaker.

I appreciate the festive spirit across the way.

Mr. Speaker, I call from the Order Paper, Order 2, third reading of a bill, An Act To Amend The Churchill Falls (Labrador) Corporation Limited (Lease) Act, 1961 and The Electrical Power Control Act, 1994. (Bill 53)

**MR. SPEAKER:** The hon. the Member for Signal Hill – Quidi Vidi.

**MS MICHAEL:** Thank you very much, Mr. Speaker.

I am delighted to be able to stand this afternoon and speak again to this bill. I am really delighted to have another opportunity to speak to this bill. I thank my colleague for the hoist motion that allowed this to happen. I am aware of that hoist motion and I think it is a very good thing to do, a really wonderful motion to have made, and I was glad to see that it was ruled in order by the Chair.

We have, as we have been saying for the last couple of days when we have spoken to this bill, a short bill here, but it is bill that is very important, and a bill that raises issues with regard to the industrial rates for power in Labrador; that is the main reason for the bill. We know there are a couple of other things thrown into it, but that is the main reason.

As with a couple of other bills that we have on our Order Paper, I do not know why this government is rushing and ramming legislation through this House as they are doing, Mr. Speaker. That is why I am very, very pleased with the hoist motion that was brought forward, because there is no need to be doing the rushing that is going on so that we –

**AN HON. MEMBER:** (Inaudible) cursing and swearing – shame. It is disgraceful.

**MS MICHAEL:** Mr. Speaker, I am calling a point of order. I have just been accused by a member over on this side – and I do not know who it is because I am not looking there – of cursing and swearing.

**MR. SPEAKER:** A point of order by the hon. member. I never heard the comment, but I certainly will review Hansard to see if it was picked up, at the hon. member. I will give a ruling at my earliest convenience.

Thank you.

The hon. the Member for Signal Hill – Quidi Vidi.

**MS MICHAEL:** Thank you very much, Mr. Speaker.

Mr. Speaker, in this bill we are dealing with a contract that is going to be coming to an end in Labrador. It is a contract that has to do with the Churchill Falls (Labrador) Corporation Limited and Newfoundland and Labrador Hydro. The contract will come to an end as of January 1, 2015.

What this bill is trying to do is to bring in a new regime in Labrador with regard to industrial rates so that industrial rates will no longer be in a contract. The industrial rates will actually be set in a regular fashion and according to market prices.

I think this is a really good switch that is happening. It is going to result in the industry in Labrador knowing regularly what the rates are going to be. I think it is also going to result in Newfoundland and Labrador Hydro getting a better rate, as well as CF(L)Co to get a better rate, for the electricity that they are using in Labrador. It is extremely important.

I want to come to that date, January 1, 2015; we are now in December, 2012. I do not think that we have a major time bomb here in our hands, Mr. Speaker. This is what the hoist motion is about. I do not think we have a major time bomb. I do not think that we would have to have this piece of legislation pushed through this week, and not do it in January, or February, or March. The timeline that we are dealing with allows the time to do that. I really do believe that we can look at putting off the further discussion on this bill –

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

The Speaker is having difficulty hearing the speaker. Out of courtesy, I believe we should allow the speaker to speak. I ask members to provide that courtesy.

The Member for Signal Hill – Quidi Vidi.

Thank you.

**MS MICHAEL:** Thank you very much, Mr. Speaker.

When it comes to the actual issue or the main issue that this bill is dealing with, time is not of the essence. We can take time and we can make sure that everything in here is correct and make sure we are not going to regret anything down the road that we pass here in this House. Looking at that whole issue of time, I would like to look at the Muskrat Falls Project in general because this bill does deal with Muskrat Falls.

It comes in section 4 of the bill where an amendment is made to the Churchill Falls (Labrador) Corporation Limited (Lease) Act, 1961: as of January 1, 2015 – again, January 1, 2015, that is the important date – the Public Utilities Act shall apply to all transmission lines and related assets located in Labrador, except those that relate to assets of Hydro-Quebec – I will not read the whole legal thing when it comes down to that – and those included in the Muskrat Falls Project.

In January 1, 2015, the Muskrat Falls will not even yet be operating. It will still be being built. It will be halfway toward the construction I would think by then. The new regime for rates in Labrador industrial rates will just be coming in. There is no urgency around having this piece dealt with today, tomorrow, or right away, or it has to happen. There is no urgency for that. I am quite pleased with the notion of putting it off and dealing with it down the road. That is a wise thing to do.

In looking at that, because Muskrat Falls is in there, I want to look at the timeline we are dealing with, with Muskrat Falls, with the project itself. That timeline is outlined very, very well in the loan guarantee. The loan guarantee is tied integrally with the work of the project, obviously. I look here and I do not see a major time issue here either with regard to this piece of legislation.

We know now that Muskrat Falls has been sanctioned by the Government of Newfoundland and Labrador and also by Emera in a way that certainly startled me yesterday, I have to say – but now that has happened, we know that the loan guarantee has kicked in, in terms of the process of the details in the loan guarantee. Sanctioning was sort of one of the first steps.

The first thing that has to happen is that the proponents – and the proponents are Nalcor and Emera – along with the Government of Canada and the Government of Newfoundland and Labrador have to work together on a whole structure with regard to getting their triple A credit rating. This is very important. The triple A credit rating is going to happen easily, one would think, because the federal government is the guarantor of the loan. That was the reason for getting the federal government onboard. Because of that, the triple A is going to happen.

It seems like they anticipate it will happen fairly quickly because the loan guarantee has set January 31, 2013, which is next month basically, the end of January in the new year, as the date for the credit rating process to be set and in place. When that happens, that will facilitate the start of the financing process. Of course, the financing process means going to those who are going to be lending the money and beginning the whole process of trying to get the loan in place.

We also know that the date set for having that loan in place is not until the fall of 2013. We have a whole year basically of getting in place the loan, getting all of the financing in place, and making sure things can move ahead.

One may ask: What is going to happen between now and the fall of 2013? Already, the head of Nalcor is talking about construction is going to start right away, the type of construction that in Labrador needs to happen in the winter. It cannot happen when the meltdown happens in the spring. There is certain work they have to do in the winter. Will they be able to do their construction? Will they be able to get that started? Maybe this bill has to be passed before that can happen.

Well, no, Mr. Speaker, this bill has nothing to do with that. In actual fact, the financing or the cost of the construction and the covering of construction costs is covered very well in the loan guarantee. What it says, in the loan guarantee: That the construction costs shall be funded only with equity prior to the financial close.

To put that in simple language: between now and next fall when the financial close will happen, cash will have to be used to cover the construction costs. That cash, of course, as we know, is money that has come primarily from the Government of Newfoundland and Labrador; in this year's Budget alone, \$664 million were set aside in this



year's Budget for costs related to Muskrat Falls. We are putting in almost a billion dollars at this point in time – well, \$750 million; we actually will be putting in over \$2 billion by the time we are finished.

The point I am making is that from now until next fall, we do not have to worry about a timeline with regard to the construction and covering the cost of the construction, because it is the cash, it is equity that will be paying for the construction costs. Once again, we do not have a time issue when it comes to construction starting, and this bill has nothing to do with the start-up of construction. It has to do with industrial rates and they will not be an issue until this bill comes in place, which is January, 2015. Do we need to be dealing with this bill now? No, we do not have to deal with this bill now – all the more reason for supporting the hoist motion that has been brought here to the floor.

Once again, when it comes to timing, there was a real urgency here for the government, for some reason, to get the sanctioning done really, really quickly. We had that happen yesterday; but we learned today, Mr. Speaker, that the other partner in the sanctioning, Emera – who did sign an agreement yesterday with the Newfoundland and Labrador Government and did sanction the project – we found out today that they really did not need to do that yesterday. They had originally planned on waiting until the Utility and Review Board of Nova Scotia finished their process. Emera has not even passed in their proposal yet to the UARB, which is the name of the utility board in Nova Scotia.

We were told today that it is probably going to be the end of January –

**MR. SPEAKER:** I remind the hon. member: I gave you fairly significant leeway. I need you to bring it back to the amendment to the bill. Thank you.

**MS MICHAEL:** The hoist motion is asking for us to go back into second reading, and for the second reading on the bill to happen, I think the hoist motion says, in six months.

What I am trying to point out here is that we have the time to deal with this bill in six months time, because there is not an urgency with regard to this bill.

In speaking to Emera, I am speaking about the fact that Emera, as a partner with the government in the sanctioning that happened yesterday, that even Emera has lots of time. Emera has not even passed in their proposal yet to the UARB. As of today we were told in the briefing we had that it probably will be about the end of January. We have also been told earlier on that the UARB will probably take six months to do their study of the application and their approval. So it could be – looking at that timeline – next July before the UARB makes their decision with regard to Emera.

So, I am saying that, Mr. Speaker, to point out that we have time. We have time to deal with this bill. We could come back to this floor in six months time and that would be plenty of time. It certainly will meet the 2015 deadline, it will certainly meet the fall of 2013 deadline, and there is nothing in here, Mr. Speaker, that has an urgency that it has to happen today.

So, having said all of that is to say that I will be voting for the hoist motion that has been brought forward. It makes all the sense in the world. I would like us to slow down on everything that is happening here with regard to Muskrat Falls, because everything is moving with such a speed, even with regard to the way in which the Newfoundland and Labrador government got Emera to speed up doing its sanctioning when it had not planned on doing it, and did not really want to do it; they did it, I guess, because they are in partnership with the government, and so they co-operated, even though their timeline did not demand that they do it.

So, Mr. Speaker, it is very important for us to make careful decisions. The reason for the hoist is to slow things down, to calm things down. As a matter of fact, I was reading in O'Brien and Bosc today what a hoist motion can do. One of the things it said – and I sort of smiled at it: a hoist motion – historically they have been happening since the 1800s in the UK – sometimes can be brought in when there is a lot of tension going on in the Legislature; the hoist motion, by putting a brake on, slows down things, stops the tension. Well, I think we do have tension going on in this House around Muskrat Falls, and bringing forward the hoist motion –



**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

**MS MICHAEL:** – is a way to get us all to calm down and to think clearly and to make sure we are making wise decisions. That is one of the reasons for the hoist motion. So, that is why I am really, really pleased to be able to support the hoist motion.

So, between those two things, Mr. Speaker, between the timeline itself not demanding the urgency for this bill, the timeline whether we are talking about the timeline here in Newfoundland and Labrador or the timeline in Nova Scotia, or the timeline as it is laid out in the loan guarantee. Whether we are talking about the timeline or whether we are talking about the tension that is built up here in this House with regard to Muskrat Falls, we have a couple of reasons for having this hoist motion being brought forward, and two good reasons I would say, Mr. Speaker, for supporting this hoist motion.

Having said all that, even when I look at the schedule A which goes with the loan guarantee and which covers the Newfoundland and Labrador commitments – so the commitments of the Newfoundland and Labrador Crown. When I look carefully through this and the commitments that the Newfoundland and Labrador government has to have in place, that we have to have in place in order for the loan guarantee to go ahead – and none of that is finalized yet and none of it will be finalized until the end of 2013.

When I look at schedule A, and I have read it through carefully, I do not see anything in schedule A – some things relate to Bill 53, because government does have to put legislation in place. I do not see anything there that would be demanding that we have to rush this bill, that we have to rush passing this bill or – I do not know about the other two, I will talk to those when we come to them, but this one. We can slow down. We can deal with what we need to deal with. I would suggest that would be a very wise way to go.

I do thank my colleague from the Official Opposition for moving this motion. I am going to be very happy to vote for it.

Thank you very much, Mr. Speaker.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER (Wiseman):** The hon. the Member for Mount Pearl South.

**SOME HON. MEMBERS:** Hear, hear!

**MR. LANE:** Thank you, Mr. Speaker.

It is a pleasure to have the opportunity to stand here again today and speak to Bill 53, but in particular, Mr. Speaker, to speak against this, what has been termed as a hoist motion. It is very interesting terminology, Mr. Speaker, when we talk about hoist motion. The only thing I see being hoisted here is the future of Newfoundlanders and Labradorians, Mr. Speaker. That is what is being hoisted here.

**SOME HON. MEMBERS:** Hear, hear!

**MR. LANE:** Mr. Speaker, I am very, very disappointed that the Official Opposition has brought this forward. I am quite frankly not one bit surprised, however, to hear the Leader of the Third Party supporting it. It seems like any time there is anything positive coming forward in this hon. House, the NDP seem to be against it for some reason. I have not figured it out yet, Mr. Speaker, and I do not know if I ever will.

Anyway, Mr. Speaker, in terms of the actual bill itself, Bill 53, this is a bill that is going to enable us to set industrial power rates in Labrador. Why the Official Opposition or why the Third Party would be against putting in a new piece of legislation that is going to see us maximize the return that we can get from our natural resources, but at the same time remain competitive with other jurisdictions in the country, in particular Hydro-Québec, to benefit

Newfoundlanders and Labradorians – why the NDP and the Opposition would be against that, Mr. Speaker, is totally beyond me. Quite frankly, I think it is shameful.

Mr. Speaker, as we know, we have a number of mining projects. We have the two existing mines of course in IOC and Wabush Mines. We also have a number of other mining operations on the horizon. They, of course, are in various stages from pre-feasibility to feasibility, and some are even beyond that. When we hear the Leader of the Third Party talk about there is no rush for this, Mr. Speaker, I do not think we rushed through this at all. This overall project has been in the works for years.

Mr. Speaker, there have been all kinds of due diligence done on this project by our experts at Nalcor. Of course, we have had it reviewed by experts at MHI, Navigant, Ziff Energy and so on, this overall project. When you look at that expert analysis, it all has pointed us toward the fact that (a), we need this power; and (b), Muskrat Falls is going to be the way to go to supply that power for Newfoundlanders and Labradorians.

This going to tie into it, Mr. Speaker, because as all of this new power comes on stream through Muskrat Falls, we are now going to be able to have that power which mining companies need. Again, when we talk about there is no rush, I have heard the hon. Minister of Natural Resources say that as far as the mining companies are concerned they want to proceed. They want to strike while the iron is hot. They want to develop these mines while the investment climate is there, while the prices are there for the minerals, to be able to get these projects moving. Mr. Speaker, as they are putting together their feasibility plans, their business plans and so on to actually get these mines developed, they need certainty. They need certainty as to what these industrial rates are going to be so that they can do their studies and so on, to understand the feasibility of their projects so that they can get these projects moving.

Mr. Speaker, in addition to the new mines, as I said, we also have the existing mines. Even if there was no Muskrat Falls – and thankfully there is. Even if there was no Muskrat Falls, we have a contract which is about to expire soon on the TwinCo block, which is currently being used by Wabush Mines and IOC. We know, Mr. Speaker, that right now we are receiving 0.6 of a cent per kilowatt-hour for that power and we know that it is extremely low in comparison to Quebec.

We know that we have literally left hundreds of millions of dollars – over the last number of years, we have left hundreds of millions of dollars on the table. Hundreds of millions of dollars, I would say, that could go towards the many social programs that we keep hearing from this side of the House, Mr. Speaker.

Day after day in this House of Assembly all we hear, in particular from the Third Party, this endless wish list. We have this endless wish list, Mr. Speaker, that they have, whether it be for housing, early learning and care, money for municipalities. They want to cut the gas tax. They want to cut taxes and they want to supply more and more services and more and more infrastructure. Now, Mr. Speaker, I have to ask: Where would they think that the money is coming from to pay for all this? Where do they think the money is coming from?

Mr. Speaker, we know that we have been very fortunate over the last number of years with the benefits that we have accrued through offshore oil. We have accrued many benefits from offshore oil and that has allowed us as a government to certainly pay down a significant portion of our debt, Mr. Speaker,

**MR. SPEAKER:** Order, please!

I remind the member that we are talking about Bill 53.

**MR. LANE:** Absolutely.

**MR. SPEAKER:** I would ask you to focus your attention on the bill itself. It is not a money bill and so the broader fiscal policies of government and social programming are not the subject matter of the bill. So I would ask members to confine their comments to the bill at hand.

**MR. LANE:** Thank you, Mr. Speaker.

I will certainly try to bring it on track here, but I believe that it all kind of ties in because at the end of the day when we talk about this benefits agreement, when we talk about setting these new industrial power rates, by setting these new rates we are going to set ourselves up for having more revenues, additional revenues coming into the Province, and these additional revenues that come into our coffers will allow us to pay for all of these services, programs, and infrastructure that we keep get asked for by the members opposite, on an ongoing basis.

Mr. Speaker, I draw the relevance again to the offshore oil simply because it is a finite resource. We know in the next number of years, unless there are new discoveries – and we certainly hope there will be – that that resource is not renewable and it will be depleted over time. As production goes down, revenues into the Province's coffers go down and as a result, Mr. Speaker, we need to find new ways to replenish those coffers to both maintain the services and programs that we have. If we are ever going to enhance them and add new services, we need money to do that, Mr. Speaker.

From that perspective, Mr. Speaker, I know it is kind of a round about way of getting back to the point, I believe that by putting industrial rates in place that will see us derive greater benefit from our natural resources. I believe it is relevant in that it will allow us to continue the great work that this government is doing for the people of Newfoundland and Labrador and to help fulfill some of the wish lists that we hear from the members opposite.

Because, Mr. Speaker, if we do not enter into agreements, if we do not put policies in place such as we are doing in Labrador with these industrial mining rates, if we do not set up a situation in terms of putting industrial rates in place to allow for new mining developments and industrial developments to take place in Labrador to produce additional revenues for the Province, if we do not do these things, then we are not going to have the money to, as I said, maintain all of the things we have and to add additional programs, Mr. Speaker.

That is the point I am trying to make, because this government realizes, Mr. Speaker –

**MR. SPEAKER:** Order, please!

I think you have made your point, now move on to the bill.

**MR. LANE:** Thank you, Mr. Speaker.

Money does not grow on trees, Mr. Speaker; let me just say that.

Mr. Speaker, I think there is going to be a great deal of benefit from setting these industrial rates. In addition to the money that will go into the Province's coffers, we are also going to see a situation now in terms of attracting mines and business. We are going to see many, many jobs deriving from this activity as well, Mr. Speaker. We are going to see many jobs in the actual construction and so on in setting up of the mines.

**MR. SPEAKER:** Order, please!

I am going to remind the member for the second time, the bill is not about employment, it is not about social programs. I really urge you to stay focused on the bill itself. It is about industrial rates for power in Labrador.

The benefits derived and the revenue generated is not the subject of the bill. I would ask the member to confine the comments to the principle of the bill because we are in second reading – third reading, I am sorry.

**MR. LANE:** Okay, thank you, Mr. Speaker.

Mr. Speaker, I think I have more than made the point of the benefit of it for sure.

Mr. Speaker, what we are going to see happening here, as we know – and this makes a whole lot of sense on many levels – is we are going to see a situation now where we are going to modify the industrial rates that we currently have for industrial activity in Labrador. In that, we are going to go from 0.6 of a cent and eventually over time, Mr. Speaker, we are going to go up. I think there is going to be a phase-in period for the mine in IOC and for the Wabush Mines.

Over the next two or three years I believe, Mr. Speaker, we bring it up to about two cents. That would be the new industrial rate, Mr. Speaker. Over time we get up to somewhere around six, seven cents and so on, which is going to, like I said, ensure that we get a fair return for our power. At the same time, Mr. Speaker, it is going to be competitive with Hydro-Quebec.

Mr. Speaker, there is a formula and so on that is being utilized to see this happen. There is actually going to be – right now there are two blocks of power. We are going to have the TwinCo block, and the TwinCo block, Mr. Speaker, is the block that is currently being used for IOC and the Wabush Mines. There is 225 megawatts of power going to IOC and Wabush. Then we have the recall block, Mr. Speaker, and there is 300 megawatts of power which is available to the Labrador grid. So, Mr. Speaker, currently half the recall block is used residentially and commercially in Labrador. The other half is sold to export markets through Quebec, and primarily into New Brunswick.

What we are going to see here, Mr. Speaker, under the new industrial rates is we are going to set up a situation whereby we are going to have what is known as the development block, which is going to be at a lower cost to industrial customers. Then we are going to have the market block, which is going to derive additional revenues, much higher revenues to the Province, and we will combine those.

Right now, as it currently stands with the two mines we have, we are going to see IOC and Wabush Mines – they will maintain fairly cheap power, Mr. Speaker. As new mines come on stream, Mr. Speaker, then the new mines will attain a proportionate share of the development block, and hence everybody will have to take a larger share of the market block. When you combine those two, Mr. Speaker, you get a blended rate. That blended rate is going to bring us – it is projected that that blended rate will bring us to a price which is going to be fair and competitive with Hydro-Québec. It is going to derive, like I said, more profit, more money into the Province's coffers but it is still going to be competitive.

Mr. Speaker, the other important point to raise here is that this does not impact the residential customers in Labrador. Some people could put the spin on it. I certainly heard it in social media and so on, Mr. Speaker, that somehow we are going to be putting this new rate in place and that it is going to impact residential customers in Labrador and so on. That is not the case. This is for industrial development only.

The customers in Labrador who currently receive the low-cost power, Mr. Speaker, from the recall block, they will continue to receive that low-cost power. We will basically be utilizing the power from the TwinCo block, the remaining recall power that is not being utilized that is currently going to New Brunswick, as I said, the remaining power that is not being used from the residential portion, and also the 40 per cent of the Muskrat Falls power. That is going to give us significant power that we will be able to be utilize in Labrador for industrial developments, Mr. Speaker.

As I said, it is going to bring in money to the Province's coffers. It is going to be competitive, Mr. Speaker. It is going to create all kinds of jobs, and might I add – and I am going to clue up, Mr. Speaker – for the benefit, certainly, of the Third Party, in case they forget: many of these jobs are going to be good-paying unionized jobs. I believe that the president of the Federation of Labour is certainly very pleased with that. I believe the heads of all the unions will be very pleased with that, all their brothers and sisters, Mr. Speaker. I encourage them to support their brothers and sisters as they support them.

Thank you, Mr. Speaker. It is always a pleasure and I look forward to speaking on this some time again.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The hon. the Member for Burgeo – La Poile.

**MR. A. PARSONS:** Thank you, Mr. Speaker.

It is a pleasure to stand up and speak to Bill 53 that we have here today in third reading.

I think I should preface my comments to the bill; I understand I am speaking to the motion that was put forward earlier.

**AN HON. MEMBER:** The amendment.

**MR. A. PARSONS:** The amendment; what we are asking for in the amendment is that this bill be taken off for six months. The reason we are suggesting that is for consultation purposes.

I think though in discussing that, I need to talk about the bill itself as well. One of the things I would say is that we did have an opportunity to have a briefing on this piece of legislation last week. We sat down with the individuals from the department. They were very kind and went over this piece of legislation and what it is going to result in. From what I have seen here, it certainly seems to be a positive piece of legislation. It seems to be something that is obviously needed but is desirable as well.

As I have said on numerous occasions in this House, we are going to speak to legislation; in some cases we disagree and in some cases we agree, but the fact is that even when we agree on something, we do have suggestions or commentary on how we think a particular piece of legislation can be strengthened or improved. In some cases, those suggestions on other pieces of legislation have been taken into consideration. We discussed one piece of legislation yesterday, which was brought back on the table just for that very specific purpose. We have made some suggestions here as it relates to this piece of legislation when we talk about the Labrador industrial electricity rates.

We and the general public hear so often about the boom that is going on in Labrador. I had always heard about it but I never had an opportunity to actually witness it until recently; I actually went to Labrador. I was in Happy Valley-Goose Bay and my colleague, the Member for Torngat Mountains, was there. Just to see what is going on up there is absolutely amazing. With that comes the challenges, but the good news is we have a very, very good opportunity for massive expansion. It is all based on the minerals that Labrador was blessed with.

In this case, we all know the history. You have your blocks of power and there has been a certain rate that has been very generous that these companies have been paying. Those agreements, those contracts, are now coming to an end. I believe they expire towards the end of 2014. This piece of legislation is moving forward on January 1, 2015.

Sometimes there is a difference, obviously. You get your briefing. You have the legislation itself, which I have here. It is not a long piece of legislation, as opposed to the two other bills we were given yesterday, 60 and 61. Those are lengthy. Those are very thick bills. This one is actually not that thick. We are only looking at five pages, Mr. Speaker. A lot of it has a very technical aspect to it. We talk about section 7: "Subparagraph (1)(b)(ii) shall cease to apply as of January 1, 2015 in respect of an amount of electrical energy and capacity equal to 225,000 kW at 100% load factor at the 230 kV busbar located at Churchill Falls (Labrador) Corporation...". That is very, very detailed information.

You have the legislation, which is nice to review and go over the actual wording of what we are discussing and debating, and what eventually will be proclaimed and will be deemed law. You also have an opportunity when you sit down with officials from the departments to get that briefing. In many cases, that gives you the layman's terms or the concept of what it is we are trying to do.

We are dealing with Labrador here. We are not talking about Newfoundland. It is a completely different aspect here. We are just dealing with Labrador. We talk about the old TwinCo block, which provided the 225 megawatts to the IOC and to Wabush Mines. We talk about the recall block. We had a very nice graph done up showing a 2012 rates comparison between – not every province can be compared to ours. What has been done, it is being compared to other provinces with hydroelectric generation, so we have Manitoba, BC, Quebec. Right now, the fact is that the rate comparison as we speak is very generous. I believe I am right in saying this, a very generous rate, a very good rate. That has benefited these companies very well and these companies have invested in Newfoundland and Labrador, and particularly Labrador. They helped establish what we currently have there today.

Why is the legislation there? The fact is with the ending of these current contracts, we need to establish new policy. We need to ensure that we have a published industrial electricity rate in Labrador. We need to have not just



continuity, but we need to have some clarification. We need to have something dependable and steady so that these companies that are going to invest in our Province know what they are getting into and they know what they are dealing with.

These expire in 2015, so we need to get this legislation in place for now. This offers the potential for new mining developments. Actually we have one-half of the representation from Labrador in our caucus. We hear about what is going on in Labrador quite a bit, both from the Member for Torngat Mountains and from the Member for Cartwright – L'Anse au Clair.

We hear about what is going on and we hear about the different developments that are ongoing and are ready to pop up. It is very exciting times. If we do not put in place this policy and if we do not create that clarity, then companies are going to be hesitant to invest.

That brings to me the two possible situations or issues that we need to deal with which could have negative consequences. A: We do not want any of these companies that are willing to invest significant amounts of money, which is going to create infrastructure development in Labrador as well as employment, to be hesitant about investing in Labrador because they do not know what the cost of doing business is, what the cost of electricity is going to be.

The second part is that not only would they be hesitant but also there stands the possibility that they take their business elsewhere. Not only is it a case where they are not sure if they want to invest here but if they take it next door to Quebec, then that is an issue. That is why we need to put the policy in place. I think that is why we here in the Official Opposition have stood and said we are in favour of this legislation. We think it is a good thing and is very necessary.

We look at the guiding principles of what is driving this piece of legislation. We need to have the consideration of the market value for energy resources, and we need a power rate that will leverage viable industrial development. We need to have some kind of rate that businesses can come to us, can talk to us, and make these arrangements before they start to invest, but more importantly, we need to have competition. We need to be competitive and our prime competition in many cases is Quebec, right across the border.

We talk about the Labrador Trough. The fact is that they can do the work, but where are they going to set up shop. Are they going to set up shop in Labrador? Are they going to set up shop across the border over in Quebec? What we need to do is we need to make sure that we have that power there that is competitive with the power that they can get elsewhere. That seems like a simple principle and something that we agree very much with.

We need this to encourage industrial activity. What I would say is that a big thing about this – I am just going to skip forward in some of the notes that I have here. There are a lot of technical aspects to this but I am speaking more to the generalities and the principles behind it, which I think are very necessary. I like the fact that we are going to have a rate that is published annually. We need to recognize the fact that we cannot have something that just stays the same forever.

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

**MR. A. PARSONS:** It has to reflect the modern day realities and the costs that go into this, the cost of production.

The other thing is that there is a policy review that is triggered if the rate is higher than the Quebec industrial rate. I think that sounds to me like a very sensible proposition. If we are not as competitive as we should be with what could be deemed our major competition, then it is automatically triggered, we look at this and we make sure that we can make the changes necessary.

From what I understand, this rate policy would be phased in naturally is the term. The word naturally as it is put down in this briefing document is different than, say, what would be in this legislation here. If the word naturally



was in the legislation, I would be objecting to it because it is not a great term. It is not a very solid piece of the vernacular. I do not mind it being here in the briefing, but this is something, when we had the discussion with the officials, we said: What does that exactly mean? Again, we understand the concept here and the proposition that has been put forward.

That is a discussion that has been had on numerous occasions when we talk about rates. I believe it is a discussion that is going to happen again very soon when we move to the next piece of legislation when we talk about Bill 61, rates are going to be an issue.

Rates are also an issue here as it relates to Labrador and relates specifically to industrial development. Looking here again, we have forecast estimates here, and it still shows that we are very competitive and even better than some of the other jurisdictions that we have been compared to. The same ones we look at are Manitoba, BC, Quebec, and then we have the Canadian average.

I think, Mr. Speaker, from what I have seen from my review of the legislation –we have had time to look this piece of legislation over, given that we had at least seventy-two hours; that is not a luxury we have been permitted with other pieces of legislation, but in this case we have had time to review it and read it over, and there is not a whole lot to it in terms of the sections.

Three things I am going to try to conclude before my time ends here, Mr. Speaker, are that: number one – and this relates to one of the amendments I believe was put forward yesterday; I know it was discussed by both the Member for Cartwright – L'Anse au Clair and the Minister of Natural Resources: we have been calling for incentives for not just the development, but we want the secondary processing, because that is where we are going to see a lot of tangible benefits coming from the resources that rest within our jurisdiction. Right here in Paragraph 3, sub(b), it talks about: "should promote the development of industrial activity in Labrador". What we have been suggesting is that it should say: shall. That is what we think. We think that we need to do everything so that we get the maximum benefit for the resources that we have here, especially in Labrador.

Again, I enjoyed the conversation, the debate that occurred yesterday, because we had members speak to this, and then the minister spoke to it. I think – and he can correct me if I am wrong – he agreed with it, he recognized certain parts; other parts he had issue with, but he gave very good reasoning for his position on this, which I appreciate. It is nice when you can have that intelligent debate and conversation here about why or why not, when it comes to something that we have proposed here.

I think that is something that really needs to be considered, and I know the government is obviously cognizant of it and hears our pleas for it all the time when we talk about we need to do more when it comes to the secondary processing; whether it be the smelter or the plants, the secondary processing, we need to have something there.

We can go further, and I do not know if it is quite relevant, but I will just touch on it and I will return before Mr. Speaker has to rise and guide me back to relevance. We talk about the other benefits that we would need to put in place with the secondary processing, such as transport and port facilities, all good things, all contributing to the jobs that have been mentioned by members on the other side, and which we acknowledge, too, is a great thing. That is why we are saying it should say: shall.

It is amazing when you talk about the language that is used in legislation. There is such a huge difference between words. We could have just one word: should versus shall. What if it said may? There are so many differences that we can talk about here.

I do not want to put Mr. Speaker to sleep talking about the differences in the words here, but I think it makes a big difference. That is why we proposed that and we wanted that to be considered. It is a piece of legislation that we agree with, that we intend to support, but as we have put forward, we would like to see it strengthened; we would like to see more done with it.

In the remaining time that I have, I will not get into – I enjoyed the conversation I had with the officials, because we learned about the difference between – as somebody who has not been hugely involved in industrial

development, I only know about residential power, but when you talk about the industrial development and the fact that there is less cost to industrial electricity due to the fact that it is not stepped down, you do not have the extra cost that comes into it with substations. You are taking that higher-capacity electricity. I thought it was a fascinating briefing, hearing about these things, but I do not have a whole lot of time left, so I will not go through that.

What I will return to is the amendment that has been forwarded to take the legislation off the table for six months, I believe, if I am correct there: the hoist amendment. I love the terminology that came from perhaps a different day.

Anyway, we are not trying to stifle anything here. What we are saying is that we like the fact that we have a good piece of legislation. We can make it stronger. I know sometimes government does not want us to interfere with their best-laid plans, but that is not our fault, that the legislation is placed before us in December of 2012 and they want to get on the tracks in January of 2013.

That should not hinder us from making sure that we have the proper consultations and reflection, especially of the legislation, to make sure that we cannot strengthen it or make it better in some way, because we all have the same goal in mind here. That goal is to do what is in the best interests of Newfoundlanders and Labradorians. By suggesting that amendment, that is what we are doing here; by putting in the hoist, that is all we are asking.

I know government is not happy with it, but I think even if they do not agree with it, they can understand the point of it, why we put it forward.

I do believe I have time left after to speak to the bill itself. I guess this constitutes my time as it relates to the hoist amendment and I will be exercising my opportunity to speak to the bill because I would like to speak more about the industrial side and then get into TwinCo, et cetera.

What I would say, Mr. Speaker, is that given the hour of the day, I would put a motion forward that we adjourn debate, seconded by the Member for Humber Valley.

**MR. SPEAKER:** We do not need a motion. We are operating under Standing Order 11, so we do not need a motion. You are suggesting the House would take that traditional recess at 5:30 o'clock and come back at 7:00 o'clock?

**MR. A. PARSONS:** Yes, Mr. Speaker.

**MR. SPEAKER:** This House will now take a recess until 7:00 p.m.

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**December 18, 2012**

**HOUSE OF ASSEMBLY PROCEEDINGS**

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The House resumed sitting at 7:00 p.m.

**MR. SPEAKER (Wiseman):** Order, please!

When we took a recess earlier, the Member for Burgeo – La Poile was on this feet and he had some time left on the clock to finish up his comments.

**AN HON. MEMBER:** (Inaudible).

**MR. SPEAKER:** There is time on the clock for the Member for Burgeo – La Poile.

**MR. A. PARSONS:** If you give me two minutes, that would be fine.

**MR. SPEAKER:** The hon. the Member for Burgeo – La Poile, the floor is yours.

**MR. A. PARSONS:** I will begin and I will do it without the benefit of the clock, so I guess I have as much time as I need. It looks like I just ran out already, Mr. Speaker.

**AN HON. MEMBER:** By leave.

**MR. A. PARSONS:** By leave, if I could.

What we are speaking to is Bill 53. I only have a short period of time left, so I will not belabour it. To go back to the main point of what I want to say as we debate both the bill and the hoist amendment: a, we do intend to support this piece of legislation, because we think it is the right thing to do; it is a positive thing for Labrador and for Newfoundland, to ensure that we continue promoting investment in this Province and promoting, hopefully, something that we have proposed, which is an incentive for people to do the secondary processing in Labrador.

I am very happy to have had an opportunity to speak to this. I have taken an opportunity; I have read through the commentary made by various members including my colleagues in caucus, members of the Third Party, as well as members of the government. I really appreciate what our leader had to say to this as well as all members. I think we are all on the same page here. We are united in that this is the right thing to do, but we think it can be strengthened to ensure that the people of Labrador are getting the most benefits for the minerals that are being extracted from their land.

When we talk about the sheer dollar value of minerals and resources in Labrador, the number is astronomical. It could blow you away. To know the proposed upswing in ore that is going to be taken out just with the different companies that want to get involved is absolutely mind blowing and it is positive.

To be able to bring in this piece of legislation, which is going to give the ability to plan out their cost of investment, give us an ability to entice them to continue here and setting up on our side of the border; certainly, I think that is a positive thing.

As it relates to the hoist amendment, we think that this can be strengthened. It is not a case of wanting to delay for the sake of delay. We want to make sure that the legislation we pass is the best piece of legislation for the people of this Province.

My time is about to run out. I will get an opportunity to speak to this again later on this evening, hopefully, Mr. Speaker.

At that point I will take my seat. Thank you for the opportunity.

**MR. SPEAKER:** The hon. the Member for St. John's East.

**MR. MURPHY:** Thank you very much, Mr. Speaker.

It is my pleasure to speak to the hoist amendment this evening. It is quite an important issue, of course, when you are talking about power in Labrador. Of course, all of the economic signs are there that show immense prospects for growth in Labrador.

I was doing a little bit more background research on it, particularly when it comes to the use of power and the future use of power in Labrador. One of the things I ran into – and I think, just to refer this to some of the members of the House, this comes from RBC. What government is saying about the possible production of minerals in Labrador particularly would be important to this hoist amendment and would probably give time for pause for thought to it at the same time when it comes to what we are talking about here, when it comes to TwinCo and what they are proposing to do with the power.

It says here in the report: "Accompanying the falloff in energy production was a surprising decline in the value of Newfoundland and Labrador's other mineral shipments, largely the result of weaker commodity prices. The gross value of mineral shipments is expected to decline by nearly 11% in 2012 because the stock price for iron ore plunged this summer. Lower iron ore prices prompted Labrador Iron Mines to reduce output and defer some capital spending into 2013 with a restart dependent on firmer prices".

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

**MR. MURPHY:** It continues on here: "That being said, the mining is expected to support growth in 2013 with other large-scale projects progressing toward their production phases. An anticipated subdued rebound in iron ore prices and ownership backing from overseas will sustain investment in the Direct Shipping Iron Ore and Kami projects while a capacity expansion at the Iron Ore Company of Canada will keep mining prospects bright for 2013 and beyond."

So, Mr. Speaker, there is justification in what the government is doing here when it comes to rates.

It goes on further to report at the bottom – it talks about the possibility of new megaprojects in Labrador, including Muskrat Falls, and of course, a proposed \$5 billion railway, which I think is probably a bit of a surprise to some of your viewers and listeners out there, because that is not something that was readily talked about a lot, but it is talked about by RBC.

I wanted to bring forth another point in my background research when I was looking at what government was proposing, and again, probably another reason for government to give pause for thought before it goes on.

While Labrador is experiencing an immense boom, and probably will in the future, depending on the way commodity prices go and depending on the degree of investment, at the same time I think we should be also talking about the island portion of the Province as well, considering that Newfoundland also has prospects for various mining projects here on the Island. I took time out to actually see if I can make some sort of an understanding on how rates are charged now, Mr. Speaker.

Right now, the document that I was looking for, the one that I ran into from Nalcor, was about sixty-four pages long, so it seemed like it was a little bit confusing when it came to the determination of what rates would be there and charged to businesses that even proposed to set up; as well as that, probably justification, for example, when it comes to the actual recall of power that we are talking about with TwinCo and the recall portion of the prices that are going to be set. Obviously some power for Muskrat, for example, is going to be coming to the island portion of the Province, under what government is proposing with the Muskrat Falls Project.

So, the question falls back on government then, if that is the case: if we are talking about industrial rates in Labrador, should we not be talking about the adjustment and the reworking of industrial rates, particularly when it comes to the island portion of the Province as well, Newfoundland and Labrador?

When I started going through it, I asked myself about that. I do not know if there is anything concrete government has planned as regards to that, because we do know, of course, that on the Island portion of the Province there have been fines in Tungsten, for example, on the South Coast of the Island around the Grey River area I think.

We have other projects as well where we have proposals, for example, for refineries that had plans to be set up and, no doubt, we have other industrial projects that are happening. Vale Inco, I think probably ten years ago was not even thought of before Voisey's Bay, the possibility that we could end up with a smelter here that was going to be in demand of electricity.

I wanted to bring those particular points forward, Mr. Speaker, and talk about that because it is not only Labrador, I think we have to look at it on a Newfoundland and Labrador perspective. I think that is kind of important. I think it is probably pretty good in a case like this to have the time with the amendment, in order to come back to the House with something a little bit more concrete when it comes to Newfoundland and Labrador so that we can have a concrete policy all over because the opportunity should be there for the Island portion of the Province.

We know we have prospectors here that are roaming all over the place looking for that big find, that hopefully will one day pay off their 3 per cent in a royalty, I guess, in some cases and would end up making the Province a whole lot richer as a result. I wanted to bring those points forward when it comes to that. Again, it gives pause for thought to government. It made me think a little while.

Yes, Labrador is very important. Yes, jobs are very important to Labrador. Development is important to Labrador. There is no doubt that what government is doing, what they are proposing, I am okay with that. I am all good, but I think government needs to turn its eyes as well to the Island portion of the Province. No doubt, it has done some things as regards to junior prospecting and offering of grants, that sort of thing, but there is a lot more they can be doing.

The other thing I wanted to make note of here, talking about growth in the Province, the long-term prospects for the Province will remain well supported, not only by offshore activity but further increases in mineral output, the commencement of oil extraction at the Hibernia oil field and the possibility of new megaprojects that will also include Muskrat Falls and the proposed \$5 billion railway.

We do have a bright future here, and no doubt government has done some things, but it also has to look at the long-term use of electricity by industrial users. Industry does not just include Labrador; it includes the opportunity here in the Island portion of the Province as well to help grow the Province.

I just wanted to bring that forward. I will table that if government members are interested in having a look at that. It is some pretty bright numbers that they are talking about when it comes to Newfoundland and Labrador as a whole.

I wanted to bring that forward and just talk about that little idea of the Province-wide industrial power rate package, for example, that government could be doing. There is a whole lot more they could be doing here. Right now, they have focused on the expiry of January, 2015 for the TwinCo power package to some of the mines there. Again, with the future looking so bright here in the Province we have to look at, for example – the last point, I guess, that I will make on this – the simple right of recall of electricity to the possibility of being that for the Island industrial consumer.

I think that while government is taking some time out here to do something right for the people of Labrador, I think at the same time we are all in this together and I would really like to see a uniform industrial rate package for Newfoundland and Labrador at the same time. I just figured I would bring out those points.

Thank you, Mr. Speaker.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The hon. the Member for Mount Pearl North.

**SOME HON. MEMBERS:** Hear, hear!

**MR. KENT:** Thank you, Mr. Speaker.

As we speak to Bill 53 in now third reading, Mr. Speaker, which is not normal practice in this House but is certainly very permissible under the rules that we follow in this hon. House. I am glad to get another opportunity to speak to this bill but I did not anticipate it because I actually sensed that some of the members in the House were interested in progressing with the important business that we have before us.

We still have several important pieces of legislation to deal with in this House. I thought we had sufficiently dealt with Bill 53 yesterday, but apparently not. That is unfortunate, Mr. Speaker, because Bill 53, which deals with setting an electricity rate policy for Labrador industrial customers is a good piece of legislation. It will establish clear and fair rates for all industrial customers in Labrador. As I may have even said yesterday – I cannot even recall, it is that long ago – unlike the rest of Canada, there is not currently any published industrial electricity rate for Labrador, which is certainly an issue that we have to address.

I have not heard members opposite, of either the Liberal Party or the New Democratic Party, show where there is any flaw with Bill 53. In fact, I have not heard them identify any legitimate flaws with the overall Muskrat Falls Project, which is indeed a separate issue, Mr. Speaker. In the case of Bill 53, in the case of the Muskrat Falls Project overall, we are dealing with two parties that have failed to provide any alternatives, Mr. Speaker.



I hope as we go through this important debate, once again as we conclude the debate on Bill 53, that we will have constructive dialogue, that we will have positive dialogue. I hope it does not go downhill.

**MR. SPEAKER:** I hope it is relevant dialogue.

**MR. KENT:** That is an exceptional point, Mr. Speaker. Relevant dialogue is incredibly important. We certainly do not want to hear any discussion that is not relevant to the bill in question. I think members can have healthy and productive dialogue without resorting to some of the tactics that I witnessed in Question Period today, Mr. Speaker.

In fact, I brought a swear jar tonight just in case the Leader of the Third Party misbehaves again. I hope she does not, Mr. Speaker, because I have much more respect for this hon. House.

Now I am going to speak –

**MR. SPEAKER:** Order, please!

The member has just gone through three minutes of his speaking time. I ask the member to be relevant and about to make a comment with respect to a point of order raised by the Member for Signal Hill – Quidi Vidi earlier today. I would caution members about personal commentary that is the subject of a point of order that has already been raised. I would caution the member about comments that starts to stray into an issue that the Speaker has not yet ruled on.

I would ask the member if he could continue his comments and be very relevant to the bill at hand.

**MR. KENT:** I will be guided by your ruling. I appreciate that.

As I was saying, this policy related to electricity rates for Labrador industrial customers is extremely important. The fact that there is no published industrial electricity rate in Labrador really does create challenges for companies that are interested in the amazing development opportunities that are now before us in Labrador. There is a degree of uncertainty that exists today during the planning process for these major developments that are really important to the people of Labrador and really important to the future of this Province.

This new electricity rate policy that we are proposing to bring in, apparently the parties opposite are not interested in seeing this progress at a reasonable rate. This policy is actually going to help keep rates competitive for these businesses that want to come to Newfoundland and Labrador and the rates will be competitive with other jurisdictions in Canada, which I think is really important.

In fact, the new rate we are going to establish through this legislation, through this policy, is going to be competitive with the lowest industrial rates anywhere in the country. That is really going to help advance big industry in Labrador. There is enormous potential, Mr. Speaker. It will allow the Province to earn market value for electricity sales as well. Electricity demand is strongly linked to economic growth. For that reason as well, this is certainly an important piece of legislation.

So let us get on with it. We have a lot of important business to do in this House in the hours and in the days ahead. Bill 53 is now in third reading. It is a solid piece of legislation. We have had hours of debate on it in this hon. House. I hope members will conduct the debate with respect, without seeing the debate go downhill. I hope we will keep it respectful and positive, and use appropriate language in this House as well. I certainly hope that all members, even those opposite, will do so.

Thank you for the opportunity to speak once again on Bill 53, Mr. Speaker.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The Member for St. Barbe.



**MR. BENNETT:** Yes, Mr. Speaker, this bill actually is ideally suited for a hoist amendment. The reason it is ideally suited for a hoist amendment is that a hoist simply provides an additional six months for review and consideration. The bill as proposed generally does not seem to come into effect for another full two years.

To read exactly from the bill, section 1.(2) says the preceding subparagraph ceases to apply on January 1, 2015, more than two years from now. The second one says, "Subparagraph 1(b)(ii) shall cease to apply as of January 1, 2015...". Then it deals with the electrical energy and capacity equal to 225,000 kilowatts at 100 per cent load factor, and so on.

As you go through the bill as proposed, the reference continues to come back. When we look at (3), it refers, "shall not have effect until on or after January 1, 2015." So what would be the hurry? What would be the harm in delaying? Mr. Speaker, there would be no harm in delaying. What would be the benefit in delaying?

Mr. Speaker, we have already seen demonstrated in this House this week the outcomes of hurrying legislation. Legislation was hurried back in the session earlier this year with respect to Enduring Powers of Attorney, only to have it come back this week so that we ended up having to have an act to amend an act to amend an act. Mr. Speaker, that does not bode very well for either those who drafted such legislation or those who passed such legislation, being this hon. House.

We have also had references repeatedly to the expropriation bill with Abitibi that clearly was hurried. The fallback position of the government today is: Well, the Opposition went along with it. To which the Opposition responded: Well, you said there an absolute emergency and we had to get on it. So, we did, we took you at your word, blunders were made, and now we ended up having to pay for those blunders even with the references as high as the Supreme Court of Canada.

If we were to pass the amendment, that would provide another six months for the government to review this legislation. What could you review in the legislation in the next six months? For sure, you could review subparagraph (5) which says that this legislation should promote the development of industrial activity in Labrador.

Mr. Speaker, in addition to it being simply a piece of legislation which is then precatory, nobody has to deal with it, no one has to do anything, they can simply ignore it, then this is saying to the people in Labrador: Well, we should develop industrial activity in Labrador based on these rates, but we do not really have to.

Why would we even put in such a clause as that if that clause does nothing more than potentially give false hope or mislead the individuals who would think that they could depend on this bill to help promote the development of industrial activity in Labrador? The development of industrial activity in Labrador is absolutely critical to the ongoing development, not just of Labrador but of the Province. It is absolutely critical, Mr. Speaker, in my view, that we have a coherent and a reasonable industrial pricing regime for electricity in Labrador.

In addition to that, we should also have an effective regime to be able to set pricing for, in addition to industrial, certainly for commercial and for residential users, retail users that are referred to throughout various parts of the legislation. The government, if the bill were to be hoisted, might reconsider and say: Yes, we are going to say shall promote the development of industrial activity in Labrador. We might very well further amend the legislation so that it would apply to rates that consumers pay.

Mr. Speaker, the consumers in various Labrador communities today in a way are they are blessed with very low electricity prices in the range of three or four cents per kilowatt, and particularly in the Lake Melville area right in Goose Bay. I was there recently and there is a real concern by people of what would happen to the price of our electricity after Muskrat Falls. There is no reassurance that nothing will happen. There are individuals there who pay on a budgeted plan of less than \$200 a month for electricity and if they were paying the rates in the rest of the Province, they would be paying four times that amount. They would not be able to afford to stay in their homes, which are electrically heated.

The government would have the opportunity, if they accept this amendment, the hoist amendment, to review this legislation with respect to whether it shall promote the development of industrial activity in Labrador. Why would

any member for Labrador be opposed to that? Why would any member for Labrador be opposed to such an amendment which would clearly only help Labrador? By helping Labrador, clearly it helps the rest of the Province because there is massive industrial potential in Labrador through mining and hydroelectric power and the land mass is more than double the size of the Island.

Mr. Speaker, to go on through the rest of the bill as to how the hoist amendment could help, if we go to the bottom of page 4 under 5.8 (2) it says, "The Public Utilities Act shall not apply to the setting of electricity rates for industrial customers in Labrador other than the transmission component of those rates, which shall be regulated under subsection (1)."

Mr. Speaker, to me, if the Public Utilities Act can only apply to one part of a transaction, then what happens to the other part of the transaction? It is easy enough for one half of the transaction to be set, the other half of the transaction is not set or is not adjusted or is not calculated, and the outcome which is sought, which is stable electricity prices – and we hear stable electricity prices all the time in the Muskrat legislation. Stable can mean very high as well; stable simply means without much change. Maybe the bill could be further reviewed, revised, and amended so that the Public Utilities Act would have greater application.

Mr. Speaker, as we go through this, the Public Utilities Board is being used in part to set parts of the electricity rates in the Province and not being used to set electricity rates in other parts of the Province. In my view that is a misuse of the Public Utilities Board. The Public Utilities Board is a very valuable tool that most free markets use in order to determine how a monopoly should operate. Clearly, big energy is a monopoly almost everywhere in the industrialized world, so we use the Public Utilities Board.

The Public Utilities Board is generally highly regarded among the population, and maybe, I think, should have or should have had greater input in the ongoing deliberations and discussions regarding the Muskrat Falls debate. With electricity prices, I saw the Minister of Natural Resources referring in a press conference today about potential changes to the Public Utilities Board. I would hope that the Public Utilities Board would have a greater role than it currently has; it would have a greater role and a higher level of autonomy so that the Public Utilities Board would be something which would be more above reproach.

Mr. Speaker, in this piece of legislation, to go on to the next section, it says: "The public utilities board may receive applications, hear evidence and make rulings in respect of a matter that will come into its jurisdiction as a result of subsection (1) or subsections 7(2) and (3) of The Churchill Falls (Labrador) Corporation Limited (Lease) Act, 1961 before January 1, 2015, but an order made by the public utilities board as a result of that application..." shall not have effect until on or after January 1, 2015. Maybe, on reflection, the Public Utilities Board in some situations should have effect before that.

Maybe part of the legislation should say, on further sober reflection, if the government were to look at this and say, yes, we want to include in addition to just setting a very limited area of industrial rates – which is not a bad thing to do; in fact, it is a very good thing to do.

The bill could be strengthened if the government were to say we also think the Public Utilities Board has a role to play in commercial, also in residential. This is a further enlarged mandate for the Public Utilities Board because we have now had six months to reconsider it. Then maybe some of this should come into effect sometime in 2013-2014 and the people who are concerned about a big jump in electricity prices in maybe 2015, or maybe thereafter when Muskrat Falls comes on stream, there might be the opportunity to provide, through this very bill, a phase-in of pricing so that people would not be faced with the fiscal cliff of an electricity bill that skyrockets on very short notice well down the road.

There might be an opportunity for working with the PUB, working with this legislation to provide a phase-in to expand it from just industrial to commercial and residential with a phased-in period, maybe some of it taking place before 2015, maybe some of it after 2015.

Mr. Speaker, the bill could be further strengthened, when you continue into the next paragraph, which is 5.9: "Where Churchill Falls (Labrador) Corporation Limited and Newfoundland and Labrador Hydro cannot reach an

agreement for the sale and purchase of the electrical energy and capacity..." – because we are not dealing just with energy; we are also dealing with capacity. Through this whole process, we learn that electricity is important, but you can have all the electricity that you want and if you do not have the adequate capacity to transmit that electricity, then you have an issue.

This says that if these two parties cannot agree "within a reasonable time, either party may apply to the public utilities board to establish the rate to be charged and paid under an agreement." Well, this would seem to be a reasonable role for the Public Utilities Board, maybe as an arbiter; however, the lack of precision in just referencing a reasonable time certainly provides no significant benefit that I can see.

One party clearly will argue, well, it is not a reasonable time yet, it is too soon; another party will argue that it is too long, and we get bogged down in a dispute and the bill, then, is much less effective than it could be.

When you look at the factors that flow from that particular section, sub (2): "Where an application is made to the public utilities board under subsection (1), the public utilities board shall establish the rate to be charged and paid under an agreement, taking into account the submissions of the parties and the following", and it lists a whole range of items.

It says: "Churchill Falls (Labrador) Corporation Limited's requirements for price stability and sufficient revenues to cover anticipated costs". Well, Mr. Speaker, that is anything but clear. It might be far better if enough time was put into this piece of legislation to define some of those terms, because when you have a lack of definition in terms, the legislation is not very helpful.

The next one is: "the proportionality of the volume of energy under an agreement to Churchill Falls (Labrador) Corporation Limited's total volume of energy of produced". It says proportionality; is this 90 to 1? Is it 50-50? Is it two-thirds to one-third? Clearly, the bill could provide for more clarity and better precision in that sub-clause.

In the next area, under (c), it says: "the terms of the Churchill Falls (Labrador) Corporation Limited's shareholders agreement". Mr. Speaker, I am not sure why the shareholders agreement of a corporation – why the PUB should be influenced by the terms of a corporation's shareholders agreement. To me, it has practically it has no bearing whatsoever. Maybe it could be altered; maybe it should be struck out totally.

It also goes on to say: "other prices received by Churchill Falls (Labrador) Corporation Limited for sale of electrical energy and capacity". That is also much too broad.

Then it goes, under subsection (e): "the policy objective set out in subparagraph 3(a)(v), and the achievement of that policy objective". Mr. Speaker, that then brings us right back to the beginning; the beginning is on the earlier page, so this becomes a completely circular argument that says at the beginning: this act should promote the development of industrial activity in Labrador.

It goes further to the end and says that PUB, in establishing prices between two other parties, should set it at the policy objective set in paragraph 3(a)(v) and the achievement of that policy objective. Is that a mandate of the Public Utilities Board? Should the Public Utilities Board be charged with attempting to promote the development of industrial activity in Labrador? If it is in price setting alone, I fail to see how that improves the legislation or does any benefit for it whatsoever.

Mr. Speaker, when you get to the end of the legislation, ordinarily when you have legislation such as this you have a provision for regulations. The bill has no provision for regulations. Now, we may be able to find it someplace else, but bills that are enacted, when they are actually applied, often it is done by regulation. The oversight in the legislation that we had to correct earlier this week – yesterday - that was passed back in the winter session also left out the clause which allows for regulations. Having already made that oversight within the last six months, it would seem prudent that the drafters of this legislation and the government would clearly want to put in a section that would allow for regulations which would make this legislation much more effective.

The point that I raised previously is that this electricity that we are dealing with, ultimately, if the Muskrat Falls Project is successful, will connect us by a link to the Mainland. It will connect us to the North American grid. If it connects us to the North American grid, then clearly we would have to be considered as part of NAFTA, being part of this electricity that goes from Labrador all the way down to wherever it goes in the US.

The six-month hoist will allow the government an opportunity to properly review this legislation and have it tested in at least two respects that I can think of right away. One is: Does this pricing constitute a subsidy under NAFTA? If it constitutes a subsidy under NAFTA, then another competitor may well bring an application under NAFTA and allege that a business in Labrador has a competitive advantage that it is not entitled to under NAFTA by virtue of a subsidy.

In addition to that, by being connected to the North American grid, if the cost or the price of hydroelectric power, electricity, is really low in other parts of North America, does that mean by opening the grid that we are actually exposed to having to accept their power, because the government is intent on another piece of legislation which will create a power monopoly for industrial users in this Province. Well if we are connected to the North American grid and if we are part of NAFTA, as soon as we open that power line we are just as liable to be required under NAFTA to receive cheap power as to sell expensive power.

We may think that we are doing a wonderful thing for ourselves by hooking up to the Mainland, hooking up to the North American grid, when, as part of NAFTA, we may find that we are very small fish in a very big pool and it may not serve our purposes very well.

Mr. Speaker, what I would say, other areas that should be reviewed are that this legislation engages two other pieces of legislation. First of all the Churchill Falls (Labrador) Corporation Limited (Lease) Act says that the parties that will be excluded even after this. They will be excluded from the PUB, Public Utilities Act, 1964 which may well need to be amended if this matter is going to be enacted. Parties that are excluded are the Quebec Hydro-Electric Commission and the Newfoundland and Labrador Power Commission. A further six months may well provide adequate time for the government to be able to properly engage with these parties and prepare a much more effective piece of legislation.

Mr. Speaker, I would say the hoist is completely appropriate. There is no hurry. There is at least two years. We have seen the negative results of hurried legislation as recently as this week, so why would we hurry now? Why not hoist the legislation?

Thank you, Mr. Speaker.

**MR. SPEAKER:** The Member for St. John's North.

**SOME HON. MEMBERS:** Hear, hear!

**MR. KIRBY:** Thank you, Mr. Speaker.

It is a pleasure to stand up here and say a few words to the hoist motion that is on the floor. This bill, Bill 53, will amend two separate pieces of legislation: the Churchill Falls (Labrador) Corporation Limited (Lease) Act, 1961 as well as the Electrical Power Control Act, 1994.

I will not go into great detail, but for the benefit of those people who are watching on TV and are wondering about why it is we are here continuing to debate this under this hoist, the hoist is a long-standing parliamentary procedural device.

I have read a bit about it since I took my seat here, because this is not the first time this procedural device has been used. It is really intended to allow for a prolonged debate, for a more thorough discussion of a piece of legislation, or even a private member's motion. In fact, O'Brien and Bosc, the rules of parliamentary order that we deal with, talk about that it has happened. This hoist is to allow for a six-month period to go by to allow for more consideration of Bill 53.

It was interesting when the Minister of Service Newfoundland and Labrador was standing up earlier. He was talking about how we cannot wait another six months – it simply cannot wait. The companies cannot wait. I was a little surprised to hear that line of argument. It is an interesting one, and perhaps if I was sitting on the same side as him it might be one I would even choose myself. I have to say it is a point worth challenging because it seems to me with all the news about potential developments, emerging developments, developments that are on the horizon whether they are new mining ventures or whether they are expansions to current mines that are in operation already, it seems like things are going along reasonably well.

If you think about the whole context of the Muskrat Falls Project, government is planning to project electricity rates in the Province for twenty-five to fifty years. I find it hard to believe that these multinational companies, and even the smaller mining companies out there, that they cannot project industrial rates, that they do not have a good idea of where this is going. They more or less have been told the general direction of where industrial rates in Labrador will be upon the passage of Bill 53. We certainly know the government has a majority, the government has introduced the bill, so there is a good chance that this is going to become law.

I find it hard to believe that multinational mining companies could not be able to do something, could not project electricity rates in a far shorter term than government is planning to do over a much longer period. It is an interesting argument, but it is certainly not one that I think would prevent us from having this discussion.

Then at another point this afternoon when speaking on this same motion, on the hoist motion that was put on the floor by the Member for Bay of Islands, the Minister of Natural Resources referenced a comment that was made by my colleague the Member for The Straits – White Bay North last night or early this morning. I think it must have been after midnight last night, Mr. Speaker. He referenced the comment about whether or not Muskrat Falls would give us enough electricity to satisfy the industrial demands that this combined block of power with the TwinCo block and the recall, and whatever we have with Muskrat Falls, if that would even be enough to satisfy the energy needs that we see on the horizon for mining in Labrador or other industrialization for that matter.

We do not have the Hansard obviously because we know we do not get the Hansard for night sittings, but he said something to the effect of I thought the NDP was against Muskrat Falls. I thought it was really interesting because I feel that our position has been very consistent all along; meanwhile, the government's argument reminds me of a crown and anchor wheel down at the Royal St. John's Regatta where you spin it, and this day it is because of mining, the next day it is because of Quebec, the next day it is because of we have to give energy to Nova Scotia, the next day it is domestic energy. So it is like a revolving wheel of rationale. I feel like we have been fairly consistent.

I say to the Member for Mount Pearl North, who is yelling across the way at me, you should have a look. Mr. Speaker, he should have a look at our platform, which is still on the Internet. If the Member for Mount Pearl North needs it, Mr. Speaker, he can just –

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

**MR. KIRBY:** He can e-mail me, Mr. Speaker, it is [dalekirby@gov.nl.ca](mailto:dalekirby@gov.nl.ca). I will e-mail the link to him so he can have a look at what it says.

It says that we are in favour of a project that is economically viable, environmentally sustainable and good for the people of Newfoundland and Labrador. That is the position that was taken by the New Democratic Party before I ever arrived here in the Legislature. I think you have to take some responsibility for those things, and I certainly wanted to clarify that. Our position has been consistent. Sometimes it seems to me that that position has been changing all the time, like I said, like a wheel down at the Regatta.

Now one of the things the Member for Bay of Islands said quite eloquently I thought – he has a certain eloquence there is no question about that.



**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

**MR. KIRBY:** He said this would allow for consultation. This would allow for consultation. The government takes great pride, I hear the Premier on her feet all the time talking about the importance for consultation. My colleague, who I have a lot of respect for, the Minister of Education, when we talked about bullying legislation here he talked about the need for consultation. Government believes in consultation. So if government believes in consultation, why not take six months? Why not take a period of time to work on this further to consult with people?

One of the things about all of this development is we are in a global race for labour right now in some respects. If all of these things come to pass through further industrialization, through mining development in Labrador, then we are going to have some serious shortages, serious pressures when it comes to finding qualified workers to do some of these jobs. There has been a lot of talk about the import or the attraction, if you will, of foreign workers.

I know there have been companies – these very mining companies have been recruiting around the world. I read a story sometime back about agencies being in Ireland because their economy is depressed, trying to get workers to come over here to work in Labrador and work in projects here. That is driving up the cost of labour. That is certainly going to be an additional pressure.

Organized labour, as a number of members has suggested I know – and the Member for Mount Pearl South was speaking before the break at around 5:30 o'clock, was talking about how these would be great union jobs and so on. I think it would be interesting for there to be a thorough consultation with organized labour on their perspective on this. Workers have an important role in this because they are going to do all the work obviously.

We know that Aboriginal communities in Labrador also feel that they have a right to a lot of the natural resources. They have to be included in a lot of the things that government does when it comes to the development of our natural resources in Labrador. So they should, if only for the fact that they were here first. They have rights under the law and they have a right to be considered. I think this would allow for more of that.

I think municipal governments certainly in Labrador have an important role to play, once all of this gets flowing, once all of these companies come in and start doing all of the work that will need to be done. I think they would have interesting things to say about the need for secondary processing of ore, the need for there to be more long-term jobs in Labrador. Not fly-in, fly-out sort of jobs, so that there could be long-term sustainability for their communities that they could have something to build on for the longer term.

It is clear there are many Labradorians who feel it has been too often that they have not been fully considered, fully consulted with, and been the full beneficiaries of the natural resource wealth that exists in Labrador. Labrador is also not a monolithic place, it is a diverse place. The interests of Western Labrador are different than the interests of Central Labrador are different than the interests of Coastal Labrador, and whether that is the South Coast or the North Coast. I think those are all very different.

**AN HON. MEMBER:** (Inaudible).

**MR. KIRBY:** I have been to Labrador several times, I say to the member for – and I have been to her district. I have been to Red Bay several times. I have been to Happy Valley-Goose Bay.

**MR. KING:** (Inaudible).

**MR. KIRBY:** I have not been to Battle Harbour, I say to the Member for Grand Bank.

Other business sectors as well, Mr. Speaker, have an important role to play in the industrialization, or further industrialization. The business sector itself is very diverse in this Province and in Labrador. It is not just the mineral development industry on its own.



There is the service sector, which provides a lot of the amenities and a lot of the necessities for people who live in Labrador communities. There is the supply sector, which has an important role to play in ensuring that all of the necessary tools, supplies, and resources are there for companies that do not have those supply chains built in. Of course, a lot of them do not because a lot of them are not based in Labrador. Indeed, a lot of them are not even headquartered in this country. There are certainly lots of partners.

The public sector I believe is an important partner. If we have further industrialization in Labrador, if we have a great influx of labour in Labrador, we are going to need more health care because there would be more people there.

**MR. SPEAKER:** Order, please!

I remind the member that – I have acknowledged the member has brought in the word industrial development several times to try to make it relevant, but it is a bit of a stretch. I would ask the member to be relevant to the bill, mindful of the focus of the bill, and conclude his comments with a very focused discussion around the bill at hand.

**MR. KIRBY:** Thank you, Mr. Speaker, absolutely.

The issue of industrial rates in Labrador is a serious one, no doubt, as we all know. It is also a very complex issue. With issues of such complexity, issues that have so many different implications for the future, with so many different players and with so many different interests, we have to make sure that every detail is scrutinized when it comes to a piece of legislation such as Bill 53, which amends two different acts.

It actually amends two different acts of government. We have to make sure that every possible outcome is weighed. We have to make sure everything is analyzed. We have to make sure all of those things are well understood, because we certainly do not want to repeat the sorts of mistakes that we have made in the past.

We have heard people talking about what has happened with hydroelectric development in the past in Labrador.

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

**MR. KIRBY:** Singing, Mr. Speaker

Mr. Speaker, Bill 53 raises many concerns with regards to development of mining in Labrador and as I have said, it is extremely complex. It requires a deep and clear understanding of all the many background issues and they all have to be considered together. That should guide us in how we allow for these industrial rates to be set and how Labrador is going to be developed, especially when it comes to mining.

I have some concerns about this particular legislation as it pertains to the Province's development of those industrial rates, when it comes to what companies are eventually going to pay for, what they are going to pay for the power, and our competitiveness with our neighbours. We know that Quebec certainly has a long-standing interest in power, and not only hydroelectric power; they have a lot of other sources of power on top of that. They are certainly a leader in natural gas production, and power production as well. So I have some concerns about that.

As I have said, we do not want to go back and we do not want to replicate the problems we have had in the past. We have had some of the perhaps most egregious giveaways in our history happen through legislation in the House of Assembly; whether that is Abitibi or whether that is the Upper Churchill, we have had all kinds of problems when legislation is rushed through at times like this, when the House is sort of hitting up against a time when members are thinking about their family, friends, and holidays and so on.

**AN HON. MEMBER:** (Inaudible).

**MR. KIRBY:** I know we did have a long period of time here, I say to the Member for Gander District, when we were discussing the Premier's private member's motion, where members did their address in reply to the Speech

from the Throne and they raised a lot of really important issues around Labrador, around industrialization, electricity, and where it is we are headed.

Another thing I would certainly say that our party, the New Democratic Party, agrees with the Minister of Natural Resources on is when it comes to supporting all of the new developments. I was reading an article just before I stood up about some of these developments. They are all in various stages. They could roll out. I think they are all really set to roll out over the next five to really ten years; a lot of these projects will be up and running, whether that is Altius, whether is Alderon, whether it is Iron Ore. Certainly, we know that we need a lot of power for that.

If we are going to have what we really want, which are those secondary processing jobs, we are going to have to be competitive and we are going to have to have a good, stable, transparent, open way of setting those industrial rates, because you are right, members are right; companies are looking at this very seriously and they are wondering what is in it for them. They are doing their job because their role is to make earnings for their shareholders. That is good and right. That is what they are supposed to do, but I am interested, and I think our party is interested, and I hope all members and all parties here in the Legislature are interested in what is in it for us. What is in it for Labrador? What is in it for our Aboriginal communities? What is in it for rural Newfoundland?

How can we harness these few natural resources that we have to the benefit of the whole Province?

We have heard a lot of rhetoric since 2003 about no more giveaways. There should be no more giveaways. We cannot allow any outside interest to come here into the Province and to take away what is the birthright –

**MR. SPEAKER:** Order, please!

I remind the member one more time it is about industrial rates and I remind him to use his last few seconds he has on the rates.

**MR. KIRBY:** Thank you very much, Mr. Speaker.

Knowing all of what I just said, Mr. Speaker, what we have to examine in Bill 53 is more or less what the outcomes are going to be. We know that the market block would be all of the remaining industrial power required beyond the development block and its price would be linked to – as the Department of Natural Resources, the government has told us – external market prices. It would be supplied from the remaining Churchill Falls recall block and other generation sources in Labrador, including Muskrat Falls.

Of course, that was the bone of contention that we had with clause 4 in the bill, because it does address Muskrat Falls and the role of the Public Utilities Board in that.

I have a lot more to say, Mr. Speaker, but I will take my seat now.

Thank you very much.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The hon. the Leader of the Official Opposition.

**MR. BALL:** Thank you, Mr. Speaker.

It is a privilege for me to be able to stand and speak to Bill 53, the Act to Amend the Churchill Falls (Labrador) Corporation Limited (Lease) Act, 1961 and Electrical Power Control (Amendment) Act, 1994. Mr. Speaker, as you know, my colleague made the hoist amendment to set this aside, set the discussion on this bill aside for a six-month period.

Mr. Speaker, I did have the privilege of speaking for some time last week on this particular bill in relation to the Labrador industrial electricity rate and why that is important. As you know, Mr. Speaker, we as a party and as the

Official Opposition have agreed that we would support this bill. Indeed, there seems to be some sense of urgency that has been created from government.

In this particular case, Mr. Speaker, what this makes reference to are two real pieces of power, the TwinCo block of 225 megawatts of power; historically, there have been fourteen extra megawatts of power that have been added to the development block, for a total of 239 megawatts of power. This is what now becomes the development block as we set rates for the Labrador industrial rate.

The importance of this, of course – first of all, we need to look at how power is supplied in Labrador, with the somewhat-interconnected system that we have there, and how it becomes a puzzle in some ways. We get the Happy Valley-Goose Bay area that also gets power supply from the Upper Churchill; Labrador West, Labrador City, and the Wabush area getting the power from the old TwinCo block, which is 220, but also comes from Churchill. This is where we get the industrial rate. This is the reason why we are talking about the industrial rates today.

The South Coast, as I said earlier, is another completely different system. They depend on diesel and they also depend on power from Quebec, which is in Robinson Lake. The importance now is how we develop an industrial rate. The whole idea with the industrial rate is that we can get to a point where we can generate economic benefits, economic activity in Labrador West.

Over the last year, a lot has been said about the mining developments in Labrador and the importance of this. There is no question as a Province as a whole that we take this very seriously. We have to make sure that we keep competition in place so that these companies can actually be viable, not just the companies but indeed the communities and the people who actually work in those communities. It is just not those large companies that are actually dependent on this.

I want to go back to how it is we actually define an industrial block, why are we talking about industrial rates, and in actual fact, who we would consider to be an industrial ratepayer. In this particular case, especially in Labrador, it is really a mining company, primarily, who can actually take high-voltage power. It is not about the amount of power that they actually take. It is about how they take the power. Not going through any substations and those sorts of things, it is actually high-voltage power because of the magnitude and the size of the equipment. This is what makes someone an industrial customer; therefore, the recipient of an industrial rate.

So, right now we have in Labrador, like I said, it would be IOC and mining in Wabush, but compared to that on the Island, we would have companies like Vale, Corner Brook Pulp and Paper, and so on. So this is completely different than commercial and residential customers that we would normally see even on the Island or in Labrador.

So when we look at Bill 53, Mr. Speaker – and I will say we went through what I consider to be a very good briefing session, and I would want to thank the staff at the department for the great job that they did. This bill, in actual fact what it does now will put in place an industrial rate so that when we negotiate with mining companies for further development in Labrador, they will know what the cost of power would be.

This is obviously an important component of how they factor in their cost of doing business in that environment; it is important to them. We also know that historically those companies have got what we would consider to be some generous rates. I guess the reason for that and the rationale, the history behind that, Mr. Speaker, is that indeed it was IOC and Wabush Mines and what they did is they actually developed their own source of power when they actually went into Lab West. Of course, that is what has been known as the TwinCo block, Mr. Speaker.

So, in this particular case it is the TwinCo block, and as the Upper Churchill was developed we now know that this TwinCo block was then taken and became part of the Smallwood Reservoir, and as a result of that they were able to produce more power. So the TwinCo block of power and the generating station at Twin Falls has been mothballed, and taken over by CF(L)Co. In return for that, they entered into a contract until 2014 for very lucrative rates. Now, of course, this contract expires in 2014, hence the need now to put a new industrial rate policy in place.

We also know that the mining industry, there has been a significant amount of discussion around the value of mining, not only in Labrador but indeed for the Province. We must recognize that the gross value of mining

shipments in 2011 was between \$4 billion and \$5 billion; it was actually \$4.6 billion. In 2012, it was anticipated to be and expected to be \$4.1 billion. Most of this coming from iron ore representing 67 per cent of this and nickel represents 19 per cent of this. If you look at the history between iron ore and nickel, we all know that the mining for those particular minerals is all done in Labrador. This is the reason why again the industrial rate is important for those mining companies.

Indeed on top of that, the importance here for those industrial rates and those mining companies is that they actually contribute in 2011-2012 almost \$400 million to our provincial tax revenues; \$343 million actually in provincial tax revenue. These are all very big numbers and very important numbers as we look at the revenue stream for our Province.

The importance of the industrial rate to the customer of course is something that they will be looking for because they will need to know, they will need this rate established so that they can go ahead and make long-term plans for either the expansion or the growth of their business.

This is primarily about the existing mines but on top of this, we also know that there has been significant interest by other mining companies and we are at various stages of mining interests in Lab West or within the Labrador Trough; therefore, it is important that we create the industrial rate so that these potential mines will know what they can expect from their own power rates as they make their own plans for development.

When you look at this, typically the reports are showing that we have the low end, the midrange, and the high end, in this particular case, and if indeed we go to the high end, we are up to around 1,400 megawatts of power. If you bring this back to the Muskrat Falls Project, it indeed creates a problem for everybody in the Province if we actually got to that particular spot.

Mr. Speaker, the whole idea here, though, is that we have to establish the industrial rate and what is indeed a fair rate. What is that those particular customers can expect? Where is the sense of fairness? Where is the sense of fairness, not only for the mining companies but also for people of the Province and the government in this particular case? The revenue stream that is generated from this, we must make sure we maximize on those benefits. We want to be fair – we want to be fair to our industrial customers – but we must also realize we have to maximize on those benefits. What this does is it brings into play how competitive do we want to be, and who our competitors would be.

We know for the most part our biggest competitor would be the Province of Quebec. It is important for us that, when you look at the mining companies, they have a couple of options. They would be the purchase of power from Quebec or from the Province. Therefore, whatever we do with the industrial block, the industrial rate, we have to be competitive. That is the sense of fairness, I believe. As I said, it is not just the mining companies in this particular case – the large mining companies – but also the many small businesses that operate in Labrador West. They actually depend on those companies to be viable because they are service suppliers. As well as the communities, they depend on those mining companies to play their role.

The other important fact is they are huge suppliers. As a spinoff from that, the smaller companies that support those mining companies employ a lot of people as well. Just within operations and maintenance alone, even in that service industry and that service sector this makes a huge contribution to the overall economy in the Province.

When you look at what are the two main components of the industrial rate, I have already talked about the development block being 239 megawatts of power, composed of the TwinCo block at 225 megawatts and an extra 14 megawatts that has been historically used. We source that from our recall power. There are two other components: one being the generation of the power and then of course the transmission.

What happens in this particular case, with this piece of legislation we are discussing here today, the generation itself is unregulated. As we bring on extra power, we take our development block, we take our industrial block, we add what extra power we need, and of course this so-called, if you want to use the analogy of a bucket, we dilute it, bringing in the extra power and the industrial rate based on the very cheap development block that we have. As you

layer on the extra power that comes in, the rate will be increased simply because we are mixing in the development block with some higher-priced power.

We have the two components that I talked about, one being the generation – that being unregulated – and the other one being the transmission; that is a regulated piece of the industrial block of power. That rate would be set by the PUB.

What makes that different? What happens with the transmission line, the transmission component of the rate is based on a cost of service. What happens there, the utility, through the PUB, would look at the cost of service. There would be a baseline for that and then there would be a rate of return on that transmission. It is important that the utility is in a position that it can finance itself and prepare and upgrade the facilities when required so that we can maintain stable and reliable electricity for industrial users. This is an extremely important piece of this component. As I said, it is the generation and the transmission.

When I spoke to this earlier – and one of the arguments that has been made about the development in this particular case of Muskrat Falls and how it supports the mining industry in Labrador, one of the arguments that we have often discussed is: where is transmission? How do we get this power?

In conversations, we all know that you cannot send power wireless and you need to connect it. Right now one of the things that is lacking in the infrastructure in Labrador and using projects like Muskrat Falls and others to support the mining industry in Labrador West, is we are missing that transmission. Right now, before we can get to the establishment of the industrial rate, there is also a huge component of servicing the industrial users in Quebec. We have to make sure that we have stable transmission in place. That is not there now.

Even within the briefing that we had by the officials at the Department of Natural Resources, we talked at length about even what we have here now. Because CF(L)Co has been typically the owners of those lines through its TwinCo block that was originally put there by IOC and by Wabush Mines, the existing transmission line itself requires a significant amount of upgrading. This is where the utility would come in, making sure that there is sufficient return on equity for the utility to make sure the upgrades are done.

Then, as we want to develop further mining interests in Labrador, it is important that we get this new transmission built. As we understand this, through the industrial rate, what would happen is the mining company would come and sit down; what they would do is determine how much they needed. We would enter into some kind of cost-shared arrangement so that the mining companies themselves would pay so much towards the development of the transmission. This would be done, I am assuming, through a Power Purchase Agreement so that we could have certainty that we, as a Province, would not be on the hook for a transmission line – in this particular case – that we would not be using to full capacity.

This is important as we continue to attract and develop the mining industry and the economy in Labrador West. Of course, industrial rate setting is nothing new. It is something that we have had to use with other industries, as I have said. Even in my own district we have Corner Brook Pulp and Paper that actually generates their own power at 121 megawatts; they actually run their own mill in Corner Brook from this power.

Mr. Speaker, this is the value of a competitive industrial rate, but, as I have said: you can set a rate, you can have a competitive industrial rate, and you can leverage that for economic activity, but we also want to make sure that we get value so that value can actually go back into the economy of the Province, and indeed, we can support the other programs that are so necessary.

Mr. Speaker, I think the key thing here, as I said, we have to keep in mind that this current contract expires late in 2014. The industrial rate is something that we need to establish. We have to do it right. It is important that we look at this, as mentioned in this bill, on an annual basis so that we can make sure that we are getting the proper return on our investment, and indeed, that the industrial users in Lab West will be getting power at a reliable and at a competitive rate.



Mr. Speaker, right now we do not have a current published industrial rate in Labrador West, so this will be something that is new; as I understand through our briefing, the mining companies themselves are looking for this. As I said, they need to create this degree of certainty around their exposure to what is really a significant expense in their operations.

Mr. Speaker, it is the importance of being competitive, but it is based on two principles: we need to be competitive, but then again, we need to make sure that we bring the value back to the Province as a whole. We do appreciate what it means to the overall economy in the Province, but with that said, we have to make sure that indeed we get the return from this so that we can continue to support other programs which would support the communities that are in Lab West.

We encourage industrial development. We as an Opposition will be supporting this, even though the sense of urgency has been discussed by some members, saying that people are indeed looking for this now; we also know that these customers are under contract until 2014 and there is time to make sure that we get this policy right.

Mr. Speaker, as I conclude my comments right now, I will say: as an Opposition we will be supporting this particular policy, the importance of industrial rates generating economic activity, but we cannot underestimate and we must deal with the significant gap that we have right now in getting power from Muskrat Falls into Labrador West; of course, that is the transmission which is something that we need to get established.

The development block, being 239 megawatts of power layered onto this, will be the market block, Mr. Speaker. This will feed into the industrial rate, the establishment of the industrial rate. I really look forward to further debate on this and getting the feedback from the communities and the companies that depend on the reliable and competitive rates for further economic development in Labrador West.

Mr. Speaker, I will just take a few seconds as I clue up here. As an Opposition we will be supporting this bill and we look forward to the debate. We look forward to the growth of the mining in Lab West. It is important to all of us as members from all parties, but we have to make sure that the industrial rate is not only to get the maximum benefit for the companies in Lab West, but also for the many residents in the Province who rely on the revenue that is generated by the mining industry for all the services that we enjoy.

With that said, Mr. Speaker, I conclude my comments. Thank you for the time.

**MR. SPEAKER (Littlejohn):** The hon. the Government House Leader.

**MR. KING:** Thank you, Mr. Speaker.

Mr. Speaker, I move, seconded by the Minister of Innovation, Business and Rural Development, that we adjourn debate at this point in time on this bill.

**MR. SPEAKER:** It is moved by the Government House Leader, seconded by the Minister of Innovation, Business and Rural Development, that we adjourn debate on this bill.

All those in favour, 'aye'.

**SOME HON. MEMBERS:** Aye.

**MR. SPEAKER:** All those against, 'nay'.

Carried.

**MR. KING:** Mr. Speaker, I call from the Order Paper, Order 11, second reading of a bill, An Act To Amend The Electrical Power Control Act, 1994, The Energy Corporation Act and The Hydro Corporation Act, 2007. (Bill 61)

**MR. SPEAKER:** The hon. Government House Leader calls Order 11 from the paper.



**MR. KING:** Thank you, Mr. Speaker.

Mr. Speaker, I move, seconded by the Minister of Natural Resources, that An Act To Amend The Electrical Power Control Act, 1994, The Energy Corporation Act and The Hydro Corporation Act, 2007, Bill 61, be now read the second time.

Motion, second reading of a bill, "An Act To Amend The Electrical Power Control Act, 1994, The Energy Corporation Act and The Hydro Corporation Act, 2007". (Bill 61)

**MR. SPEAKER:** The hon. the Minister of Natural Resources.

**SOME HON. MEMBERS:** Hear, hear!

**MR. KENNEDY:** Thank you, Mr. Speaker.

Mr. Speaker, in 2007 our government released its first Energy Plan to guide our decisions and actions as we develop the vast potential of our Province's natural resources. A central tenet of that provincial Energy Plan is our commitment to invest a portion of our non-renewable resource revenue into a clean, renewable energy future for the people of Newfoundland and Labrador.

Mr. Speaker, when the Upper Churchill was built in 1969, we saw a significant change in the way energy was delivered to the world around 1972. Energy then had been – the provision of energy, and I talk about all forms of energy. It was fairly stable until we saw the spike in oil prices in the mid-2000s. Our Province has benefited significantly from the development of our oil resources and also from the increase in prices which have gone with that.

When I spoke at a conference in Toronto a couple of weeks ago, Mr. Speaker, the Canadian Association of Petroleum Producers, people were quite surprised at the vast resources in terms of our producing oil fields and the fact that we produce 32 per cent of Canada's light crude. What we have seen over the last number of years, Mr. Speaker, have been significant developments in shale gas in the United States, which has led to natural gas being used to fuel electricity.

Now we are seeing significant changes in producing shale oil in Bakken and other areas in North Dakota. We have seen China explode and the Chinese economy having such an impact on the world. We have seen the BRIC economies; the emerging economies have such a significant impact on the world.

What we have also seen in this Province is very significant growth, Mr. Speaker. We have seen this Province, in certain areas of the Province – and I particularly talk about parts of Labrador and the Avalon Peninsula – explode. We have a vibrant economy, Mr. Speaker. We have a situation where there is phenomenal growth.

In the past, I have talked about the number of increased ratepayers we have in our Province, Mr. Speaker. It is interesting that even though we have had a decrease in our population, we have had 28,800 new homes constructed in the Province from 2002 to 2011. We have had, Mr. Speaker, approximately 2,800 housing starts a year in that decade, 80 per cent of those being typically single-detached homes, with 85 per cent of those homes choosing electric heat.

Since 2006, the number of housing starts has increased, averaging over 3,000 new homes annually, with housing starts peaking in 2010 at over 3,600 new homes. We have, even though there has been a decrease in population, 18,000 new residential customers on the Island since 2006. We have seen our GDP grow and our personal disposable income grow. The outlook continues to be positive, even though right now with our rigs being down and the production down, there is less revenue coming into the coffers, into the Treasury.

As a government, we are looking at: What can we do to ensure a sustainable future for our Province, knowing that the oil will not last forever? Now, Mr. Speaker, I believe – and this is just a belief on my part, I have no hard evidence at this point – there is a lot more oil out there to be discovered.

**MR. MARSHALL:** (Inaudible).

**MR. KENNEDY:** Yes, as my colleague the Minister of Finance says, on the West Coast also.

The difficulty with finding oil is it costs a lot of money. There is huge risk and there is huge expense. We have looked at: How do we develop our resources to coincide with what is projected now to be the decrease in oil revenues?

We know that Hebron, when it starts producing in 2017, will produce approximately, it is estimated right now 700 million barrels of oil up to 2037. We know Hibernia, which was originally expected to produce 600 million barrels of oil, will produce oil until 2040. Hibernia is one of the big oil fields that have been discovered in the world with more than a billion barrels, an element being more than a billion barrels of oil.

Muskrat Falls, in 2010, it was decided that that is the way we would go right now. We have heard members criticize today – well, it started out to get around Quebec, then it was export markets, then it was mining, but nothing is ever changed, Mr. Speaker. What has changed? The world has changed, and in a number of years we have seen significant changes.

Those export markets that exist in the United States are not quite as open right now in terms of long-term contracts. On power purchase agreements, and over the next week or two I will get into discussing how these power purchase agreements allow us to make money off our energy, how the deal with Emera allows us to get energy to the United States. It will only cost approximately \$10 a megawatt, leaving profit, whether that power is sold for \$40 or \$50 a megawatt hour.

We have all of this growth projected. We have growth in the domestic, commercial industrial use. Then what happened because of the Chinese situation, the need for iron ore became paramount. All of these companies – and we talked about this earlier today. Labrador Iron Mines is the first mine to produce iron ore in Labrador, I think since 1965. Now we have all of these other companies. We have Alderon Resources, we have Tata Steel, we have Grand River Ironsands, and we have the Julianne Lake development, all potentially ready to be developed.

When I became Minister of Natural Resources in November, 2011 – it seems like a long time ago, Mr. Speaker, it is only a year. In November, 2011, right away I recognized that Labrador mining is going to require power. You cannot mine iron ore – and I think the minister from the area talked about that earlier today, the power required.

How can we develop Muskrat Falls so that it is in the best interest of the people of our Province? We start out, do we need the power? Now, what has happened – again, in all the hyperbole and all of the criticisms in the last week or two, we forgot basic principles. That is where I challenge the members opposite. Someone please tell me if we need power, or do you accept we need power? Because if you do not, you are living in a different world than the one the people on this side of the room live in.

If we need the power, which is clear that by 2020 the provincial load forecast indicates that we will need – and I am looking at Schedule A to the Natural Resources paper, Electricity Demand Forecast: Do We Need the Power? – that by 2017 we will need almost 200 megawatts of power, at peak, more than we have today, and that in 2020 we will need more than 200 megawatts at peak.

We need power. We have to do something. Do we refurbish Holyrood? We have looked at that. Do we develop large wind? We have looked at that. Do we develop natural gas either through the LNG or importation or building of a pipeline from the Grand Banks? We have looked at that.

At the end of the day we know we need the power. Secondly, Muskrat Falls is \$2.4 billion cheaper. It is cheaper without taking into account any of that 40 per cent of the power that is left over to sell, whether it be to mining companies or export on the spot markets until such time as it is needed.

When you get to the stage as we did yesterday where Muskrat Falls was sanctioned by both Nalcor and Emera, how do we get to the stage where we put the best financing terms in place?

What Muskrat Falls does, before I get to that, is it takes us off the volatility of oil. Mr. Speaker, at peak, Muskrat Falls burns 18,000 barrels a day.

In the last number of years, Muskrat Falls – again, I am going from memory, Mr. Speaker; in the last couple of years Muskrat Falls is used 15 per cent to 25 per cent of the time. What we have had, we have had to integrate the power from Stephenville and Grand Falls-Windsor. We have had to integrate that into the system. By 2014, all that power will be used, so we will need to use Holyrood more. We are not even talking about the environmental impacts; we are simply talking about the economic aspect. We have to use it more, which will cost more money.

The price of oil in the short term as we have seen is very volatile. The volatility can be affected, Mr. Speaker, by geopolitical issues and it can be affected by issues of supply and demand. It can be affected by, for example, the differential we see today between Brent and West Texas Intermediate, by simply the inability to get the West Texas Intermediate from Cushing to the markets.

It is up and down in the short term. When we get to the long term – and again, I invite anyone to read the report that was prepared by Dr. Mark Schwartz at PIRA, an internationally recognized oil forecasting company that we have put on our Web site and was released to the public. Have a look at what Dr. Schwartz says about the long term. What he says is in the long term the principles of supply and demand will rule.

At present, Mr. Speaker, the world burns approximately ninety million barrels of oil a day. The Americans are burning approximately twenty, the Chinese, ten. It is expected that the Chinese, if they continue at a growth of 5 to 7 per cent, will overtake the Americans in terms of the amount of oil burnt, but, as we have seen recently – and this is happening all very quickly – the Bakken oil play, the shale oil, is resulting now in the Americans moving towards self-sufficiency, but that does not mean that the price of oil is going to go down.

There is, again, a very fundamental principle at play. First, the OPEC countries, who provide most of the oil, have to have a certain price. The cost of developing it – again, this is in one of the papers that we provided; Wood Mackenzie, our energy advisor out of Edinburgh and New York, indicate that to develop a barrel of oil on the oil sands is costing approximately, I think it is \$80 to \$85 a barrel. So, in order for that oil to be developed, it has to be more than \$80 to \$85 a barrel.

The shale oil is still a little bit more. Dr. Schwartz talks about this in his paper: shale oil could be at \$60 to \$70 to \$75 a barrel. So again, companies have to get that. What we are seeing now is a movement away from the shale gas into the shale oil, because the shale oil is the more expensive commodity; it is where you make more money.

So, we have a decision to make in this Province. We have made a decision, actually. We made the decision yesterday. We can either remain tied to the volatility of oil, remain tied to the oil markets, remain tied to dirty fuel and poison the environment, or we can move forward with clean, renewable energy, Mr. Speaker, from Muskrat Falls.

The federal loan guarantee; the Prime Minister committed during the election – I guess it was in 2011 in the spring – to provide a federal loan guarantee. That federal loan guarantee, Mr. Speaker, let me tell you one thing: the rigorous economic analysis that was undertaken by the federal government was frustrating to behold at some times, but also amazing to behold in terms of they left no stone unturned. So, the federal loan guarantee was looked at; well, what does it mean to the people of the Province?

Over the next week or two, Mr. Speaker, I will have a chance to speak. As every question is raised I will try to answer it, but in terms of electricity rates forecast, you build in the cost of the loan guarantee, because ultimately, the price we pay in 2017 – and I am looking at our Natural Resources paper now, Electricity Rates Forecasting – and the average ratepayer will pay in 2017 and 2020 will include all of the costs. It will include the capital costs, it will include the operating and maintenance, it will include financing costs, it will include interest during construction, and it will include whatever costs there are. So it is one figure.

What the federal loan guarantee does is it reduces the cost of borrowing. Now, the Leader of the Opposition is a businessman who knows when you are out there and you are trying to negotiate a business deal, you are negotiating

financing – you think of when you get a 1 per cent decrease on your mortgage for your house, the money that saves you. You think of 1 per cent to 2.5 per cent on billions of dollars, Mr. Speaker, and it only makes sense.

So as discussions are ongoing, how do we get the loan guarantee? What kind of financing? Nalcor has been and has extensive discussions with the bond rating agencies. I only wish I could disclose the result of those discussions, but I cannot because they are very commercially sensitive. That is not where we can go tonight, but let me tell you they are very positive.

As one Open Line host said today, and perhaps I should not be quoting Open Line hosts, but every now and then you have to: he does not expect – and I am talking about top-shelf Paddy – there will be any problem obtaining money for Muskrat Falls. Let me tell you one thing, Mr. Speaker: he is right.

Now, obtaining money is one thing, and the Minister of Finance I am sure will have a chance to talk about this a little later himself. Obtaining it at the best possible rate is going to be the issue.

**AN HON. MEMBER:** (Inaudible).

**MR. KENNEDY:** Now, I hear some mumbling on the other side about paying it back. Let me tell you: you have to pay electricity bills. Whether we are paying those electricity bills to offshore oil companies or we are paying those electricity bills to ourselves, you will have to continue to pay electricity bills. It is not going to be free.

Although, in Labrador today, I must say, when you look at the rest of this country, it is not bad. I think it is at 3.4 or 3.5 cents a kilowatt hour if you are on the interconnected grid. I do acknowledge – as the member opposite has raised on occasion – we have issues on the Coast. The ratepayers of the Island have subsidized the rates on the Coast of Labrador by a \$40 million infusion of money.

We still have some work to do on the diesel rates and the commercial. I have indicated during debate here that we will be looking at that. The Premier and myself have made a commitment that we do not want people burning diesel if there is a cheaper way. We will look at providing run-of-the-river hydro. We will look at providing wind, or a combination of both.

Do we give \$6 billion to oil companies and see no result other than the poisoning of our people in Holyrood, or do we take that \$6 billion and build a revenue-generating asset that we will own, Mr. Speaker, that future generations of our Province will own, and they will own forever? Because in the building of this asset it is the capital outlay up front that is significant. Once you build it, the water flows, electricity flows, Mr. Speaker, and the money will flow with it.

**SOME HON. MEMBERS:** Hear, hear!

**MR. KENNEDY:** That is why I have no doubt that the money from Muskrat Falls that we borrow will be paid back.

What has happened here, and I expect will continue to happen over the next couple of weeks, is that the Opposition will try to confuse the issues, taking the poor PUB out of it, and you are not giving us briefings, you are not telling us answers. Let's just look at facts. The facts are we need the power. The facts are Muskrat Falls is the best deal. The fact is Muskrat Falls has been sanctioned along with the Maritime Link, and the fact is we are proceeding.

If they want to stay here for however long to prove whatever point it is they are proving, let them, but, Mr. Speaker, make no mistake, this legislation will pass. This legislation will pass and will pass before we leave this House –

**PREMIER DUNDERDALE:** Because it is the right thing to do.

**MR. KENNEDY:** Because it is, as the Premier has indicated, the right thing to do.

**SOME HON. MEMBERS:** Hear, hear!

**MR. KENNEDY:** What we have is a situation where, as indicated by the Minister of Finance, there will be a combination of cash and equity going into the debt.. The project breaks down as follows: \$6.2 billion will be the current cost to build the Muskrat Falls Generating Station and the Labrador-Island link. Emera will be investing \$800 million – I think it is close to \$800 million into the Labrador-Island link. We will then be putting equity money into it, which will be paid back, which is an investment for the Province.

There will be a return on equity. I think it is approximately 8 per cent. It could be 8.4 per cent. As revenues are generated and as Nalcor receives the revenue, there will be a dividend paid to the Province. What will happen is that we will certainly, Mr. Speaker, have income coming in from 2017, and I think I indicated one day in this House by approximately 2020-2022 there will be \$120 million profit.

There is lots of money to pay the debt. There is lots of money to do other things with. We can have the doom and gloom forecast or, Mr. Speaker, we can do what we have to do and this bill is part of it.

Let me tell you why we should do what we do. Let me read you, Mr. Speaker, a couple of excerpts from a letter written by a businessman in St. John's by the name of Mark Dobbin. Mr. Dobbin, as many people remember, is one of the members of the board, the former wannabe Leader of the Liberals – Dean MacDonald being the other – who walked away from the Grimes deal in 2000. That is going to be a subject of some discussion as we talk about the PUB and the Liberal's decision to exempt the Lower Churchill Project from the PUB.

Let us look at what Mr. Dobbin had to say, "However, I believe the biggest change from the past is the change in the attitude and spirit of the people of Newfoundland and Labrador." Mr. Dobbin goes on to state, "The only thing that can stop us now is fear and a lack of confidence. That was yesterday's can't let it be today's. Anyone can find a reason not to do something."

Mr. Dobbin concludes, "It is not always comfortable to make big decisions but there comes a time when they must be made. That time is now. We have to grasp the opportunity, make the right decision to secure our energy needs and leave future generations the legacy that they deserve."

Mr. Speaker, those words define what we are doing with Muskrat Falls.

**SOME HON. MEMBERS:** Hear, hear!

**MR. KENNEDY:** We will not live in fear of the past, Mr. Speaker, coming back to haunt us as the Upper Churchill, or fear of the future. While no one can tell what the future will bring – and we have to recognize and we do accept that there is risk. You will never eliminate risk but what you try to do, Mr. Speaker, is to identify it, to assess it, to minimize it, to ensure that as best as possible we rely upon the experts. Those experts who in this case, Mr. Speaker, come from all around the world, have the opportunity to do what they do and examine the project.

The Premier has said on many occasions that no project has been examined like this one. In fact the Lower Churchill has been looked at since the 1970s. I think the Lower Churchill Development Corporation came into being in 1976, Mr. Speaker.

Vic Young, then the Chair of Newfoundland and Labrador Hydro wrote a paper in 1980 where he suggested that we develop Muskrat Falls first – the only one out there who really looked at the development of Muskrat Falls. Every Premier since 1972 has looked at the development of the Lower Churchill. It is this Premier, Mr. Speaker, our current Premier, who has brought it home and has made Muskrat Falls a reality.

**SOME HON. MEMBERS:** Hear, hear!

**MR. KENNEDY:** Now we are going to proceed. We need a financing structure. The federal loan guarantee is worth \$1 billion approximately to the people of this Province. One of the conditions of the federal loan guarantee is that there has to be a guaranteed revenue stream.



The Prime Minister of Canada in the announcement in Happy Valley-Goose Bay when he announced the federal loan guarantee was asked a number of questions in the scrum after. He was asked about risk to the taxpayers of Canada because it is a guarantee. What it is, is that if we were to default then the people of Canada would be at risk. The Prime Minister was asked about the risk.

In one question he said there was minimal risk. He talked about there being minimal risk. The very next question, he said in his opinion there is zero risk to the people of Canada, thus expressing the economic confidence required by the federal government to take a bold step whereby they would risk alienating all of those seats in Quebec so they can ensure fairness to the Province of Newfoundland and Labrador. They did not do that, Mr. Speaker, simply because that is the way it is. They did their economic analysis and they required a revenue stream.

Mr. Speaker, that is the main thing this act will bring here. It will be a guaranteed revenue stream, which means we have to do a couple of things. Last week, or this week – I am getting confused in the weeks and I am sure I will get more confused as this week goes on – one of the things we looked at doing here with the Labrador industrial rates: We have the generation rate, which will be made of the development block or the TwinCo block of 225 megawatts of energy, we take that and we combine that with the market block or the new energy that will be used by mining companies in Labrador, and we come up with our generation rate. Then we are directing the PUB that this is the generation rate.

What we are doing here today, this piece of legislation is directing the PUB that you are not to tinker with the costs of Muskrat Falls. The PUB will still look at the cost of energy on the Island. They will still do the things they do, but in order to guarantee the revenue stream. I was asked earlier today: Why would you not allow the PUB to be involved? Well, is it worth \$1 billion to the people of this Province to allow the PUB to be involved; or, as a condition of the loan guarantee, we take that \$1 billion and we say: Yes, we will ensure the revenue stream?

Mr. Speaker, I am going to come to this because I have lots of good information on what the Liberals did with the Lower Churchill. I am going to read them something that they said at the time. One of the things was they could not risk the PUB interfering with the cost of the Lower Churchill. They went a step further than we are going with 5.1 of the Electrical Power Control Act. They exempted the PUB. They took the PUB out of the process altogether.

Here we are, in a situation where in order to get this guarantee – and to be fair, Mr. Speaker, in order to obtain non-recourse financing, which my – I was going to call him learned friend, but I guess we are not in court – friend, my colleague, the Minister of Finance, will talk about, and the importance of non-recourse financing; he will also talk about coming back from recent meetings with the finance ministers and how, even though you think there is doom and gloom in this Province, we are riding high.

This is not just Newfoundland and Labrador where these problems exist. It is throughout the world. We are riding this storm as good as we can. All throughout the world right now they are calling for new infrastructure. They are calling for stimulus packages. We have our own stimulus package. It is called Muskrat Falls, and not only will it stimulate the economy today and tomorrow, it will stimulate the economy thirty and forty years down the road, Mr. Speaker.

**SOME HON. MEMBERS:** Hear, hear!

**MR. KENNEDY:** As Nalcor goes to the markets in order to borrow the money – this is a multi-year finance-raising process – they have to establish a business case. In establishing your business case you say: these are the revenues that we will have coming in, this will be our cost, and at the end of the day this is how much money we expect to make.

The Premier could have done the easy thing here, could have said politically: okay, all of the profits in Muskrat Falls will go back to the ratepayer; but the profits here – and I think it was the Minister of Finance the other day who said that the profits of Muskrat Falls will be \$20 billion over the life of the project – \$20 billion.



We are here ensuring that the project proceed. The legislative amendments look at securing the financial agreement, ensuring that we have non-recourse borrowing, which protects the Province and Nalcor and restricts then the ability on default to act upon the assets that are the subject of the guarantee.

**AN HON. MEMBER:** Not the others.

**MR. KENNEDY:** Not the others. We have a number of companies set up here, and again, my colleague, the Minister of Finance, as a former corporate and commercial lawyer, will explain in great detail the subsidiary structure of Muskrat Falls.

We are financing Muskrat through a combination of equity and debt. The debt will be paid back; the interest during construction will be paid back.

What is happening, to my understanding – and the minister will speak to this – is you build a house, you borrow the money up to a certain point, and then when you get your mortgage, you roll it into one.

This money will be paid back as a dividend to the Province. The non-recourse financing, I understand, is commonly used in the energy and infrastructure sectors. There are many benefits to the financing structure, but mostly what I talked about a few minutes ago.

In order to achieve the non-recourse debt structure, we have to show lenders that the rates charged to Island ratepayers will be sufficient to cover the cost of the generation and transmission of Muskrat Falls power. That is all we are saying to the PUB. We have to ensure that there are sufficient revenues coming in, that the revenues are sufficient to cover the cost, and that it will flow unfettered to the lenders to satisfy debt repayment.

The amendment here – unlike what the Liberals did when they exempted the Lower Churchill Project from scrutiny, we will be directing the PUB that they will not be able to allow or disallow project costs when setting the rates for Newfoundland and Labrador Hydro. As such, Mr. Speaker, the amounts charged to Newfoundland and Labrador Hydro by the entities responsible for the Labrador-Island Transmission Link and the Muskrat Falls generation will have to be accepted by the PUB.

That is what we did last week, so I am a little bit confused as to why everyone is so up in arms today, when the Liberals agreed. They have all said they support that piece of legislation. As for the NDP, I do not know what they support. I am not sure it really matters.

The Liberals have said that they support the project. You support the project, you are supporting us directing the PUB to use this generation. That is what we are doing here.

There seems to me that the Liberals are going to make their point; the NDP are making some kind of point also. We are going to do a dance for the next number of days. I will just remind the members opposite the sanction has occurred and that this legislation will go through.

I am going to especially ask the Leader of the Opposition and his members: look at what we are doing here. Just look at it very sensibly. Is it as bad as it is made out to be? Or is it simply what you have to do to secure \$1 billion for the people of the Province that will go directly to their rates and result in savings to them? Isn't that a good thing? By directing the PUB we are doing what we did last week.

Now, let us talk for a second. I am going to come back to this in more detail, but let us talk for a second about what took place with the Labrador Hydro Project or the Lower Churchill Project, because we are directing the PUB. The previous exemptions – which meant they could not look at it at all – by previous Liberal governments, were at Star Lake, Granite Canal – and I have copies of the PUB orders, I have copies of the Orders in Council – and the previous configuration of the Lower Churchill Project.

In the previous Labrador Hydro Project, Newfoundland and Labrador Hydro was exempted from the Electrical Power Control Act and the Public Utilities Act for activities related to the planning for – including discussions with

potential purchasers or partners – the environmental, economic, and engineering study of, and where approved, the design and construction of some or all of the generation transmission and other associated facilities at Churchill Falls, Gull Island, and Muskrat Falls.

This was all based on the fact, by the way – because there are no details of this deal out there; the only details I have been able to find have been in relation to an interview done with Dean MacDonald by John Samms, a law student-blogger, who indicated that Mr. MacDonald resigned because the Grimes' government was going to make \$100 million.

They forgot one thing: all of the cost overruns would be borne by the people of the Province of Newfoundland and Labrador. You cannot say this was simply an export project, therefore it did not matter to exempt it. The Province would have ended up – this is Mr. MacDonald's words according to Mr. Samms, and I encourage you to read his blog; what happened was the Province would have gotten nothing because the overruns would have resulted in more than the \$100 million, Quebec would have owned it all again, and the Upper Churchill would have been replicated.

Now these are the people across the way, who stand, in umbrage, today, who are going to criticize and keep us in the House because we have done a deal where we have secured \$1 billion for the people of this Province; meanwhile, we have to direct the Pub, as we did last week, and they are in agreement with it.

I am going to talk a little bit further, because there are some interesting details on the Lower Churchill exemption. You cannot distinguish it on the fact that it is export versus import. The people of the Province would have ended up with nothing. Now what are the people of the Province going to end up with in Muskrat Falls? They are going to end up with a generating station that will produce electricity forever.

Now, Mr. Speaker, as I indicated earlier, the energy world is changing. There is no question. We have natural gas being accessed all over the world; we have deep-water exploration and Arctic exploration. We have shale gas and shale oil. We have not seen the potential yet of the South American countries.

What we do know, I think, from what I have read and what I can see – I am interested in the Member for St. John's East. If he is going to be honest with us here now and not play politics today, because he does know his stuff when it comes to it, if he is going to be honest, he is going to agree with me that oil is still going to be the number one commodity for at least the next couple of decades. The world needs oil; and two, we need electricity.

There will be changes. We are going to see significant changes in the Northeast US, but a recent report prepared by Navigant for the Atlantic Energy Gateway meetings in PEI indicated exactly what we have been saying. The spot markets are there, but what you will see is it will take a decade because the Americans – and I did not realize the amount of coal they burn is still very significant. The number of coal-fired plants they have is very significant. Some of them will convert to natural gas, despite the very significant coal lobbying in the United States. We have a situation where they have a lot of nuclear plants. Some of them are reaching the end of their age, so they have to be either phased out or replaced.

By the time we get to the early 2020s, there will certainly be export markets. We know Quebec has recently signed a significant deal with Vermont in the last year or so. For us, we are not looking for long-term power purchase agreements at present because, as indicated, and I say to the members opposite, we want that power to be available for mining industries in Labrador who are going to produce significant amounts of iron ore. With it, Mr. Speaker, comes economic growth.

The mining industry is not like the oil industry in terms of the royalty scheme. The royalty scheme set up in our oil industry results in significant amounts of money coming to the Treasury directly. I think last year or in the last couple of years, we made in one year \$343 million in direct taxation. As Dr. Locke has outlined in his report on the economic impacts of Labrador mining and Lab West mining, the indirect benefits are huge. We are talking huge benefits, not only to the people of Labrador.

I say to the Member for Cartwright – L'Anse au Clair: We want those benefits to predominantly benefit the people of Labrador, but also we want them to benefit the people of Newfoundland and Labrador. We have structured –

**PREMIER DUNDERDALE:** The same way the oil does.

**MR. KENNEDY:** The same way the oil does, as the Premier has pointed out.

Mr. Speaker, what we are trying to do here is to ensure the project is financed at the best possible rate. The reality is even without the loan guarantee this project is a viable project. Even without this kind of financing, I am sure we could obtain financing for the project. The interest is so significant in terms of the amount of monies it will save, and the Minister of Finance will certainly speak to that.

I see I have twenty-two minutes left in this round. I am going to talk for a second about the PUB because there seems to be some misunderstanding that we are the only ones in the world, the big bad government in Newfoundland and Labrador excluding the PUB. How could we dare do that?

Well, let me tell you about a couple of projects in BC. BC has a regulated market structure; their main utility is BC Hydro. The BC Utilities Commission is their independent regulator. These rates are set. BC Hydro's rates are set by the BC Utilities Commission and new generation projects are required to obtain a Certificate of Public Convenience and Necessity from the Utilities Commission.

The Utilities Commission may decide to hold a hearing prior to granting certificate –and I will talk about the UARB hearing in Nova Scotia over the next few days when I am given the opportunity. Site C, a 900 megawatt, estimated \$7.9 billion project in BC does not require a Certificate of Public Convenience and Necessity. Essentially, it is exempted from oversight by the BC Utilities Commission.

They do that pursuant to section 7.(1) of the Clean Energy Act. There is also, Mr. Speaker, a number of other exemptions which I will talk about as we move along, but I just thought I would give an example here of how what we are doing is not that unusual. The Liberals did it with the Lower Churchill. BC is doing it with that project. There is nothing nefarious here. There is nothing conspiratorial. All we are doing is trying to ensure that we get the best deal for the people of this Province.

Let's look at where our PUB came from and what their role is. They were established in 1949 and they report to the Minister of Justice, administratively. They submit an annual report. They deal with more than electricity. I know that as a lawyer a number of years ago I appeared in front of them on the car insurance issue, whether or not we would move towards the no-fault insurance.

Mr. Speaker, they deal with petroleum product prices. They supervise rates by automobile insurers. They have limited regulatory authority of the motor carrier industry in relation to certain passenger and ambulance operations and they can be assigned the role of arbitrator in certain circumstances.

We have the Electrical Power Control Act, 1994 which is an act that was brought in by former Premier Wells, and I find it interesting that our former Premier and chief justice who uses the word should on four different occasions – that the Member for St. Barbe was over there criticizing the former chief justice for use of the word should. That is a battle of the legal titans I will tell you that.

What we have is a situation where the former Premier brought in the Electrical Power Control Act. One of the reasons I understand that act was brought in was to look at the possibility of recall, legitimizing the ability to recall power from the Upper Churchill. The Electrical Power Control Act, it sets out the power policy of the Province and grants authorities and powers to the PUB in implementing the power policy.

Our Energy Plan sets out the – and I do know, does anyone have a copy of the Energy Plan? I think the Leader of the NDP said earlier today that there was no reference to Muskrat Falls in the Energy Plan. I thought it might have been around page 43 there is reference to Muskrat Falls. We have only talked about developing the Upper Churchill since 1976 or earlier so –

**AN HON. MEMBER:** The Lower Churchill.

**MR. KENNEDY:** The Lower Churchill, yes. When you talk about the Lower Churchill Project, you talk about Gull Island and you talk about Muskrat Falls. The Electrical Power Control Act provides the Lieutenant-Governor in Council, Cabinet, the right to direct the PUB.

We did not bring in this legislation. This is former Premier Wells, the Liberal government, brought in legislation which allows the Lieutenant-Governor in Council the right to direct the PUB on rates policy and procedures, issue exemptions for a public utility under the act. The same authority under the Public Utilities Act, as well as refer matters to the PUB.

We are not making this up; this is not new legislation on our part. In 1994, the legislation brought in by the government of Premier Clyde Wells allowed for; one, the directing of the PUB of setting up rates; two, the exemptions. We are not using the more draconian exemption. We are using the direction and still saying to the PUB: You have a role to play, you look at the other rates, you look at issues, but do not interfere with the guaranteed revenue stream.

The PUB has authority under the Electrical Power Control Act to look at adequate planning for future production. In the case of power emergencies the Lieutenant-Governor in Council may appoint an emergency controller with authority. This is the act we are talking about today. Under the industrial rates act, in which we are in third reading here now – excuse me, the industrial rates policy; we have to amend a number of acts. That act, we are amending 5.1 to direct the PUB on generation rates. We are also amending the act so it should consider industrial development in Labrador.

What we are doing now to ensure that Muskrat Falls, for greater clarity, we are amending the act here in Bill 61. What we are saying in Bill 61 is that it is amended by adding 5.1(1): Notwithstanding a provision of the Public Utilities Act, for the purpose of the Muskrat Falls Project – which is defined – the Lieutenant-Governor in Council, which is us, may direct – well, some of us or whatever part of us – may direct the Public Utilities Board to implement policies, procedures, and directives respecting the exercise of powers. That is the same thing that is in 5.1, we are just giving greater clarity to it.

We are not amending section 5.2. We are not exempting this bill, as the Liberals did. We are not excluding the PUB. We are simply saying to them this is the role we want you to play, as the 1994 act of Premier Clyde Wells – which the Liberals acted on at least three or four separate occasions with exemptions – allows us to do.

When we get to the Public Utilities Act, it defines a public utility in the Province as an entity that owns, operates, manages, or controls equipment; provides the Lieutenant-Governor in Council the right to issue exemptions for a public utility under the act; sets out the appointment of PUB commissioners and staff; the LGIC has authority under the Public Utilities Act to appoint a Consumer Advocate, and so on.

When we get to the role of the PUB under Muskrat Falls, we are amending this act, the Hydro Corporation Act, the Energy Corporation Act. So, we are expanding the scope of the direction of the authority that the Lieutenant-Governor in Council can give, but only as it relates to Muskrat Falls. We are not doing anything else. It is only as it relates to Muskrat Falls, and it is in relation to the Liberal act of 1994.

A primary purpose of the amendment will allow us to direct the PUB that Newfoundland and Labrador Hydro's cost for the purchase and delivery of power from the Muskrat Falls Project will be included in Newfoundland and Labrador Hydro's Island revenue requirement without review and approval by the PUB. While that is the primary purpose of the amendment, the LGIC will have added authority on what it can direct the PUB, including the terms of orders and approvals on rates and tolls, criteria for approval by the PUB, et cetera, but they only relate to Muskrat Falls.

**PREMIER DUNDERDALE:** Which they budget (inaudible). We have had to direct that as well.

**MR. KENNEDY:** Thank you, Premier. I do not know if Hansard picked that up but it was very well said.

The PUB will be directed to include all Muskrat Falls Project costs. This will not affect the PUB authority, including retaining oversight and approval authority of Newfoundland and Labrador Hydro's other existing Island costs, as well as any future Newfoundland and Labrador hydro costs and capital plans.

Let me give you example of how it works, Mr. Speaker. We know that to produce a kilowatt of energy today at Holyrood it costs approximately 18.5 cents a kilowatt hour. We know that the power produced at Bay d'Espoir is much cheaper. You take all of that power, you put it together and that is where we get our 12.6 cent a kilowatt hour which ties us, I think at present, for the fourth lowest in the country for electricity rates. That is simple. You blend the two and that is what you come up with.

There have been discussions of Soldiers Pond, and what I indicated last week is that – again, I am going by memory, so excuse me, I could be a little bit off here. My understanding is that Soldiers Pond, in 2017, will cost 20.3 cents a kilowatt hour. You take that, you combine it with the power at Bay d'Espoir and that is where we get our 15.2 cents. However, that same kilowatt of energy to be produced at Holyrood will be 3.5 cents more expensive.

What we see is a chart that will go with Muskrat Falls and the isolated Island. In fact, I think it might be the average ratepayer who burns approximately 1,517 kilowatt hours of energy a month will pay approximately \$2 more in 2017, 15.1 cents versus 15.2 cents. Then that chart will go up and eventually Muskrat Falls power, the increase will be half of that without Muskrat Falls.

What is ironic about all of this when it comes to rates is that between 2000 and 2011, we had the biggest increase and no one even noticed it. Between 2011 and 2016 rates are going up again, not because of Muskrat Falls but because of oil.

The PUB will still look at the Island costs. They will retain authority on the Newfoundland and Labrador Hydro electricity service because we are saying to the PUB: you can deal with the cost of service of transmission in Labrador. We are directing you on generation rates, and you will continue to regulate residential, commercial customers in Labrador.

The way you would hear it on the other side is almost as if we are taking the PUB, we are casting them to the wind and saying: You are no more. What we are doing is that which the act allows us to do, an act that was brought in by a former Liberal Administration. We could have done what the Liberals have done, we could have exempted Muskrat Falls totally from the PUB. We did not do that. We looked at an in-between. We wanted to maintain a role for the PUB.

When I talk about the PUB, I am not talking about the present PUB. I am not talking about the people who are there. I am talking about the PUB as an entity as it should exist in theory. They have authority. They retain authority over allocating Newfoundland and Labrador Hydro's cost to customer classes and approving rates, including the allocation of Muskrat Falls' power costs. They retain regulatory authority over Newfoundland Power and approving that utility's own cost. The PUB will allocate Newfoundland Power's cost. There is still a role for the PUB.

The Premier has said on a number of occasions, when the Leader of the New Democratic Party does her dance of righteous indignation, pointing her finger and jumping up and down over there about the death of democracy – what the Premier has said on a number of occasions: You ask questions on process because you cannot raise a substantive issue. That is what this is all about, Mr. Speaker. There are no substantive issues on this project.

Let's make the PUB the bogeyman, not the government. The death of democracy is removing the PUB. Directing the PUB to do that which a previous Liberal government brought legislation that allows us to do, by taking a step that is not as draconian as what the Liberal legislation was back in the 2000 exemptions, which we will talk about in great detail as we move along.

Now, let's look at the project. Let's look at the substance. Show us. Electricity demand, have I heard anyone over there say: You do not need the power? You might say it, but show us. Here is the provincial load forecast. Here is



Manitoba Hydro's chapter on load forecast. Here are the electricity rates. Are we that far off? Show us. We challenge people. These have been out two months now.

Here is the Labrador mining and power paper. Show us where we are wrong. Show us substantive issues. There is Manitoba Hydro and their review of the Decision Gate 3 numbers. Show us where they are wrong. Here is Dr. Locke's economic analysis. Show us where he is wrong. Here is the project the NDP jumped up and down about on large wind. Show us where we are wrong.

We heard all these discussions on legal options, how we could recall power, how we could proceed with the good faith action, and how we could go through Quebec. Here is the paper, show us. Have anyone heard anyone tell us where we are wrong here? Have you heard criticisms of these papers?

The Upper Churchill, can we wait until 2041? Where is energy 2041 on this? Has anyone heard us say this paper is wrong? Have we heard the Opposition? No. What do they do with it? You have not given us briefings. We do not have enough time.

The environmental benefits of closing Holyrood, does anyone disagree with that? The Minister of Child, Youth and Family Services talked last week about those same NDP over there with their little signs jumping up and down waving them: close Holyrood, close Holyrood. Well, where are they today?

**AN HON. MEMBER:** (Inaudible).

**MR. KENNEDY:** Yes, keep it open. That is exactly where they are today, isn't it?

There is natural gas. We looked at the options. Other than one person, has anyone said we were wrong in natural gas? In fact, Wood Mackenzie confirmed that Ziff Energy was right on natural gas. PIRA's forecast methodology – and with all due respect to members opposite, these companies are used by over 500 companies in over sixty countries.

"Our clientele includes all of the world's major private integrated oil companies, nearly all of the largest state-owned national oil companies, and over 80% of both the oil producers and oil refiners in North America. Outside of the oil business, we also provide services to over 80% of the U.S. gas and electric companies and over 90% of the gas and power marketers."

Here is it. They have outlined their methodology. It is not enough to say they are wrong. Show us where they are wrong. Have we heard anything there? No, we have not.

Gull Island, why not develop Gull Island first? Well, the NDP stance is we do not need Muskrat Falls but we need Gull Island. I think that is what they were saying last night, I am not sure. Show us. What do you want us to do? Develop Gull Island on the basis that all of these mining companies might come forward.

What the Premier has outlined, and this is what this is all about here today, is that where you have no substance, rely on process. When you say to us, do not do as we do, as we did, but do as we want you to do, or that we think you should do. When you look at what the people have done in the past, those who live in glass houses should not throw stones, Mr. Speaker.

**SOME HON. MEMBERS:** Hear, hear!

**MR. KENNEDY:** I am very interested because I see all of these little news releases that come out every day from the Leader of the Opposition that are inaccurate, and I suggest to you, Sir, that you stand up today and you justify what the Liberals did in the past. You justify how they exempted the PUB. Let's see what you are going to have to say to that.

**AN HON. MEMBER:** (Inaudible).

**MR. KENNEDY:** Oh, sorry, I will look back this way.



It is not parliamentary either to be putting out inaccurate statements day after day, I say to the Leader of the Opposition. I thought you were above that, Sir.

**PREMIER DUNDERDALE:** The NDP do not want to speak up –

**MR. KENNEDY:** I do not talk to them.

The difference between exemptions and direction –

**SOME HON. MEMBERS:** Hear, hear!

**MR. KENNEDY:** I have absolutely no respect.

Mr. Speaker, let's get to the differences between exemptions and direction. I do have certain respect for the Liberals. I see them trying over there and I hear what they are saying in terms of their arguments. They have argued that they support the Labrador industry rates policy, and that is fair enough. They have raised certain issues. The Member for Cartwright – L'Anse au Clair raised certain issues; the Member for the Bay of Islands raised certain issues. They are legitimate issues. We do not agree but no one says we have to agree. What I hear coming from the NDP is basically uh-oh.

Mr. Speaker, I am going to talk for a second about the differences between exemption and direction. I only have four minutes left tonight at this stage. Mr. Speaker, what I would like to do is pursuant to Standing Order 43(1) dealing with the previous question, I move, seconded by the Minister of Justice, that the question be now put.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER (Wiseman):** It has been moved and seconded that the question be now put with respect to Bill 61 in second reading. The debate will continue on second reading. What this provision provides for is a debate will continue on 61 in second reading.

All members of the House have an opportunity to speak to the bill. When the members are finished addressing the bill the question will be put. It provides for no amendments to Bill 61 during second reading.

The debate will now start. The Speaker will acknowledge anyone who stands.

The hon. the Minister of Natural Resources.

**SOME HON. MEMBERS:** Hear, hear!

**MR. KENNEDY:** Yes, thank you, Mr. Speaker.

I do want to spend some time on this issue of direction versus exemption. I think it is important to understand that we are not doing here exactly what everyone is making us out to do, Mr. Speaker. What we are doing here is we are directing.

Let us look at what an exemption is, Mr. Speaker. Under section 5.2 of the Electrical Power Control Act the Cabinet has the power to exempt a public utility from all or a portion of the EPCA, Mr. Speaker, where Cabinet feels the utility has engaged in activities that are in the best interests of the Province. This is a mirror provision in the Public Utilities Act in section 4.1. Typically, Mr. Speaker, where a need has been identified to exempt a public utility, it is exempted under both of these sections.

The Public Utilities Act also, Mr. Speaker, provides for two other dispute exemptions. The first is where subject to certain exemptions a public utility generates electricity and sells it to another public utility to which the act applies. This is to avoid duplicating the regulation process. The second exemption is for small projects, under 1,000 kilowatts.

Mr. Speaker, we have, as I have indicated, a number of previous exemptions. In our Province we have had Granite Canal, Star Lake, and the Lower Churchill Project. Then, let us look at again - I am going to come back to BC for a second, because I want to talk about what they have done there in terms of exempted projects and programs.

The Northwest Transmission Line, a 344 kilometre, 287 kilovolt transmission line in Northwest BC was exempted; Mica Units 5 and 6, two additional approximately 500 megawatt generating units at the existing Mica hydro facility were exempted; Revelstoke Unit 6, a project to install an additional turbine at the Revelstoke hydro facility; and Site C, a project to build a third dam on the Peace River in Northeast British Columbia to provide 900 megawatts of capacity. That is an example of four projects in BC where there have been exemptions. We have examples of three here in our Province where there have been exemptions, Mr. Speaker.

So, we now come to 5.1 – I have talked about 5.2 of the Electrical Power Control Act, that is the power of exemption, and perhaps I think that is where the confusion might lie, and maybe some will argue that we are arguing semantics, but there is a clear distinction in this legislation between 5.2 exemptions and 5.1 direction. Under 5.1, Cabinet, as I have indicated, has the power to direct the PUB with respect to the policies and procedures to be implemented by the PUB regarding the determination of rate structures of public utilities.

Under that direction, Mr. Speaker, the PUB is still – and this is an important point – expected to carry out its mandate under both the EPCA and the Public Utilities Act, but in doing so it must comply with the direction given. So, it is not an exclusion and it is not an exemption, it is a direction.

Now, the acts are outlined, the sections of the act, what we are doing for a greater clarity, we are ensuring that the direction in 5.1(1), in Bill 61, will relate directly to the Muskrat Falls Project. So, in the financing bill, Mr. Speaker, related to Muskrat Falls what we are doing, we are adding an additional provision, and it will apply only to Muskrat Falls, as the existing authority, we feel, may not be sufficient. So, we could have simply left it alone, came in under 5.1 and directed it, do what the Liberals did with the 5.2 exemptions; but what we chose to do, to be open and transparent, and to ensure there is full debate in this House, we brought forward the amendment outlining for the people of this Province exactly what we intend to do, allowing it to be debated in this House.

Debate, Mr. Speaker, does not always mean that we agree on everything. It does not mean that the other side will agree with us. It means that we outline our positions, Mr. Speaker, and then at some point you move on. At some point, this government will vote in favour of this legislation. It is up to the Opposition when that happens.

As I have indicated earlier today, Mr. Speaker, we will do what we have to do. We believe in this project and the project yesterday, as outlined in our sanction decision. I would encourage the members of the Opposition to look at the words or listen to the words of our Premier yesterday when she talked about the future of this Province. She talked about the pride that our people have and she talked about, Mr. Speaker, how we are at a turning point, we are grasping and taking control of our own destiny as a government. We have tried to do it since 2003. What Muskrat Falls is, is now the pinnacle upon which we will go forward, Mr. Speaker, and be, to use that trite and overused term, masters of our own destiny.

**SOME HON. MEMBERS:** Hear, hear!

**MR. KENNEDY:** Mr. Speaker, we could do the easy thing here. We could have said: there is too much public pressure; let's walk away. We could have said: this is not worth it. This is not worth it from a political perspective. Let's not do it. We could have said: how can anyone predict the future? Therefore, let's not bother; but that is not the way we work as a government, Mr. Speaker. You are elected to make decisions. True leaders make tough decisions, and that is what our Premier has done here: made a tough decision. You know, when you live with it, as we have done for the last year, it is not that tough, because it is the right thing to do, Mr. Speaker.

**SOME HON. MEMBERS:** Hear, hear!

**MR. KENNEDY:** I heard the Premier today describe a situation, Mr. Speaker. It was very analogous to what we have tried to do with Muskrat Falls. If anyone thinks that this has been a love-in between the Premier, myself, and Nalcor over the last year, that I have been here anyway, in relation to Muskrat Falls, there have been a number of

occasions where the Premier has had to exert her authority over me and indicate: now, do not get excited, sit back, do not panic here, let's look at everything. There are times when we have had to say to Nalcor: you have to get this done; we need this information and we need it now.

Mr. Speaker, I can confirm from own perspective, but also from the Premier's perspective, and she indicated up till 10:30 the night before the federal loan guarantee was signed that she was willing to walk away on principle, and that is what this government operates on: it is on principle.

**SOME HON. MEMBERS:** Hear, hear!

**MR. KENNEDY:** The principle here, Mr. Speaker, is that we were elected to make decisions which may not be that comfortable for us at times, especially in light of the Upper Churchill, but will ensure that future for our children that they deserve. That is why we are where we are today.

The Premier made a very interesting example. I do not know where she had heard it. When computers first came in, if you understand how – I cannot learn about computers. I cannot understand them. So you take it apart. You dismantle the computer totally and then piece by piece you put it back together. That is how you learn to do it.

That is what we did with Muskrat Falls, Mr. Speaker. We came into this and Nalcor provided us with a lot of good information. I have to say, there were times over the last few months I felt, personally, too much pressure. I am really putting a lot of pressure on people all around me. The Premier has always been the sane hand there who says: no, let us work our way through this.

We needed answers. For anyone who thinks we simply said: let us do this because we have to and because we need to, they are wrong in one way. We are doing it because we have to and we need to, but it is based on the right reason. That is the principle of which I just talked.

So now we get to the PUB. The PUB has been grief. There is no question about that. Two million dollars and nine months later, and what we got is a referral to MHI. That is the best I can say of what we got from them. That has been our criticism: no substance, move the process. That is all we have heard. Someone show me a question in Hansard where they have asked a substantive question, or you are wrong on wind, you are wrong on natural gas, or you are wrong on demand. It has been about the PUB.

We could have sat here. We could have done this under 5.1 and no one would have known anything different. The present legislation allowed us to direct the PUB, but we did not do that. What we have done is brought in the amendment which clearly puts it before the people of this Province why we feel this amendment is needed. It clearly relates to Muskrat Falls and we are open to debate in this House.

Did we ever consider going under 5.1? I did not, because that would not be the way to operate. We said we will amend it and make it clear. Do you avoid this issue simply because there could be political pressure or because we could spend Christmas Day in the House of Assembly; or do you lay it out there, do you debate it, and do you say to the other side if you have some good input?

Since I have been here in this House, there have been acts amended over the five years I have been here, but not this: let us amend everything. If you come forward with a decent amendment, something that could address the situation, we will consider it. Right now, we have to make a decision. Nalcor has to get on with doing this project because time is money.

Mr. Speaker, I heard the Member for St. John's North and he talked about consulting with Aboriginals. Absolutely, we agree with that, but there is a body of law, including our Court of Appeal, which defines consultation. Mr. Speaker, one of the most important aspects, one of the most significant aspects of that announcement yesterday was the fact of the Innu Nation being on that stage with us.

**SOME HON. MEMBERS:** Hear, hear!

**MR. KENNEDY:** We cannot underestimate the importance of that. The reason they were there with us, Mr. Speaker, is because it is their land. Historically it is their land. We negotiated the land claims with them, and they, I will tell you, did a very good job of negotiating.

I know that our federal Minister of Intergovernmental Affairs has come under a lot of heat at times, but I can tell you during those negotiations he was a stellar representative of the Innu Nation. He represented his people well, Mr. Speaker. He held out, along with the other members, including Prote Poker, the now Grand Chief, and the Grand Chief at the time, Mark Nui. They held out for the best deal that the Innu Nation could get. Mr. Speaker, they were there with us.

We have negotiated land claims with the Nunatsiavut Government, but their land claims do not extend into Muskrat Falls. Do they have a right of consultation? No question, we have indicated that in a certain zone there is a right of consultation; but consultation, Mr. Speaker, when you have opportunities to present – and again, I indicated to President Leo that we are willing to listen. I think we actually had a meeting set up, but I do not know if it will take place because of the House.

Then we have the NunatuKavut government. Mr. Speaker, we have been clear. When I was the Minister of Justice, I met with them. The Premier has been clear. The former Premier has been clear. If the Parliament of Canada gives you Aboriginal status under Section 35 – we will recognize it. If the courts give you Aboriginal status, we will recognize it. We cannot be expected simply to accept it because you say it.

There is a process that has to go through. The duty of consultation is on a spectrum. We recognize and respect the rights of Aboriginal peoples in Labrador, Mr. Speaker. In fact, there was a reconfiguration of the Muskrat Falls – not necessarily the dam, but in terms of part of it – as a result of Innu beliefs. We respect those rights, and that is referred to in the environmental assessment decision.

Mr. Speaker, when we go through all of this, we have tried to do everything, but it is like I said –and the member opposite, the Leader of the Opposition knows there is no perfect agreement. There is no perfect deal because you are always looking to the future, but if you do not take a chance we are going to be at a standstill here. Nothing will ever happen. The oil will run out and we will not have the economy that we are striving to create.

Let me tell you one thing, Mr. Speaker, and this is a criticism: Well, what does this government do for rural Newfoundland? We have heard the Minister of Fisheries stand up, we have heard the Minister of Innovation, Business and Rural Development stand up, and we have heard the Premier stand up. Once we start building these transmission lines down through communities in rural Newfoundland and Labrador, Mr. Speaker, what you are going to see is every hotel will be filled, because there is no camp being built.

Every hotel will be filled, every restaurant will be filled. There will be people hired in communities. There will be economic stimulus in these communities, and this is coming right across the Province, Mr. Speaker. At times it has been forgotten, the economic impact, which I am sure my colleague the Minister of Finance will talk about.

In an age of stimulus, we have a natural stimulus project, Mr. Speaker, that will employ up to 3,500 people. That will ensure the people of Labrador are given the opportunities to work on this project, Mr. Speaker, and will ensure, as best we can, that the benefits accrue to not only the people of Labrador but to the people throughout this Province. In order to ensure the project proceeds, we then have to look at making sure that we have the loan guarantee, making sure we can obtain financing.

Now, Mr. Speaker, another important point took place yesterday – I expected a couple of questions in the House of Assembly but I did not get any; yes, actually we did get one – was that I do not think the Opposition expected that sanction was going to happen the way it did. They expected that we were going to simply sanction by ourselves and then everyone argue: How can you depend on what happens in Nova Scotia?

The UARB, their regulatory board, they cannot do anything with a decision. Well, Emera sanctioned yesterday. The definition, what we need for the federal loan guarantee is sanction. We have the federal loan guarantee which,

Mr. Speaker, saves us money, but we have always maintained that the Maritime Link is an important component of this project.

If you look at the sanction agreement, which I understand the Opposition parties were also briefed on, the sanction agreement says that Emera is committed to building the Maritime Link. It outlines, even though they are low risk – I can tell you, there are times that the President of Emera and the President and CEO of Nalcor over the last period of weeks with their discussions as they try to identify every possible risk, there are times they have driven us almost crazy with their attention to detail; but, based on the professionalism of these two men and these two companies, I have absolutely no doubt that the Maritime Link will proceed.

The UARB will do whatever they are doing in terms of rates, but we said that, the Premier said that from day one. Do you know what is interesting? They are doing it based on Decision Gate 2 costs. They will not have their Decision Gate 3 costs. So the UARB, if they were to follow our PUB, will say: We cannot give you a decision, we do not have the final numbers. Well, I am not hearing any talk like that in Nova Scotia.

What is going to happen, Mr. Speaker, is that there could be some adjustments at the end of the day, but we have the loan guarantee. That has been confirmed by the federal government.

**SOME HON. MEMBERS:** Hear, hear!

**MR. KENNEDY:** Mr. Speaker, we can stay here until mid-January arguing these bills, but construction is taking place and will take place and monies will be released as Nalcor needs it, because the project has been sanctioned. It is time to move on.

You look at regulatory oversight in other jurisdictions – again, that is probably something I will discuss over the next week or two when I am given the opportunity, but what we are doing here is not that unusual. It is not some big conspiracy to exclude or to ensure that the ratepayer of this Province is held hostage. Is there an issue on overruns? There is always an issue on overruns. There is no question, but we are very cognisant of it. The amount of engineering that has been done by Nalcor at the Decision Gate 3 process gives us confidence as to where that is going.

We will, and as a government we have to, ensure as best we can the oversight but also the federal loan guarantee. The federal government decided they wanted a certain amount of oversight and an independent engineer was brought in. That is a good thing.

Earlier this year we heard arguments: Well, there is no oversight at the Muskrat Falls Project. Now I think the argument is: Why do you have the independent engineer there? Why do you have to provide these materials to the federal government? Oversight is good. That is what we want to see. We will be looking at ways we can be involved further, without interfering though with Nalcor's ability to do business because it is time to separate somewhat, Mr. Speaker, our involvement in the decision making.

One of the most difficult aspects of what Mr. Martin has had to do – he is a businessman. He comes from a business background where he makes decisions based on business. At Decision Gate 2, as tough as it is for some people to understand, he made a decision to not go with other options because business people do not waste money pursuing issues that are not real, but he got criticized for that.

Mr. Martin and his team have to be given the opportunity to make those decisions. I must say the Opposition House Leader's comment today about Mr. Martin's salary was certainly unwarranted, when we look at that he is probably the least paid executive in a utility in the country. The CEO of Emera makes a lot more. Mr. Martin has worked day and night. That sounds like a lot of money, but if you break that down by hour, I tell you, that man deserves a lot more than what he is being paid.

**SOME HON. MEMBERS:** Hear, hear!



**MR. KENNEDY:** Mr. Speaker, in my first go-round at this, we are simply directing. We are not excluding and we are not exempting, as the Liberals did in the past.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The hon. the Leader of the Official Opposition.

**MR. BALL:** Thank you, Mr. Speaker.

(Inaudible) speak to the Electrical Power Control Act, 1994, The Energy Corporation Act and The Hydro Corporation Act, 2007.

Mr. Speaker, we just heard for about an hour a lot of discussion and a lot of chat about the concept of the Muskrat Falls power project. When we look back at this, and for me, the first day was back in November, 2010. I think I am on record as saying, when I listened to the announcement about the Muskrat Falls power project back in November, 2010 and the term sheet as it was discussed and as it was released, there was no question that when I listened to the words, like a lot of people in this Province, I was quite happy, actually.

There was always a sense growing up in the Province and doing business in the Province that at some point in our life we would actually see the development of the Lower Churchill. I have lots of memories, actually, of growing up and seeing my father as he would sit with the *Books of Newfoundland*. He would read about the Churchill project and read about the history of the Province. Indeed, what a bad deal in 1969, what that has done to the psychology and the overall confidence of the people within the Province. We all grew up with that. It was part of our history.

Mr. Speaker, there was no question that what happened back at that time left us with a – what I would consider to be a bad taste in our mouth about the confidence that we had in developing the Lower Churchill.

In November 2010 we had a sense of confidence that this would change, that the direction and the development of the Lower Churchill would change and we would see the benefit of this. We were then told what happened in November 2010 would lead into the development of formal agreements between Emera, a publicly-traded company in Nova Scotia, and Nalcor, which is the our own energy corporation that was established, I believe, in 2008 following the Energy Plan in 2007.

In July 31, 2012, those formal agreements were signed; I believe there was about thirteen of them or so. Then of course just a few days ago, the sanction agreement on December 17 meant then, I think, we had our fourteenth agreement that was signed. In the midst of all of this, we saw at the end of November, 2012, the federal loan guarantee, which was included in the list.

These were all the milestones that we have seen with the Muskrat Falls development over the last number of years. At every step along the way I would have to say that there were milestones that were missed and there were deadlines that were missed. All along the way there were questions that were raised about the project and what it would mean.

After being elected in October 2011, and becoming Leader of the Opposition in January, we did start; we asked a lot of questions. I do say with the number of meetings that we had with the officials at Nalcor, there was a lot of information. I think most of the questions that were answered, they were forthcoming with the information that we asked for.

I will say that there is still a list of outstanding issues. We have moved on from that as we have now moved into this part of the project, into the sanctioning and then into the discussion that we are tonight on the two bills, Bill 60 and Bill 61.

This particular Bill, 61, deals with – when you get a sense of why this piece of legislation is required you just have to go back to the federal loan guarantee. The project itself was designed based on a growing demand on the Island



and the closure of Holyrood. All of us, I believe, do know that Holyrood would have to be dealt with. We have to deal with that polluter and we have to deal with the oil consumption that happens at Holyrood.

We were also told that the mining companies in Labrador would actually need access to this power that it was important that we find a way to go around Quebec, although I will say that to sign any business contract or any mortgage, the motivation to go around Quebec, to me, is an afterthought; then, of course, the Muskrat Falls Project itself being 824 megawatts of power.

What does this all mean? I will speak, just for a minute or two, about the impact on Quebec and where this positions us. We have heard a lot of discussion over the last few years now. A lot has been said about the principles of the deal and what it is we want to do. There was no question: in many cases the impact of Muskrat Falls to me has been overplayed. I have heard members opposite, I have heard MHAs, and I have heard people that talk about the Muskrat Falls Project as if this would have some huge impact on the supply of energy, for instance, in the US.

Mr. Speaker, quite frankly, that is not the case. As an example, Quebec produces somewhere around 34,000 to 35,000 megawatts of power a year. In the Province of Newfoundland and Labrador we produce less than 2,000. Taking 824 megawatts of power and thinking that you are somehow going to compete with Quebec, and thinking that somehow you are going to satisfy a hungry US market, Mr. Speaker, is really not the case.

When you look at the project itself, 824 megawatts of power – one of the questions that we asked Nalcor: what does this mean? We do know that Muskrat Falls, for instance, has a very small reservoir. This poses a problem when it comes to generating firm energy. When we posed the question to the officials at Nalcor: if we had to run a Muskrat Falls generating plant for firm power with a customer who needed firm power at twenty-four hours a day – which is what that would mean – we could only depend on Muskrat Falls for 70 per cent. Therefore, Muskrat Falls as a generator of firm power is not 824 megawatts of power, but actually 70 per cent of those 824 megawatts. That puts us at less than 600 megawatts of power if we were dependent on that power twenty-four hours a day. This was important. We had to know exactly what we were getting for our money.

I just want to respond to some of the comments that were made by the minister. I will say he spoke a lot tonight about previous Administrations and the work that they had done in developing the Lower Churchill. There is no question back in 1998 – although I was not there and certainly had no part in the discussion at all, it has been my understanding from what I read that was a project that was being developed for economic development purposes and therefore no impact at all on the ratepayers. It was meant for export and the development of Gull Island and Muskrat; for some arrangements with the Province of Quebec, this power would then be sold into the US. That was the concept of the development of the Lower Churchill.

I find it interesting that the minister would even raise that; you could go through every single Administration, we can go back in our history, and we can find flaws, even within the seven or eight years. If we want to go back to decisions that have been made, well, there is no question we do not have to go back very far. We need to go back to 2007, for instance, with FPI. We can go back to just a few years ago with the expropriation of the Abitibi mill, and on and on it goes.

Mr. Speaker, the purpose of this debate tonight is not to look back in our history; I hope that at some point we can actually learn from all of that. There is no question that from time to time we will continue to remind each other about mistakes that Administrations make. The key to this is making sure that we get this particular decision, that we get this right. That is one thing that we have always said, and I have heard the government on many particular occasions say that it was important, no matter what we do, that we get it right.

Mr. Speaker, the minister mentioned about the world demand for oil; he mentioned, I believe it was, 90 million barrels a day: 20 million of that being used in the US and 10 million being used in China. There is no question that we have an emerging economy in China, but we cannot underestimate, either, the creativity of a lot of those economies and what they will do to source oil for their own energy.

We also know that in the US right now they are becoming self sufficient because of the creativity that they have shown in extracting shale oil and shale gas and their own energy needs. They will become self sufficient and indeed this is something that has been truly happening in the last few years.

I look back at the initial crafting of the term sheet back in 2010. If you look at this and you look at the time that led into the development back in 2009 I would expect most of the work was done on this particular term sheet.

Things have changed. When we refer to the shale gas in the US, one of the things we said is this is in some ways a revolution. Indeed, it is not a revolution. Shale gas in the US is not a revolution at all. It is not even an evolution at all. Right now, Mr. Speaker, this is reality. What we are seeing in the US right now is reality. Because of the creativity, as I said, with shale gas and shale oil, they are becoming self-sufficient. All reports coming out of the US are suggesting that by 2020 the US will be self-sufficient when it comes to their own oil reserves.

Mr. Speaker, as I said, we just got this bill yesterday. We did go to a briefing session this morning. I did mention one of the key elements to all of this and the reason why we are having this discussion today is because of how we actually pay for this particular project. The best way to approach this is when you work backward with some of the milestones we have seen and some of the agreements we have discussed.

I want to spend some time talking about the federal loan guarantee. As I mentioned earlier, this was a loan guarantee that was signed in November of this year. What it does is it actually breaks the project up into four different components: one is the Muskrat Falls Generating Station; two is the transmission line that leaves Muskrat Falls and connects to the Upper Churchill, and I will speak a little bit about that in a minute and why that is important; three is the Labrador-Island Link, which includes a subsea cable at the Strait of Belle Isle; and four is the Maritime Link, this being the responsibility of Emera. Those are the four components.

For the sake of the financing, what they have done is taken the generating station in Muskrat Falls and combined that with the transmission line feeding from the Upper Churchill. The reason for this is simply because there is a need to balance the power. I mentioned earlier about the idea of firm power. There will be a transfer of power from Upper Churchill. We will need this. This was the reason why.

We used the PUB, actually. I find it ironic the minister tonight spent a lot of his time in speaking about the PUB and the value they would bring, and indeed exempting the PUB. Back in 2009, it was the very same PUB and they must have put a lot of confidence in the PUB because it was this group they managed to establish the water management agreement for this particular project.

Now, the water management agreement which the minister did not touch on at all was put together by the PUB back in 2009. The very same group that the government really does not have the confidence in right now to go back and provide the oversight in this particular project. They really do not want to go back there now. One of the key elements of the water management agreement, which has been a source of debate in its own right by many people who have been asking questions on this, who has the right to the water because Muskrat Falls is a very small reservoir.

The importance of the water management agreement is significant. Even in their own annual reports from Nalcor you need just go back a few years and you will realize that Nalcor had addressed this as a very significant and a very serious concern. As a matter of fact, the Muskrat Falls Project would have been really just a very small project without a water management rights agreement in place. Who did the government rely on to develop and write a water management agreement? It was our own Public Utilities Board, the same group today that they have no confidence in to supply the oversight for this particular project.

Mr. Speaker, I spoke about the four components in the federal loan guarantee and what is it that the federal loan guarantee – why is it that it is financed this way? What they have done, the two proponents being Nalcor and Emera, Nalcor signing on behalf of the Government of Newfoundland and Labrador and Emera as a publicly-traded company. They signed and of course what they have decided to do with the Maritime Link now is to take the Maritime Link through the UARB. What will happen there is all the cost of construction inputs will go to the

UARB in Nova Scotia which is really the same as our PUB. It is from there that there will be a determination on what it is the rates would be, what they could use for the inputs for those rates. That is the role of the UARB.

This brings us back to where we were yesterday when it comes to sanctioning and why things happen like they did. The Minister of Natural Resources is quite right. He did ask me yesterday what I thought was going to happen. I said: Well, in my opinion I think that you will see Emera in this particular case and Nalcor sanction on the same day. Really, that was not prophetic at all that was simply because in order for the loan guarantee – as a condition of the loan guarantee really sanction had to happen on both parties.

What I did realize was happening was that there was a so-called sanctioning agreement. I made mention to this as one of the thirteen or fourteen formal agreements that have been signed with Emera since July 31, 2012. So this sanctioning agreement – and we just really got some briefing on this this morning, so there is still quite a bit of work to be done, it is about a twenty-page document and it outlines a number of conditions for Emera and Nalcor, as the two proponents.

Nalcor actually in a question that was asked in the media session in Nova Scotia yesterday in Halifax – I believe it was at the Westin – Emera was actually asked: Why are we doing this today in advance of your UARB decision? Because that decision from the UARB may not be out for a good few months yet. They have 180 days once the submission is made. We understand the submission will be made to the UARB in January.

So, essentially we could be about six months here before we actually know the outcome of the UARB decision. When the question went to Emera: Why are you doing this today in advance of the UARB decision? Emera interestingly said: Well, the reason why we are doing this today is because Nalcor needs this. They want to be able to make sure that the cost and the federal loan guarantee applies to the project, so we are doing this because Nalcor needs it done. They did not have to do this yesterday. There was no on knocking on their doors or beating on their doors, the doors of Emera, yesterday to actually sanction the project.

So, what do we do in return? I have basically just taken a few minutes because we have been dealing with Bill 60 and Bill 61, and of course, the briefing sessions that we have been busy with this morning. One of the things, interestingly enough, that came out of this, and we actually asked a question a number of times in the briefing session today, because there is a difference between sanctioning, and I will just maybe speak to this for a few minutes.

The steps along the line that actually triggers the federal loan guarantee – and I had this discussion today for a few minutes too, is that sanctioning is, no question, a milestone in the development of the project. The bigger question and a significant milestone, though, is what is considered to be financial close. What happens there is when we get to financial close, the terms and conditions of the federal loan guarantee will be established, and it is then at the financial close position. For us, for Nalcor, financial close will be around September 2013. For Emera, that would be about three to four months later. That is when they are anticipating financial close. Emera really was not in the position – there was no sense of urgency yesterday to sanction the project.

One of the questions around Emera is that they need their rate of return established. They are a publicly traded company. We understand today from the briefing session the rate of return they looked for, for the shareholders, is somewhere around 9 per cent. One of the conditions of the sanctioning agreement, in discussion with Nalcor so that the project and the concept of the project stayed in place, is that Nalcor agreed to pay \$25 million to Emera. What that would do, it would be used to offset cost and keeping the 9 per cent rate of return in place for Emera. This was an important piece and some of the questions around the sanctioning process just yesterday.

The other thing I think today in the briefing session was the question around, what happens if the Maritime Link is not built? There seemed to be – I would not want to say confusion, but there was a penalty that is outlined in the federal loan guarantee in the \$60 million range. So, if Emera for some reason did not build the Maritime Link, well Nalcor has agreed to pay \$30 million of that penalty. Of course, this keeping the federal loan guarantee in place; the value of the federal loan guarantee in place. These are some of things that have been included in the sanctioning agreement that we discussed today.

The other thing is going back to the federal loan guarantee and some of the terms around the financing and what this all means to us as a Province. The federal loan guarantee, as was mentioned by the minister, came out of an election commitment back in 2011 by current Prime Minister Harper – then as a candidate for the position of Prime Minister.

The federal loan guarantee quite clearly states – for us it outlines a number of debt-to-equity ratios and what it is that they would guarantee. For Muskrat Falls and the Labrador transmission line there is up to \$2.6 billion. Labrador to the Island would be \$2.4 billion, and the Maritime Link up to \$1.3 billion.

Emera has taken a different approach. The minister in his comments said they were only at the DG2 position, but what is happening with Emera is they provide a range and they provide a level of probability of where they would fit in that range – the range being somewhere between \$1.2 billion and \$1.5 billion. We all know that based on our own experience here in the Province, going from DG2 to DG3 – as a matter of fact, the CEO of Emera, Chris Huskison, has already said publicly that he expects the Maritime Link to be somewhere in the \$1.5 billion range.

The federal loan guarantee quite clearly says that the fixed dollar amount of the range and certainly the cost of the project as a whole, being somewhere around – it is capped at \$6.3 billion. This is allocated to the projects, as I just outlined. This is based on a debt-to-equity ratio that we will be responsible for. We are responsible for the equity position.

If you look at the three components as I have mentioned – the four components, but the generating station and the Labrador transmission line being one – that will be financed at a 65 per cent to 35 per cent ratio. The Labrador to Island line will be established at a 75 per cent to 25 per cent ratio, and the Maritime Link will be in the 70-30 range, but of course Emera will be responsible for that.

Except for some of the overruns on the Maritime Link, we will, through Nalcor, be responsible for 50 per cent of the overruns once we get past the 5 per cent. It would go like this, Emera would look after the first 5 per cent in overruns then we would pay through Nalcor or the subsidiaries the next 5 per cent. Essentially, we share the overruns with Emera.

The federal loan guarantee, in a section, quite clearly identifies this area of additional debt and what happens there. The federal loan guarantee will not – and it quite clearly says will not – cover any cost overruns or any additional money that will need to be put into this project. That is clearly the responsibility of the Province in this particular case through Nalcor.

This poses a bit of problem, because when you try and develop what they call the CPW, or the Cumulative Present Worth, it is very difficult to determine this when you look at where overruns could be. We have mentioned this many times over the last year or so, the impact of overruns and why is it a concern. We need not look any further than many of the large projects that have been done on the Island itself.

We look at Vale, for instance, a project that was first budgeted to be at \$2.8 billion and now it is in excess of \$4 billion. These are recent projects. We are living those projects today. The Hebron project, when it was first announced, is a project that we see now with cost estimates rising significantly. We have seen that budget balloon to around \$8 billion, I believe it is now. We have even seen within the retrofitting and the renovating of the Confederation Building here, where this has gone.

It is quite clear that we are getting – no matter what the project is, we can expect to see cost overruns. The question would be: What is an acceptable cost overrun? In this particular case, I have asked many estimators and engineers who deal with many megaprojects. I said: What is the number? What is a percentage that you would find acceptable? Many of them, quite frankly, say that 20 per cent is on the low range. Thirty per cent is usually where you see projects of this magnitude. Why is it a question?

When you think of the development of the Muskrat Falls Project and why – the overruns are certainly very risky in our opinion, is that you are working in a very harsh environment. You are working over a period of five years. It is

going to be very difficult to keep this project on budget. You ask the question: How did the proponents respond to this? What is the contingency that is put into this project to offset expected cost overruns?

Well, in this particular case if you look at the budget of this project, it is, I think, \$733 million based on the DG3 numbers, which are the cost overruns. Mr. Speaker, when you look at a project now that is at \$7.7 billion just at the DG3 numbers, to have a contingency in the \$730 million range is an extremely low contingency fund. That includes escalation over the five years of the project.

In my opinion, and I said this to the CEO of Nalcor, the biggest challenge for Nalcor and indeed for Emera throughout this whole project will be to keep this project on budget. That is a significant challenge. It is significant challenge for the ratepayers of this Province. Guess who takes that? It is the ratepayers in this Province. This Province, of course, will have to fund those cost overruns, dollar for dollar, without the impact of any federal loan guarantee.

When you look at the impact of cost overruns and what that would do to the CPW, the minister has also said that there is about \$6 billion in oil that has been spent on the nearest other option, which would be the Isolated Island option. There will be \$6 billion spent in oil over fifty years.

PIRA was used tonight, was mentioned as really the company that they would use for those projections. Even PIRA themselves in their own report quite clearly say that a fifty-year projection is something that they just do not do, that you really cannot; they do not have that kind of knowledge inside their consulting company. It is impossible to predict anything for fifty years. We know this now when we just look at the changes and the variables in everything we do today, Mr. Speaker.

To use the price of oil for fifty years, even your own consultants, your own experts are saying that a fifty-year projection is not a reliable number. As a matter of fact, even going from the Decision Gate 2 to Decision Gate 3, their opinion and definition of where they would see oil prices going dropped significantly. I think they were in the \$105 range now as opposed to, I think it was, around \$130. All of this has happened within two years.

On top of that they have also spoken about the likelihood of oil being on the downside when you look at those projections. They said now that the likelihood of oil dropping even further is more likely than seeing oil go up. When you look at how you establish the CPW for the two projects, it in our opinion raises some questions.

Mr. Speaker, I will circle back a little bit to the federal loan guarantee, and the reason that the federal loan guarantee has a number of different conditions in it basically making it quite clear that in order to fund this project, we have to have a power purchase agreement. Without the power purchase agreement, this federal loan guarantee is something that really it does not work.

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER (Littlejohn):** Order, please!

**MR. BALL:** Thank you, Mr. Speaker.

This is not unusual. When you look at any business plan, what you want to do is establish your revenue stream. If you go looking for financing, if it is for whatever the business is, one of the things that they will ask you is: show me your business plan, show me your revenue, and show me your cost.

What is unusual about this particular case and this particular power purchase agreement that would be signed between the subsidiaries of Nalcor and Newfoundland and Labrador Hydro is just the length of it. Fifty years is the length of this; it is a set rate for fifty years that would feed into the other options that we have for power. So, what are we losing? What is the concern about a fifty-year commitment to this power?

Mr. Speaker, I mentioned just a few minutes ago about what is happening just south of the border and where we see the impact of things like shale gas and things like shale oil. To me, if we were to look back over the last fifty years



and ask ourselves what changes have we seen in our own lives, there have been many changes. We have seen changes within industry. Back fifty years ago I do not think anybody would have realized the impact that you would see with thermal energy that it would have on new housing construction.

I know where I come from, heating pumps and those sorts of things are not unusual at all. I think we all anticipate that over the next fifty years, they will become even better; they will become cheaper and more affordable for people who are constructing new homes. What we do know, of course, too, is that people in the Province can be very creative in their own mind.

Mr. Speaker, the power purchase agreement in itself is actually the key element to this particular project. We talked about if you take the particular project, if you take the Muskrat Falls Project and you go looking for financing, the bond agencies out there would be hungry for this. Quite clearly, it is very easy that they would be hungry for this. When you have a power purchase agreement that actually guarantees you revenue for fifty years, you cannot miss with that; only because of the power purchase agreement that cannot be changed for fifty years. It is like actually setting your mortgage and saying: this is what it is going to be; this is the commitment that you and the next generation, your families, will have to commit to for the next fifty years.

That is very unusual. That is very unusual in our own lives. I do not know of one example in our own life where we would make any type of financial commitment for fifty years. As a matter of fact, you cannot even do it for residential mortgage these days. You cannot do it.

In this particular case here, the power purchase agreement – which is similar to your mortgage except you are setting the rate for fifty years – whatever benefits, or whatever opportunities that would come through over the next fifty years, these generations will not be able to take advantage of that.

When you look back at things we can actually see develop over the next fifty years that could have an impact on this, there is no question – actually, it was just this weekend that I read a report or was just watching a report on the development of LNG in Norway. They were looking at some very simple, quick payouts, very simple returns on investment. So, as we stand here today, do we think that this will not be an option in fifty years, even though we have reports today that suggest otherwise – that in the future, I really do believe, and maybe in our own lifetime, we will see that natural gas will become a very significant supplier of energy for us in the Province.

The power purchase agreement that we are talking about here by its own design is very unique. As you look back to this particular power purchase agreement, it goes back to a model that comes out of Ontario, this being a Bruce Power contract. That was around a nuclear plant, and even within that power purchase agreement there was some flexibility for changes in rates over the length of the power purchase agreement, but that is not the case in this particular case.

What has happened here – because Muskrat Falls power in its own right has a cost of service that in today's terms is not inexpensive; as a matter of fact, it is very expensive power, so what makes this work is this power purchase agreement that is designed to have cheaper power in the early years, but then with an escalator of 2 per cent a year, or somewhere around the consumer price index, somewhere around 2 per cent a year over fifty years.

What you will see is, based on the Muskrat Falls power, over the fifty years you will see a guaranteed escalator of around 2 per cent a year. At the end of the power purchase agreement for Muskrat Falls is when you will see the higher prices.

The transmission component on that is very different because that is a regulated component that is dealt with on a cost-of-service basis, which is what we have seen in the past with Bay d'Espoir and the other hydro projects that have been done in the Province; it has been developed on a cost-of-service basis.

What happened is you would get a particular hydro project that was developed and the cost of that service would feed into through the PUB to determine the rate. Very different this time around with the Muskrat Falls Project; that is done through a power purchase agreement, and even if you look at the cash flow, for instance, on that power purchase agreement, you would find that in the very early years it is actually shy on cash. Mr. Speaker, this is a



very significant difference in what we have seen in the development of hydroelectricity in the Province from over a number of years.

The other thing that we have asked for on a number of times is really the strength of Nalcor. Realizing that the anticipated overruns that we would be responsible for, we are concerned. We are concerned about the level of commitment that this particular project will place upon the finances of the Province and what that will do to other infrastructure needs.

Clearly, all we need to do is look at the situation that was discussed just last week at the \$724.8 million being anticipated to be or projected to be this year's deficit. Therefore, you have to look and say: Where are we? We know our equity position. We are responsible for our equity position, somewhere in the \$2 billion range. Therefore, it is going to be quite a call I would suggest, Mr. Speaker, on where all the cash is going to come from.

It is going to be quite a demand I will say on the cash flow of this Province over the next five years. It is fine to say that at some point there will be revenue generated at \$120 million a year, but we have to get to the next five or six years, and we have to really manage in this particular case where the cash is going to come from.

I am suggesting, I really do believe that in the next five years that we will be doing a lot of borrowing. Just the projection for 2012-2013 based on last year's number with oil projected to be at \$124 a barrel, we are anticipating a deficit near the \$1 billion range. Really, all you need to do is just look at the impact of this year's Budget at \$124 a barrel of oil. There are a lot of analysts out there now, Mr. Speaker, who are suggesting that the price of oil will continue to go down. No one is expecting it to go up to any degree. Even PIRA themselves are projecting out to 2030 oil to be around the \$105 range.

Mr. Speaker, there are a lot of concerns when you look at this. I want to speak for a few minutes about the power purchase agreement again and the ratepayers of the Province. This is something that I have mentioned a number of times too and about the revenue that is generated.

As I said, it is very easy to make a project work when number one, you actually control the customer and you control the price. It is simple. I guess you do not have to be an icon in business that if you have a customer that really cannot go anywhere and you have the ability to charge the customer whatever you want, you can make that business successful.

**AN HON. MEMBER:** It is not rocket science.

**MR. BALL:** Yes, it is not rocket science at all.

**AN HON. MEMBER:** (Inaudible).

**MR. BALL:** Yes, so I think you get the point.

Therefore, if you can control your customer and you can control your cost, there is no question financing should be easy. Financing in this particular case is not really on the strength of the project. It is really on the strength of the revenue the project generates. The revenue that is generated is really from the power purchase agreement itself.

One of the things I have always questioned for some reason as a customer and as a ratepayer, and many people have asked me about this, if I am paying for 100 per cent of the project and what I am going to get in 40 per cent – in this particular case what I would get is 40 per cent of the power – what happens to the extra revenue that is generated? We already know that 20 per cent of it will go to Emera in return for their investment into the Maritime Link. We also know there is 40 per cent of the power and that would be sold either to an export option or to support, as has been mentioned many times tonight, mining in Labrador.

The industrial block of power is certainly something, as I said, I see as an opportunity to generate economic activity. If we were going to sell power and there was revenue coming from, for instance, export opportunities, it is

only fair to say that should come back in this particular case to Newfoundland and Labrador Hydro to help offset the rates for the people who are actually paying for this.

In this particular case, it is like walking into any convenience store or walking into any supermarket, for that matter, walking up to the checkout, and there are ten items there. They take six back and they say: Here it is. Here are your four items. You go on. You are going to pay for all ten. At some point, someone else will get the benefit of this.

The generation today, I have heard in many, many cases they have looked at it and they have said: If I am paying for 100 per cent of this project, then why is it I am not getting the benefits of this right on my electricity bills? If there is extra money generated from export or from other sources, there is no question that should come back to offset the rates for the people in the Province.

It was also mentioned that over the life of the project there would be about \$20 billion that would come from the life of the project. In actual fact, Mr. Speaker, this is money that is actually paid by the ratepayers of the Province. This is actually money that has been paid by them. If there is a dividend that is actually paid back to the government, what it is, the source of this dividend is actually people who pay their light bills and their electricity bills on a monthly basis. This is money that actually comes from the people in the Province, the people who are actually paying for the light bills on a day in, day out basis.

Mr. Speaker, there has been a lot said. I think, as I mentioned already, the power purchase agreement is very key to this. On a standalone project, I think that this would be looked at very differently. I think if this was a project that needed to go without a power purchase agreement, without this type of commitment in place, there was no question the federal loan guarantee would not be there. There is no question that the commercial banking institutions, this is not something that they would look at because they would not have confidence in the revenue stream, and rightfully so.

Dismissing the PUB in this particular case, from other options, for fifty years, indeed, right now it might seem to be like it is the right thing to do but over the life of the project, and for the next fifty years, Mr. Speaker, we could see significant changes.

I mentioned about financing the project and the importance of the power purchase agreement. One thing, I think the cash flow activity for the next five years, out to 2017 for the Province as a whole, I think we will see significant challenges as we will anticipate, at least for the next two to three years for sure, that we will be in a deficit position. To make this kind of commitment in the billions of dollars range, that we will require the cash call on our revenues over the next five years is significant and will create significant challenges.

There are a lot of people of the opinion, of course, that we will see other infrastructure projects that will actually be delayed because of this.

In 2041, of course, there has been a lot of discussion with what happens in 2041. There has been a lot said about the energy warehouse, the Energy Plan itself, Mr. Speaker. In 2041, we all know that we will have some of the cheapest power on the planet available to us.

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

**MR. BALL:** Out of all the reports that have been done, it has been very interesting to see many people question what happens in 2041. If you do look at the Energy Plan – and I know the minister quite clearly pointed out that Muskrat Falls is mentioned in the Energy Plan, at whatever page it was – it will tell you that, if you read the Energy Plan, for those who have read it – on page 1 you will see about 2041 and what the power from the Upper Churchill will mean to the future of this Province when that power is available to us.

The other thing that I think is worthwhile mentioning when you compare certain other options, there is about \$4 billion worth of oil that is spent in the Isolated Island option past 2041. This is interesting, because the only thing that is missing from getting that power to the island and this particular point, of course, would be the transmission line.

Mr. Speaker, when we look at this particular project – and as I said, this particular bill and this particular piece of legislation is information that we really got just yesterday. When I look at the commitment that is made here by Emera, there is one of the key components in the piece of legislation, being Bill 61 itself, in the definitions. I want to speak just briefly about that, because Muskrat Falls, the definition of Muskrat Falls takes up about two or three pages in this bill.

Included in the definition of the Muskrat Falls Project, you see Emera. If you go to one of the – it would be in clause 4, it says as you define the Muskrat Falls Project, it means a project by the corporation, a subsidiary of the corporation, Newfoundland and Labrador Hydro and Emera. So here we are in the Muskrat Falls Project defining what this project is in our own legislation, and throughout the legislation we include Emera.

We all know that in certain aspects of this project Emera takes an investor position, for instance, in the transmission line from Labrador to the Island. They are essentially an investor. I think the minister mentioned tonight that it was around \$800,000; in DG2 this was at \$600,000 with a guaranteed rate of return of somewhere between 7 per cent and 9 per cent.

I do find it interesting that when you look at the definition of the Muskrat Falls Project – and this would be one of the amendments, that if we did not get Standing Order 43, that we would be bringing forward: from the project definition of Muskrat Falls, we would like to see the word, Emera, taken out. We can substitute that for some other word, because we all know that Emera will not outlive the power purchase agreement that we are talking about.

The relationship with Emera will change, and can probably be short – and we do not even know, it being a publicly traded company, what the status of a company like Emera would be in the long term.

When you look at the provision on page 6 of the bill and you see clearly in the definition Emera mentioned there, we believe that this would have been an appropriate place to not use Emera but to come up with some other – if this was a partner, not to just simply say that it is Emera in the project definition for Muskrat Falls. This piece of legislation, we spent about, I think it is, three pages putting a definition on the Muskrat Falls Project. Emera is sprinkled throughout all of this.

The other thing that I want to spend a few minutes on is when you look at the Electrical Power Control Act and what it does, it is about the monopoly that has been created by this particular piece of legislation, Bill 61, and giving Newfoundland and Labrador Hydro the exclusive right to supply, distribute, and sell electrical power to a retailer or an industrial customer in respect to the business of operation.

In this day and age it is very unusual for anybody to get a fifty-year monopoly. That is really something that is unheard of. A fifty-year monopoly in this particular case raises some questions and concerns, and anybody who is going to be making that commitment, there is no question.

The other thing is that we were asked the question – this came up from someone who we were speaking with this morning: what this monopoly means to export power when you look at the Federal Energy Regulatory Commission, what they say about a monopoly on power, what happens as you export power, the ability to import power as part of the Federal Energy Regulatory Commission, and what it is they would say.

We did ask Nalcor this question. They were confident that this was not an issue in this particular case with the power purchase agreement. Mr. Speaker, there are a lot of questions that this would raise on the impact on the development of Gull Island, which we all know would be developed if development would be for an export option only.

Mr. Speaker, we have spoken at length about this particular bill, the implications that it would have in terms of the monopoly that it would create for the people of the Province, and making the commitment to many generations – for fifty years really – to pay for this particular power.

I want to speak to some of the comments that have been made in this particular case, that no deal is perfect. There is no question that it is actually very difficult to get the perfect deal. As a matter of fact, an engineer I did speak with just a few weeks ago said he could look at any potential deal and within about thirty minutes he could put it in the 75 per cent to 80 per cent range.

Where you actually get most of your problems is when you try to satisfy the last 5 per cent. Trying to get that perfect becomes a challenge. In this particular case, we have seen the federal loan guarantee. The minister has mentioned a number of times that there will always be risk. When you see words like non-exhaustive and these things, I believe this clearly: these are things we could actually have done a better job with.

The other thing, of course, that has not been mentioned and the impact this particular project would have on the Province is the expropriation. This was one of the comments the minister made mention of today when I did ask the question about the expropriation of property within the Province by Emera. I was taken aback. The minister mentioned it tonight in his discussion, when he spoke to the House tonight about the expropriation of Emera.

It clearly outlines that the proponents of this particular project in section 12 of Bill 60 have a right to expropriate. If you go to the definition, Emera is mentioned in the definition. The expropriation of property by Emera within the Province as we understand it is written in Bill 60. This also raises concerns for us because we know the relationship with Emera is one that is really – there is a limit. The relationship we will have with Emera will come to an end in this particular case.

The other thing was the payment of taxes. When I did ask that question today within the briefing session, I asked the question simply because it came out of the briefing session we had with Nalcor this morning. Indeed, they were told Emera would be paying taxes when quite clearly in the briefing session they do not. As a matter of fact, it is there in brackets, that Emera will not pay taxes for transmission. If they went into a community, set up a service, and had a footprint, that would be different. They would pay municipal taxes. In this particular case, Emera has a right to come in and expropriate land which would be government land.

Now, when you look at the first pamphlets and brochures that were put out explaining this particular project, it had the transmission line coming to Bottom Brook – that was you go through all of the environmental assessments, and I did go to those – you would see the pamphlets and drawings all talking about taking the transmission line to Bottom Brook. Well, we now know that the transmission line will actually go to Granite Canal.

**PREMIER DUNDERDALE:** (Inaudible) your point being?

**MR. BALL:** The point that I am making here, to the Premier, as she asked me what the question is: we will now have Emera with a significant portion – they will have a much longer transmission line that they first discussed within the Province. They will not pay taxes on the property here, and they have a right to expropriate that land.

Mr. Speaker, these are questions that we have raised. When we look at this, there is no question that this piece of legislation, the power purchase agreement is designed for the power purchase agreement. It gives Newfoundland and Labrador Hydro essentially a monopoly on the generation of electricity for about fifty years. Therefore, there will probably be many opportunities that many generations – my children, grandchildren – will not be able to take the opportunity to take advantage of to provide cheaper power.

Mr. Speaker, as I said, there has been a lot of information – this is information that we have gotten a briefing session on this morning. It is quite early, when it comes to Bill 61. I am sure there will be a lot more debate over the next few days on this particular bill. It is unfortunate, though, when you go through the discussion on this, when you have the debate on it, that right now because of a motion we will not be able to bring forward amendments, Mr. Speaker. Because we do believe there are a number of changes that we could do to strengthen this particular piece of legislation that will affect people for about fifty years, Mr. Speaker.

Mr. Speaker, there is no question that we believe there will be missed opportunities; there will be opportunities that will be missed. There is no question, too, that when you look at and you talk about and you get excited about the deal, that the strength of the deal is simply around the power purchase agreement and the amount of revenue that it can create, because right now the ratepayers of the Province will make this commitment for fifty years, Mr. Speaker.

As we know right now, this project – there are essentially two more bills we are told we will need, Bill 60, Bill 61. The minister has said quite clearly that this will happen now, we understand, without the opportunity for a full debate on this, the opportunity for amendments. I do believe in the definition of the project. There is some opportunity where we can bring improvements to this particular piece of legislation.

Mr. Speaker, my time, as I look at it, just a few seconds as I wind down. This will probably be the last time I will have to speak to Bill 61. It has been an hour, but I will say that I do believe there are areas for improvement in this particular bill. There are certainly amendments that could be made over the next few days, whether it is into Christmas or otherwise, it really does not matter a whole lot to me. There is no perfect piece of legislation. We found that out in recent days. There is room for improvement in this particular bill. We would love the opportunity to make those amendments.

Mr. Speaker, with that said, I will conclude my remarks and thank you very much for the opportunity.

Thank you, Mr. Speaker.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The hon. the Government House Leader.

**MR. KING:** Thank you, Mr. Speaker.

Mr. Speaker, I move, seconded by the Minister of Natural Resources, that we adjourn debate for the time being on Bill 61.

**MR. SPEAKER:** It is moved by the Government House Leader, seconded by the Minister of Natural Resources, that we adjourn debate on An Act To Amend The Electrical Power Control Act, 1994, The Energy Corporation Act and The Hydro Corporation Act, 2007.

All those in favour, 'aye'.

**SOME HON. MEMBERS:** Aye.

**MR. SPEAKER:** All those against, 'nay'.

Carried.

The hon. the Government House Leader.

**MR. KING:** Thank you, Mr. Speaker.

Mr. Speaker, I call from the Order Paper, Order 10, Bill 60, An Act Respecting The Use And Expropriation Of Land For The Purpose Of The Muskrat Falls Project.

**MR. SPEAKER:** It is called from the Order Paper for second reading, An Act Respecting The Use And Expropriation Of Land For The Purpose Of The Muskrat Falls Project. (Bill 60)

The hon. the Government House Leader.

**MR. KING:** Thank you, Mr. Speaker.



I move, seconded by the Minister of Natural Resources, that Bill 60, An Act Respecting The Use And Expropriation Of Land For The Purpose Of The Muskrat Falls Project, be now read a second time.

Motion, second reading of a bill, "An Act Respecting The Use And Expropriation Of Land For The Purpose Of The Muskrat Falls Project". (Bill 60)

**MR. SPEAKER:** The hon. the Minister of Natural Resources.

**SOME HON. MEMBERS:** Hear, hear!

**MR. KENNEDY:** Mr. Speaker, I rise in this hon. House tonight to discuss new legislation, entitled the Muskrat Falls Project Land Use and Expropriation Act.

This act, known as Bill 60, has to be read in conjunction with Bill 61, which I discussed earlier tonight, Mr. Speaker. The amendments will see the creation of a standalone lands related act to ensure that government has the ability on behalf of Nalcor and Emera to acquire the necessary land interest to advance the proposed Muskrat Falls Project.

Earlier today, Mr. Speaker, we heard both Opposition parties question: Why were we given these bills so late? Why were we given the briefings so late? Well, Mr. Speaker, it is a very simple answer. Without sanction these two bills are not necessary. These bills are only necessary if the project is sanctioned.

It was only yesterday that, along with Emera – and I will speak to some of the issues raised by the Opposition Leader shortly in relation to the sanction. It was only yesterday that the decision to sanction was made. As I have indicated and we have discussed in this hon. House on a number of occasions, Mr. Speaker, the issue of the federal loan guarantee has been ongoing for some time. We waited for all of our reports to come in. I can indicate to this House, on two separate occasions the loan guarantee looked like it was not going to take place. The Premier stood firm to obtain the best terms possible for our Province.

Then, Mr. Speaker, we had to get to the stage, how do we make sure that the federal loan guarantee applies? We look at the definition of sanction in the agreement. It is really only sanction being Emera and Nalcor sanctioning the project. There is no requirement for regulatory review, other than the regulatory legislation be put in place, which I will discuss shortly.

Then, Mr. Speaker, obviously as a government we are involved because the people of Newfoundland and Labrador are the shareholder of Nalcor. Nalcor and Emera sanction. At the first available opportunity, we then bring the legislation into this House to allow Nalcor to now seek their financing to get this project moving, Mr. Speaker, and to ensure that Muskrat Falls is built, because time is money.

Mr. Speaker, when you are talking about Bill 60 and Bill 61, in essence both of them are required for the project to proceed. One deals with the financing structure, as I discussed earlier tonight. We talked about the revenue stream required for the federal loan guarantee, the lenders and the bond rating agencies.

In conjunction with that, Mr. Speaker, we also have to have the transmission route laid out. We have to be ready to build the transmission route, which is going to be a very significant undertaking, Mr. Speaker. It is a multi-billion dollar undertaking which will move electricity from Labrador, from the Muskrat Falls Generating Station to the Island of Newfoundland and Labrador.

It is also important that there are really four aspects of this project that people understand. That is why the lands-related legislation is important. First we have the Muskrat Falls Generating Station. The Muskrat Falls Generating Station is obviously a key piece of what is going to take place. Then we have the Labrador Transmission Asset. We build a transmission line from Muskrat Falls to Churchill Falls to ensure reliability of power and availability to access power. We then have the Labrador-Island Link. We have the Muskrat Falls Generating Station. We have the LTA, or Labrador Transmission Asset. Then we have the Labrador-Island Link with the subsea cable to the Strait of Belle Isle.



The fourth component then is the Maritime Link. The Maritime Link is the link that will be built by Emera, currently costing \$1.2 billion that they expect could go to \$1.3 billion or \$1.5 billion depending on their final DG3 numbers. They only have Decision Gate 2 numbers at present. You put all of that together, Mr. Speaker, and that is where you get your total cost of the project, but everything has to take place in a certain order.

The first decision, the federal loan guarantee was necessary in order to sanction. Once the federal loan guarantee depended on sanction, Emera came on board and the sanction has taken place. We then bring in this legislation that allows Nalcor now to go – Bill 61 – for their financing, and Bill 60 allows for us to obtain the land to ensure that the Labrador-Island Link can be built.

That is the order in which it takes place, Mr. Speaker, and that is the reason that we are here debating these two bills today. Not because all of us want to be here over the Christmas season, but I mean, we opened the House and it is up to the Opposition when to close it. Certainly, we will stay here and debate. What I say to the Opposition is ask your questions, we will answer them, and we will continue as long as you want to continue. These two pieces of legislation, there is nothing again – I keep using these words tonight but we are accused so often of conspiring in nefarious activity that we just have to simply say it is not the case. It is just timing. We need these bills in order to proceed with the project.

Mr. Speaker, the lands bill, I am going to talk about briefly, but I have to connect it all together. I have to connect everything from Decision Gate 2 to the steps that have taken place since November 2010, to the loan guarantee to the sanction decision to these two pieces of legislation, Mr. Speaker.

I think it is very important that the people of this Province understand where we, as a government, are coming from and how we are trying to logically outline the steps that need to be taken. What we are trying to do is see: Are there valid concerns? Are there issues there that are of such concern that we will look at them? Mr. Speaker, when we go into Committee there can be discussions, but I expect what is going to take place this week, there will be amendment after amendment, there will be hoist and leap, and whatever other amendments there are. There will be certain posturing on the other side, which is fair enough, but what I keep coming back to is show us the substance. I did not hear it just then. I heard some issues in relation to the federal loan guarantee and the sanction agreement, which I will deal with.

In terms of the lands legislation, the acquisition of Crown and private land is required for the transmission infrastructure necessary to deliver power from Muskrat Falls. Either tonight or over the upcoming days, weeks, or whenever we will talk a little bit about the transmission infrastructure. It is important people understand the sheer size and transmission capability of these lines. The work that has gone into this is absolutely amazing.

I want to talk about the Decision Gate 3 numbers. Where did the increases come from? The increases you are going to see are very logical. One of the biggest issues was making sure the transmission lines were as robust and reliable as possible. I will get to the numbers shortly in terms of what those transmission lines cost, but it is no good to plan transmission lines unless you have land to put them on.

Essentially, we are looking at: How do we obtain the land in a fair manner? How do we compensate people? How do we ensure the lines are built in a way that is least intrusive as possible to people's private property? That is something Nalcor has worked very hard on, Mr. Speaker. There have been numerous consultations.

Whatever we may be accused of in this particular file, I do not think the lack of consultation is one of them. If Gilbert Bennett, the vice president responsible for the Lower Churchill, has not been in every nook and cranny in this Province talking to anyone who wanted to talk about the Lower Churchill, Mr. Speaker, I would suggest people are wrong. He has been. Mr. Martin and Mr. Bennett have made themselves quite to the point where you have to wonder: Where do they find the time to do the rest of their work?

I spoke about Mr. Martin earlier, but I also think it is important to talk about Mr. Bennett. I just want to use one particular example very briefly, Mr. Speaker. We were coming down the Lower Churchill in a helicopter. I remember looking out through the window and saying: Where is Gull Island? Where are these big falls? When you fly over the Upper Churchill, there is no falls there now, but you see the sheer size and magnitude of those falls as

we have seen in pictures and you just see in your own mind. You are going down the Churchill River and you are waiting for this big falls. Where is Gull Island? All of a sudden, you are past it. What?

Then you come up to Muskrat Falls. Muskrat Falls, Mr. Speaker, is not a terribly imposing falls. In fact, there are salmon rivers in Labrador around Hopedale and other places that appear to me to be bigger than Muskrat Falls. I was saying to Mr. Bennett: Gilbert, how do you generate electricity here? I thought it was the falls and the water that generated electricity. What that man knew was every ripple in the river. He literally, in his mind, could plot every foot going down that river; it was absolutely amazing.

Let me put it this way, myself and Mr. Bennett have had some interesting conversations. In one way, I would love to have him on the stand in a courtroom. In another way, it would take us about five months. My point is that the people at Nalcor know what they are doing and when it comes to the engineering, I have confidence. Neither myself nor the Premier or any of us are going to stand here today and say we can eliminate overruns. The engineering work that has been done is absolutely amazing here and, hopefully, we are at the stage where overruns can be kept to a minimum.

I remember when the Leader of the Opposition – and he asked a legitimate question in terms of the contingency or what we had built in for escalation and whether or not 9 per cent was enough as opposed to the 15 per cent. The answer from Mr. Martin at that time was: Look, we have done so much work on this that we know. The same applies to the transmission line. There have been issues in terms of the transmission routes and I will discuss briefly – I wish I had a picture here to show in terms of how the transmission lines originally looked in terms of the towers, when they then sized the towers and how they then figured out where they should go and how they should go and all of this one in 150 versus one in 500. As a government, we have to rely on people to advise us. That is what any government has to do.

We are elected by the people of the Province to make decisions; we have to obtain advice both from the good people who work in the civil service, the people who work in my department, and the people at Nalcor. These people are true Newfoundlanders and Labradorians who want to do what is best for our Province, and that is the whole purpose of creating Nalcor in the first place is that as a Province we would own our own energy assets, Mr. Speaker, yet we are criticized for that.

What are we going to do? We all remember what took place during the discussions of privatizing Newfoundland and Labrador Hydro years ago and how the people were up in arms. So what we are doing, we are trying to strengthen this, but we have to have faith. You have to have trust in someone, Mr. Speaker. As a government, we have to rely – but does that mean we accept everything they say? No.

What we do, we test, not because we doubt what they say, but we test knowing that it will confirm that which they have concluded. That is something I am going to talk about, Mr. Speaker, because it becomes important in terms of the transmission line. The dam will be built and the work that has been done there, as I have indicated, is something that, although challenging, they have done great work, right from the point of diverting the river a little bit or changing the angle in which the water goes into the dam. The transmission line will pose a challenge, so you have to have the land that allows you to make the best of your asset, because, Mr. Speaker, this is a long line; I think it is like 1,100 kilometres we are talking here. It is a significant line, and it is coming over a harsh environment with weather, coming down the Northern Peninsula, across our Province. It has to be able to withstand snow, and ice, and sleet, and rain, and wind. That, Mr. Speaker, poses a challenge. As that line is built – and this, again, is where Nalcor has maximized their expertise in plotting where it is going to go.

So, what we are trying to do, Mr. Speaker, as with Bill 60, we are trying to ensure as best we can, as a government, that we have covered all of the angles. What we are trying to do is to assess risk situations, but as I indicated earlier, what we also have to do, we have to make decisions. So, what we have here, the transmission corridors will stretch from Central Labrador to Soldiers Pond on the Avalon Peninsula, and from Granite Canal to Bottom Brook, and on to Cape Ray on the Southwest Coast of the Island. Approximately 99 per cent – and this is important – of the land required for the Labrador-Island Link, and the Labrador transmission assets, and approximately 90 per cent of the land required for the Maritime Link is Crown land. So, Crown land certainly makes it easier, but we have to have the process in place.

Mr. Speaker, the proposed routes for the transmission corridors are currently in the environmental assessment process, and therefore the exact route and the number of properties that will be affected cannot be determined until the environmental assessments have been completed and the routes have been finalized, but we have to have the legislation in place. What the legislation does, it outlines how we will, as a government, be able to obtain these properties to ensure the maximum use of the transmission line. So, through the legislation, we will, as the provincial government, be giving expropriating power for the Muskrat Falls Project, which will include power to issue notices of expropriation and monitor and execute the expropriation process.

Mr. Speaker, the provincial government will be the body, we will be the body to approve the expropriation of land required for the Maritime Link, as per the expropriation protocol. Now, that is clear, in my mind – contrary to what the Opposition Leader says, the provincial government will expropriate the land that Emera needs. The proponents, Mr. Speaker, will require rights to land owned by the Crown, the proponents being Emera and Nalcor. Municipalities and persons will not need to acquire or arrange a different interest.

This is not unusual. If you build a highway, you have to expropriate land. Expropriation of land is not unusual in our society. The main issue of what you try to do is to be fair and to ensure that people are compensated for their properties. What we have tried to do is outline in this piece of legislation the process which will be undertaken to ensure that.

The new legislation proposes to create a form of statutory easement that will give Nalcor and Emera the right to erect structures. It is important also to understand that coming from Cape Ray, I think it is Cape Ray, to Granite Canal, that the Maritime Link – and it is paid for by Emera. That is not costing the taxpayer of Newfoundland and Labrador or the ratepayer any money. That is considered part of the Maritime Link.

Hopefully over the next period of time I will have an opportunity also to talk about the Emera agreement. Mr. Speaker, what essentially happens, it is based on an 80-20 principle. You pay 20 per cent, you get 20 per cent of the power. Whatever the ultimate cost, you are paying 20 per cent.

After thirty-five years – I do not know why I am whispering; I am afraid the people of Nova Scotia are going to hear me – we will own the link. Then we have access on the link to move other power, which allows us to develop Round Pond, Island Pond, Portland Creek. It allows us to develop wind. It allows us – and again, I do not know why I am whispering – to take that one terawatt of power and develop it on the Island, and, I say to the Opposition House Leader, keep another terawatt of power in Labrador for those mining companies who want to develop in Labrador. Everything we are doing this week from the industrial rates policy, from the financing structure, from the Expropriation Act, are all meant to facilitate the moving forward of Muskrat Falls now that the sanction decision has been made.

Mr. Speaker, while I may not and I certainly do not agree with the Opposition in terms of some of the points they will raise, the one thing that the Opposition – be it the Liberals or the NDP – will not be able to be accused of in this case is not asking questions. The one thing that the citizenry of our Province will not be able to be accused of no matter how this project is looked at in the future is not raising issues.

Unlike the Upper Churchill Project – and I went back to Hansard in the 1960s to look at the discussion. What was most amazing was the lack of discussion, the lack of involvement of anyone in the project.

What we have here is a situation where we have all looked at the past. The Opposition are doing their job. The people of the Province are doing their job. The issues are being discussed. That is democracy as far as I know. The fact that you can stand out on the steps of Confederation Building and protest what we are doing is democracy. Democracy is the people who have been elected by the people coming into this House and having the freedom to argue as they have done against the project or for the project. That is democracy.

Let us not confuse democracy with the right to disagree, the government making decisions we are elected to make with the Opposition putting forward their positions, putting them forward vociferously and strenuously, and continuing to do that. That is what we are all here for. To me, the democratic process is working here. Do not

confuse it because we are saying we are sanctioning this project, that somehow or other there is a democratic deficit.

Mr. Speaker, in order to fully outline on that point of how we got to the lands bill and the financing, I want to go back in time a little. I want to go back to November 2010, because I really think it is important people understand. I am not going to talk about Quebec tonight because this is really not the place or the time. Quebec just happens to be one of the major reasons which led to the decision to develop Muskrat Falls.

For forty years we have been held hostage. For forty years we have had this amazing resource in Labrador that we could not get anywhere with. Do I blame Quebec for the deal of the 1960s? No. What I do have difficulty with is the fact that within a federation there was no desire to renegotiate when the amount of money made by one side was so disproportionate to that made by the other. That is where it is unfair. That is the basis of our good faith action in Quebec and perhaps I will have an opportunity to discuss that at some point. That is an issue that has been looked at.

You look at it. Whether it is Liberal or PC, what can this Province do? Every government has tried. We spent time in court with them since every government. Again, whether I agree or disagree with previous projects, we had Premier Tobin and we had Premier Grimes both try to develop Lower Churchill. We have had Premier Moores and Premier Peckford. Everyone has tried. So, do we give up or do you say, no, the time is right?

As Mr. Ed Martin said in his testimony at the PUB, the stars are aligned. One of the reasons the stars are aligned is the money aspect of it. While the rest of the world is crumbling, we are moving ahead.

Again, my colleague, the minister, will talk about what is happening in the rest of this country, but there are good things happening; it is just that we have to be able to weather the storm.

This legislation, we started November, 2010. As I talked about earlier – and the transmission line was one of the first things looked at. When you look at the transmission line, what Nalcor did and what Mr. Martin, as a business person in private enterprise, would do, he said: we do not waste money on this, on natural gas, on wind, on solar, on tidal; these are the two best options to provide power to the people of this Province.

It would not be an Isolated Island or Holyrood refurbish, whereby we would take Holyrood, we would refurbish it with a combination of small hydro – being, I think the 77 megawatts that would come from Island Pond, Round Pond, and Portland Creek – and we would then integrate 10 per cent of wind into the system. That is Isolated Island.

Then, we looked at Muskrat Falls. So whether people agree or disagree, the business side of that decision was a good one. However, the politics – and this has been the difficulty with trying to run a business, but it is a good thing; to say to Nalcor, there is no oversight – I mean, we have them. We have looked at – issues have been raised. We just did not plow ahead.

We came into this House of Assembly and after the failed PUB process, the NDP, to their credit, raised this: well, what about large wind? The Member for St. John's East said: what about natural gas? The members of the Official Opposition said: well, you have not looked at everything.

Did we look at these things as a result of lack of confidence in Nalcor? No, because if you are true expert or if you have an expert's report, then you are not afraid to have your work tested. What is also important in this is that we had people around the world test the work done by our own and what did they do? They confirmed that work, Mr. Speaker.

**SOME HON. MEMBERS:** Hear, hear!

**MR. KENNEDY:** That is part of that newfound confidence talked about by our Premier. That is part of what we have brought in to 2003 and onward. Is it a result of having the oil money, having money? Partly, but is it as a

result of knowing that we have opportunities in this Province, that there is a time to seize those opportunities and that opportunity will pass you by?

I can tell you there are several provinces in our country right now that have significant shale gas finds, but there are protests going on. In fact, there are protests against wind farms in Nova Scotia – there is protest.

The shale gas, with the proliferation of shale gas development that is taking place in the United States –and we have not seen what is going to happen in China yet – what is happening is that province or provinces could simply lose the opportunity. That is why we are looking at BC; that is why they want to develop their gas. That is why Alberta wants to develop their gas, to get it to the Asian market.

What we have seen is a change in the economic status in this world; where once everything depended on the United States and Europe, it is not that way any more. China and India are driving the world's economy. We have economies like Brazil, countries that have hundreds of millions of people. We have the African countries. What we have is a situation where if an opportunity arises, take it. It will pass you by. Muskrat Falls has come about in a time when we have to take it.

Have we rushed anything? Can you call two years rushing into a decision? Can you call – well, yes, it has been – forty years a short time? I will give credit to the previous Liberal Administrations; the work that was done on the Lower Churchill has been used. I will give credit to the previous PC Administrations; the work that has been done has been used. I will give credit to Premier Peckford and the Atlantic Accord and the reaching of these deals, which has allowed us to get to where we are today.

The one thing, as a Province, no matter what our political affiliations – and I said one time before: we all want the Province to prosper. So, Muskrat Falls; we come forward, now, let us get to a couple of the things that we have done.

I am not going to go through this because I have talked about it earlier tonight, but we need the power. That is a given. That is the first and most basic aspect of what is going on here. We need the power.

Mr. Speaker, when I was a – it seems so long ago, and there are days I yearn for those long-ago days, but when I was in a courtroom and –

**AN HON. MEMBER:** Now I'm sixty- four.

**MR. KENNEDY:** Yes, I am going to break into song here in a second, Mr. Chair.

In court proceedings, we get confused. There would be arguments all over the place. There is a time you come back to first principles and the first principles are ones you look at. What happens here, what I see with Muskrat Falls is like a grasshopper effect; the minute we put down one argument, here is the next one, then the next one. Then we put out this fire, here is the next one.

Let us start again with those basic principles: do we need the power? Yes. If we need the power, which we do, what are we going to do about it? What is the way to provide the cheapest rates to the people of this Province?

After the failed PUB attempt, we decided – and again, I remember talking to the Premier: well, who can we hire here who will be independent of government? We cannot hire Navigant because Nalcor used them earlier; because they are paid for their work – which is something I do not understand, we all have to be paid for our work – they are not independent.

Who do we find? Let us use MHI. The PUB hired them, had nothing to do with us. There was a Request for Proposals processed and they hired them. We hire MHI – thinking that is a good move, they are familiar with the file, it will cost less money – and we get criticized for that.

MHI then provide a report. The MHI report clearly finds that Muskrat Falls is the preferred option. I want to talk about briefly, Mr. Speaker, in terms of the MHI report. There is a very important aspect of that report that I think



we have to look at. I was going to say page 87, but let us look at page 72. At page 72 they employ what is referred to as a sensitivity analysis. What they do is they take the case and they compare one to the other, they look at ups or downs.

They take an example, because the fuel – one of the reasons that we are looking at besides the environmental aspects of Holyrood – and I see my colleague is here; I am hoping that he will have an opportunity over the next few days to talk about living in the Holyrood area and seeing what it is like.

They say, well, let us take the price of oil and let us look at the ups and downs. The PIRA fuel price expected, I think, at that time was around \$1.09, Mr. Speaker. The base case would have been \$1, something like that. I have those numbers somewhere.

They keep working. The PIRA fuel low, PIRA price low was at around \$60. Again, as Dr. Schwartz said to me, and I remember having a very interesting discussion of PIRA; I said: so, really, what you are saying to me, Doctor, is that you are guessing. He said: but we are the best guessers. Essentially, what can happen with the volatility of oil, something could take place in the Mideast today and the price of oil goes up. All of a sudden that blockage at Cushing, Oklahoma could be removed; the price of West Texas goes up.

There are so many things that can happen. I used to hear one day – and again, I wish I had these numbers in front of me; it is hard to have them all in your head, Mr. Speaker. I remember a startling statistic that had come out of the Bank of Nova Scotia, an economist at the Bank of Nova Scotia.

**AN HON. MEMBER:** Mary Webb.

**MR. KENNEDY:** Yes, Mary Webb, where she talked about the number of cars on the road. I remember being startled by the number comparing the United States and Canada to China and India. Something tells me there were as low as seventy cars per 1,000 people in China and twenty in India. I could be wrong on that, but there were 700 or 800, significant amounts per 1,000 people. The point is that we have, on average, 80 million people a year entering the middle class in China and India. People entering the middle class; that means they are making more money and they want that which goes with the middle class. A car is one of them.

The Chinese, having that many people entering the middle class, have a significant impact. They looked at PIRA high, low. Still, if you took the PIRA high, which is not going to happen, I will concede that – at least, I do not think it is going to happen at present – there would be a \$6.5 billion differential. You increase the capital expenditure by 10 per cent. You decrease it. You change the interest rate by fifty base points. You increase it. At the end of the day, Muskrat Falls still has a significant preferential.

One point that I think is important – and again, I do not have the list in front of me – there are a number of European countries that have brought in carbon pricing. Do you remember a few years ago the Liberals federally were going to bring in carbon pricing? It became a big issue, but it is the way of the world. It is going to happen, whether it is next year or ten years from now. There will be carbon pricing. They are doing it on coal.

Mr. Speaker, where I am leading to, I am trying to bring all of this to the point where, how do we get to the stage where we are today? We are rushing. We heard this today: Why are we rushing legislation? Why are we jamming it through? What I am establishing here is, look at the time and effort that has gone into all of this.

Then we released our Decision Gate 3 numbers. We released them, Mr. Speaker, and we looked at, again: Why had the costs gone up? I said I would talk about where this had come from. I just want to show you the work that has been done by Nalcor and why we have confidence.

We cannot say there will not be any overruns, but let's just look at the Decision Gate 2 versus the Decision Gate 3 charts. Muskrat Falls Generating Station, Muskrat Falls and Labrador-Island Link, goes from \$5 billion to \$6.2 billion. People go: Wow, \$1.2 billion, 20 per cent more. How could that happen? Decision Gate 3 costs are as the result of greater definition and design improvements of engineering over 50 per cent complete.

The overland transmission route is more robust and reliable. The transmission voltage is optimized to reduce line losses, Mr. Speaker. The Muskrat Falls powerhouse has reoriented to maximize the energy output. I remember seeing that, where they changed the angle and being amazed by the fact that something so simple could again increase the amount of energy.

The Muskrat Falls excavation and concrete quantities increased. The total project person hours increased, and that is very important. That means people working, making money, putting money into the economy, and a significant part of the money going into rural Newfoundland and Labrador.

**SOME HON. MEMBERS:** Hear, hear!

**MR. KENNEDY:** Let's look at the cost estimation chart. The HVdc transmission increased by \$481 million, that is where you get Decision Gate 3; the Muskrat Falls structures increased by \$267 million; the engineering and project management by \$166 million; site services by \$121 million; HVac transmission \$90 million; others, conversions, Strait of Belle Isle, Muskrat Falls site, by \$192 million. Then you bring into a 2010-2012 adjustment, because we are talking in 2012 dollars, \$176 million; contingency and escalation of \$730 million; and switchyards.

What did Nalcor do after Decision Gate 3? They have identified the cost, and a significant part of the increased costs are the transmission lines. The transmission lines are very important, because – again, I will make sure that someone has a picture to show what they projected, this does not do much. There was a smaller size tower looked at, and then they increased the size of the tower. There is a chart which shows the two of them side by side. So now you have to have land, but before you can get to the land you have to have money to build the project.

Bills 60 and 61, the day after sanction – we did not wait, the day after sanction. I can tell you, we did not put sanction off for the last week because we wanted to say, well, we will force them now to give into us on Christmas Eve. That is not it at all. That is not it at all, Mr. Speaker.

We had to work everything out. We worked out the federal loan guarantee. Then Nalcor and Emera had to work out the sanction agreement, and the sanction agreement has been released. The federal loan guarantee has been released. We have put it all out there. No, I cannot say I am hurt by these accusations of not being open and transparent, but we are certainly trying. We are trying. We are putting all the information – I can hardly lift all the reports that we put out there in the last month or two.

What we are doing is that when you look at, okay, you have to have a project; you have gone from Decision Gate 2 to Decision Gate 3. These are why the costs have increased. There is a logical and rationale explanation for the increase in costs. Now we are finalizing the loan guarantee. We are going to make our decision on sanction. Once we make our decision on sanction we will bring in the two pieces of legislation that are required to finalize and get the project going. That is why all of this ties together so well.

When you look at the estimate and the confidence, no one is going to say: well, there is no guarantee of absolutely no overrun. Is it fair that people question overruns? I have watched what has happened with Vale Inco. I have watched what has happened with Hebron. It certainly is a reality but I can guarantee you, I would be surprised if the work of any of these projects we have seen, that has gone into here, from that line to the Strait of Belle Isle with the transmission structure.

Then, Mr. Speaker, they say: What about all of these other reports? What have you done there? We send out reports on rates. That is a bit dicey or chancy on our part because we are trying to predict the future. Again, we have confidence in Newfoundland and Labrador Hydro's ability to do that which they have been doing for many years, and that is to predict the provincial load forecast. The load forecast is out there.

Then we get our large wind. Not a go. Then we get our natural gas. We went and hired people who look at the natural gas. We look at all of the options. Let's get to, as we start to move towards our decision on sanction and we start to move on these last two pieces of legislation. These are the things that have to be done before we get to where we are today.

Let's look at the – we have our picture here now, Mr. Speaker. We have our picture with the cumulative present worth. The cumulative present worth looks at the cost of the projects over a period of time. What is interesting when you compare Muskrat Falls to the Isolated Island or Holyrood is that Muskrat Falls has that significant capital outlay upfront. You have to build your generating station. You have to build your transmission line; whereas, the difference with Holyrood would be your operating cost and the cost of oil over that period.

Muskrat Falls would look at an \$8.4 billion CPW. Isolated Island would be at \$10.8 billion or \$2.4 billion more expensive. NLG, or natural gas, Mr. Speaker, would range, depending on how you translate the cost from \$10.7 billion to \$11.2 billion. The natural gas option – I am glad we did that. It were very interesting, and something, Mr. Speaker, that certainly gave us a better understanding of our resources.

Make no mistake, natural gas, that eleven trillion cubic feet that we have discovered today versus the sixty trillion cubic feet which is undiscovered, that will be all be developed when the time is right. There is a natural cycle of things. The oil companies, when the time is right, will develop that gas and we will make money.

I was a bit surprised to be quite honest with you; the liquefied natural gas was a bit lower than what I thought it would be in terms of the importation of gas. The wind was more expensive than I thought it would be. Wind with thermal would have been \$11.9 billion.

The pipeline – I was not surprised, actually, at the cost of the pipeline. I expected the pipeline to be expensive because you are building a pipeline that is 350 to 600 kilometres from the Grand Banks where there will have to be significant trenching, the icebergs, it is unproven, and there can be no comparison, for example, from the pipeline built in Norway to England which is a very significant length but they do not have that harsh environment. The scouring and the trenching required to make this pipeline a reality, even if it could happen, was one that I was not surprised but again the cost of that was up around \$12.8 billion to \$15 billion, whether or not you used it on a FPSO or on a standalone.

The wind with battery was twice as expensive as Muskrat Falls. Now we have another piece of our puzzle and this is the Muskrat Falls puzzle that starts at about 1965 when the former Premier Smallwood first starts talking about the Anglo-Saxon route. It is interesting reading, when you look at how upset he was with Premier Lesage. We think that things get rough or we are harsh here today in this House, you should hear or read some of the comments that went back and forth between two Premiers in public in the 1960s.

That is when it started. So the puzzle starts, then we get all the court action. We get Newfoundland and Labrador being stymied time and time again by Quebec. We move forward. We have other Premiers trying things. We get to November 2010. The puzzle is now starting to take shape. Maybe I should call it a painting, a painting of our future, because the puzzle is being solved and now the painting is taking place. In that painting now we are seeing November 2010, Muskrat Falls with a link, with a truly regional, national project. Then we get to 2011, the Prime Minister and by the way, not just the Prime Minister, the other national leaders – the late Jack Layton and –

**AN HON. MEMBER:** Mulcair.

**MR. KENNEDY:** Yes, I am going to get to Mulcair in a second. First it was the late Jack Layton and then Mr. Ignatieff, all supported Muskrat Falls. Then Mr. Mulcair supported Muskrat Falls. So now you start to put that piece in your painting, Mr. Speaker.

Now we have the loan guarantee, but we have a commitment. Commitments, though, are only as good as the paper they are written on. We want signed documents. That is one thing we have learned in this Province and look to the sanction document, this agreement is governed by the laws of Newfoundland and Labrador because if that is one clause –

**SOME HON. MEMBERS:** Hear, hear!

**MR. KENNEDY:** If that one clause had been in the 1969 contract, we would have won in court. If you were to look at what the Supreme Court of Canada has said, you cannot interfere with a contract governed by the laws of

Quebec. That is why something as simple as that, I remember us having the conversation up in the former Premier's office and everyone adamant that clause has to go in there.

In any event, we come forward, we get into the 1990s, more attempts to develop it, and it is not working. In 2010, Nalcor now has Decision Gate 2 numbers, of which they took great criticism. Then we go to the PUB. What the painting here now – you take the PUB and you get some whiteout because that is the assistance that the PUB offered us. You paint it in and then you realize you made a mistake and you take that out. You have your wind, you have your natural gas reports, you have your CPW, and you have your Decision Gate 3 numbers. How are we going to finish? Where else do we have to go to finish the painting?

At that point there is sensitivity analysis, there are reports, but there are still issues raised that we have to address, issues that the people of this Province or the Opposition Parties brought forward. We looked at: Why can't we wait until 2041? We outlined the problems there. Basically we will benefit in 2041, although we do not know the extent of that benefit. That is simply as a result of the corporate structure of CF(L)Co owned I think it is 65 per cent by the Province, or Newfoundland and Labrador Hydro and 30 per cent, 35 per cent by Hydro-Quebec. No question, we are going to benefit.

Then a legitimate question: Why don't you develop Gull Island? We outlined: Look, we would love to develop Gull Island, but the question of timing is always there. Even though we have these mining companies as we have talked about in the last two days, these mining companies that want to develop in Labrador. Before we get to the stage of doing everything else, we need to ensure signed contracts. We cannot build Gull Island and have all of this power. Muskrat Falls, whatever way you may say the sands have shifted, Muskrat Falls has always been about providing domestic power to our Province to ensure continued economic growth and prosperity.

**SOME HON. MEMBERS:** Hear, hear!

**MR. KENNEDY:** Gull Island, yes, hopefully the day – and 2041 in utility terms is not that far away. I read somewhere – again I have been reading a lot throughout this file, but I think that 20 per cent of the power in Quebec is coming from Upper Churchill or significant amounts that could light the city of Montreal. They are going to have to talk to us at some point.

Then there were other legitimate issues raised. Some of it, I quite frankly cannot believe that people would think that these issues have not been explored. Mr. Speaker, 92A, the ability to recall power, the Constitution was amended as a result of disputes that had gone back to the 1960s in terms of a national energy policy and who governed the resources in each Province. So, 92A allowed the provinces to control their electrical generation facilities.

I will give the Liberal government its due. I said to the Member for Burgeo – La Poile at one point: Ask your father. Your father was the Minister of Justice. He looked at this issue. My colleague, the now Minister of Finance, looked at the issue. We explored the issue. Everyone looked at it. We got to the point where we retained superior legal intellects.

I can tell you, men who I sat in a room with and was very humbled to even sit there, like retired Supreme Court of Canada Justice Gerard La Forest and a retired Court of Appeal justice, what we looked at was: Can we recall this power constitutionally? Yes, maybe, it is a good argument that you can recall the power. Then when we go to Quebec, the contract is governed by the law of Quebec. The only way to set aside the contract or to recall power would be on a force majeure or an act of God. It would not be an act of God that the Province needed power, because that is something that should have been foreseen in 1969.

I can tell you in a heartbeat while I was Minister of Justice, I would have loved nothing better than to come into this House of Assembly and recall 1,000 megawatts of power from the Upper Churchill. You also have to temper nationalism and temper anger, even the desire to seek revenge you have to temper that with common sense and practicality. At the end of the day, it was not practical.

Good faith was raised as an issue and that is one hopefully I will have a chance to talk about, or one of my colleagues, the former Ministers of Justice or the present Minister of Justice, will have an opportunity to talk about that. Then they said: Well, what about going through Quebec? You have not tried enough. We outlined in that same paper the regulatory actions, trying to go through the Régie, what Nalcor has done, and Newfoundland and Labrador Hydro, and how they have been blocked again.

You have the Open Access Transmission Tariff. You have the FERC, Federal Energy Regulatory Commission, in the United States where all companies who trade in the United States are supposed to be bound by these regulatory regimes; however, in Quebec, even though they say they signed onto it, we have tried and we are still in Quebec in court in trying to deal with that.

The one that was the iffiest but one I felt, Mr. Speaker, we had to do to continue painting this picture as we are getting there was the electricity rates.

**AN HON. MEMBER:** Tapestry.

**MR. KENNEDY:** Tapestry.

We have to let the people of this Province know: this is where we see your rates going. We felt that we owed it, as leaders, to say to our seniors: look, your rates are going up anyway. This is what we are telling you, how it is going to happen. This is why it is going to happen, to say to our single mothers, to say to everyone in this Province: do not be scared. Whether or not everyone has read it, all we can do is outline.

In history – some of these documents, we are not projecting; we are looking at 2000-2011. Again, I come back to the significant increase that took place between 2000 and 2011, and I am not sure if any of us noticed. So, 2011, 2016 – nothing to do with Muskrat Falls. Even if the bottom was to fall out of the world and oil was to go down to \$50 a barrel, Muskrat Falls is still cheaper.

You have clean, green, renewable energy, or you continue to burn dirty oil at Holyrood. To me, it is a no-brainer. The decision is one – once you start to put all of the pieces together, whether it is your puzzle, your painting, or your tapestry, whether you put puzzles together or you sew – is it a tapestry you sew, or you paint?

In any event, Mr. Speaker, we are now moving forward. We go to the oil companies and say: help us out here. Where is oil going in the next decade? I agree with the Opposition House Leader, who said tonight that based on the best predictions – and we have looked at PIRA, we have looked at Wood Mackenzie, we have looked at GGL, we have looked at Schwartz, we have looked at the US Energy Administration, we have looked at the international predictions, Mr. Speaker. Everyone is saying that oil will stay around \$100 a barrel in the next decade.

In one way we would like it to go higher, but we are not seeing that connection between when the price of oil goes up and down – again, the Member for St. John's East can certainly speak to this; we are not seeing the price of gasoline benefiting by the price of oil going up and down. So, if it stays at \$100, that gives a significant preference for Muskrat Falls.

We obtain those issues. We then went to Labrador. We said here are the economic benefits; here are the projects that are in that are potentially going to be developed up there. It is an exciting time, but as I spoke to earlier tonight – again, I am sure that my colleague, the Minister of Finance, was making notes, Mr. Speaker, on the issues that he is going to speak about; I was going to talk a little bit about the effect of China, growth in China, and also right now the decrease in growth in China on the world economy.

Can you imagine places like Spain and Greece, with 25 per cent unemployment rate – and our argument in this country: are we going to bring in temporary foreign workers? That is the situation, how the world has changed around and we are in a situation where sometimes it is easy to look at the negative.

Sometimes I wonder: is it part of our nature – when you live on a rock for 500 years in the middle of nowhere and you have to eke a living out of a harsh environment and you live on a sea that is not very nice to you at times – is it



a way that, one, we make up for with humour and being able to laugh at ourselves and have a great sense of humour, but two, we are cynical or negative? What is it like out today? Not good, boy. The sun is shining; it will rain tomorrow. That is basically – is that part of our temperament? I do not know, but we have every reason to be positive in this Province. We are watching what is taking place around us.

We have to make it happen, because no one else is going to make it happen for us, and I can guarantee you there is one group –

**SOME HON. MEMBERS:** Hear, hear!

**MR. KENNEDY:** – that is not going to make it happen for us, and that is Quebec. I would love to see the dance that went on in Quebec yesterday among some of their legislators when this sanction took place and we had a Government of Canada –

**SOME HON. MEMBERS:** Hear, hear!

**MR. KENNEDY:** – which gave us a federal loan guarantee.

You know something? If they were smart – which they are – they would be saying: now we can take advantage of this, too; let us build a transmission line across Quebec. That is a regional project. That is of national importance. Let us help develop Gull Island. We now have Newfoundland and Quebec, and when we put aside our differences – on the right terms, obviously; to develop that project, to get another loan guarantee, that is where they should be going, a piece of advice if they are listening – which they are not, I am sure.

Now, I am starting to run out of time again, Mr. Speaker, and I am going to lose my voice. I do want to talk – there are three issues that I have left to talk about. I am going to talk a little bit about the federal loan guarantee, but before I get to that, there have been some doubts expressed, and reasonably enough. There is no one here – look, I have not, other than my earlier speech, I was a little bit harsh at times; the issues that have been raised have been valid, but you are questioning the revenues that are going to come from this project. The Premier and the Minister of Finance have outlined \$20 billion in revenues over the life of the project, but let me just put that in a little bit more practical terms.

By 2020, this project – again, we all have to pay for electricity. There is no question about that. Muskrat Falls will provide the lowest rates. By 2020, based on 40 per cent of the power, there will be a \$134 million dividend available to this Province in 2020.

**AN HON. MEMBER:** How much?

**MR. KENNEDY:** One hundred and thirty-four million.

By 2025 that dividend will rise to \$198 million. That is after everything is paid, by the way. That is after all of the costs are paid. That is after we pay the capital operating financial costs.

Get a load of this: by 2035, that is \$326 million a year. That is money that is coming into the Province; we are providing stable rates to our people by now. Eventually – and it rises significantly. It is more difficult; I have a little bit more concern when we get to 2050. The reason there will be so much revenues, Mr. Speaker, is the project will be paid off. It will be pure profit. This project can be paid off, I think it is estimated, as early as thirty years.

Now we have that 40 per cent of the power that will be going to either the spot markets or to Labrador industrial mining. Let us look at 2041, because that is a number – 2041, I do not expect to be around. In 2041, we will receive revenues of \$407 million from Churchill Falls. We are going to get back the Upper Churchill; we know we are going to get something for that.

Hebron and Hibernia will be at their end, so isn't this just a beautiful transition? They say we do not have a plan. That seems to me to be a plan. What do you say, Minister? That is a plan.

**SOME HON. MEMBERS:** Hear, hear!

**MR. KENNEDY:** There has been criticism of our equity investment, but we are lucky that we have money to be able to invest. We have not borrowed in this Province in a number of years. You invest in your future, that is the way I see what we are doing here, Premier, with Muskrat Falls. We are investing in the future. We are going to get a return on that investment because that return is –

**AN HON. MEMBER:** (Inaudible).

**MR. KENNEDY:** Oh, yes. What we are doing is we are investing in the future. The money we put in now, future governments and future people will get back.

Mr. Speaker, pursuant to Standing Order 43(1), dealing with the previous question, I move, seconded by the Minister of Justice, that the question be now put.

**MR. SPEAKER (Wiseman):** The motion is that according to Standing Order 43 the question is now put, which means that we will continue the debate on Bill 60 without allowing any further amendments to Bill 60. All members in the House who wish to speak will speak. Once they have gone then the vote will be called.

The hon. the Minister of Natural Resources speaking now to the Standing Order 43 motion that the question be put.

**SOME HON. MEMBERS:** Hear, hear!

**MR. KENNEDY:** Thank you very much, Mr. Speaker.

I want to speak to three specific issues raised by the Leader of the Opposition – all of which are legitimate issues, Mr. Speaker, but I want to talk a little bit about the federal loan guarantee and the conditions of the federal loan guarantee.

When you look at the issue of the loan guarantee, some of the clauses in the document are standard commercial clauses. Nalcor not being an agent of the Crown – that is an issue that is in the previous legislation. That is an important issue, Mr. Speaker, because it is ring-fenced in Nalcor not affecting the government or other assets of our government. The creation of subsidiaries for borrowing – issues like subrogation.

The financial close – which is obviously a significant issue, but from what I understand and I do not know if the Leader of the Opposition will concede this, there is not going to be any real difficulty; I think he knows that we are obtaining the financing. The financial close is not going to be the most significant issue here. The guaranteed debt being specific for each project; the length and term – which, by the way, is important that we got the length and term of the loan guarantee that we were looking for.

So, the important issue becomes that of the conditions precedent. We have to look at the conditions precedent that is outlined in the federal loan guarantee, Mr. Speaker. We have to determine: Well, can these conditions precedent be met, and how much difficulty do they cause? Some of them are standard in major project financings, I understand. They are reasonable and most of them are easily satisfied.

The issue that we are dealing with in Bill 61, that being of the financing structure, is outlined in schedule A, as I indicated earlier today. We make no apologies for this as a government. In order to obtain a billion dollars for the people of this Province, we have to ensure that the financing structure is in place which guarantees the revenue stream.

We have certain other clauses in there. There is a list A and list B. List A, Mr. Speaker, are the ones that have to be met that require some work. List B are commercially standard clauses, from what I am told. I am going to actually take the loan guarantee out for this, because this is an important one that people must understand and as much as we have said it, what 3.5(vii) states is sanction of all projects, including the Maritime Link. That has been done. So, the federal loan guarantee applies.

So, from our perspective, that is the key issue. The other conditions precedent, the two that are required by Emera, Mr. Speaker, one has to be completed by March 31 and one by May 31, prior to any regulatory decision in their Province. The environmental legal and policy authorities are ones that we have to deal with in any event, Mr. Speaker. They will always be there. You cannot prevent people from going to court, but by them going to court does not make it a valid court action, and that is where I think we are on that.

The federal loan guarantee is now in place. Our painting, our tapestry, our puzzle, is now becoming complete. We get to the issue then of the sanction. Sanction becomes an important issue because I heard critics last week argue: Well, how can the Province of Newfoundland and Labrador sanction an agreement when you will be dependent on Emera? How can you spend money continuing to develop Muskrat Falls when Emera will hold you hostage when what takes place in another province – for anyone to think that we have not paid attention to the lessons of the Upper Churchill, it is to do us a disservice. I remember clearly. I think the best description of this could be in Philip Smith's book, although there is an article by two university professors, the historian –

**AN HON. MEMBER:** Jason Churchill.

**MR. KENNEDY:** No, not Churchill's article. The economists, Feehan and Baker, where they talked in some detail – and by the way, we looked at that legal action also that they had suggested that there in fact had been duress in terms of signing the agreement. We looked at that and we found a lot of documents that these individuals would not have been able to access because one of the benefits of the legal action in Quebec is that we have been able to access Quebec documents.

I have to tell you some of the documents written by René Lévesque, their then Minister of Natural Resources, are quite insightful in terms of a man and a Quebec government who had a plan. That plan was described under the hydro nationalism. They saw hydro in the 1960s as their way to a prosperous future. Whether their future or their present is as prosperous as they would like it to be, hydro has certainly contributed to it.

We then get to the description of what took place. CF(L)Co had a letter of agreement. They continued to spend money. They spent money to the point where, without a contract signed, they were almost bankrupt. It is at that point that the renewal clause was inserted and that is why in 2017 that \$2.50 power which Quebec was paying for, for forty years or fifty years will now go down to \$2 a megawatt hour. We were cognizant of that. If anyone thought we were spending money up in Muskrat Falls beyond that which has been spent to date, without that federal loan guarantee, they had another thing coming.

We were aware of that and the Premier had indicated it clearly. So, it is now to the point where it is has to be sanctioned. We are still saying there is a little bit left to do. How do we make sure that we have the loan guarantee? What the sanction agreement, which has been publicly released, states, "Nalcor and Emera now wish to Sanction the Maritime Link, and Nalcor wishes to sanction" their assets "and the Parties wish to set out certain critical terms and conditions... NOW THEREFORE this Sanction Agreement witnesses that in consideration of the mutual covenants and agreements hereinafter contained the Parties, intending to be legally bound, agree as follows".

Nova Scotia – I appreciate where they are coming from. They are going to go through a regulatory board decision. They only have Decision Gate 2 costs; they have to ensure that their project is the lowest cost.

It is interesting in an interview that was given at the same time by Chris Huskison, the CEO of Emera; he was asked a number of questions. He says he is very confident that the Maritime Link is the lowest-cost option, but let us look at what they are comparing it to. We have power from the east is the way he described it, being Muskrat Falls or Newfoundland and Labrador power. We have power from the north, being New Brunswick or Quebec. We have power from within, being wind. I think it was wind was the most likely but there was also a reference to gas.

He goes on to say: We are committed to this project. There is no doubt – and again anyone who was present when the Prime Minister spoke in Happy Valley-Goose Bay, the Prime Minister indicated at that time that he had been assured by an NDP Premier of Nova Scotia and by Emera that they would proceed with the project.

We are now trying to make sure that everything is closed off. Mr. Speaker, we want the Maritime Link to be built. Make no mistake, the loan guarantee applies now, which is the key for us in terms of getting Muskrat Falls built, supplying the energy needs of the people of the Island and also ensuring that there is energy available for Labrador.

Section 2, Sanction of the Maritime Link, "Nalcor and Emera agree to Sanction the Maritime Link simultaneously... (b) Upon Sanction, each of Nalcor and Emera is committed to cause the Maritime Link to be completed and Commissioned, as contemplated by and in accordance with the terms" of the agreement. What we have is we have commitment to the Maritime Link.

There are various things I will go through later on in terms of true up adjustments, return on equity, the importance of the independent expert if there is a dispute, the URAB decision, what happens with various configurations of that. What we have now is a commercial arrangement which essentially says no matter what the regulatory board decides, we are going to build a link. In fact, they go further – and I have to see if I can find this here – there is reference to a new Maritime Link, and five years after, any board decision can make that.

Now we have sanction. We have everything else I talked about in that painting or tapestry. We come to these last two pieces – I am sorry, Mr. Speaker, it has taken me a while to get to where I have to be here, but it is important that we outline all of this. We have talked about the financing structure and why we are directing the PUB, like we directed the PUB last week in terms of the generation component of the Labrador industrial rates and now why we need the expropriation powers.

This legislation will establish an expropriation protocol through regulations which the provincial government will adhere to and will allow Nalcor and Emera to pledge the easement and security of the financial lender. Again, we need this piece done – so, we need Bill 60 and 61 to now get to the point where this picture –

**PREMIER DUNDERDALE:** (Inaudible) picture.

**MR. KENNEDY:** Yes, it is looking pretty good, Premier. It is looking pretty good by now.

Having this legislation in place will support the finance raising process and signal to financial lenders that the provincial government is supportive of Muskrat Falls, and the Premier did commit way back when in a letter that we would do what we had to do in terms of the financing terms.

Mr. Speaker, we have banks out there – I am not going to say that they are falling over us, but they are very interested. We know that we have banks like – and I will not get into specific banks at present, but there are certain issues that will have to be discussed at another time.

The legislation is another step towards the development of Muskrat Falls. The proposed legislation will give us the expropriation power in relation to the Muskrat Falls Project, which is defined in the legislation. The expropriation power assigned to government will include the power, as I indicated earlier, to issue notices of expropriation, monitor and execute the expropriation process. The legislation will establish an expropriation protocol.

Government, government, government, not Emera, will approve the expropriation of land required for the Maritime Link as per the expropriation protocol.

**PREMIER DUNDERDALE:** (Inaudible).

**MR. KENNEDY:** Yes, and that is on a news release sent out earlier today with that kind of stuff.

Mr. Speaker, with respect to permitting, the legislation will approve the use of the land by Nalcor and Emera for the purposes of the project with no requirement for public consultation, other than may be required under the duty to consult – again, as required. This is something that is done all the time. We build roads – if you are going to see progress, well, sometimes there has to be an imposition, hopefully as least intrusive as possible on property owners to ensure that which will benefit everyone is constructed.

So again, I stress that the legislation will support the creation of an independent panel of arbitrators with the authority to determine compensation – not us. It is going to be an independent panel who will determine compensation. Fair principles will apply, and we will work together, Mr. Speaker, because obviously we will work together here to achieve fair compensation packages. Also, you are not going to hit the lottery here either. Fair compensation means exactly that.

Many years of study have been undertaken to ensure that the Muskrat Falls Project is developed in a way that is both environmentally and – I have not even had a chance to talk about the environment. I am assuming that either the current minister – and living in Harbour Main, there is probably no one in a better position to talk about the environmental benefits of Holyrood than our current Minister of Environment.

**SOME HON. MEMBERS:** Hear, hear!

**MR. KENNEDY:** I am sure that our Minister of Child, Youth and Family Services may remind the Leader of the Opposition of some of her comments in the past, and hopefully she will be able to account for why she would have had such a change of stance over a period of time.

So, we studied this project. It has been studied for many years. It has been studied back to 1965. At some point – and it was interesting as the Opposition House Leader talked last week about the attempts in the past to sell Labrador. I found some more detail about that that is actually quite interesting.

When you look that in 1932-1933, we could not govern ourselves. Mr. Speaker, we had people appointed to run a government for our people. It is fascinating reading as we lead up to 1949. There are times I have questioned: Was the right decision made? No one likes to go from being a country to a province, but, Mr. Speaker, I think everyone in this House, even though we are Newfoundlanders and Labradorians, we are also very proud to be part of this great country that we call Canada.

**SOME HON. MEMBERS:** Hear, hear!

**MR. KENNEDY:** Having said that – and I mean this and I think I speak for the Premier – we are willing to sit down with Quebec at any time and discuss. That is important that people realize that we are willing to sit down and talk to them at any time about –

**PREMIER DUNDERDALE:** A fair deal.

**MR. KENNEDY:** A fair deal – one that benefits both people.

**SOME HON. MEMBERS:** Hear, hear!

**MR. KENNEDY:** So, the legislation has to be in place prior to the raising of the monies in 2013. There is nothing, as I have indicated, untoward about what we are doing here. Everything has come together. The timing has been right. The Premier indicated we were going to sanction before Christmas and I guess we did that yesterday, didn't we?

**SOME HON. MEMBERS:** Hear, hear!

**MR. KENNEDY:** These two pieces of legislation now start to complete the picture and we are ready to proceed. When Mr. Martin was asked yesterday: How quick do you think you will proceed? I thought he said fifteen minutes ago, but I am hoping he waited at least until the Premier signed the sanction document.

Mr. Speaker, we are here and we are going to have a discussion. I have no doubt – I have watched the Opposition in the past. We have gone through this in the spring session. There is no bluffing. No one expects any bluffing on the other side when they said we are going to go through this and we are going to go through it in detail, and that is fair enough. Do you know something? Maybe that is the right way to end what has been an odyssey for the last two years. Maybe with the extent of public scrutiny, maybe with the extent of the debate that has taken place in this House that is a good way to go.



I would simply ask, and I just throw this out for a challenge: Show us what is wrong with the deal, as opposed to talking about going back to the PUB. That ship has sailed; we have made it clear. What we are doing here now, though, is we are recognizing the important role of the regulatory body. We are simply doing that which has been done in the past. We are doing that which the legislation allows us to do. We are directing, not exempting. We are not taking peoples land willy-nilly. We are saying: There is a fair process that is going to be put in place. There will be an independent panel. What we want to do here: Show us how to improve these pieces of legislation.

All I hear is go back to the PUB. Well, we are going ahead. This project is sanctioned. If you have some good suggestions in terms of – the Opposition House Leader raised an amendment yesterday. Although I did not agree with the content or principle behind the amendment, it was not one that I disagreed with. It was a good discussion, it was one that was very important, and she raised a valid point. So that is the kind of discussion that we need here and that is the kind of discussion that I am hoping for.

We also have the environmental assessment process ongoing. Again, I am sure that my colleague, the Minister of Environment or the Minister of Transportation and Works, one of my colleagues, will speak to that.

The exact route –and this is important when you ask us how many houses are going to be interfered with or expropriated. At this point, the exact route is not known. I know there was some reference earlier today to some houses, but my understanding is that the number of family residences will certainly be kept to a minimum and the issues of statutory easements will be worked out.

If a homeowner's property is expropriated, or if it is a family home or primary residence, and if an agreement cannot be reached with the homeowners, then the Family Homes Expropriation Act will continue to apply. A decision of the independent panel of arbitrators can be appealed, as set out in the legislation. Then under the Family Homes Expropriation Act, it is the Trial Division. Again, we are protecting the panoply of people's rights and we are ensuring people have the opportunity to put forward their case.

Mr. Speaker, I am going to conclude what has been a fairly long night of talking. I am now going to look at that picture. The only thing I wish I had here now was a picture of Muskrat Falls that I could hold up for the people of this Province and show you that this picture is not simply something we rushed into and painted in a day. This picture was painted and put together over a period of time with a lot of thought, a lot of creativity, and a lot of ingenuity and determination, Mr. Speaker –

**SOME HON. MEMBERS:** Hear, hear!

**MR. KENNEDY:** – characteristics of the people of our Province, which we hold dearly.

Mr. Speaker, we also have to take somewhat of a chance. Sometimes there is a leap in faith. We have reduced that leap in faith with a strong belief in our own people, in our Premier, and in our ability to make the right decision. This is the right decision.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The Opposition House Leader.

**MS JONES:** Thank you, Mr. Speaker.

Now that the fanfare is over, we will start talking about some of the other things. Mr. Speaker, first of all I want to say to the minister: You do not need to hold a picture of Muskrat Falls up for me, nor do you need to for anyone else in Labrador. We have lived next to that river our whole lives and we are going to see the picture of that river being altered tremendously over the next few years. That is what is going to happen on our doorstep.

We are going to see hundreds of hectares of wood being cut. We are going to see lands being flooded. We are going to see lands having transmission lines tread across them, but we are not seeing any benefits for the people of

Labrador. Mr. Speaker, we do not need a picture. We can paint our own picture today and we can photograph that and make a comparison in a few years from now.

Mr. Speaker, I am going to talk a little bit about what we are debating here right now and what we are debating is section 43 of the Standing Orders. I sat back and I watched the news tonight and I watched the Minister of Natural Resources on the 6:00 o'clock news saying that they would not be bringing in any closure on this bill. He comes into the House of Assembly tonight, he stands in his place twice, not once, but twice, and moves amendments that will invoke closure on this bill in second reading.

That is what the minister did. The same minister that you all just stood up and give the grand applause to was on the news tonight saying he was not going to do this, only a few hours ago. He moved two motions since then – two motions to shut down debate on Bill 60 and Bill 61 in second reading, Mr. Speaker. That is what he did. Then we are supposed to sit here and take everything that comes out of there as gospel – that is what we are supposed to do. Honest to God, you cannot even believe what they tell you on the news two hours ago – you cannot even believe that, Mr. Speaker.

What we are doing now, in essence, is we are debating Standing Order 43 in connection to Bill 60. What Bill 60 is, Mr. Speaker, from what we can understand in the few hours that we have had this bill, this bill that is forty pages long, this bill that is attached to fifteen other statutes of the House of Assembly, what we can gather so far is that it might not be too bad of a bill. How would you know if you never get an opportunity to sit down and read it, connect the dots, and understand what it does?

Mr. Speaker, we are here tonight, at midnight, debating a bill on expropriating lands in order to have a transmission corridor for the Muskrat Falls Project, without ever having the opportunity to have read the bill. Now that is what we are doing, Mr. Speaker. This government is saying: trust us. We could not trust them from 6:00 this evening from the caucus room to get in here at midnight, Mr. Speaker. They are telling us to trust them. They told us to trust them on Abitibi. What happened? We trusted them. I specifically asked one question: Are we expropriating the mill? Oh, no, no, no, not expropriating the mill. What did we do? We expropriated the mill.

Mr. Speaker, on this bill that we are debating, Bill 60, which is the expropriation of Crown lands, we understand what it means. We have municipalities in this Province that are taking easements on land every day. They are only talking about taking something like 160 or a couple of hundred easements or expropriations. The City of St. John's probably does 1,000 of them in a year.

How do we know that this is not a good bill or it is a good bill? We have not had the opportunity, Mr. Speaker, to even look at it, to even sit down and have a good read through it. It is not an amendment to an existing act. It is a completely new act. I have been in this House long enough to know, Mr. Speaker, that when you are dealing with amendments, it is quite different than when you are dealing with a complete new act, and that is what we are dealing with here.

We know, Mr. Speaker, that there are going to be a 1,100-kilometre corridor that is going to have to be built, a transmission line. We know that corridor has got to be sixty metres wide. We know that there is going to be some areas where that corridor is going to pass through where there is private property. A lot of it is going to be over Crown lands. Lands that are owned by the Province and where there is no lease, but there is some that is owned by the Crown where there is lease. There is some that is owned by private individuals. All of that has to be looked at.

We know that there are people in Sunnyside who will have their houses taken as a part of this easement. We know they are going to be compensated. I would hope, Mr. Speaker, that they will be compensated fairly because that is the appropriate thing to do.

Mr. Speaker, having said all of that, and although we understand what is contained in the bill, we understand how the expropriation is going to work under section 12. We know what the process is for the proponent. We know that Emera, if they want land, will go to the Province and say expropriate this piece of land for us and give it to us because we need it. We know that Nalcor will do the same thing. Those things are pretty clear. We also know that they will not pay any municipal taxes. We know that Emera, even though they are a Nova Scotia company, they are

coming in here, they are publicly traded, they are going to own lands and property, they are going to build transmission in the Province. We know they are not going to have to pay any taxes. Under this bill, they are exempt from those taxes. They do not have to pay any of those fees.

All of that stuff we can see and look at and read. The problem that we have with this, Mr. Speaker, is there are fifteen other statutes of the House that are connected to it, and I challenge any member over there to tell me what the fifteen are and if they read them and connected the dots in the last not even twenty-four hours, Mr. Speaker, that we have had to look at this. I sincerely doubt it, Mr. Speaker.

The other thing that we know about the bill is that it is necessary in order for the government to complete the financial components of the Muskrat Falls Project. That is the reason for it. We know that even though the project has been sanctioned, Mr. Speaker, they need those bills. They need those bills because they need to give certainty to the financiers, when they go to borrow money, that if their assets are seized that they have clear title to those assets and in order to have that, they need to expropriate the property or hopefully, in some cases, just do regular easements which can be done at the consent of both parties.

Mr. Speaker, if we had the time, we could go through this bill. We could be much more educated with regard to what it does. We could feel much more confident that what we would be supporting or passing in the House is going to be in the best interest of those people who are affected.

Government did not want to do that. They have had months to bring forward this legislation. They have had since the House opened on the eighteenth or nineteenth of November and they have not done so. In fact, Mr. Speaker, they spent more energy going around speaking at all different events trying to promote the project than they spent on putting the details in place to gain the access to the pieces of legislation that they require to make it work. That was quite evident, Mr. Speaker, and the reason that we are here tonight at midnight, just a few days before Christmas, doing all of these things.

When the minister spoke, he talked about expertise. He said: We are not afraid to have our work tested. Mr. Speaker, I challenge that statement, and I will tell you why. Because they would not have anything they did under Muskrat Falls tested when it came to the public of this Province. They would not have it tested through the Public Utilities Board. They would not have it tested in this House of Assembly in any kind of a debate. They would not have it tested in the public in which witnesses could be called for debate.

Now, Mr. Speaker, they will not have it tested through the other pieces of legislation that they are putting on the floor of the House because they are bringing in closure to close down the bills in second reading. That is exactly what is happening, Mr. Speaker. If you really wanted to have all of this tested, you would not be afraid to put it out there. What we are seeing is definitely a group that is afraid to do just that.

The other thing, Mr. Speaker, is that the bill talks about the impacts and the piece with regard to Aboriginal groups. I am going to speak to that for a few minutes. They make a lot of fanfare out of the fact that the Innu showed up for the party in the foyer yesterday, Mr. Speaker, along with Emera that got \$55 million to come to the party – that was their gift to get here. Mr. Speaker, I will talk about that in just a minute.

They talk about the Innu being there. Of course the Innu are going to be there. They have an agreement; they have a financial agreement on Muskrat Falls. They are going to put money in their pockets from Muskrat Falls – including the Member of Parliament, who happens to be Innu, because their benefit agreement pays out a royalty to every one of the Innu. Those of you who just had the poor face, go read the agreement that you signed with them. Go read the agreement and you will know exactly what I am talking about.

Mr. Speaker, that is why they showed up. I am going to tell you a lot of people in this Province who are going to get a royalty from this project would have showed up too; they would have come to the dance too. In fact, I might have gone for \$55 million that Emera got. Mr. Speaker, let us call it what it really is.

What about all of the other people? What about the people of Nunatsiavut? What about those people? What about the president today who had to again issue another press release outlining their concerns with Muskrat Falls

because the government was making fanfare out of the fact that one of their members showed up who had an invitation? The president today had to go out and try and clear it up, Mr. Speaker, because the government threw it all out of proportion in their desperation to fill the foyer.

They have concerns, legitimate environmental concerns with regard to this project. Whether you are for it or whether you are against it, you should be at least open to hear what people have to say and to deal with their concerns and try to address them.

What about NunatuKavut, Mr. Speaker? You talk about the Aboriginal piece in Bill 60; you have not even talked to NunatuKavut. You have not sat down at the table with them. They have concerns, they have issues, and, Mr. Speaker, they are putting it forward. Government is just ignoring it. Government is not responding to it.

That is very frustrating. They are using money to fight this in the courts instead of being able to use that money to train people, their members, to go to work on a project like this and give them better opportunities. Instead, they have to go and fight the government to get at the table and put all of their money into legal fees and court cases all over the country to try to achieve what should have legitimately been theirs and given them the opportunity for, Mr. Speaker. Those are the kind of things that are happening with regard to this project.

What about Labrador, Mr. Speaker? Government writes things like they recognize their duty to consult with Aboriginal people. They do not do it. They get up and they talk about benefits for Labrador, but they do not provide any. That is why people are so frustrated. That is why you have people in Muskrat Falls, like we saw on the news today. I know the individual who was in there cutting the hydro pole. I have known him all of my life, in fact. He lives in my district. I know all of his family. You guys have appointed his mother and his sister to a number of boards – the same family.

That is the level of frustration that is existing in Labrador right now. It is from one extreme to the other because people feel that they are being ignored.

I will tell you a story that happened to me, a story yesterday. I tell you, Mr. Speaker, it is unbelievable. Muskrat Falls is in the heartland of Labrador. We always thought that when this deal got done there would be benefits for the people there. I am going to tell you, people in Labrador are kind, generous people. They are sincere, Mr. Speaker.

**SOME HON. MEMBERS:** Hear, hear!

**MS JONES:** I tell you, they do not expect a lot, but they expect to be treated fairly; they always have. They are grateful, Mr. Speaker, and they appreciate what they get.

Do you know something? I left home yesterday morning and I drove over a gravel road – something very few people in this Province have to do today. I drove over a great deal of kilometres of gravel road yesterday, through snow and ice, to get to an airport in Quebec – not in my own district because we do not have one there that I can fly out of – so I could get to the other part of my Province to do the job I do.

On the way I stopped to meet with some parents in my district in the Labrador Straits – parents who came to meet with me because they had nowhere for their children to play minor hockey. Well, we have a big arena down the road. We cannot afford to put the ice in the arena; our light bill is too high. We have to send our kids to Quebec to play minor hockey. I have over forty kids going across the border today to play minor hockey because the people in my district cannot afford to put ice in their arena, because their light bill is too high – \$8,000 a month Nalcor wants for those little children to go and play hockey.

I flew in here, I got out of my car, and I walked into this building, and guess what was going on? The tea party was going on in the foyer. They were eating cake on Muskrat Falls, Mr. Speaker, and the kids in my district were going across the border to play hockey, because we cannot afford the light bill to put the ice in the arena. Now, you tell me where the fairness is in that.

Hang your head in shame is what I would say to the whole lot of you. Hang you head in shame, Mr. Speaker, because the one thing that I have always learned is that if you were going to take something from people, you give something back. The very least that you could have done was ensured that the people in Labrador have affordable power, Mr. Speaker. The very least that you could have done was at least look to see where you could bridge those gaps.

I sent the e-mails to Nalcor yesterday. I sent them the e-mails and said this is ridiculous and these kids need to get in here to play hockey. Guess what? I told them to put the ice in the arena, and it is being done now. We are going to figure out how we are going to pay for it, even if they have to come and take the meters off the place. We will see. Nalcor might have to go up and take the meters off yet, and that will be a great story, won't it?

Well, let me tell you, Mr. Speaker, do you know the response I got back from Nalcor? We will have a look at it in the new year. Yes, Mr. Speaker, they are going to have a look at it in the new year. Well, that is fine and great, but in the meantime, you cannot change the fact that there are shameful inadequacies that are going on. You cannot change that, Mr. Speaker. I do not get angry very often, but I can tell you yesterday when I walked out of that meeting with those parents and after two hours on a plane and walked in here, I was still sizzling. I was never so upset in a very long time as I was to hear the stories from those parents yesterday on the very same day this government was sanctioning a major hydro development project in Labrador. Mr. Speaker, that is what was happening.

There is the history for us. That is the chapter, Mr. Speaker, the people in Labrador are going to remember on the day Muskrat Falls was sanctioned in the foyer of St. John's, not even in the homeland of Muskrat Falls, and not even with the support and the respect being shown to the people of Labrador. That is the frustration we deal with.

Now we come here. We have legislation on the Table. We are not even given the time to read it, along with research it, and we are expected to stand in our place and debate it. Well, I do not do that careless, reckless kind of debate, Mr. Speaker. If that is the way they want to choose to do things, that is fine and dandy –

**MR. SPEAKER:** Order, please!

I remind the member her time has expired.

**MS JONES:** Thank you, Mr. Speaker.

I appreciate the opportunity to speak.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The Leader of the Third Party.

**MS MICHAEL:** Thank you very much, Mr. Speaker.

It has been a long night and a long wait. I am happy to finally be on my feet and be able to have something to say with regard to the bills that have been before us today. Obviously, right now the bill we have in front of us is Bill 60, which is the Muskrat Falls Project Land Use and Expropriation Act. The three bills that we have been dealing with, Bills 53, 61, and 60, are all quite related.

As we were told today in the briefing, both Bills 60 and 61 were considered by the people who were with us, the people from the Department of Finance and Natural Resources, that both bills were financing bills because they were bills to enable the financing of Muskrat Falls. Knowing that, it gives me a lot of latitude in terms of speaking to the issues that Bill 60, Bill 61, and Bill 53 all speak to as they try to put the financing principles in place that will allow Muskrat Falls Project to happen.

I understand the need for these structures. When you read the expropriation bill, I understand what is going on. They are technical bills. Bill 60 is a technical bill. Bill 61 is also a technical bill. They are putting in place the structures that are needed in order for Nalcor to be compliant with the loan guarantee. The structures that are



needed to make sure that Nalcor is going to be able to get financing and the loan guarantee, as I have said earlier today, has quite a number of conditions that have to be met in order for the loan guarantee to happen, and both of these bills deal with that.

Bill 60 is very particular because it has to do with expropriation, but the expropriation is all about expropriation to allow the transmission corridor to move from Muskrat Falls down to the Island and right over to Soldiers Pond.

It is all about getting the transmission line in place and getting the money for the transmission line in place. This legislation is needed to be in place in order for the loan guarantee to finally kick in next fall in 2013.

We understand what has to be done. I understand that if you are going to have a business the size of this business, the way you do it is the way that has been described to us. I understand the whole thing, the need for subsidiaries. I understand the need for the protection of the mother corporation, Nalcor. I understand the need for having the loan broken up into sections with each part, each company, each subsidiary, holding the responsibility for that part of the loan.

We all understand the dynamics, we all understand the technicalities, and that is what these bills are about. I understand the technicalities too of the whole project, obviously. I understand the technicalities of a dam. I understand the technicalities of putting a major project in Labrador. Back in 1997-1999 I was a member of the Voisey's Bay Environmental Assessment Panel and we worked for two solid years on that panel looking at all the aspects of what it meant to put a major development in Labrador.

I am very aware of what it is to put a development like Muskrat Falls, the dam, the generation project, in Labrador. I also understand what it is – and I can feel what is being felt by the Opposition House Leader. I did not live there and was not born there, but I spent a fair bit of time in Labrador and I have sat at the edge of Muskrat Falls and every time I see the picture I say: That is where I sat. I am never going to sit there again and see those falls and see what I saw that wonderful day that I went to see Muskrat Falls. I was with the Environmental Assessment Panel back in 1997-1998. We went there because we knew that talk was already going on about the possibility of putting a dam on Muskrat Falls. We said: Let us go look at Muskrat Falls.

I understand the technicalities of major development. I understand the technicalities of what it does to the land. I understand what it is to cause environmental damage and then to try to remediate environmental damage. There are times in which that is called for and times in which that is valid. I understand all that.

I also understand what is going on in the world today around energy. I understand all the different alternative things that are happening with regard to generation of electricity on this planet. I understand that doing major hydroelectric projects is something that is moving more and more into the past, not into the future as we are doing.

I understand what it is to put a whole Energy Plan in place and to figure out all the pieces that might fit into that Energy Plan to work together, all the pieces that could go together to make an Energy Plan the best for the people who need the energy. I understand a lot about wind energy. I understand a lot about tidal energy. I know what is going on.

When I hear members across this room make reference to the fact that they have never heard any positive coming out on this side of the room, they have never heard any alternatives, I have to say, Mr. Speaker, that the government unfortunately has refused to hear anything that has been presented to them. They rejected major recommendations of the Environmental Assessment Panel.

People in this Province and people in this country who have expertise when it comes to hydroelectricity, when it comes to energy generation, people who are recognized in their fields have been speaking out and presenting options and presenting their concerns. This government does not believe any of them. This government claims that the only experts are the experts they deal with.

Mr. Speaker, they have cut off discussion. This government has discouraged anybody from coming forward because all we get for coming forward is being called names, being called stupid, being called people who do not

know what we are talking about. This government has done that with some very respected people in this Province. I am embarrassed when it happens.

Mr. Speaker, people do know what the issues are. They do know what the possibilities are, but this government made a decision that the way to create energy in this Province was Muskrat Falls. Then they set themselves to make it happen. I have said this once before in the House but I am going to say it again: Instead of saying we need energy on the Island – because that was their starting point a few years ago, or so they told us – how are we going to get there? Then really do a full analysis of what all the possibilities are, not little papers.

I have seen the papers. I have read the papers. I have had presentations made to me. It is not what I consider to be a full analysis, looking at all the possibilities that could fit together and make it happen, making alternatives happen that happen everywhere else in the world, but no, they cannot happen in Newfoundland. I am tired of that. It cannot happen here. Wind – oh, it happens everywhere – cannot happen here.

One thing, Mr. Speaker, they have refused to say publicly to people in this Province is about the wonderful pilot project that is going on down in Ramea. They have a really successful wind project going on where we are getting to learn how it is going to work to take the energy that is not being used, because sometimes there will be energy that will not be used and it needs to be stored. That has been one of the issues with wind energy. In Ramea, they are learning how to store the energy in hydrogen cells that then gets burned off when that energy is needed.

Every time I have met with Nalcor I have asked for an update. I am being told it is looking good – it is looking good. The last time I had that said to me, I said: Well, what is stopping you? Well, you have to give time for testing and you have to make sure that it will be consistently good, but it is looking good. Well, how long do you think it might take? I asked the head of Nalcor the last time we met: How long do you think it will take before you will know for sure if this could work in other isolated communities in the Province? Oh, probably a couple of years.

What is going to happen in a couple of years time, Mr. Speaker, is the technology that is being tested in Ramea, and which I believe is going to work – it is already working. What they are testing is the consistency. It is already working. By the time they are ready to say at Nalcor, oh, yes, this is working and we can use this, we are going to need it in very few places in the Province. It will be good for those places, because it will be smaller communities and isolated communities that will be able to use. They did not even throw that into the mix. They do not even tell people about it.

When I tell people about Ramea they have never heard of it. Yet, the member for the area certainly knows about what is going on in Ramea, and it is quite exciting. We could have much more exciting things going on here, but no, the government has now decided that the Energy Plan for Newfoundland and Labrador is Muskrat Falls. It is putting a hold on everything. We will not have exciting alternative things being looked at over the next fifty years because all the eggs have been put in the basket of Muskrat Falls.

What disturbs me, Mr. Speaker, is that I know that the technology is there for building the dam; I know that. I know the technology is there for building the transmission lines; I have no doubts about that. I know that if the government follows the recommendations in the Environmental Assessment Panel, at least for the Muskrat Falls Environmental Assessment Panel with regard to remediation, with regard to trying to make sure that environmental damage is not too great by using proper methods. I know all the things. I know all the recommendations that are there. I have read them more than once. I understand that well, having written recommendations like that myself on another panel.

Mr. Speaker, it all can happen, but that is not the bottom line. The bottom line for me is what we find in the loan guarantee. The bottom line for me is what is going to happen with Muskrat Falls – it has already started and going on for another fifty years. Every single penny going into it is going to be paid by the people of the Province of Newfoundland and Labrador. It is their money that is going to pay for every single cent.

No wonder the Prime Minister would be happy to co-operate and do the loan guarantee. The loan guarantee makes sure that the federal government will not lose a cent. If the Province of Newfoundland and Labrador messes up at all and Muskrat Falls loses money, the Province just indemnifies the federal government. The federal government

is not going to lose any money. The Prime Minister knows that he is not going to lose any money, so he is not going to have to say to the people of Canada you have to pay for mistakes in Newfoundland and Labrador if they happen. He will not have to do it.

Over in Nova Scotia, they will not have to do it either because over in Nova Scotia you have a private corporation, a publicly held trading company, Emera. The Nova Scotia government is not putting money in. Their ratepayers are going to be protected, because their utility board is going to make sure that the people of Nova Scotia are protected – but here in Newfoundland and Labrador, Mr. Speaker, the people of the Province will pay every cent. There is probably nobody sitting up watching us right now, but I hope what I say is going to be in Hansard, and it also gets played again, so maybe there are people out there who will hear what I am saying, but it has to be said.

When you go to the loan guarantee and you look at schedule A of the federal loan guarantee, the whole of schedule A, there are five sections to it about the commitments of the Newfoundland and Labrador Crown, the things that they have to do in order for the loan guarantee to happen. The things that I want to look at is the same thing for three different aspects. It has to do with paying the Muskrat Falls Generating Station, with paying for the Labrador-Island Link – that is the transmission line – and paying for the Labrador Transmission Line, which goes from the Muskrat Falls up to the Upper Churchill.

What the loan guarantee says, that the Newfoundland and Labrador Crown – that means the government, as we all know – will ensure that upon Muskrat Falls achieving in-service – that means starting to operate, that will be, we are told, in 2017, and this is what I am going to really emphasize – the regulated rates for Newfoundland and Labrador Hydro will allow it to collect sufficient revenue in each year – that is for fifty years – to enable Newfoundland and Labrador Hydro to recover those amounts incurred for the purchase and delivery of energy from Muskrat Falls, including those costs incurred by Newfoundland and Labrador Hydro pursuant to any applicable power purchase agreement between Newfoundland and Labrador Hydro and the relevant Nalcor subsidiary or entity controlled by Nalcor that will provide for a recovery of costs over the term of the power purchase agreement.

It relates to every single cost that can be incurred with regard to Muskrat Falls – every single cost. What is this promising? It is promising that the rates that the people of this Province will have to pay will be enough to make sure that every cent that has ever been spent yet, and that will be spent for fifty years, will always be covered by the rate. That means by the people of this Province – and it is not even all the people of the Province who will be using that power. The people who pay for the Muskrat power because they use it are the people who are paying for every single cent, the billions of dollars over those fifty years – every single cent.

You have two other sections that they say the same thing about the Labrador-Island Link and that say the same thing about the Labrador transmission line – the same thing. Every single cent has to come from the rates that are paid by the people who are going to be using that power.

That is what is wrong with this deal. That is what is wrong with Muskrat Falls. It is not that we do not know how to build a dam; people build dams. It is not that we cannot do the technology. It is the people of this Province – not the economy out there that I heard the Minister of Finance talk about and not the government I heard the Minister of Natural Resources talk about how isn't it wonderful that we have the money that we can put this cash in. Oh yes, isn't it great that we have \$2 billion that we can put into Muskrat Falls, but we cannot have a home care program? Isn't it great that we have \$2 billion to put into Muskrat Falls, but we do not have a child care program? Isn't it great that we have \$2 billion to put into Muskrat Falls and we have people in districts that we represent who cannot get a wheelchair to sit in when they have no legs? Now, that is the reality.

There is nothing wrong with the project in terms of a project. What is wrong is that we cannot afford to do it and take care of the people of this Province and tell the people on a fixed income that their electricity rates are going to go up to a point where they are not going to be able to pay them and tell them it has to happen oh, because the price of oil is going to go up, it will be going up anyway. Well, that is not even a fact right now. The price of oil is stable and we have been told that it is going to be stable for a fairly long time.

Mr. Speaker, this is the problem. The people of this Province have to bear the weight of the cost of Muskrat Falls and they are going to suffer from it. They are going to suffer from it in a number of areas. The money coming out

of their pockets, number one; and number two, through services that they are not going to get because this government is not going to be able to do it.

Of course the whole loan guarantee is an excellent document for the people who want to lend money. They are delighted. Every single angle is covered in it. They are not going to suffer. Of course it is good for the federal government. It is easy for them to say we are going to guarantee the loan because everything is covered. They are not going to get caught and they know it. The banks love this kind of a thing. Everything they want covered is in the loan guarantee. They are not thinking about the people of the Province, and it is our responsibility to think about the people of the Province. It is not their responsibility to think about it. The lawyers, the financial people, their job is to make sure that a legal document is accurate and that it is going to cover all the bases for the people who sign the document.

We have to think about the people in this Province. Mr. Speaker, I am very sad to say that I have no idea where this government's head is. I have no idea what they are thinking.

**MR. SPEAKER (Verge):** Order, please!

**MS MICHAEL:** They are not thinking about the people.

Thank you, Mr. Speaker.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The hon. the Government House Leader.

**MR. KING:** Thank you, Mr. Speaker.

Mr. Speaker, I move, seconded by the Minister of Advanced Education and Skills, that we do adjourn debate at the present time on Bill 60.

**MR. SPEAKER:** The motion is that debate be adjourned on Bill 60.

All those in favour, 'aye'.

**SOME HON. MEMBERS:** Aye.

**MR. SPEAKER:** All those against, 'nay'.

Carried.

The hon. the Government House Leader.

**MR. KING:** Thank you, Mr. Speaker.

Mr. Speaker, I call from the Order Paper, Order 2, Bill 53, third reading of a bill, An Act To Amend The Churchill Falls (Labrador) Corporation Limited (Lease) Act, 1961 And The Electrical Power Control Act, 1994.

**MR. SPEAKER:** Is the Member for Cartwright – L'Anse au Clair standing to speak?

**MS JONES:** Yes, Mr. Speaker.

**MR. SPEAKER:** The Member for Cartwright – L'Anse au Clair.

**MS JONES:** Thank you, Mr. Speaker.

It is a good opportunity to speak now; it is only 12:40 a.m. I thought it might be a good time to get up and have a few words with regard to Bill 53.

Mr. Speaker, a few minutes ago I think we were doing Bill 60. In fact, I was on my way to step out for a minute and then I happened to come in to drop something off to my colleague, the Member for Burgeo – La Poile, and I found out the government had called Bill 53 back again.

I thought they had heard enough about this bill in the last two or three days that they would never call it back any more. I guess that is it, Mr. Speaker. I suppose they wanted the opportunity to hear a few more words. So here we go. Why don't we have a few words on Bill 53, Bill 60, and Bill 61? Why not talk about them all? That is what the Minister of Natural Resources did tonight when he was up. I could not really tell what bill he was talking about at most times because he was back and forth so much.

Anyway, Mr. Speaker, this bill is connected to Muskrat Falls. It obviously has to do with industrial customers in Labrador and the Labrador industrial electricity rate, something we as a party have been asking for. We have been asking for this probably ever since the early days of 2011. It was only a few months after the project was signed for the first time down at the hotel downtown that we started meeting with the mining companies that were expressing concerns because they were not included in the project.

In our course of doing that, we decided that we needed to start asking government for this particular industrial power rate for Labrador and put pressure on them to get it done, Mr. Speaker. We were not trying to pull any fast ones or anything like the government was trying to do tonight on Bill 53. All we were doing was trying to get some legislation in place so we could get industry being developed in Labrador – very simple – because the government opposite did not look North to look at what the power needs were.

They looked everywhere else in the world. They looked all over the Island of Newfoundland. They looked across the Gulf of St. Lawrence. They looked in Nova Scotia. They looked in New Brunswick. They looked in PEI. Then, Mr. Speaker, they started to look across the border into Quebec. They looked in Maine. They looked in New Hampshire. They looked in Vermont. They looked in New York. They looked in Massachusetts.

They looked everywhere, Mr. Speaker. Then they came back and they looked in Ontario. They started trying to figure out how they could run a transmission line on a sky train over Quebec and get the power down into Ontario. They looked everywhere, but they did not look in Labrador.

No, Mr. Speaker, they set their eyes on the big river of Muskrat Falls and they decided: How are we going to get the power out of that river, and then where are we going to bring it? They never once looked beyond the river, Mr. Speaker, to see if a pole line was needed – never once. They never once looked to see if there was potential for new energy development and customers in Labrador. No, Mr. Speaker, they stumbled on them; they tripped. When the price of iron ore skyrocketed and the markets went up, the government tripped, they tripped in the explosion of the prices of iron ore. That is what happened. That was when all of a sudden they said, Mr. Speaker, I think we might have to have a look – we might have to have a look.

Look what happened when they had a look. The Opposition kept putting the pressure, and then they had to cough up the money to go out and hire Wade Locke. They had to get Wade Locke to go in, Mr. Speaker, and he came back with a big, flashy report. He even made it blue, the same colour as the party that gave him the cheque to do it. Then, Mr. Speaker, he came back with it –

**MR. JOYCE:** At least it is not black.

**MS JONES:** No, it is not black; he had to publish it.

What did he tell them, Mr. Speaker? He told them in this report that the amount of iron ore production in Labrador was going to triple in the next few years. He told them that every single kilowatt of power coming off of Muskrat Falls, they could use it for industrial development in Labrador. That is what he told them.

He said: You do not have to gaze across the Gulf of St. Lawrence. You do not have to go down the Eastern Seaboard of the United States. You do not have to light up the cottage industry, Mr. Speaker, for the Americans. You can light up the industry for Newfoundland and Labrador. That is what was in the report, Mr. Speaker. Then



the government says: Well, we have to look harder. We have to figure this out. How are we going to figure this out?

Mr. Speaker, then, they were in a bind because they had two or three power sources. They had a deal with IOC. They had a deal with Wabush Mines. They had a deal with them on cheap, cheap power. How we cannot bring in a two-tier system; we cannot charge one crowd one rate and another crowd another rate. We have to get this figured out. We have to figure out how we are going to do it.

So then, Mr. Speaker, the Premier, in all of her glory, waltzed up to Labrador last year, last summer, went in to the legion up there – I was sitting at the table at the big dinner – and she said: We are going to make sure that we bring power to Labrador. Then she walked out and never told a soul how she was going to get it there, where it was going to come from, or how much they were going to pay for it. Because the only thing they knew then, Mr. Speaker, is they had to say: We are going to give Labrador some power.

They got that much right. That sentence got into the speech and it was read verbatim from the podium in the legion that day, but there were no details. There was nothing. There was nothing thought out past page 4 in the speech, Mr. Speaker, that had that one line in the third paragraph. That was it.

Then they had to come back and figure it out because the pressure was coming to bear. The pressure was coming to bear and it was in the fall when they decided we have to go out and get Wade Locke to look at this because we do not know how we are going to deal with it.

Anyway, Mr. Speaker, hence we get to Bill 53. Now Bill 53, Mr. Speaker, we brought in an amendment on it today. Everybody spoke to the amendment except for me on this side of the House. All of a sudden, I stepped out to put my coat on and next thing I know the government yanked Bill 60 off the table and whacked Bill 53 on there again.

Now, Mr. Speaker, how sly can you be? How sly can you be to take one piece of legislation, switch it out for another piece, before you get a chance to blink your eyes? Well, Mr. Speaker, that is not the way I operate. I operate above board. I operate, Mr. Speaker, whatever it is, it is.

If the government wants to debate Bill 53, do not be afraid to tell us. We will debate it all day. We can debate it all night. In fact, Mr. Speaker, we have no problem whatsoever, because do you know something? We actually support the bill. That might come as a shock, but we support the bill. Do you know why we support the bill? Because we had to spend a year-and-a-half dragging the government to bring this legislation in, to get them around to our way of thinking of where they needed to go. To get them, Mr. Speaker, to put some vision behind what they were about to do.

That is why we have a problem with Emera. It comes back to Bill 53. Our problem with Emera comes right back to Bill 53. We do not need Emera – we do not need Emera. Emera is a drag on us. They are a drag. We just had to write a cheque for \$30 million to cover off half their penalty if they default on the Maritime Link – \$30 million.

**AN HON. MEMBER:** (Inaudible).

**MS JONES:** Yes, we did.

They are a drag on the taxpayers of this Province, Mr. Speaker. They have not had to wax the floor for the first time down in the new offices yet and they are a drag on us already.

Look at this, Mr. Speaker. They went to get their financing. Guess what? We had to put up \$25 million for Emera in order to keep their rate down so they would have the right debt-to-equity ratio, Mr. Speaker. We had to give them \$25 million.

The biggest drag we have had in this Province in a long time on the cash flows of the people of Newfoundland and Labrador is Emera – \$55 million, and it is all in one week. Can you imagine? Here, I have children who cannot

afford to pay the light bill to put ice in the hockey rink and they get a \$55 million cheque – for what? So that Stephen Harper would give us a loan guarantee. Because guess what? He would not give it to us. He would not give it to the government opposite. He would not give it to the Premier. Nova Scotia had to come into the mix and Emera had to come into the mix or there would be no loan guarantee.

Yet, Mr. Speaker, he had no problem going out closing down the search and rescue, gutting the federal government programs, but no loan guarantee without Emera and without Nova Scotia. What did we have to do? We had to start writing the cheques, Mr. Speaker. We had to start writing the cheques for them to come in.

**MR. CORNETT:** Relevance?

**MS JONES:** I say relevance, to the Member for Port au Port. It is all relevant. Absolutely, it is relevant.

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

**MS JONES:** Why don't you get up and talk about it? Why don't you get up and tell us what is going on?

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

The Member for Cartwright – L'Anse au Clair.

**MS JONES:** Thank you, Mr. Speaker.

I listened very attentively tonight when members opposite were speaking. In fact, I never interrupted any of them. I listened to the Minister of Natural Resources tonight for almost three hours and I do not think I interrupted him once. Already, I have not been on my feet, Mr. Speaker, not even thirteen minutes, and I am after having to sit down a couple of times already.

Mr. Speaker, I ask for the same courtesy. I know they do not want to hear what I have to say but what I have to say is factual, it is important, and it is very relevant to this debate.

What I am talking about, Mr. Speaker, is the fact that because of Bill 53, we do not need Emera. We do not need to be giving 20 per cent of our energy away for a Maritime Link that we will not own for thirty-five years, and we do not need the capacity to get the other 40 per cent out when we can build the transmission and plug in the mining industry in Labrador.

That is what the government opposite still fails to see, Mr. Speaker. We are getting them there. We are getting them there, but they are not all the way there yet. Because they are not seeing the big picture; they are not seeing the potential.

What is disappointing, Mr. Speaker, is they have two members from Labrador in their caucus – two. One who was against the project two years ago and now is all for it. Another one, Mr. Speaker, who we have not heard hardly anything out of, other than talking about what the mining companies are doing but not talking about the fact that they are going to give power to Nova Scotia where their mines can come in and get cheap power to operate as opposed to building transmission in Labrador. Mr. Speaker, that is what we need. That is what we want to see.

**AN HON. MEMBER:** (Inaudible).

**MS JONES:** When you were looking at running for the Liberal Party and the NDP, you were against Muskrat Falls. You were making it known. That was right after they kicked you out of the Nunatsiavut Government up there. They kicked you out of Nunatsiavut and you were all upset about that. Mr. Speaker –

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

**MS JONES:** I was being interrupted, Mr. Speaker.

**MR. SPEAKER:** Order, please!

I would ask the Member for Cartwright – L'Anse au Clair to direct her comments to the speaker.

The Member for Cartwright – L'Anse au Clair.

**MS JONES:** Thank you, Mr. Speaker.

I would be happy to do so. I just want to note for the record though, Mr. Speaker, I listened for almost three hours without interruption tonight to the Minister of Natural Resources. I have not been on my feet fifteen minutes and the members opposite have been interrupting and you have had to call order now, Mr. Speaker, three times. That is okay. I will continue to debate the bill.

Mr. Speaker, Bill 53 will allow us to create industry for the people of our own Province. That industry will be in Labrador. That industry will not be for three years of construction like a transmission link will be. It will be for thirty years, and sixty years, and ninety years and 130 years. That is the real difference.

That is why we do not need Emera right now. Maybe if we had Gull Island coming on, I would see the need to run the link both ways. Today, I do not see it. I do not see where we need to do this in order to make Muskrat Falls feasible. At the end of the day whether that power goes to the mining companies, whether it goes to Nova Scotia, whether it lights up the cottages on the Eastern Seaboard of the United States, is not as relevant as the fact that the project is already being paid for on the backs of ratepayers in the Province.

Where that power goes is not relevant to the overall cost. The only relevance is in what it creates long term in economic benefits for the Province. Those benefits are going to be realized far greater in this Province in Labrador, Mr. Speaker, than they are going to be anywhere else. I think anyone of any calm rational thinking will agree with what I am saying.

Mr. Speaker, for me, it is not about not developing this project. It has never been about that. It is about doing the development in a way that benefits the people first. If you are going to give that power to anyone, sell it to anyone, transport it anywhere, you should be doing it at home first and creating the industry here. We can have those jobs for 100 years. We can attract all kinds of industrial development. We can earn more royalties, more benefits, and more revenue for the people of the Province by building transmission in Labrador than we are ever going to earn by building them to Nova Scotia, and that is the part that is sad about all of this.

I am so disappointed, Mr. Speaker, that the government is now out there assuming the risk for Emera simply because they want to get that Maritime Link. We all know why they want to get the Maritime Link. Because that is the only way that Stephen Harper would give them the loan guarantee. The one they are looking to today as the saviour, Stephen Harper the saviour, was anything but a few years ago in the eyes of the members opposite, but now he has forced them to climb into bed with a publicly traded company in Nova Scotia and with the Nova Scotia government in order to get a loan guarantee.

Well, guess what, Mr. Speaker? If Emera defaults on the Maritime Link and we have to turn around and build it, the billion dollars that we are going to save from the loan guarantee, we are going to have to spend it to build the Maritime Link then. Because without the link, the loan guarantee is not there. Do you know what the government is saying? It is like passing this bill. They are saying to themselves we have five years to figure it out, in five years the project will be done, so we will deal with it then – and guess what? They will ship the power out through Quebec.

Why not be honest about it? Why not tell it like it is? That is exactly what will happen. I will make that prediction today, Mr. Speaker. I am not about playing the games, because the billion you save you are going to spend. It is like

this, Mr. Speaker, do it right from the offset, develop it for the people of the Province first. Get the greatest return that you are going to get. That way the project becomes more feasible for all of us.

Do not play the games because we all know what will happen if Emera defaults. They have our \$55 million, we get a project, we ship our power through Quebec and in five years everybody thinks it is all said and done and we can go home out of it and it is all going to be wonderful and glorious. Mr. Speaker, the problem is the money is gone then and the right thing should have been done in the first place.

Mr. Speaker, on Bill 53 we will be supporting it because we know that we need it in order to get this development moving. We will be supporting it, Mr. Speaker. I think the government really needs to think this through and have a bigger vision for what is going to happen in this Province in the future, not just for what they are doing today.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** Order, please!

The Member for St. John's North has already spoken to the amendment.

**AN HON. MEMBER:** (Inaudible).

**MR. SPEAKER:** The hon. the Member for The Straits – White Bay North.

**MR. MITCHELMORE:** Thank you, Mr. Speaker, for the opportunity to speak to the amendment on the bill, An Act to Amend the Churchill Falls (Labrador) Corporation Limited (Lease) Act, 1961 and the Electrical Power Control Act, 1994. Mr. Speaker, it is to me that I believe that government has once again failed to really look at developing local markets and developing local access to the power assets that they are proposing. This is regressive when you are looking at increasing rates.

In the government's original Energy Plan, the Lower Churchill proposal included a total of 3,000 megawatts of power. Now the proposal is looking at 824 megawatts of power which is significantly smaller scale. It basically puts into what we can develop in terms of industry as to the industrial rates in Labrador at much less. The opportunity is significantly less.

When we look at the current block of power that is there and the recall power – and even with Muskrat Falls being developed and what is going to be given to the Island and what is going to be used through the Maritime Link – what remains is extremely a small amount of power when you are looking at doing any type of major industrial development.

The Minister of Natural Resources had talked about this earlier today, as I had spoken to this bill earlier, that if all the mining that is proposed is developed, Muskrat Falls would not even have enough power to supply their needs. That seems like there is real shortsighted planning when we are looking at the fact that we are developing, with Emera, the Maritime Link that really has no export market beyond that 20 per cent of the power right now.

How do we promote industry in Labrador, industrial industry happening there with higher rates? Right now you have IOC and Wabush Mines that is being able to develop an industry around extremely low electricity rates. Having any type of increase in electricity rates has a significant impact and is a deterrent for any company, whether it is a mining company or whether it is a large-scale manufacturer that is coming in terms of doing anything industrial.

Increasing hydro costs certainly affects their bottom line to any major industry. It is a major cost because they are using a lot of power. There is a demand for a lot of power here. Every time you go from a point of a cent to a cent to multiple cents, which is proposed in this bill, it is going to have a significant increase. The fact that there is the ability to have a matching or go lower than the nearest competitor, that can have an effect as well as to looking at the overall cost of development and development of the project and what it means for the utility, what it means for the Province, and what it means to the ratepayers.

If we look at industrial mining, during periods of very high global demand these ore mining companies can sustain some increases in electrical operation. During periods of low global demand – and we are in a period right now where there is a lot of uncertainty in the global marketplace when it comes to industrialization, when it comes to what investments, when it comes to being able to attract the dollars that are needed to be able to go to the marketplace for major projects.

We saw that there was supposed to be another oil refinery on the Island. They tried to go to the markets and they were not able to get the investment to do that type of industrialization here. There is real concern that if we are making electricity rates more expensive for the industrial consumer and then if we are also proposing to make them more expensive for the residential consumer, well then that is a deterrent all around from anyone to come to Newfoundland and Labrador to do business. It does have an impact, greatly.

If you look at just what was stated earlier around having electricity from the Muskrat Falls Project going to Soldiers Pond at over twenty cents, and bringing it down at a blended rate of fifteen cents, well that is significantly higher than what we are paying right now. That is going to have an impact. If you look at the average person who has a \$250 a month, well in 2015, based on that rate, it is going to be about \$350 – that is \$1200 out of somebody's pocket.

Now, on a small scale, that impacts the individual, and the low income, middle income, any income person, that has an impact. When you are looking at this particular bill, when you are looking at industrialization and industrial rates, you are talking about a company that is using an exorbitant amount of power, you are not talking about kilowatt hours here, you are talking about megawatt hours, and they are using a significant amount of that. Increasing their rate from 0.6 to three or higher and even seeing that the blended rate goes significantly higher than that, then that is going to really impact the bottom line of the consumer.

Maybe it is time to look at rethinking where we are using power, how much power is actually needed, and what the industrialized consumer is willing to do and put into the capitalization cost of putting power. Because the industry first established the system that is currently being used in Labrador West in mining, and when it comes to power and how industrialization is in to play. They were the ones that first established that system.

So, we see that what the government is trying to do right now with this bill is to set aside a set of power and share it up with a number of providers. Maybe it is creating an unfair advantage to those who have been here earlier, who have made the investment, who need power and need a lot of power and are looking at significant expansion, but may be limited and may require them to seek out other sources for that power.

If you look at the larger scale project of what Gull Island and Muskrat Falls together can bring of 3,000 megawatt hours and the lower cost per unit of electricity, well then that makes a significant difference when you look at the demand for all the developments and what those long-term benefits are going to mean for the people of Labrador, and the people of Newfoundland. That is something that needs to be factored in as to why Gull Island was specifically abandoned.

To my knowledge and from any contact that I have had with SNC-Lavalin, it has been discussed that Gull Island would not be developed until agreement could come with Quebec because the power needs to be wheeled through Quebec. So, it is very disheartening to see. Government here on many occasions when they talk about development, talk about removing the stranglehold of Quebec and attacking that province versus looking at if we have a real power asset that can be developed, that needs to go through their borders to really make use of it and to make a regional project, then that is something that may need to be considered to go back on that route.

We look at with this bill right here, the industrialization piece. We have a significant need for power. You only have to look at the power – and I believe what the Member for Cartwright – L'Anse au Clair was saying is quite true. If we look at the Maritime Link and we look at the export market beyond that 20 per cent, with Quebec being closer to borders, having excess power, the agreements they have gone long term with Vermont over twenty-five years and the rates that they have offered, it would result in significant losses of power or revenue to Nalcor when it comes to Muskrat Falls.



If you look at that it costs twenty cents a kilowatt hour to send the power to Soldiers Pond, well if Quebec can sell it to Vermont for five cents, it is going to cost us a lot more to get power to Vermont. That means that the ratepayer of the Province will have to pay significantly more.

What we would look at, I think – we look at the Province and we look at the local market and we look at what other places like Iceland is doing with their energy surpluses and what they are doing to really attract business. We have the potential because people want to do business in Newfoundland and Labrador. We have significant assets. We have significant natural resources. If we are an energy powerhouse – which is what the original Energy Plan stated – then we can look at that.

In Iceland, as I was talking about, they have excess power. They have been able to attract aluminium; they have been able to do aluminium smelting. That takes a significant amount of power. It is its second-largest employer. We can really become industrialized. We can use excess power in Labrador to really develop and promote industry and expand, create long-term jobs and bring many Newfoundlanders and Labradorians back, and encourage other people to come as well.

This bill, as to what I am seeing, is proposing to increase industrial electrical rates. Increasing industrial electrical rates to the consumer, to industry, to mining companies, to other entities that are looking at doing business is only going to be a deterrent. It is not going to do anything that is going to be positive when it comes to these implications.

I think it is very short-sighted to look at where we are in our energy piece right now, that we have that amount of recall power. We only have so much power at TwinCo. The original concept of Muskrat Falls was to look at getting into the export market, looking at the New England States, and getting high dollar values. That has evaporated. That is no longer there.

Now, in terms of putting this into play with any excess power, saying that Muskrat Falls is not enough to meet the mining demand, yet there is no transmission link or way to wheel that power there at the moment. That is an additional cost. We already have close to an \$8 billion project. To build transmission and what we are going to get in return, the people of the Province now will be paying 100 per cent of the cost for 40 per cent of Muskrat Falls power. That has significant impacts.

We have to look at how we can really promote the industry. When you are talking about industry, we go back to the Energy Plan. The Province has stated that we have over 5,000 megawatt hours in hydro power that can be available, that we are producing and tapping. We also have that greater in excess of wind. Maybe it cannot work on a large scale as the report had stated, but a combination of things, whether it is small scale, can look at promoting industry, especially in smaller communities. The Leader of the NDP had talked about Ramea and what energy self-sufficiency can mean in that model.

There have been technical reports done by Memorial University looking at the Labrador Straits, the Cartwright area, as well as the Northern Peninsula, and looking at the possibility of putting in smaller scale wind farms. If you do that, if you put in just 5 megawatts of wind in a small town it can basically take about 1,200 homes off the grid. That is a mechanism that can be really used to have municipalities be more self-sufficient and less reliant on unstable electricity rates, where they can attract business, they can lower taxes for their residents in terms of paying that back.

There are all different kinds of options when you have energy, and you can explore a facet of avenues, but based on what is being proposed in the three bills that are put forward there would be a real limitation, because we have seen where Nalcor has said we cannot have small-scale hydro. There is a moratorium, and there has been since 1998. Now there is no ability to get into wind, even small scale, to do those power purchase agreements like there was in Fermeuse and there on the Burin Peninsula, looking at the fifty-four megawatts that they have put in and the equivalent of 12,000 homes being able to take off the grid over a twenty-five year period. That is significant.

Quebec and Hydro-Quebec is developing wind on a larger scale. They have over 3,000 megawatts of wind that they are proposing. Just looking at what they have done on the Gaspé Bay Peninsula, it is a significant amount. It is certainly enough to attract industry and be competitive, and to remain competitive.

What we are doing in this bill, as to how I feel, is we are looking at increasing electricity rates for industrial consumers. Those that have been there, that have created towns, that have created economies, some of the highest incomes that come from there, some of the benefits that have gone into recreation resources and overall benefits, where a number of people from my district and across the Province travel to Labrador for employment. It is there for the long term. Those low electricity rates allow them to stay and operate during the long term.

If you look at increasing rates, if you increase the fixed cost of any company the first thing that has to go, Mr. Speaker, is the employees. They have to conduct layoffs. Should there be a global meltdown, should the commodity prices start dropping off, what would a mining company be forced to do? If they have a fixed cost of electricity, they have those higher rates that they have in operations, they really have to look at making those costs.

If mining companies need that much power and we are not even looking at meeting their needs because the recall power, the TwinCo power and the Muskrat Falls power is not enough, then we are spending a lot of money to do a very, very small-scale project that seems very, very questionable at this time as to how it is going to increase the industry, increase and attract new business, get workers to come in, get new families who are going to be paying higher residential rates. It seems like for the very short term and for the long term Newfoundland and Labrador has painted itself in an era where we are going to be paying significantly for a small amount of power when other entities, like Manitoba, when they have gone with a larger project to neighbouring states, they have already had \$4 billion in revenue that is going to be signed on for the long term to pay for the project. We only have the ratepayers of Newfoundland and Labrador right now to truly pay for this project, so that is significant.

I have had the opportunity to speak to this. I do not see how increasing the industrial rates for those who have made the commitment is going to be of any benefit overall. Looking at the amount of power that is needed, that we are not really meeting their needs – and we have not seen it; we have not seen that full analysis. By going there, it seems very short sighted to push ahead with Muskrat Falls.

With that, Mr. Speaker, I will take my seat and allow somebody else the opportunity to speak to this bill.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** Order, please!

The Member for St. John's Centre.

**MS ROGERS:** Thank you very much, Mr. Speaker.

I would like to say that I am happy to get up and speak to this bill this evening, but in fact I am not. As a matter of fact, I feel quite upset and quite angry that here we are in this fabricated, false crisis that did not have to be. This could have been circumvented, Mr. Speaker. We have ways of dealing with issues in our Province and they have been totally, totally circumvented by this government.

These are one of the most important decisions that we will be making in the history of our Province and here we are at 1:20 in the morning talking about these issues when, in fact, this should have been done within the context of the valid and historically proven methods that we have within our Legislature to deal with legislation that governs the way that we handle our resources within our Province.

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

**MS ROGERS:** This is a shame, Mr. Speaker –

**M. SPEAKER:** Order, please!

**MS ROGERS:** Thank you very much, Mr. Speaker.

It is a shame what is being done to the people of the Province, what is being done to the resources of the people of the Province, what is being done to the history of the Province by mishandling absolutely mishandling the issues that we have to face and the issues that we are discussing here this evening.

This is not how it should be done; we all know. This government knows better. Mr. Speaker, the people of Newfoundland and Labrador know this is not the way to do it. They know that there is a better way to do it than what is happening here tonight.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** Order, please!

**MS ROGERS:** This is a sham, it is shameful, and it shows our democratic deficit. I cannot believe it that every single –

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

The Speaker is prepared to give some leeway in terms of relevance and the fact that we are debating three bills all related to Muskrat Falls, so the Speaker is allowing some leeway in terms of relevance, but the Speaker would ask that you direct your comments and speak to at least some aspect of Muskrat Falls.

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

The bill that we are currently debating, Bill 53, actually deals with the industrial rates for Labrador.

The Member for St. John's Centre, to continue.

**MS ROGERS:** Thank you very much, Mr. Speaker.

We know that the industrial rates all relate to the whole issue of Muskrat Falls Project and how are going to proceed with generating power for industry that, again, we are at a wonderful time in our Province when industry is growing, when the possibilities and the opportunities for industrial growth in our Province – we are on a wonderful cusp here right now, Mr. Speaker; however, this government has shut all doors to any kind of idea to look at innovative and technological changes that are happening worldwide.

We are a Province, Mr. Speaker, of 500,000 people on the cusp of some very wonderful things, of some very wonderful technological changes. What this government has decided to do is to tie us down for fifty years paying for a dinosaur when the rest of the world is going forward, when the rest of the world is exploring how they can meet their power demand. That means also, Mr. Speaker, the power demands for industry.

This is not what is happening here with us, Mr. Speaker. Instead, what we are doing is we are in this false crisis where we have only a few minutes, a few measly minutes, to decide how we are going to deal with these very complex problems.

It is a shame, Mr. Speaker, what has happened. Then the burden of this, the burden of dealing with all of these issues is on the backs of the people of Newfoundland and Labrador who will pay for this. We know, Mr. Speaker, that for every single cent of overrun – if in fact, in our industrial rates, if there are possibilities for industry in Labrador to generate their own power that will be permissible. If there are possibilities for industry in Labrador to

buy from somewhere else other than Muskrat Falls from the Province of Newfoundland and Labrador, that is a possibility. If there is any shortfall in the cost of paying for the Muskrat Falls Project and its subsidiaries, it will be on the backs of the ratepayers of Newfoundland and Labrador. Mr. Speaker, in fact what this boils down to, those with the least will be affected the most. That is undeniable.

Each and every one of us in this House of Assembly has been elected by the people of Newfoundland and Labrador. Each and every one of us were required to have input into this whole process, into every bill that we have been speaking to this evening, Mr. Speaker, but not at 1:00 in the morning but over a long period of time where we can debate.

Mr. Speaker, we all know the democratic process that we have. We all know the possibilities of having committees where we can thoroughly explore this together, where the people of Newfoundland and Labrador can feel confident in the decisions that were being made, but also feel confident that any of the decisions that were being made were actually with the people's best interests at heart. We have no confidence in that, Mr. Speaker. We have no guarantee that is what has been happening. While this has been going on, Mr. Speaker –

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

**MS ROGERS:** – we can look at how much else has been neglected by this Province. We have poverty, we have ill health, we have couch surfing, we have seniors couch surfing, and there has been no plan, Mr. Speaker, to address some of the spin-off issues while the government has been asleep at the wheel and been addicted to the issue of this dinosaur that they are all dragging us into kicking and screaming.

Mr. Speaker, I continue to ask why. Why has this government done this? Why have they created this false crisis? Why have they taken us to the point where they have circumvented our democratic process to be able to fully deal with some of these issues. Why have they done that? What is the crisis? What is driving this train?

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

**MS ROGERS:** Who is driving this train? Why have they brought us to this point? I do not know, Mr. Speaker. I cannot imagine what the answers might be. I cannot imagine what the answers might be to these questions. How we got to this point, where at 1:00 o'clock in the morning we are looking at these very, very serious issues and have so little time to fully explore and to bring in experts who can allay the fears and the concerns.

Mr. Speaker, we have not had the opportunity to truly look at the options, at the technological innovations and options that are out there worldwide. Fifty years from now we will still be paying for an outdated project while the rest of the world is moving forward. While the rest of the world is using new technologies, new ways and perhaps much less costly ways of generating power, much more environmentally friendly ways of generating power.

Mr. Speaker, we are not creating a good future. As a matter of fact, we will be holding our own people back. We will be holding our own children back and burdening them with outdated technology, with cumbersome technology.

Mr. Speaker, it is not a time to celebrate in this Province right now when we see how this has been done. As a matter of fact, it is blight on our history. It will be interesting, Mr. Speaker, even five years from now, to look back and see what has happened here and where this government has taken us.

Thank you, Mr. Speaker.

**MR. SPEAKER:** Order, please!

Shall the amendment as put forward by the Member for Bay of Islands pass?

All those in favour, 'aye'.

**SOME HON. MEMBERS:** Aye.

**MR. SPEAKER:** All those against, 'nay'.

**SOME HON. MEMBERS:** Nay.

On motion, amendment defeated.

**MR. SPEAKER:** The hon. the Government House Leader.

**MR. KING:** Thank you, Mr. Speaker.

Mr. Speaker, as per Standing Order 43.(1) regarding the previous question, I move, seconded by the Minister of Environment and Conservation, that the question be now put.

**MR. SPEAKER:** The motion is in accordance with Standing Order 43, that the question be now put.

All those in favour, 'aye'.

**SOME HON. MEMBERS:** Aye.

**MR. SPEAKER:** All those against, 'nay'.

Carried.

The hon. the Member for Burgeo – La Poile.

**MR. A. PARSONS:** Mr. Speaker, I would still like to speak to Bill 53 if that is –

**MR. SPEAKER:** You will be speaking to the previous question.

**MR. A. PARSONS:** Yes, okay.

**MR. SPEAKER:** The third reading of the previous question.

**MR. A. PARSONS:** The third reading of the first question, yes.

Thank you, Mr. Speaker.

**MR. SPEAKER:** The hon. the Member for Burgeo – La Poile speaking to Bill 53, the previous question.

**MR. A. PARSONS:** It is a pleasure to stand and speak to third reading of Bill 53, the Labrador industrial electricity rate.

This is something we had spoken to the amendment or motion that we had put forward, or the hoist amendment, which would have given us extra time to at least look this piece of legislation over. Even though we are obviously in support of that, we have said that many times, the fact is we certainly think this bill can be strengthened. We have put that forward in previous commentary towards this piece of legislation.

We think clause 2 specifically should be able to be reinforced. This was one of the pieces of legislation we had a briefing from the department on, and we had ample time to review the piece of legislation and go over the sections as opposed to the other bills we have discussed here tonight.

One of the supplementary documents I have had an opportunity to review is one that was put out by the department just last month, in November. It is called Labrador mining and power: how much and where from? This is an



informative document. I know sometimes the Premier stands up and says we should take the time to read this stuff, but the fact is we do read this information that is put out there. We do not always agree with it, but in this case I do not think there is any discrepancy or argument over the value of what is going on up in Labrador right now.

Some of the statistics, Mr. Speaker, that are referenced when we talk about the gross value of mineral shipments for 2011 was \$4.6 billion and it is forecast to be in this year, 2012, \$4.1 billion. It is just astronomical figures and money being generated from resources in Labrador. Iron ore makes up the vast majority of this, 67 per cent of the value of mineral production. The mineral industry in 2011-2012 contributed \$343 million to this Province's tax revenues. There is no doubting what the resources in Labrador are contributing.

The industry has had some tough times recently with the global economy. We get e-mails every day on what is going on with iron ore prices and the investments, especially when we talk about the economy in China. There is some concern over there because if the prices are going down then that is going to make things tougher. We do not like to see that. Especially in light of the development that is in the proposal stage or in the exploration stage right now, we need that price to stay up there. If the price goes down, then these companies simply are not going to have the ability or the desire to keep that investment up.

Now, part of that investment is the access to industrial power, and with that access to industrial power come the industrial rates that have to be charged. Again, we know these companies have had the benefit – for a number of years now under the pre-existing or I guess you could say current contract that is expiring. They have had access to very, very cheap power. That is a great thing because it has allowed them to make that contribution, to make that investment in development; but, the fact is those contracts are coming up. The fact is we need to ensure that we can give them a steady rate, but a rate that does not bind us for a long period of time and basically take away from our revenues. We need to ensure that there is some clarity.

**MR. O'BRIEN:** (Inaudible).

**MR. A. PARSONS:** Again, I appreciate the commentary from the Member for Gander. I see him over there speaking very kindly to the words I am saying. So it is nice to see that government can agree with what we are saying. We do make sense sometimes. I will not use the phrase for him that is being suggested here.

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

**MR. A. PARSONS:** What I would say, Mr. Speaker, is one of the things that has been discussed in relation to a number of pieces of legislation is the Public Utilities Board.

**SOME HON. MEMBERS:** Oh, oh!

**MR. A. PARSONS:** Mr. Speaker, if I could have some protection, it would be much appreciated.

**MR. SPEAKER:** Order, please!

**MR. A. PARSONS:** Thank you, Mr. Speaker, for the protection from the Member for Gander.

One of the things we have discussed on a number of occasions, and it has had some vigorous debate in this House, is the role of the Public Utilities Board. There was commentary today by the Minister of Natural Resources that the structure of the PUB will be examined in the New Year. So that is something that is big, but the PUB is actually very much a part of the Labrador industrial rate legislation here.

What we are still going to have is the companies that are going to enter into negotiations with, we will say, Nalcor or Hydro to come up with that rate but they will have the ability after, that if they cannot come to an agreement this can be referred to the PUB. The PUB will still regulate transmission. I guess they are not involved right at the beginning. They are involved if the companies cannot come to some kind of agreement with the providers of electricity.

On January 1, 2015 we are ending the Public Utilities Act exemption of the 225 megawatt power block sale to IOC and Wabush Mines. The power policy is going to be amended. Again, we talk about the promotion of industrial activity in Labrador.

The PUB in this case are playing a role. They are being deemed important. We are debating Bill 61 as well. We are going back and forth between the different pieces here. In Bill 61 we are taking the PUB out and in Bill 53 they are still being played a role. Really, it is cherry-picking there of the usefulness of the PUB, which is unfortunate. I do not like to see that part, Mr. Speaker, because this is a board that has been around since before Confederation. Now they are effectively being neutered.

I come back to the legislation which, as we all know, is good. I still think that clause 2 can be strengthened because we are using the phrase: should promote the industrial activity in Labrador. We think the clause should be shall do it, which means that it is a positive or a mandatory clause saying that they have to promote it.

I do not think enough can be said about the fact that we should offer incentives to these companies if they were to do secondary processing. This Province and the government – and I think it is not just this government, governments before – have had opportunities through different departments to entice investors in this Province.

One of the things, I believe it is in the Department of IBRD – and formally ITRD, and formally Business, it has had a couple of different lives – is something called EDGE status. EDGE status is an enticement to business coming into town and setting up. They will get beneficial tax status for creating certain levels of employment. That is a good thing because we need that. That is a very high-level process; there is a lot that goes into it. You have to create that incentive if you want business to be developed, for industry to be developed.

I know the department takes that seriously, which is why we think that the government should also take seriously – and I know they do, but it is one thing to say it and it is another thing to say well, we agree with that, but... The problem we have is that even though the minister has acknowledged the importance of secondary processing in this Province and especially in Labrador, there will not be anything in the legislation to ensure that it happens.

That is the problem here is that we are saying it should, which is fine and dandy, but there is nothing making it mandatory. That is the problem we have. We have this huge, huge resource when we talk about iron ore, when we talk about the Labrador Trough.

The fact is, as I have said previously, as has been said many times, these companies can come in and they can set up on either side of that border. The only thing that is going to determine where they go is where they are going to get the best deal. Where are they going to make the most money? As a private company or even a public company, your job is to create value for your shares – you are trying to make money; that is the whole purpose behind. So, if they can have better rates or tax scenarios in one province as opposed to the other, then they are going to set up there.

In this case when we are talking about the fact, in terms of physical location, there is no difference between Quebec and Newfoundland – and again, I say Newfoundland, but Labrador, specifically. If there is no physical difference, then where are they going to get the best deal? So, in this process we are basically saying: Look, we have the ability to work with you to get a competitive rate, you know what that rate is going to be, and it is going to allow you to do some planning. That is one of the big things you see with many Crown corporations or businesses or departments, is that we have moved away from budgeting that was done over one year, planning that is done over one year, because it does not allow you to plan things out over the long term.

I take Marine Atlantic, for example – Marine Atlantic, every year, would send off their proposal to Ottawa saying: We need this much money; this is what we want to do. It is hard to plan for the future when you are just planning one year at a time. Then, by the time that is looked at and then it is reviewed, and then you get it back, you are half way through that fiscal year, and it really defeats the purpose. So what they have done there, in the case of Marine Atlantic, they do five years at a time. At least you have that five years, you have your budget, you can plan it out, this is what we want to do, these are the investments we want to make, and there it is.

In this case, these companies cannot be any different; these companies have to plan long term. Setting up a Labrador industrial rate that has some stability will allow them to do that – but, it does appear, from the reading of the legislation and the briefing, that it is also going to offer us protection in that the rates can be reviewed and they are actually triggered upon Quebec having a better rate; Quebec being our main competition here.

Again, we are not stuck in a situation where we are bound by this rate and we have to sit there and take it if all of a sudden we are losing money. No, no, we can trigger that rate, and that is a great thing. I think that is foresight there. We all know, looking at the past, the hardships that can come with having contracts that do not allow for escalation or allow for rates in the future. We have seen that. That is half of the thing we argue about all the time, what has happened in the past.

This seems to be forward thinking in that regard, and that is a positive step. Again, that is in the legislation saying it will happen, it should happen, it is mandatory and it is legislated; but I come back to the fact that the promotion of the development in Labrador is not mandatory, it is just encouraged, and the problem is that it is one thing to encourage private business to do something, and it is another thing to tell them that they have to do something.

These private businesses, unless they are forced to, they are going to do what is best for the bottom line. You cannot fault them for that, being a private industry, but this is our resource. The resource belongs to the people of this Province and we should do whatever we can to exploit that resource so that we get the most bang for our buck, the most value for that resource. One of those ways is to have that secondary processing take place and with that will come the infrastructure and other developments that are hand in hand with big industrial development, whether it be rail or port. Again, one of the benefits is being touted with Muskrat Falls and with this whole process. I know this is sort of off to the side because this is dealing with Labrador. This is actually not even dealing with Muskrat Falls.

One of the things that are being touted is the creation of jobs. There are going to be a lot of jobs created, a lot of person years of work created for this Province. What I would say is that same benefit will come if we encourage and enforce development of secondary processing in this Province.

I was hoping that the Province – and I think a lot of members have spoken very eloquently and forcefully to that suggestion. I have heard the minister say tonight that they have heard what we have to say. This is not even what I would call constructive criticism because it is not criticism, it is a suggestion. I am hoping that will be looked at very strongly and there is still a chance, there is still an opportunity, to make that change to allow that to happen.

Again, the new section in this piece of legislation in the EPCA 1994, 5.8 will allow for the PUB to regulate transmission in Labrador but it excludes regulation of generation for industrial customers. This ensures the transmission rates are based on the cost of service principles as on the Island.

That is something that has to be factored into the cost. What does it cost to provide the service? What are the different aspects or inputs that have to be factored in to figure out what is the minimal we can charge to at least get our return back on what we put into this? The big thing is that the industrial rates, actually they cost less per se than residential because I guess the term we use is they are not a step down. Industrial power does not need substations. It does not need the same infrastructure as the residential. A residential customer needs to have it stepped down because they just cannot take it at that voltage. Again, this is one of the reasons that the cost is lower. It makes sense.

When you look at it without knowing that background, you think: well, for some reason I think that industrial power should cost more. It just sounds like that makes sense, but then when you look at it, the fact is industrial is not as costly; therefore, there should be a lower rate as part of that. I guess that is one of the trade-offs too, is that in order to entice the benefits that you get from these industries such as jobs and infrastructure, you need to give them favourable rates to make these things happen. That is a standard process, or clause or policy, and I certainly have no issue with that.

I referenced this earlier, Mr. Speaker, but in the future should CF(L)Co and hydro be unable to negotiate contracts for this 225 megawatts of the TwinCo power, the new section in here, 5.9 allows the PUB to be referred to the

matter and they are going to set the pricing terms. I do not think we can overstate the contradiction that is inherent in the different pieces of legislation that are being talked about here tonight.

In this piece right here it says that the PUB can be referred to and can be used, will be used and should be used, but when we talk about Bill 61, it says: No, we are taking it out of the hands of the PUB. There is only protection for Nalcor, as opposed to the ratepayers. So, there is a very strong contradiction there. In this case the PUB is being given credence or guidance, in the other one, no, they are being taken out of it. It is really a case of picking and choosing.

There is the expectation here that contract negotiations will be successful. They will manage to work this out, and hopefully that is the case. I do not think anybody wants it to go to the PUB because it implies or shows that they could not reach a deal, they could not make things work. We have that option there, who knows how often that will be invoked or used. We would not want to see it used at any point. We would want to see these companies be able to put this together on their own, but it will allow for an independent PUB option to set pricing terms that balance industrial rate policy goals and those of the two contracting parties.

Again, when we talk about our concerns and some of the issues we have with this entire process, with Muskrat Falls, with Labrador industrial rates, with everything that has dominated this Province for the last two years – we had the big hoopla, I guess that might have been last night. I cannot remember. The days and nights are starting to wind together here now.

We have a Public Utilities Board; they are made by the laws of this Province. They are put in place by the politicians in this Province. In this case, we are making new law to make them be a part of this process up in Labrador but they are not going to be a part of the process in Newfoundland. I find that so absolutely contradictory that it is really hard to fathom, Mr. Speaker. I am looking forward to hearing why that will happen or why that is such. I think they should be a part of this.

There is a fair amount of information here that was put into the briefing. The bill itself is fairly short in nature. It is not like the other two that we are looking at here, where there is a significant amount of comprehensive, technical terminology and other statutes that have been referenced.

What I would say is that my time is running down here now. I do not know if I will get another opportunity to speak to Bill 53. In doing that, I will begin my conclusion by saying that I support this piece of legislation.

I would ask the members opposite – I say this and I say this again, when we agree with something, when we think something is a good piece of legislation, you think that is a good thing. When we do not agree with something, I am not saying you have to agree with me but instead of saying we are opposing for the sake of opposing, understand that we might have a valid concern we are putting forward. That is what I would say to you, because this is good.

When I talk to Bill 60 and 61, I may not say the same things. I might not agree, I might agree. In this case, this is a proper step. It is a good thing that needs to be done.

Mr. Speaker, in saying that, it has been a pleasure to speak to this legislation and I look forward to speaking tomorrow as the evening proceeds.

Thank you, Mr. Speaker.

**MR. SPEAKER (Wiseman):** The hon. the Member for St. John's North.

**MR. KIRBY:** Thank you, Mr. Speaker.

Mr. Speaker, I am pleased to get up again and say a few additional words to Bill 53, which as I pointed out earlier in debate amends two statutes of the provincial government.

The process is interesting here tonight. I know earlier on I referred to the government's position on Muskrat Falls to being akin to a crown and anchor wheel down at the Royal St. John's Regatta. I think the ways in which we are

dealing with these bills tonight are a little bit like that as well. You go out through the door to use the washroom or get a cup of coffee and one bill is being dealt with, you come back in and that has been tabled momentarily, and so on. It is a bit like musical chairs, only in legislative form. If that is the way the Government House Leader wants to conduct business tonight rather than allow for the smooth passage of bills in a straightforward and coherent way, then that will work for me also.

It is really interesting, earlier this evening when the Minister of Natural Resources was up speaking, he was up somewhat wildly gesticulating, holding his reports in his hand and waving it all over the place. He was talking about the government's report on mining. When I was at the briefing for this that was provided by the minister's staff, one of the key things referenced here was the potential for new mining developments and expansions in Labrador. This particular government report – and I call it that, a government report – which was authored by Dr. Wade Locke, was repeatedly referenced, and repeatedly referenced by the minister as well.

This report on Labrador mining and power, Economic Impact Analysis of Iron Ore Mining Industry in Labrador 2011-2031 by Dr. Locke, like many of these reports, is a report commissioned by government that supports government's position. I do not know if there was a single report over that raft of reports, that avalanche of materials that was provided to the public and Members of the House of Assembly over the fall – I am not sure if there was a single thing in there that contradicted government's position, whether that was on mining, industrial rates, any other rates, any alternatives, or anything. Members have to think about that.

If I am suspicious, then there is a good reason why. If everything lines up for you, and it is like you are winning the slot machines over and over again, then something does not seem particularly right. This is a government report commissioned by government, paid by government, which supports government's position. There is no bibliography in this particular report, and two footnotes. No way could you call this an independent review. I would call it a quasi-internal review. That is really what we are talking about here. The report in itself is highly speculative.

**MR. CORNET:** Call it a review.

**MR. KIRBY:** I say to the Member for Port au Port who is speaking to me across the way, that it is highly speculative, which is not uncommon for consultant's reports of these sorts. I have done consulting in my career; anybody who has done consulting knows how this works. There is a certain amount of back and forth that takes place, sort of like the back and forth that is going on now. There is a certain amount of back and forth that takes place between the consultant and the party, the organization, the individual who has asked for this particular material to be produced.

We do not know how many times this went back and forth. We do not know. With this report on mining we will say: well, we like this, we do not like that. This contradicts our position. These things may have happened. We have no way of telling. It says that \$10 billion to \$15 billion in investment – and this is in Labrador mining – could happen. It all depends on the availability and the cost of power which is the essence here of this bill, the availability and the cost of power for industrial use in Labrador.

From government's own report, Mr. Speaker, it says, "Estimation of future power needs for planned mining developments is challenging, particularly as many projects have not advanced to..." where firm requests for power remain. Earlier tonight – I guess, earlier last night – there was some suggestion that we expedite this now. We need this now because these companies are clamouring for this industrial power. If they do not get it, then they might well go away.

First of all, there is no real firm request on the table. At least not that Dr. Locke was made aware of when he was preparing this, what we have been told to be a critical report on mining to flow into this entire debate that we are having. There are no power purchase agreements on the table. That is one problem with that.

I think the other thing is that we ought not to be in too much of a hurry here. These resources are non-renewable; when they are gone they are gone. We cannot get them back again. So, if the rate that we set is not suitable to whatever potential industrial customer, then maybe we ought not to sell ourselves down.



Another interesting thing about this particular report is there is no mention of the competition for power. I think that is really important, the competition for power, because as we have heard over and over ad nauseam is that Quebec is on the border and we have to compete with Quebec. That is why we need to have an open, transparent mechanism for setting this industrial power in Labrador.

Well, Hydro-Quebec is awash with power. It has excess power that it cannot sell right now. It mothballed one of its natural gas plants because it just had too much power, and they are building other dams. Plan Nord is a plan for more hydroelectric developments. We will have to see what the new government in Quebec decides to do, but that is certainly something to be concerned about.

Then you have to wonder, because all of this is our power, whether it is Muskrat Falls power, whether it is the TwinCo block, whether it is recall, in the end it is all of our power. I do not really see any way that we can have ratepayers – whether they are in Labrador or on the Island – or taxpayers in this Province subsidizing rates to a level that is not profitable for Newfoundlanders and Labradorians. Ultimately, what we want is a decent rate of return.

Okay, there is another element here, and that is royalties. You can say, well, we can give on the industrial power rate and maybe we can make up in mining royalties. We will make up the difference, and that will be the difference to the revenue side for the Province. Well, we have not seen any of that. None of that detail has been provided at all, and I have not heard it really used in any detail in any of the arguments that have been made. I think that is particularly important, because we are in the middle of the pack when it comes to mineral royalties in Canada right now. I think that is another important point to consider.

Something else that has not come up here – and maybe it is just a minor thing, but maybe it is not. I asked a question in a briefing this morning. I asked it a number of times and I never really felt like I got a satisfactory answer. I do not think it is because the person I was asking was being in any way obstructionist. I just think a lot of the detail around this is technical, complex, and often not easily understood by lay people like myself, who do not have any background in engineering or hydroelectric development.

When these longstanding contracts with the Iron Ore Company of Canada and Wabush Mines expire, there is a suggestion here in the briefing materials that were provided that they – the rate will be published annually. That is the open and transparent part. Businesses and companies that are interested in coming in here can see it. A policy review will be triggered if the rate is higher than the Quebec industrial rate. That is sort of what I was trying to address then.

The other thing is that it says the rate policy is to be phased in naturally, beginning January, 2013. There is no schedule attached to this. I guess it is all going to come out in the regulations. We are blindly dealing with this because we cannot see exactly what phasing in naturally means. There is certainly nothing natural about setting a rate for electricity of any sort. It is actually completely unnatural. I fail to understand this particular aspect of the bill and the background that has been provided to us on the bill. I have to say, I do not like forging ahead and approving this because we have made mistakes. Mistakes have been made here in the past.

The other thing that has not been dealt with satisfactorily, in my opinion, is this question of the Public Utilities Board oversight. I was again intrigued tonight to hear the Minister of Natural Resources say – and Hansard will reflect his exact wordings - he said our side, what we have been saying is as if he was casting the PUB to the wind and saying you are no more.

He said he had no confidence in the PUB repeatedly, over and over again here, in the media. I do not know what the difference between casting them to the wind and saying I have no – I would rather somebody said I cast you to the wind, Mr. Speaker, than to say I have no confidence in you. One sounds far worse than the other.

This one particular aspect of this bill, clause 4, 5.8(1)(2) is troublesome. It has not been suitably dealt with here I do not think in debate, despite the fact that we have had quite a bit of time together to go over this.

This particular piece says, "The Public Utilities Act shall not apply to the setting of electricity rates for industrial customers in Labrador other than the transmission components of those rates, which shall be regulated under subsection (1)."

As the Leader of the New Democratic Party, the Member for Signal Hill – Quidi Vidi, has said a number of times with relation to this particular bill, there seems to be some sort of obsession with removing the oversight of the Public Utilities Board from the regulation of electricity, removing as much of its role whenever there is anything to do with Muskrat Falls involved.

I take it a little step further. The messages that I think are coming from the minister and the direction that we have been headed in suggests to me that in the future we could see a time, we could live in a time in my lifetime in Newfoundland and Labrador where the Public Utilities Board's role in the regulation and oversight of power, whether that is on the consumer end or otherwise, is completely diminished down to a level that renders it to be completely neutered and meaningless. That is of serious concern to me.

I think the other thing about this that I have to say before I am done – because I guess this will be my last time to speak about this, unless I get an extended leave to speak – we keep talking about, in all of this when it comes to power development and the need to invest in power, the need to set rates, it is always about the need to compete with Hydro-Quebec of course because they are right on the border. That is self-evident. I do not think you need to be an expert in electricity markets to understand that. I think the spectre of Hydro-Quebec, the spectre of Quebec is sort of fear mongering that we ought to be afraid before they get us or before they – I am trying to find the proper language without using something unparliamentary, but I guess you get the picture – do something to us that would be unsatisfactory because they are sort of out to get us.

I do not think like that. I am a Newfoundlander and Labradorian first, there is no question about that, but I am also a Canadian and I have a lot of respect for other Canadians. I think throwing this around all of the time that somehow we have to be weary of other Canadians – I have no problem competing with them. I think that we have a lot of natural resource wealth in this Province. I said back very early in the debate, Labrador West, Labrador itself has established itself as a mining centre that is internationally known. I think our workforce up there is the envy of the mining industry in the world, so I have every confidence that we can compete with that. I think that there is a difference in the language. We can use proactive positive language to describe what it is we want to achieve or we can use another kind of language. I think we ought to be a little more positive about where we are going.

The last thing I will say again, because I just want to reiterate this and I know it is certainly important to the members from Labrador who sit in the House of Assembly, is that we ought to find a way, when the regulations are drafted, to encourage, to incent, secondary processing of ore in Labrador when we set these rates to make sure that we can maximize the benefits of these non-renewable natural resources, whether it is uranium, iron ore, whether it is new finds. I know that there are probably other precious metals there that we can certainly mine in the future. I think we really have to try to find a way to create additional jobs through secondary processing, if not refining even further.

I think we are going to have this energy and I certainly would like to live long enough – as my colleague the Member for The Straits – White Bay North has said, would like to see sometime in our lifetime the development of Gull Island too. At no point in time have we ever said we are completely holus-bolus against the development of the Lower Churchill.

I have always contended that our party is completely in favour of that. We just want to do it in a particular way. We want to do it the right way. We want to make sure that it is economically feasible. We want to make sure that all of this is environmentally sustainable. We want to make sure that our non-renewable resources are developed for the betterment of the people of this Province, the best way that they can to maximize the benefits for the people here.

It has been a pleasure to speak again on this bill.

Thank you very much, Mr. Speaker.

**MR. SPEAKER:** The Member for Bay of Islands.

**MR. JOYCE:** Thank you, Mr. Speaker.

I rise for a few minutes to speak on Bill 53. I cannot speak on Bill 53 until I have it on the record, Mr. Speaker, that the Government House Leader once again invoked Motion 43.

We heard tonight on several occasions from the Minister of Natural Resources and the Premier herself that we will not shut down debate on these matters. We will not shut down debate; we will stay as long as they want. Guess what? That commitment lasted about two hours.

Mr. Speaker, whatever is said in this House, you ever wonder why we question what the Premier says and the Minister of Natural Resources – you can stay here tonight. On three occasions, once again we get debate stifled. We had a lot of opportunities to make some good amendments, but once again, as we stand up around and we go out to the media and we talk to the media, it is an open debate. Mr. Speaker, it is almost like sham; it is almost like charade.

It is a shame, Mr. Speaker, that this House has come to that, when out in the public view they give this big impression they would never ever stop something like that. It is a shame. It is an actual shame.

We will have a lot of time to speak on Bill 53. We would have a lot more time if you speak to your Government House Leader, I say, Mr. Speaker, and let the debate be open like it should be. Even though it is late at night, there are people here who want to debate the major issues here.

Bill 53 is a major issue up in Labrador. We hear everybody here in this House, Mr. Speaker, talking about all the benefits for Labrador. What are we doing? We are taking the power and giving it to Emera and bringing it over to Nova Scotia. That is what we are doing.

We are talking about Labrador, all of the industrial benefits in Labrador. We cannot even sit down and debate this properly because they want to shut it down. They do not want to hear this kind of stuff. If everything is not rosy and if everything is not hunky-dory, we do not want to hear about it. We do not want to hear any dissension on these bills. How foolish!

They do not want to hear anyone. If anybody is against this bill we do not want to hear them. Let's shut her down. We are doing everything for Labrador but we are going to give the power to Nova Scotia. Mr. Speaker, I think it is a time when there is a bill brought in, motion 43, which sometimes gets people like me riled, who want to speak about the issues here in the Province.

I asked the members opposite, Mr. Speaker – we are always looking at Labrador. We are looking at the blocks of power in Labrador. We hear it on a regular basis, Mr. Speaker, that there is not enough power in Labrador; lots of new development in Labrador. They do not have enough power; yet, Mr. Speaker, full steam ahead to Nova Scotia.

Do you know why, Mr. Speaker? Do you know why we have to go full steam ahead? Because there are people down in Maine in the summer that want the air conditioning on, while there are people up in L'Anse au Clair who cannot get their stadium going. That is what we are doing it for, Mr. Speaker, so the people down in the US – all of the shareholders of Emera can make more money while the people in Labrador have to go out and cannot get their arena. They have to go up to Quebec. We are all here talking about the bogeyman, Quebec.

It is all right for the kids, Mr. Speaker, who have to go to Labrador, to go up and go into an arena because we do not have power for them down in The Straits. It is all right to stand up when you want to talk about the bogeyman from Labrador. It is all right though, isn't it, Mr. Speaker, giving them the big power down there when Labrador needs the power up there?

Mr. Speaker, I am willing to bet not one of them is going to stand up for Labrador, not one of them. I am willing to bet, Mr. Speaker, because when it comes to this bill, when you look at the interconnecting grid up in Labrador, not

one of them is going to say we should put that power in Labrador. We should stop talking about all the power that is going to be needed in Labrador, all the mining in Labrador. We should do something about it. They all talk. We hear it about Labrador, but we do not have an agreement signed. We have five years, Mr. Speaker, before this power is even on the grid. We have five years.

If what the government is saying – and I hope it is – is that there is going to be a lot of need for the power in Labrador, we are going to have to recall some of this power. My question is: If we recall the power, how are we going to get it to them if you do not plan it now?

We hear all of this from the government talking about planning. Oh, we need to plan. The only thing they are going to plan, Mr. Speaker, is to make sure that people down in Maine have a good summer in the air conditioning, out in their cabins in the air conditioning while people in Labrador are going to hear: Oh, we have to ship out the iron ore because we do not have enough power for secondary processing.

That is what we are going to have to do, Mr. Speaker, ship it all out. Ship it out. That is the easiest thing to do. I bet you half of them when they got their briefing this morning, Mr. Speaker, on a lot of this, it was the first time they ever seen it, but every one of them stood up last week: Yes, I am for Muskrat Falls. They got their briefing this morning two hours before us, but everyone one of them two weeks ago stood up: No, I am for Muskrat Falls. Yes, that is the best deal going.

Now we have something here, Mr. Speaker. Labrador is saying we have to find some way up in Labrador for industrial development; yet, we are shipping the power out.

**MR. LANE:** That is not new.

**MR. JOYCE:** I know it is not new. Your government has been doing it for the longest time, shipping everything out. We know it is not new, I say to the Member for Mount Pearl.

**SOME HON. MEMBERS:** Hear, hear!

**MR. JOYCE:** We have been doing that for years. Mount Pearl South, I think it is, is it? We have been doing it for years, shipping it out. My God, look at Hebron. Look at all of the jobs shipped out with that module. If you want to keep going, Mr. Speaker, I have another one, FPI. I think the OCI, the discrepancy in the FPI Act. The former Minister of Fisheries has an option in the next election. He could run for the election down in Burin and over in China. He could get elected in either spot.

**SOME HON. MEMBERS:** Hear, hear!

**MR. JOYCE:** He is creating just as many jobs over in China as he is there down there.

Anyway, Mr. Speaker –

**AN HON. MEMBER:** He is better off to get elected in China, too.

**MR. JOYCE:** Yes, it is better off to get elected than what is going on down in Burin, I can tell you that. We will see him out next week trying to learn a bit of Chinese so he can go over and expand his options a bit.

Mr. Speaker, here is this government, why is this policy needed, Bill 53? Companies need to know what prices they will have to pay. Can you imagine what they need to know, what prices they need to know? Here they are, Mr. Speaker, wondering in their own policy what prices they need to know, and here we are with Muskrat Falls.

As we said, we can set the rates for Muskrat Falls. The government can set the rates. They can put the rates at what they need so they can put industrial users in Labrador, but, Mr. Speaker, they will not take advantage of it. I have to ask the question, and excuse me for asking the question, why don't you take advantage of it? If you have everything in place as you say, all the stars are lined up for Muskrat Falls, why don't you send it to Labrador? No one can answer that question, Mr. Speaker. I challenge anybody to stand up and answer.

The question is, if you have all the power here, you have all the stars lined up, Labrador is going to need the power for more industrial development, why don't you make the plans, build the grid for the power for Labrador? Why don't you do it? You cannot do it. That is a fair question, Mr. Speaker, because we are always talking about the expansion up there.

If we create more jobs in Labrador, Mr. Speaker, it is good for the whole Province of Newfoundland and Labrador. Putting all jokes aside and political thoughts aside, I would really like for that question to be answered. I hear it on a regular basis, and I am sure, Mr. Speaker, you heard it also. We heard it from Ed Martin, we heard it from the Premier, and we heard it from the Minister of Natural Resources, that when we need the power we will just recall it.

Here is the question – and I heard the minister saying, that is right. The question is once we get it back to us, how are we going to get it from Muskrat Falls to Labrador West if there is no grid?

**AN HON. MEMBER:** Wireless.

**MR. JOYCE:** One minister is saying wireless, I know. They can all joke and carry on but no one could answer that question. That is a legitimate question. There are a lot of people who would like to know that answer, Mr. Speaker. I cannot give them the answer because I do not know why. I have to say, Mr. Speaker, it is something that can benefit all Newfoundland and Labrador; it is going to benefit Labrador.

Mr. Speaker, we have to try to find some way to ensure that we maximize our benefits. One of the best ways that we can maximize our benefits is to ensure – and we heard it in this House today, Mr. Speaker, on several occasions. I think it was the Minister of Natural Resources who was talking to the Member for St. John's South. He was saying, you know, there are two main things: one is oil; the other one is electricity – power.

**AN HON. MEMBER:** East.

**MR. JOYCE:** St. John's East, sorry. He said it himself.

My question is: If electricity is such a hot commodity and we are going to need it for all kinds of development, which I agree, by the way, why are we signing this deal with Emera to ship the power up to Nova Scotia? Sixty per cent of all the power is going to Nova Scotia.

Mr. Speaker, I can tell you something: When I was out in the mayors and municipalities in Gander, the Minister of Municipal Affairs was there. I have to give the minister credit there. When I was at a couple of dinners, he recognized me as a politician and as the critic. I have to say that showed class, I say to the minister.

**SOME HON. MEMBERS:** Hear, hear!

**MR. JOYCE:** That is the way politics should be. When you are out, we should all work together. I just want to recognize that the minister did that on two occasions. When we were out there, Mr. Martin had a seminar on a Friday afternoon from 4:00 to about 5:00.

Mr. Speaker, do you know the strange thing about that? We hear all the rhetoric in this House about the power for Labrador. When Mr. Martin gave his speech out in Gander, every time he said the power coming back from Nova Scotia, the 40 per cent, it was always for the Island. It was never, ever at any time during his talk, even questions that were asked, did he say the 40 per cent power would ever be used in Labrador. He said the most that is going to come back is to the Island. Mr. Speaker, I challenge anybody here to ask Mr. Martin and ask the 250 or 300 people in the audience if anything I am saying here is incorrect.

Boy, this is not a knock. This is a serious concern I cannot get answered and I have tried on occasions to get answered. Can we find some way not to get Emera – it may be too late now. For the last year I have been back in politics, I have been saying: Why ship it off to Nova Scotia? Why can we not look to go to Labrador and keep it in Labrador?



**AN HON. MEMBER:** (Inaudible).

**MR. JOYCE:** The link for what? If we do not need to go to Nova Scotia and we can use it all in Labrador, why do we need the link? We do not need the link. If we are going to use the power in Newfoundland, the 40 per cent, and there is 60 per cent we say we can use for Labrador, why do we need the link? Honestly, why do we need the link, Mr. Speaker? The Minister of Environment is over there singing out. Why don't you stand up and explain it to me? I just cannot understand it. I really cannot.

Mr. Speaker, those are some of the concerns that I was trying to bring up, I like to bring up, and they are legitimate concerns. If someone ever said to me we could put the power in Labrador and create jobs you can say well, there is a lot of benefit coming to Newfoundland and Labrador, but when you look at Emera – and I am sure a lot of members do not even know this – Emera is going to own 30 per cent of the link from Muskrat Falls to Soldiers Pond. They do not even know that. Thirty per cent of all profits coming from Muskrat Falls to Soldiers Pond, they own 30 per cent of it. I know a lot of people are shaking their heads; they did not know it. The overruns going across – it is almost like question marks coming up on the top of their heads: Is that right? I can assure you it is right.

When we look at the cost overruns, the Minister of Environment is saying: Well, we need the link. Here is the other thing, here is the other small little detail that we turned around, Mr. Speaker, and we forgot to mention. We are talking about the link from Nova Scotia to Newfoundland. We are talking about Emera. We are talking about poor Emera, all the stakeholders down in the US somewhere making millions off Emera.

If the link from Newfoundland to Nova Scotia, if there are any cost overruns, guess what? We are on the hook for 50 per cent of the cost overruns for that link. The link – which they own 30 per cent – from Muskrat Falls and Soldiers Pond, they are clear, not a cent – not a cent. Yet when we go across over to Nova Scotia, it is 50 per cent.

Mr. Speaker, if this debate was not shut down by Motion 43, there are a lot of questions that we could ask. This is how you stifle debate and you cannot get things out and you cannot ask questions. You just cannot ask questions, Mr. Speaker. That is the kind of debate that you would like to have in the House because there are many times in this House on many issues, on many bills, that I supported this government on.

My track record is if something is good for Newfoundland and Labrador, I would vote for it. I make no bones about it. I did it on many occasions. I will do it again, I am sure. I am sure that everything that the government is doing is not wrong. I am sure of that. There are a lot of positive things that the government are doing. I am the first one to say that. Absolutely, I am the first one, but it is my role to ask questions.

A lot of the times, even if it is an answer you do not agree with, even if you get an answer that you can say yes, that makes a bit of sense; but when you cannot get an answer, that is the frustrating part. Even 2:30 in the morning here you walk in and then all of a sudden the Government House Leader pulls Motion 43 so you cannot speak any more on the bill, it is frustrating. It is actually frustrating.

Mr. Speaker, I know I only have a few minutes left. I just wanted to thank you for the opportunity to speak on this. I am looking for anybody in the House, on the government side, who wants to stand up and explain to me why we are not putting the power in Labrador – as just about every member in the prepared speech, when they used to get up with their prepared speech and they had their speaking notes, we got the power for Labrador, but not one of them could explain to me how they are going to get the power from the Muskrat Falls to Lab West. Unless now there is something wireless that I know nothing about. I would just love for someone to explain that to me. I would just love to. I do not know who can do it.

Mr. Speaker, I am going to take my seat now. Just remember, the contract for this bill is expiring in 2015. It is not too late. We have three or four years to find some way to get the power up to the mines where it is needed in Labrador.

If there is anything I can do here, I urge the government, Mr. Speaker, to try to find some way to put the power up there so in five, six or seven years we will not be back here again saying there could have been a lot of

development up in Labrador, but we just do not have the power. Mr. Speaker, that is the only thing that I urge the government to do. I ask if there is any way that can be done.

Mr. Speaker, I am going to take my seat. I say to the Government House Leader: There may be a little incentive there for the Government House Leader because I hear one of the Chinese companies is buying a mill up in Labrador West. He may want to see if there are any more votes up there.

Thank you, Mr. Speaker.

**SOME HON. MEMBERS:** Hear, hear!

**MR. KIRBY:** A point of order, Mr. Speaker.

**MR. SPEAKER:** The hon. the Member for St. John's North, rising on a point of order.

**MR. KIRBY:** Mr. Speaker, while the Member for Signal Hill – Quidi Vidi was speaking in debate a short time ago, the Member for Mount Pearl North circulated a photograph which I believe was taken at some point today, possibly tonight, of himself in his seat in the House here.

I reference the Members' Parliamentary Guide – and this is the one that was provided to me so I assume every member is aware of this, Mr. Speaker, and has copy – Chapter 5, page 38, under Restrictions, "Devices with cameras, video or audio recording capability must have those functions disabled at all times in the Chamber. Photographing or recording Members in the Chamber would be a serious breach of privilege which could result in severe sanctions."

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

**MR. KIRBY:** Mr. Speaker, I also would like to reference Standing Order 1.(2)(b) which says, "the Standing Orders and sessional orders and forms and usages, customs and precedents of the House of Commons of Canada and those of any province or territory in Canada", these are what shall guide us, Mr. Speaker, when the Standing Orders are silent.

I referenced under O'Brien and Bosc, House of Commons Procedure and Practice, Chapter 6, page 289, under Provision for Still Photography, the last sentence in that paragraph says, "Only these photographers, and the official photographers employed by the House of Commons, are authorized to take photographs of the Chamber while the House is in session; even Members are forbidden from taking photographs."

Mr. Speaker, I do realize that during the evening sitting people are a little tired and perhaps a little bit punch drunk, but I would say that there are rules for the conduct of the House and I think all members should at all times adhere to those rules and conduct themselves with dignity and good comport.

**MR. SPEAKER:** The Government House Leader, to the point of order.

**SOME HON. MEMBERS:** Hear, hear!

**MR. KING:** Thank you, Mr. Speaker.

I recognize, first of all, the seriousness of the issue raised. I think everybody in this House is very cognizant of the rules that guide the House. For information purposes, it is not the parliamentary guide, it is called the Standing Orders, first of all, I say to the member opposite.

What the member is alleging is a very serious breach of the rules. In fact, if it occurred what he is alleging – and I would submit that there seems to be no evidence presented that the member being referenced has taken a photograph at any point in time while this House is sitting. I would suggest, Mr. Speaker, that if the hon. member is

going to stand in his place and make such a serious, serious allegation against another member in this House that he ought to be able to provide and demonstrate adequate proof to substantiate the allegation.

**MR. SPEAKER:** The Member for St. John's North, to the point of order.

**MR. KIRBY:** Yes, thank you, Mr. Speaker.

Just to respond briefly. This photograph is widely available now; it has been published on the Internet. It was published on the Internet while the House was in session, while a member was standing in their place speaking. That is my point.

I could be wrong, Mr. Speaker, my interpretation is that it is prohibited under our Standing Orders which refer to O'Brien and Bosc, and also in the Members' Parliamentary Guide which was provided to me, it says that is restricted, Mr. Speaker. That is my point and I look forward to your ruling, Mr. Speaker.

**MR. SPEAKER:** The Government House Leader, to the point of order.

**MR. KING:** Yes, Mr. Speaker, thank you.

Once again I reference that the Orders, as I understand it, that guide this House are the Standing Orders of the House, first of all. Secondly, I am not aware – and like the member opposite, I look forward to your ruling because I am not aware of any rule respecting this House that says that you cannot post to social media or any other Internet-based function, or perform any other Internet-based function when you are sitting in this House.

I am aware as I think you are, Mr. Speaker, with all due respect that many members in this House regularly post to Twitter and Facebook and other forums. I see two issues here. First of all, I see no substantial proof that in fact a member took a photograph while the House was in session, number one; number two, I see no evidence in the Standing Orders that suggests that what the member has raised is in fact a point of order. He is referencing the Parliamentary Guide and not the Standing Orders of the House.

**MR. SPEAKER:** The issue being raised here, as I understand it, is a suggestion that there is a picture of a member of this House, while sitting in the House, and obviously it has been posted, or the suggestion is it has been posted on the Internet.

Whether or not the member in question is the individual who took the picture, if you are suggesting that the picture was taken from within the Chamber, that is a significant breach – electronic devices are not to be used for taking photos or recording the proceedings. There is only one official proceeding that is captured here, that is Hansard. We have videotapes that are done by the Broadcast Centre. Hansard provides a transcript of proceedings. Members of the House or guests in the gallery are not permitted to take pictures of proceedings in the House.

Whether this picture in question, which I have not seen, was taken by a member or taken by somebody in the public gallery, it is a breach of the rules of the House. If it was done by a member of the House – which I have no knowledge whether or not it occurred, and I am not certain whether or not if you saw it on the Internet you can trace the source of where it may have come from. I am not certain if you have that technical capability to do that, but I will undertake to conduct an investigation, because it is a significant breach of the privilege we have here. Members come in this House, they speak openly, they speak freely, and they conduct themselves in an open and free manner. The only recording of the proceedings is done by Hansard, and the Broadcast Centre is the only one permitted to provide photographs and videotape the proceedings.

So if members are using their cellphones, BlackBerrys or other electronic devices to take pictures of the proceeding and members in this House, that is a breach of the rules. As has just been pointed out in the Members' Guide, it is very clear and the language was intentionally written to be strong, not to just discourage it, but to ensure that members just do not do it. So the Speaker will undertake to review – if it is a public posting, undertake to review that. If there is an ability to trace the source of the picture, then we will conduct that review and I will provide a report to the House.

The Member for The Straits – White Bay North.

**MR. MITCHELMORE:** Thank you, Mr. Speaker, for the opportunity to comment on Bill 53 again, An Act to Amend the Churchill Falls (Labrador) Corporation Limited (Lease) Act, 1961 and the Electrical Power Control Act, 1994.

Mr. Speaker, we see this government has been riding the oil production roller coaster. We have seen it ride the highs, and now we are seeing it ride the lows. When you look at the global significance of commodity prices and in the market and where the outlook is, it is quite significant, and it all leads back to industrialization and what it means to diversifying our economy overall. If you look at where we are right now, Mr. Speaker, we have seen this year our mineral outputs – which primarily come from Labrador – are in decline. They are down by 11 per cent in 2012. That has an impact on us. The spot market, which has been commented on several times in this House, when it comes to what Chinese demand is right now, who are primarily the purchasers, is down; it is down.

That has an impact on them purchasing our ore for making steel and for major manufacturing of product and other goods. That has implications when it comes to looking at demand for new industrial developments, especially with this bill which is focused on looking at making power available but at a different rate. It can be a tiered rate, depending on however the contract is negotiated. It is not really clear in the bill and I will get a chance to explain a little bit of that.

Even though we have seen a loss in 2012, a big decline, we are going to see in 2013 that there is going to be an increase, and it is great to see that, based on what the Royal Bank is forecasting. They are seeing that because there is some overseas investment coming in. That is going to be coming from the direct shipping iron ore and the Kami projects. Kami is part of the Alderon development. They are looking at that and also looking at capacity expansion at the Iron Ore Company of Canada there to keep the mining prospects going and going bright. There was a report done looking at the potential and saying that investment can be maybe \$10 billion or \$15 billion over the next couple of decades.

We see how quickly, based on where commodities are, if we just look back with the recession that happened in late 2008 and what that has meant to prices. In 2009, the Province only had \$2 billion Canadian worth of metal shipments. That has a big impact. This year we are forecasted to be double that.

If you are looking at being in production and operating an industrial company and your rates are set at a certain limit, and now they are looking at being increased significantly, if there is with so much uncertainty in the global marketplace these days when it comes to financing, when it comes to operations, and when it comes to selling your commodity, if there is not a demand for the iron ore and the minerals in the immediate future because of what is happening in the overall economy, then you are having a cost burden to these companies.

If we look at the overall economy in a glance, housing starts in 2011 were about 3,500 starts. That is supposed to increase this year at 3,800. It is going to drop off according to RBC by 2013 to 3,400, and then in 2014 to 3,200. With all this potential industrialization, with a housing crisis where you have seen in Labrador West where there are zero vacancy rates, Happy Valley-Goose Bay, and in the North Coast as well where you have seen very tight housing markets and you are seeing the housing starts go in decline – we have seen that. If you are planning a mining development that is going to create hundreds of jobs, if not thousands, then you need to have a place to house these people. We are seeing that the forecast is not there for that. That has an impact.

If we go back to the potential companies that are there to look at mining would be the Tata Steel Minerals Canada Limited, which they are owned in part by Tata Steel of India – 80 per cent. They are looking at shipping their product, their manufacturing, to Britain and to Europe. They have a significant amount of ore concentration and they are looking at year-round operations that can employ 180 to 200 people.

We need to look at how we can do consideration to make sure that companies of this nature have the ability and access to good, industrial power but not adversely affecting the players who are already in the market and other potential players in the marketplace as well. There was a SWOT analysis done of Labrador West. One of the things was that you need to have relatively low power rates to really promote the ability for diversification of the economy

there. They talk about the industrial culture but that it is heavily dependent on mining. There may be other opportunities to get into other industrial investments in this region and other regions, but the rates have to be applicable and they have to be fair.

If we go back again to more mining companies and we look at Wabush Mines, which currently sees a low rate which has been noted from the briefing notes of 0.6 cents per kilowatt hour, they are shipping over 3 million tons in 2011 and that should increase a little bit in 2012, employing 500 people. That is very significant. That mine is planning on being there to about 2030.

If we are looking at creating blocks of power with all the players that are there and only having so much available, and everybody needs so much power and maybe more to get through their development, are we entering into a place where they are going to be competing against each other, willing to pay higher prices for power and generating those revenues? Because it seems like that option is there. We are talking about a race to the bottom with Hydro-Quebec, but could it mean that the larger players in mining, that have significant deposits and significant finds, are going to be limiting the industrialization of smaller junior companies that may not have the capital and cannot go to the global marketplace to get that, cannot go to the bondholders of wherever, or their shareholders, to say: Well, we need to really be able to compete right now and get in and do that development.

We have not seen the clear plan. As it has been stated, nobody has really signed on for long-term power purchase agreements or requested exactly how much energy they need. You look at the Labrador Iron Mines, they shipped 412,000 tons of iron ore to China. That was done under transportation with Rio Tinto. So, you can see the partnerships that exist in mining right now.

The company is planning on going from 412,000 tons to almost 2 million tons this year. That is creating 140 person-years of employment in 2012 – another significant investment for people and people of the region. If we are seeing where things are heading when it comes to housing starts and the outlook on the economy, if you are looking at creating these developments and you are looking at adding less houses but more people, more employees, to an area and a region, well there has to be a plan to fill that gap.

What we are seeing is that companies really need to play that role and we are not sure if there is enough power right now, with what is being put forward in this bill of the market block of power, which is recall power – that is what was stated as recall power – but Labrador West itself states that it has 127 megawatts of recall power. So, I do not know if the additional amount is coming from somewhere else that would have been sold, maybe, to the New England States previously through Emera, as has been done, as well as the power from the TwinCo power that was there.

If we look at all the potential of these companies that are there and we look at where government is forging forward with Muskrat Falls, and that there really is not a tiered power system to get power to mining companies, there is no transmission. That is not 'costed'. That is not part of the overall plan.

We are seeing some real concerns there as to how – I guess it is confusing the issue of, will Muskrat Falls power be made available to mining companies? If so, why isn't transmission part of it? The point is that if we are moving forward with the Maritime Link just to get a loan guarantee that is supposedly going to save us \$1 billion, I am not sure how we are going to get to \$1 billion on that cost. Unless we are going to carry the maximum amount of debt constantly and not depreciate the project over the term.

When we look at, overall, that it is really not affordable – it is not affordable to industrial companies to buy Muskrat Falls power at the cost that we are looking at developing this project. Even if we excluded the transmission and we just focused on Labrador 100 per cent of the power, to put that in and transmission, you are still looking at a significant cost. When you get to the actual megawatt cost of direct power and what you can sell it for, that is something that you need to look at.

Are we going to subsidize companies for the benefit so that we can get something else in return? In return, would that be these employment years? Would it mean construction jobs? Would it mean overall things to expanding



economies and doing it in a sustainable way so that it is planned, it is organized, industry can grow, and we can continue to add power as it needs to be added? That is something that we need to look at.

Right now, it seems like there are two things happening with Bill 53 and with the Muskrat Falls Project itself, which is a much smaller project than looking at the Lower Churchill and looking at the demands and the needs and what is happening. It is saying in the legislation that they are going to put in the rates over time; starting, basically, just in a few days. In January, 2013, they will start to see modest increases.

What is happening to the companies that are currently players that are going to get in and get part of the block? Are they going to be able to buy up all of this block power because they are there, they are ready, they are available, where they have always had access to it? What is really happening prior to 2015 through this process? What does that mean over the long term, Mr. Speaker? Those are questions that I do not believe have been really answered.

I want to go to section 5.9 of the bill. Under section (3) on page 5, it talks about, "The rate established by the board under subsection (2)". They are talking about the Public Utilities Board. It says, "(a) shall be indexed to and adjusted annually for inflation, and the nature of that adjustment may be established by the public utilities board as appropriate for the industry". That is something that can be very fair. We want to look at inflation and the overall cost of what the Consumer Price Index and things like that mean so that today's dollars are basically reflective of what tomorrow's dollars will be as well.

Under section (b) it says: "shall be binding on Churchill Falls (Labrador) Corporation Limited and Newfoundland and Labrador Hydro, but may be amended or changed by the parties by agreement without the prior approval of the public utilities board".

The bill and the briefing has talked about allowing some role for the regulator, for the Public Utilities Board, but it also seems in this section that it is giving free rein to CF(L)Co and Newfoundland and Labrador Hydro to deal with any mining or industrial entity to say: Well, we will offer you a lower rate, or a higher rate. What is the actual justification, without seeking any type of approval by a regulator, to show that this would meet the requirements of what the acts state?

This is giving it free rein. This clause is allowing too much flexibility when it comes to dealing with these companies. It could just reflect maybe a moment, a fraction in time, where if in two years, or three years, or ten years we see a global meltdown in the economy and electricity rates for the industrial user is too expensive for their ore shipments, they would have to layoff a significant amount of employees or shut down operations.

What that would mean would be going to CF(L)Co or going to Newfoundland and Labrador Hydro and saying: Look, here is our business case. Here is our proposal. In order to get the economy and keep everything moving forward in Newfoundland and Labrador to allow and continue industrialization we need a lower industrial rate; more than what is the actual proposed rate.

It gives a lot of flexibility for companies and for the marketplace to seek things without maybe legislators or a regulator, a quasi-judicial agency of the Crown, to have that ability to say there has to be some just cause and it has to be accountable. It has to be open and it has to be transparent.

This seems like it is giving free rein to either CF(L)Co or Newfoundland and Labrador Hydro to really amend any of the agreements outside of the published rates. That makes a significant difference when it comes to what we are talking about in Bill 53, among other things that have been raised by my colleague for St. John's North which does prevent a significant amount of concern.

We see so much opportunity to look at industrialization and to do it right. To do it where power is much more affordable than looking at what is available on a smaller scale and increasing rates, looking at the expenditures of the Muskrat Falls Project compared to all of the energy opportunities that are there in the Province's Energy Plan, which lists a number of options to really go into and look at meeting industrialized needs.

When we see other bills that we have debated in between this bill, there are clauses in them that would limit any type of investment for meeting local needs and industrialized needs to really sell energy back on the grid. If a company that is dealing with industrialization also wanted to get into the energy business for things provincially, when it comes to things like natural gas they would not have that option should other bills get passed.

We see in Bill 53 how you can ride commodity prices when they are high, but when they are low they have significant impacts to a budget. There have to be cuts. The provincial government is undergoing reviews of its departments when it comes to how it is going to deal with deficits, deficit spending and budget cutbacks.

If you look at dealing with an industrial company, they have the same thing that they have to deal with when it comes to commodity prices and the global marketplace. Making affordable electricity available to them is something that needs to be done if you are looking at and if that is something that is important to the overall economy of Labrador, which is specific to this bill.

If we are going to go forward with the Muskrat Falls Project, the power is not going to meet the needs or truly expand where we need to go to create a real paradigm shift in Newfoundland and Labrador. This is going to be a cost, Mr. Speaker, to the ratepayers, to the people of the Province, to people of my generation, for a significant amount of years. We could be paying for it for the rest of my life and, really, other people would be looking at receiving the benefits from this.

So, I will clue up now here on Bill 53 because I see a lot of benefits when it comes to industrialization and making power available. I do not believe there is enough power going to be made available, based on what is suggested here in this bill. I think the Muskrat Falls Project is not enough as well to meet that need, and there are other options that can actually meet those needs and truly expand industrialization, create the maximum amount of jobs, and really put Newfoundland and Labrador on the right move forward. It is certainly time to do that.

Thank you, Mr. Speaker.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER (Verge):** Order, please!

The Leader of the Opposition.

**MR. BALL:** Thank you, Mr. Speaker.

Again, this is a privilege for me to be able to stand and speak to Bill 53, An Act to Amend the Churchill Falls (Labrador) – this is a number of times now I have had the opportunity to speak to this bill and the amendment.

Mr. Speaker, when you look at the history here – and we have been doing some more reading about the need for the industrial power and the need for the rate setting and how we got to where we are. Indeed, as we know, we have an industrial rate that is established in Labrador right now, particularly in Lab West, and this particular contract will expire in 2014. So, it is important – and as you know, Mr. Speaker, we have said on a number of occasions now that this is indeed a bill that we will be supporting, but the need to actually set the industrial rate in Lab West and indeed for the Province, but in this particular case for Labrador, is important.

Now, there are a couple of areas in this particular bill that if the debate allowed, there would have been a number of areas that we would have been actually proposing amendments to this. We actually felt that there were ways that we could actually strengthen this particular bill, especially around how you generate and how you create and you establish stable economic activities. This, in our suggestion, would be around either preferred access or preferred rates, or some combination of both.

The whole idea here was to generate extra economic activity that would obviously mean more revenue in terms of taxation for the Province. In some particular cases, you may see a lower rate. When you look at the overall benefit

of the program, the economic benefits generally, what you would see, the objective would be how you would leverage some extra revenue for the Province.

Mr. Speaker, we felt that the opportunity there was to do that within this piece of legislation, in particular around Bill 53, under clause 2. There were a couple of opportunities, we felt, that you would strengthen the bill simply by just changing some of the language.

We have heard, Mr. Speaker, it has been mentioned a couple of times now, about substituting the word "shall" for "should". This would have strengthened the bill to the point where it would have been more directive that you would use the industrial block, the industrial rates, as an incentive to provide extra economic activity for Labrador West.

Mr. Speaker, when you look at the incentives and what that could mean, it is not unusual. You see this happening in many jurisdictions in the world right now. Some people who do not have power would use things like land, or they would even in some cases subsidize labour. The whole idea is to generate economic activity in the particular area.

Shipping out of raw materials – typically in Labrador West, what we would be talking about of course is iron ore. Shipping out iron ore in really in raw form when you could try to use something like power as an incentive to see secondary processing, or pelletizing, or whatever the incentive would be instead of shipping raw ore out for processing in places like China, which is certainly some of the plans that we have seen for development in Labrador West right now.

Mr. Speaker, when you look at the current situation – as I said the current contract will expire in 2014 – what is happening in Labrador right now and how we got to this situation. When you look at the development of the Upper Churchill back in the late-1960s, there was a block of power there that was developed by IOC and Wabush Mines. What happened there we had 225 megawatts of power, the TwinCo block; this was established and used to support the mining developments in Labrador.

As we know now, this TwinCo block was taken up by the development of Upper Churchill. Of course, they had a contract, a preferred rate, because they were given access to this power until 2014 – until late 2014, actually. So, we have now reached a point where we need to start negotiations so we can actually come up with an industrial rate that the mining companies in Labrador – a rate that they would actually use to put in their cost stream for their operations.

When you look at what is happening in Lab West right now, there is a fair amount of activity, and one of the reasons why we think there is some potential here to use the current development of Muskrat Falls to actually support the mining industry. One of the larger areas of expansion up there and one all of us have seen as a significant impact on the economy within the Province – because it is not only impacting Labrador, it is actually seeing the processing on the Island in Long Harbour having a significant impact right here on the Province. Indeed, you know that I am talking about Vale Inco. They are a great example of an industrial rate customer in the Province, because they are an industrial rate customer at Long Harbour.

Indeed, if they were to expand their site at Voisey's Bay, which is just thirty-five kilometres south of Nain – and, Mr. Speaker, I did have the privilege to actually be in that area back in February, you can actually see it is a significant development. What happens to them? They have to make a decision now, as the open pit mine is certainly getting to the extent of its life, and now they have to make a decision if they go underground or not. If they do, of course they are going to need a significant amount of power for their mining.

Mr. Speaker, then they have to make a decision: Where does this power come from? As someone who actually would support that industry at Voisey's Bay, the decision would be that it would be a very long and expensive transmission line. These are the options that would need to be explored. Of course, in this particular case, Vale would have to make an application to build a transmission line and the commitment would be made, through that transmission, they would be given access to the industrial rate.

This is an example of where we could use power to simulate economic activity in Labrador. We are seeing a lot of new activity and extensions of some of the activity in Labrador West right now. I did have an opportunity in February, on a visit to Labrador West, to meet with a number of people who have been involved in mining down there.

Everywhere you go the question is very simple and it is very clear, with the many social issues they face there as they develop the community and as the community of Labrador City and Wabush continues to grow and all the social programs – no matter what you do, no matter where you go and whoever you talk to, one thing comes up for sure always is the need for power to develop the economy.

Wabush Mines, as an example, a company now operated by Cliffs Natural Resources, if they look at their expansion, Mr. Speaker, they are currently, I believe, at just over 3 million tons in 2011. They would see this increase to about 5.5 million tons over the next three to four years. As you know, Mr. Speaker, all of this would require power.

We already know that the mining industry creates significant revenue to the Province. In 2011, we saw about \$4.6 billion worth of revenue. We are expecting to see some decline, back to \$4.1 billion in 2012. This is the value of the mineral shipments out of Labrador West. Of course, 67 per cent of this would be iron ore, and nickel making up for about 19 per cent. All of this means there would be extra demand for power.

When you look at the other mining projects that are currently at various degrees of consideration, various degrees of planning, the Iron Ore Company of Canada is one of – when you look at IOC, they are kind of one of the most exciting companies. They have been around Labrador West since 1962. So they are the senior company in that area.

Most of the development in Labrador West has been largely dependent on the success of IOC. They currently use about 222 megawatts of power. You can understand how this really ties in quite nicely with the TwinCo block and how they did a very good job in forecasting what their own needs would be. They have some significant plans for Labrador West.

We all know that the discussions have been long and tenuous, and considerable investment would be required where you are seeing IOC planning some major expansions over the next years. There is no real set time on where they would want to be, but there is no question, Mr. Speaker, depending on where you see iron ore prices go, IOC is a company that we need to watch because they would be in need of a lot of power as they continue to develop their mining interests in Labrador.

Labrador Iron Mines is even a smaller company. What you have seen this company do, is they actually used some – I guess the plan for Labrador Iron Mines now would be to use power from Menihek. It is a very small project in some terms, but it is very interesting to see how Labrador Iron Mines came to be using about 5.5 megawatts of power; a company that just operates for about five to six months a year and currently is ramping up to about 2 million tons of iron ore a year.

So, you can see that in this whole area this has become a very – obviously for us, as a Province, the iron ore mining in Lab West is certainly the focal point. Indeed, the need for the industrial block and the industrial rate setting is important for the development of all those mining companies.

Tata Steel Minerals Canada is really a joint venture between two companies; one being Tata Steel, an Indian company which owns 80 per cent of this particular development, and New Millennium, which owns about 20 per cent. This is really a junior mining company, but they have some significant plans. Again, by November they are expecting to ramp up to about 5.5 million tons a year.

These are all significant, a significant need for power in this area, Mr. Speaker. You can see when you go down through the list – it is a very exhaustive list of these companies at different phases of feasibility. We all understand that, for the most part, they will be phased in at various times but the need for power, nevertheless, will be there. This is one of the reasons why we would like to be able to use a bill, like Bill 53, to use this industrial power to make sure that we leverage all the opportunities that would exist for the people of the Province.

Mr. Speaker, there is significant opportunity, we believe. If we get this and do this right that the industrial block of power, which is two components, one being, as I said, the 239 megawatts which is really the so-called development block, and this gets layered onto a market block. The source for that of course would have to be – in this particular case, if we use hydroelectricity it would have to be Muskrat Falls power.

We would develop a rate which would be – annually, what you do is this would be reviewed and the new rate would be an evolving rate. The rate would be changing every year but at least the companies would know and have a predictable rate. What is important is this rate would be competitive so that the companies would know they have a competitive rate so that the companies would be viable, the communities and the suppliers of those companies would indeed be in a position to be able to depend on the price of this power.

Mr. Speaker, as you know, I have had a number of occasions now to speak to this. As we look at the need for power, it is important; yet, when you look at this, we do have time, because before 2015 – the original contract expires in 2014. It is in January, 2015 before we really need the flexibility to deal with this. With that said, with all those mining companies you can see that there could be a fair amount of activity where we would need a demand for this power prior to end of the year around 2020.

Mr. Speaker, in some ways we have time to get it right. These companies are now in the planning stages. It is important that we be able to have this industrial rate determined so that they will know and this could be included in their financing plans as they go out and seek financing to put those mines to fruition.

Mr. Speaker, we have covered a lot when it comes to the industrial block of power and the need for it. We have seen lots of examples. There is one other section within the particular bill, Bill 53, that when you look at it, it says, "Notwithstanding section 7 of The Churchill Falls (Labrador) Corporation Limited (Lease) Act, 1961, as of January 1, 2015" – this is the date I just mentioned about the importance of getting the industrial block established – "the Public Utilities Act shall apply to all transmission lines and related assets located in Labrador..."

There are two exceptions there. One would be the Muskrat Falls Project, and the other one would be, of course, the hydroelectric power that is sold to Quebec. This comes from the Upper Churchill development, which is a development, by the way, of well over 5,000 megawatts of power and eleven turbines generating around 550 megawatts of power. This particular project, Mr. Speaker, would be exempt from the Public Utilities Board for the transmission lines.

Mr. Speaker, I have just a few minutes. As I conclude, the industrial power is divided into two components. One would be the generation and one would be the transmission. Now, the transmission component of this would be regulated, whereas the generation component would not be regulated. This would be done in negotiation in the beginning with the various companies so that all companies – according to this piece of legislation, there would be no preference.

There have been some questions that I think would need to be addressed about recall power. From the beginning it has been determine, and this is something we actually support, that the recall power, which is about 300 megawatts of power – the preferential access to recall power would be to residential customers or commercial customers.

Some people would say: What is the difference between a commercial customer and a residential customer? Well, there is quite a difference. The difference, again, is not about how much power you use and not about how big a customer you are, but how you receive the power. The industrial customer would receive the power at a much higher voltage simply because of the types of equipment they could use.

Mr. Speaker, there is no question, the industrial rate and having a competitive rate is very important. Also, there is other thing that would need to be addressed; of course, this is the transmission of power from Muskrat Falls. Currently, there is no capacity. So in this particular case there is somewhat a sense of urgency that this would get to be dealt with.

We have asked the question about how you develop the transmission. What you would have here is a number of mining companies that will require power; therefore, there will have to be some kind of consortium to some degree.



Someone would have to go in and bring the groups together to finally determine how much power would be required so that you could, number one, determine the size of the transmission that would need to be built.

This would need to be done with a commitment from the mining companies to participate in financing through some kind of power purchasing agreement with the mining companies so that you could – then, of course, this transmission would be regulated. The cost of this would be – but we would need the commitment from the mining companies to build the transmission line. Mr. Speaker, we see this as a significant opportunity to create economic benefit to the people in Labrador West, and to the people of the Province as a whole.

Mr. Speaker, that gives me about twenty minutes. I will conclude my remarks right now on Bill 53 with one final comment, as I said, we will be supporting this. We do feel that there were some opportunities within this piece of legislation where we could have used some incentives to leverage some opportunities.

In the general sense, it is the right thing to do. It is something that we know that between now and 2020 there will be a significant need for power in Labrador West. When we looked at if it is on the low range, mid range, or high range of demand, either way you look at it, either in the low range, mid range, or high range there still will be need. Therefore, the fair thing to do would be to get a competitive industrial rate in place so that the mining companies, as they plan their mining developments in Labrador, would be able to determine what the cost of power would be for their development.

With that said, Mr. Speaker, thank you for your time. Those would be my concluding comments on this debate.

Thank you.

**MR. KING:** A point of order, Mr. Speaker.

**MR. SPEAKER (Wiseman):** The hon. the Government House Leader, on a point order.

**MR. KING:** Thank you, Mr. Speaker.

We had as you know a point of order a few moments ago on the use of cameras and flash photography. I have become aware, Mr. Speaker, that there are other pictures in fact available that have been taken in this House.

I am not suggesting for a moment that the House was in session. I am not going to repeat the points brought forward by the Member for St. John's North. He, in fact, himself has a picture on his Twitter profile that was taken in the House, as I have the picture here. There is no indication the House was in session. I am not suggesting that. As a matter of fact, it is only the member with the House in the background.

I raise it on a point of order, Mr. Speaker, only in the context that when the previous point of order was raised with respect to the Member for Mount Pearl North, I made the same point. While there, in fact, was a photo taken, as was alleged by the point of order raised by the Member for St. John's North, that photo as well, as I understand it, does not demonstrate any clear direction that the House was in session. In fact, it was not in session.

I raise the point of order in that context. As the Member for St. John's North raised a point of order, in fairness, if the argument put forth by the Member for St. John's North is that as per the Members' Parliamentary Guide that no pictures ought to be taken at any point in time, he himself has one posted on his Twitter profile. I am certainly prepared to share that with the Speaker.

I leave my point of order there for your consideration.

**MR. SPEAKER:** The hon. the Member for St. John's North, to the point of order.

**MR. KIRBY:** Thank you, Mr. Speaker.

I am pleased to provide some clarification. If you go to [nlndpcaucus.ca](http://nlndpcaucus.ca), you will also see photos that were taken in this House of Assembly, Mr. Speaker. Those were taken by a professional photographer who came in to do profile

photos of members of our caucus when the House was not in session. I think the great thing about the advances in digital photography and technology today is that all of these photographs are identifiable by some sort of digital stamp, and I believe are all traceable back to a time and a date, and actually to the device with which they were taken.

If the Government House Leader has any doubts, we can certainly produce the photographs that were taken by a professional photographer for our caucus here in the House. That is all I wanted to say. I have nothing further to add to my original point, Mr. Speaker.

Thank you.

**MR. SPEAKER:** The hon. the Government House Leader, to the point of order.

**MR. KING:** Yes, Mr. Speaker, thank you.

With all respect, I am certainly not doubting what the member has put forward, Mr. Speaker. The point I was making, and I think Hansard will reflect this, the member himself quoted, I believe - so I stand to be corrected, because Hansard will confirm or refute this - it is my understanding that he quoted page 38. He quoted a section, and I will read it for Hansard, "Devices with cameras, video or audio recording capability must have those functions disabled at all times in the Chamber. Photographing or recording Members in the Chamber would be a serious breach of privilege which could result in severe sanctions."

Mr. Speaker, you made a little commentary on that when the point of order was raised. My point, certainly, being is nowhere in that section - and I am simply arguing the point raised by the member opposite - nowhere in that section does it provide an opportunity that if you are a professional photographer you have a right to come in and take a picture. So, I am arguing the same point. I am simply saying that if that is the point the member argues, then you have to accept that no photography is available, and I am just making the Chair aware that there are more pictures that have been taken in this Chamber in any form, than simply the one raised by the member opposite.

**MR. SPEAKER:** The Member for St. John's North, to the point of order.

**MR. KIRBY:** Mr. Speaker, maybe I misspoke when I first spoke. When I rose, I also referenced Standing Order 1, General Rule 1.(2) which says, "In all cases not provided for in these Standing Orders or by sessional or other orders of the House, the Speaker shall be guided by the following in the order in which they are stated... (b) the Standing Orders and sessional orders and forms and usages, customs and precedents of the House of Commons of Canada and those of any province or territory in Canada".

Then I referred to page 289 of O'Brien and Bosc - which I would suggest this refers us to - and it says, "Only these photographers, and the official photographers employed by the House of Commons, are authorized to take photographs of the Chamber while the House is in session; even Members are forbidden from taking photographs."

The photograph that the Government House Leader is referring to was not taken while the House was in session, and it was also taken by, I would argue, an official photographer for our caucus who is employed by our caucus, I assume, on a short contract to do that work. My point - well I will not repeat my point, Mr. Speaker, I think you are very clear on it, and I hope the hon. Government House Leader is a little more clear now.

Thank you.

**MR. SPEAKER:** The Government House Leader, to the point of order.

**MR. KING:** I am indeed a little clearer; I appreciate the member pointing that out.

I will respond to his reference to page 1, subsection (2), where it does say, "In all cases not provided for in these Standing Orders...". I will reference section 1.(2)(a), it says very clearly, Mr. Speaker, "In all cases not provided for in these Standing Orders or by sessional or other orders of the House, the Speaker shall be guided by the

following in the order in which they are stated...". Now, Mr. Speaker, I am just going to, for the benefit of the House, reference back to the member's own argument in the initial point of order.

It says here, "the usages, customs and precedents of this House". The member himself referenced two documents: the Standing Orders that I am referencing here and the Parliamentary Guide for members that I have in my left hand.

The Parliamentary Guide provides no exception whatsoever in this House for an amateur versus a professional photographer. It is very clear that no photography is to be taken. My point simply, Mr. Speaker, in reference to that is if we are going to make a ruling, there is no provision in the documents that our own Standing Orders allows for which differentiates between professional and amateur photography. It clearly states, as the member argued himself in his initial point, that photography in general is not permitted in this House.

**MR. SPEAKER:** The Member for Mount Pearl North, to the point of order.

**MR. KENT:** Thank you, Mr. Speaker.

I just want to speak very briefly to the point of order. I thank you for the opportunity to do so.

I certainly want to acknowledge to members of this hon. House that a photo was taken at some point earlier today that I did indeed pose for. I did not take the photo, but of course I do appear in the photo in question. I can also advise you, Mr. Speaker, and this hon. House that I do not believe it was taken when the House was actually in session.

Thank you, Mr. Speaker.

**MR. SPEAKER:** The Member for St. John's North, to the point of order.

**MR. KIRBY:** Yes, Mr. Speaker, just one final point. I believe if we actually walk out through the door here to my left and look on the wall there are official photographs taken in the Chamber of previous speakers with Chairs of Committees, and the Clerks and staff and so on. It is obviously not extraordinary for official photographs to be taken here in the Chamber. The photograph that I referenced earlier was in no way official, Mr. Speaker.

Thank you.

**MR. SPEAKER:** Order, please!

This point of order has taken up an inordinate amount of time. I say that for a reason. The issue of pictures being taken – I repeat what I said earlier: Any pictures to be taken in this Chamber are those that are authorized by the Speaker's Office.

The Speaker has authorized the Broadcast Centre obviously as the official agent, not agent but official record of what takes place here, as is Hansard. Any other photography that takes place in this Chamber, including the pictures of the presiding officers that you are referencing, are authorized by the Speaker.

Frequently, the Speaker's Office will get requests from individuals who want to come inside here to photograph, including the media. No pictures get taken in this Chamber at all, proceedings in place or not, without the authorization of the Speaker. There is no such thing as an official photographer for the House regardless of who employs them, whether they are an employee of some caucus or not. So, let us make that abundantly clear.

The issue of social media – and this is becoming a repeated issue in this House. Today we are talking about having pictures taken by members, whether it is the Member for St. John's North, who there is a suggestion that there is a picture on a social media outlet reflecting the image of that member, as there is a suggestion that there is an image of the Member for Mount Pearl North taken from this Chamber. To my knowledge, as the Speaker, today, I did not authorize any photographer to take either one of these pictures. So, an unauthorized picture was taken in the House, in both instances.

The issue of when these posts occur and when they do not, I want to bring members' attention to something that is in the Code of Conduct, and I will just – Principle 1, it talks about, "Members shall inform themselves of and shall conduct themselves in accordance with the provisions and spirit of the Standing Orders of the House of Assembly, the House of Assembly Accountability, Integrity and Administration Act, the Members' Resources and Allowances Rules, the Elections Act, 1991, the House of Assembly Act and this Code of Conduct" – this is the other piece that is really important – "and shall ensure that their conduct does not bring the integrity of their office or the House of Assembly into disrepute."

Now, repeated posts on Twitter and Facebook and the timing of these posts coincide with the sitting of this Chamber, about activities of members who are here, the conduct of what they may or may not be doing, comments that may not be making in debate; in fact, even references to whether or not they are in the House or not. I suggest it brings the integrity of this House into question, and it is becoming a real issue for us to manage.

Social media is a tremendous tool, an instrument that MHAs can use to better their relationship with their constituents and to help have a healthy communication network with their constituents. That same tool can also create disruption in this House. When it starts to create disruption in this House, or bring the integrity of the members of this House or the House itself into question, then it becomes a concern for the Speaker and has to be dealt with as a breach of privilege.

The disruption that these sorts of activities create creates a problem for all of us – not one individual member, but the entire House. So I ask members to be guided by this principle of the Code of Conduct. We talk about a member's conduct, "does not bring the integrity of their office or the House of Assembly into disrepute."

There is a powerful message in that principle. We are obligated, as elected MHAs, to follow those principles. Breaches, in fact, are referred to the Office of Members' Interests. That is how serious a breach of this Code of Conduct will be. These sorts of behaviours are really starting to become an issue for us in this House.

With respect to the point of order raised by the Member for St. John's North and with respect to the point of order raised by the hon. Government House Leader, there is no point of order in either case. The Speaker is expressing some grave concern about the conduct of members with respect to social media and how they are using it for purposes that bring into question the integrity of the House. If it persists, the Speaker will have no choice but to deal with it as a breach. I remind members of their responsibility to be compliant with the Code of Conduct.

The hon. the Member for Torngat Mountains.

**MR. EDMUNDS:** Thank you, Mr. Speaker.

(Inaudible) today we are speaking to Bill 53, Mr. Speaker. The hon. House Leader has come out with so many bills tonight that it is getting confusing.

Mr. Speaker, I would like to speak to Bill 53, An Act To Amend The Churchill Falls (Labrador) Corporation Limited (Lease) Act, 1961 and the Electrical Power Control Act, 1994. Mr. Speaker, there are no established electricity rates in Labrador, and that is the whole purpose of Bill 53. Certainly, we go along with that. We agree with it.

Mr. Speaker, I would like to go back to less than a year ago. This bill talks about establishing industrial power rates within Labrador and to be administered or regulated with the Public Utilities Board. This application is only for industrial rates in Labrador.

Mr. Speaker, I have heard many speakers tonight talk both on amendments and on the bill itself about the need for this legislation and, more importantly, the need for power for development in Labrador. Mr. Speaker, within this policy there are provisions made for potential for new mining developments and expansions in Labrador. That comes directly out of the briefing on Bill 53, and that is certainly something I would like to talk about.

We look at the current potential output for Muskrat Falls, Mr. Speaker, and it is significant. There is a percentage of power held back for Labrador. The rest is sent down through Central Labrador and on down the Southern Labrador Coast, across The Straits, down to the Southwest corner of Newfoundland and across The Straits again to Nova Scotia. From there, Mr. Speaker, it travels on to what I would like to call cottage country. It seems that the power rates as they go south get cheaper and cheaper.

Mr. Speaker, we talk about supporting development in Labrador, enhancing development in Labrador, making provisions for development in Labrador. When you look at development, Mr. Speaker, it is an investment by the government because there will be a return on it.

When you have megaprojects like we have in Labrador, Mr. Speaker, projects like the Iron Ore Company, like Wabush Mines and some of the up and coming megaprojects in Labrador West and in Southern Labrador, in Northern Labrador and within Central Labrador itself, there is a mineral exploration project underway that is proving to have some great potential. Mr. Speaker, all of these projects require power. Here we are poised to develop that power, to develop Muskrat Falls.

Sanctioning was yesterday. This gives a green light to this project, Mr. Speaker. At the same time, we are watching this power being taken out of Labrador and sold on the spot market, or to supply the Island portion of our Province. We do not have a problem with supplying power to the Island portion, Mr. Speaker. I think it is a good idea.

The problem I have with this is that there is a need for power to supply development in Labrador. The demand, Mr. Speaker, is way, way more than what the output of Muskrat Falls is itself. I think if you add the numbers up for the demand for the projects that are ongoing, projects that are underway, projects that are in predevelopment or about to get started, and those that show potential – I think if you brought Gull Island on-line, there would be still more demand for power for industry in Labrador.

Mr. Speaker, we talk about sending power down through Labrador. I heard the Member for Cartwright – L'Anse au Clair talk about the young children in her district having to go to Quebec because in Labrador the power rates were so high that they could not pay the bill.

Mr. Speaker, when you look at the different ways in which power is off-loaded industry has a different rate because it can draw power directly off the grid. When I see this line running down the South Coast of Labrador, right through the community of Forteau – right through the community, Mr. Speaker – and almost parallel to a number of communities on the South Coast, I have to ask: Why can't some of this power be taken off the main grid and downsize to the point where it can go out as 220 and as 120 volts? It is certainly possible. I do not see any reason why it cannot be done.

Once again, Mr. Speaker, it is a resource that is being taken out of our Province with very little return to our Province. We see this government doing this quite often. We have a Province that is rich in resources, and certainly we would like to see some of the revenue and some of those resources stay in our Province.

We talk about the Public Utilities Board, and later on, once we get to another bill, we will look at the role of the Public Utilities Board actually not having a role; but in industrial rates and in residential and commercial rates in Labrador, the Public Utilities Board still has a role to play. This is very important when you get into areas of monopoly, where the whole purpose of the Public Utilities Board is to regulate on behalf of the ratepayers.

Mr. Speaker, I just have a few more comments. When you look at the reason for implementing this bill, it is to maintain a competitive rate and to have a uniform rate in Labrador that can be interconnected.

Mr. Speaker, Labrador residential and commercial customers have the first right of recall power, and that is very important. When you look at Quebec, which is just across the border and on both ends of the grid of development, there is always a concern that there will be a competition for power delivery. We do have companies in Labrador already that are negotiating for power with Quebec. What burns me, Mr. Speaker, is that this is probably power that comes from Churchill Falls. We cannot do much about that until 2041.



I would just like to say that I am glad to see that this government has gone from not supplying power to Labrador to coming up now with a plan to bring power to Labrador to the point where it requires establishing industrial rates. I would like to see within the next year that power would be made available, Mr. Speaker. If this government can come this far in six months in terms of recognizing the need for power in Labrador which is a benefit to this whole Province, I think there is room for improvement. I would like to see that improvement.

If you have a demand for power that exceeds what the project is putting out, Mr. Speaker, why give it away? I think that is very important. We do not have to send the power south when we could use the same power to further our own economy. That is very important when it comes to our maintenance, Mr. Speaker, of being a have Province. I think we could increase upon that and not have to be responsible to other entities that are starting to govern us from outside of our Province. Nobody wants to see that. What I see now, Mr. Speaker, is that we are setting ourselves up for that.

Thank you.

**MR. SPEAKER:** The Member for St. Barbe.

**MR. BENNETT:** Mr. Speaker, in speaking to Bill 53, reviewing this bill, there are numerous references to the Public Utilities Board. We have had repeated references over the past several months, maybe as many as upwards of a year, or perhaps even more, with the Public Utilities Board in dealing with Muskrat Falls, the project overall, and the power rates of Muskrat Falls.

On reviewing this bill in more detail – the bill is to amend the Churchill Falls (Labrador) Corporation Limited (Lease) Act, and the Electrical Power Control Act, 1994 – I do not really see why what is sought to be accomplished in Bill 53 could not actually be done simply with an amendment to the Public Utilities Act and the Public Utilities Board. It is cross-referenced repeatedly in the act, where the board shall apply, and where the board shall not apply, what the board is supposed to do, and what the board is not supposed to do.

There are numerous inconsistencies between the bill that is proposed, the two acts that are sought to be amended, and the Public Utilities Act. So, Mr. Speaker, first we need to consider what do we have with the Public Utilities Board that the board is supposed to do in this particular new bill that it is not already doing.

Sometimes, in haste, as we have seen quite a bit too much haste in various bills, we overlook what we already have. It is as if we are reinventing the wheel and do not need to. The Public Utilities Act, which is referenced here – first of all, if you go to section 16 of the act, it says, "The board shall have the general supervision of all public utilities, and may make all necessary examinations and inquiries and keep itself informed as to the compliance by public utilities with the law and shall have the right to obtain from a public utility all information necessary to enable the board to fulfil its duties."

The board can further make inquiries "into a violation of the laws or regulations in force in the province by a public utility doing business here, or by the officers, agents or employees, or by a person operating the plant of a public utility, and has the power and it is its duty to enforce this Act as well as all other laws relating to the public utilities."

Mr. Speaker, when we delve into what is proposed in Bill 53, if we look at paragraph 4.(2), this bill proposes, "The Public Utilities Act shall not apply to the setting of electricity rates for industrial customers in Labrador other than the transmission components of those rates, which shall be regulated under subsection (1)."

I ask: Why not? Why shouldn't it? Why shouldn't the Public Utilities Act apply instead of Bill 53? What are we trying to do on Bill 53 we cannot already do in the Public Utilities Act? It seems like there is not much we are not already able to do in the Public Utilities Act that is proposed to be done in this bill.

The bill in section 2 cross-references it and says, "Paragraph 3(a) of the Electrical Power Control Act, 1994 is amended by deleting the word 'and' at the end of subparagraph (iii), by deleting the semi-colon at the end of

subparagraph (iv) and substituting a comma and the word 'and', and by adding immediately after that subparagraph the following...". Then it goes on, "(v) should promote the development of industrial activity in Labrador".

To give that context, it is necessary to go to the Electrical Power Control Act and find out what were the first four subparagraphs. The first four subparagraphs, Mr. Speaker, under section 3 – and this is under the Electrical Power Control Act which is sought to be amended by Bill 53. This deals with power policy generally in the Province. Section 3 says, "It is declared to be the policy of the province that (a) the rates to be charged, either generally or under specific contracts" – clearly, specific contracts could be industrial contracts – "for the supply of power within the province (i) should be reasonable and not unjustly discriminatory, (ii) should be established, wherever practical, based on forecast costs for that supply of power for 1 or more years, (iii) should provide sufficient revenue to the producer or retailer of the power to enable it to earn a just and reasonable return as construed under the Public Utilities Act...". Mr. Speaker, again, we are right back to the Public Utilities Act, which would constitute the Public Utilities Board.

Mr. Speaker, (iv) deals specifically with industrial customers; "(iv) should be such that after December 31, 1999 industrial customers shall not be required to subsidize the cost of power provided to rural customers in the province, and those subsidies being paid by industrial customers on the date this Act comes into force shall be gradually reduced during the period prior to December 31, 1999".

This bill adds the amendment under (v), which says, "should promote the development of industrial activity in Labrador". So, in essence, simply by amending this bill and using the Public Utilities Act, everything that is sought to be accomplished in Bill 53 can be done in those bills, rendering Bill 53 unnecessary and redundant.

Mr. Speaker, the conflicts and redundancies continue on. If we look at section 3 of the bill, and immediately in section 3, under 5.9(1), "Where Churchill Falls (Labrador) Corporation Limited and Newfoundland and Labrador Hydro cannot reach an agreement for the sale and purchase of electrical energy and capacity described in subsection (7)(3) of The Churchill Falls (Labrador) Corporation Limited (Lease) Act, 1961 within a reasonable time, either party may apply to the public utilities board to establish the rate to be charged and paid under an agreement."

Mr. Speaker, if we again cross-reference that to the section under the Electrical Power Control Act, which is section 5.5(1), we see that 5.5(1) talks about the Public Utilities Board imposing an agreement where parties are unable to arrive at an agreement. Under the Electrical Power Control Act, 5.5(1) "Where 2 or more persons to whom subsection 5.4(1) applies" – and 5.4 deals with an agreement to develop, in fact, a source of power – "fail to enter into an agreement within a reasonable time," – the same wording – "one or more of them may apply to the public utilities board to establish the terms of an agreement between them."

Mr. Speaker, what is noteworthy with the bill is that whereas the bill contains the same type of power, same type of authority, if you go to the second last subclause in this bill, the bill says this agreement that is imposed by PUB "shall be binding on Churchill Falls (Labrador) Corporation Limited and Newfoundland and Labrador Hydro, but may be amended or changed by the parties by agreement without the prior approval of the public utilities board". However, when you go back to the Electrical Power Control Act it says, "An agreement approved by the public utilities board under 5.4(3) or established under subsection 5.5(2) may not be amended by the persons to whom the agreement applies without the prior approval of the public utilities board".

In fact, Mr. Speaker, while on the face of it is appearing to provide more power to the Public Utilities Board, it is taking away power from the Public Utilities Board – even though the board is empowered on application by either of the parties to impose an agreement, the agreement contemplated by Bill 53 conflicts with the agreement that would be imposed under the Electrical Power Control Act. Under the Electrical Power Control Act the parties involved have no authority to get out of the agreement unless they have approval of the board, whereas under the Bill 53 they have the authority to withdraw from the agreement entirely. What would be the point of having the board impose an agreement and then the parties could get out of the agreement simply by agreeing?

If we continue, Mr. Speaker, the Electrical Power Control Act has much more power than does Bill 53. Bill 53 seems to be a smaller, watered down version of some parts of the authority already found in the Electrical Power Control Act and the Public Utilities Act.

For example, under section 7.(2) it says, "The Lieutenant-Governor in Council may request the public utilities board to conduct an inquiry into the matter of the adequacy of supply and the ability of producers and retailers to meet the current or anticipated power demands of customers in the province, in accordance with the power policy set out in section 3, and to report on the matter to the Lieutenant-Governor in Council within the time specified by the Lieutenant-Governor in Council in the reference." Mr. Speaker, that section 3 is already referenced in as being amended by Bill 53, by the addition of the clause which "should promote the development of industrial activity in Labrador".

All that Bill 53 is doing is it is providing authority, which is less authority than is already found in the Electrical Power Control Act. It goes on to say, "Where the public utilities board believes that producers and retailers collectively or individually will not be able to satisfy, in accordance with the power policy set out in section 3, the current or anticipated power demands of consumers in the province, the public utilities board may further inquire into the matter."

So, Mr. Speaker, given the authority already found in the Electrical Power Control Act and the existence of the Churchill Falls (Labrador) Corporation Limited (Lease) Act, and the Public Utilities Act, Bill 53 is not necessary. We are going through this exercise to pass legislation which is not necessary, and certainly may not improve matters.

Now, Mr. Speaker if you go on with looking at the power that we already have in the Public Utilities Board, it is quite significant, quite substantial. Although the standing of the Public Utilities Board in this Province has really been called into question in the whole Muskrat Falls exercise by the Public Utilities Board, in my view, quite properly refusing to render a decision because they felt they did not have adequate information, and then having it taken away from them. If the act were beefed up even more, then the Public Utilities Board would be the appropriate mechanism and the appropriate agency to provide all of the legislating and all of the decisions that need to be done, which Bill 53 seeks to accomplish.

Why are we rushing into legislation, which it looks like we do not need, which looks like it may only further complicate matters? We have already had examples of that recently whereby this government rushed into legislation, expropriation legislation, and legislation earlier in this session under the powers of attorney act, which we subsequently had to re-amend all over this week.

Mr. Speaker, I do not agree that this bill is necessary. If we look at the Churchill Falls (Labrador) Corporation Limited (Lease) Act, what this bill takes out when you go to section 7, "The Public Utilities Act, 1964... as now or hereafter amended shall not apply to (a) the supply of hydro-electric power from the full output of all units installed at any time and from time to time at the hydro-electric plant site of the Twin Falls Project...", which we are referring to as TwinCo. That is simply because that is a commercial arrangement which is coming to an end.

Mr. Speaker, why do we need legislation to deal with a commercial arrangement which is coming to an end? Why shouldn't this be dealt with in the ordinary course of business at a sub-legislative level? What is being kept in place here is this bill still deals with the supply of hydroelectric power developed under the lease, and the lease being the Churchill Falls (Labrador) Corporation Limited (Lease) Act, No. 51 of 1961.

This continues to apply to Hydro-Quebec electric commission and to the Newfoundland and Labrador Power Commission. However, it takes out the Twin Falls Power Corporation, the TwinCo part, but it continues on to say, "but the said The Public Utilities Act, 1964, applies to the production, storage, transmission and supply of all other hydro-electric power developed under or in pursuance of the Lease executed and delivered pursuant to this Act."

The amendment that we are seeking to make does not improve the law. It does not advance the law. It does not do anything for the development of hydroelectric power. Hydroelectric power is being dealt with, other than with this legislation. It does not do anything to advance economic development in Labrador because it simply becomes

permissive. Becoming permissive does not mean that anybody is bound by that legislation. It simply means they should develop Labrador economically.

Why would they not want to carry economic development in Labrador? That would be the appropriate thing to do. It could be legislated; however, it is not being legislated. The legislation is not binding. It does not bind anybody to do anything except say, well, we know we should develop Labrador economically but in fact we are not going to get around to it. We are not going to bother to deal with it.

The bill in that respect, Mr. Speaker, I think is grossly deficient and unnecessary. It is not causing any harm; it is just not doing much good. Any good that it seeks to achieve could easily be handled under the Public Utilities Act as it is presently constituted, possibly with a few amendments.

Mr. Speaker, those are my comments at this point.

**MR. SPEAKER:** The hon. the Member for St. John's Centre.

**MS ROGERS:** I am happy to speak to Bill 53, An Act To Amend The Churchill Falls (Labrador) Corporation Limited (Lease) Act, 1961 and The Electrical Power Control Act, 1994. Industrial development, as we know, brings the promise of great prosperity and the potential of prosperity to the region, to the community, and to the people who live in the areas where this industrial development may be taking place.

This bill is necessary because there has not been an established industrial rate in Labrador. This is a necessary thing. The established published rate has the potential of attracting further industrial development, particularly in the mining sector.

Mr. Speaker, what I do wonder about, though, is: Will we be able to have an established reliable rate for the people of the Province? Because we know there is one that is suggested at this point, that the blended rate will be 15.7 per cent now; but, if there are cost overruns, what will that mean to the people of the Province who will be carrying and bear the burden of the whole cost of the Muskrat Falls Project and all its subsidiaries, the whole cost of that?

As we look at an established industrial rate, and what we want to do with an established industrial rate is let industry know exactly what they will be paying. As the Minister of Natural Resources said earlier this evening in a television interview, is these companies need to know what their rate will be so that they can plan. Mr. Speaker, the people of the Province also need to know. They need to know what their rates are going to be. There is no guarantee at this point, because the people of the Province will bear the whole burden of any cost overruns.

Now, there are a number of ways where there can be cost overruns, or there are also a number of ways where the revenue stream may be diminished. One of those ways, from the bills we have seen – number 60 and 61 today, the briefings that we had on those bills – is that the industrial electrical users in Labrador will not be obliged to purchase their power from the Province of Newfoundland and Labrador. They will be able to (a), generate their own power, or (b), they may be able to purchase power from another entity. That may affect, in fact, the revenue stream for Muskrat Falls.

What does that mean for industrial rates? Does it mean a race to the bottom, a race to the lowest bidder? Because we know, Mr. Speaker, corporations, their obligation is to make money for their shareholders. That is the success. That is the economic and financial success of a corporation, if they are able to make as much money as they possibly can for their shareholders, and nobody is against that.

Their concern is not, how does this affect the people of the Province? Their concern is not how this affects the Energy Plan – which, unfortunately, at this point seems to be only Muskrat Falls for the Province. That is all this government has focused on for an Energy Plan – which I would say at this point, Mr. Speaker, is not an Energy Plan at all.

What will this mean for the people of the Province in terms of their own rate? What will the people of the Province be paying? We are going to see in fact is industry, because it has options, either to produce their own energy or to

purchase energy from another entity. They have the possibility of getting an increasingly reduced rate for their energy, whereas the effects of that would mean an increasing rate for the people of the Province, an increasing rate for the few ratepayers of the Province, in our small Province with a population of 500,000, where we know for sure that this project is going to cost a minimum of \$9 billion and probably much more.

Common understanding at this point, Mr. Speaker, worldwide is that these kinds of large, hydroelectric dams, these kinds of projects are almost guaranteed to go into cost overruns of 50 per cent of their original budget. That is really getting up there, Mr. Speaker. That is a heavy, financial burden on the backs of 500,000 people in this Province of Newfoundland and Labrador. Even less than that, Mr. Speaker, are the number of ratepayers who will be shouldering this financial burden.

Mr. Speaker, I have a number of questions. What happens then if, in fact, there is a published industrial rate, but it is a race to the bottom to see who can provide the cheapest rate for these industrial customers? What happens if there is a shortfall, when the ratepayers of the Province have to cover it and there is no real income, there is no profit for this supposedly wonderful powerhouse we are creating that will be a financial gift to the Province? What will that mean, Mr. Speaker, to the people of the Province in terms of the social programs that are about taking care of our people?

When we attract this type of industrial development, what about negotiating? If they are going to get a premium rate, will we also look at negotiating a better royalty return for the people of the Province? What is the potential there? Because, again, the industries that we will be attracting are going to be making a lot of money on our resources.

There is a way to make sure that there is social justice, that there is fairness, that there are fair deals. That is what we have to look at, Mr. Speaker, not desperate deals, not fireside sale deals, but fair deals that have social justice, that are equitable, that benefit the people of Newfoundland and Labrador; particularly that benefit the people of Labrador who have often not seen or reaped the benefits of the resource extraction in the history of our Province.

What does industrial development mean for the region? Well, it means the potential of great prosperity. It means the potential of high-paying jobs for some, not for all. It also brings with it certain challenges, and we all know that. We can see that worldwide. We can see that happening in a number of areas where we see large-scale resource development happening in regions, not only in our Province and not only in our country, but around the world.

What has this government done to mitigate the specific challenges that are a result of growing industrial development in the area? We know one of the greatest challenges, and already we have seen this in Lab West and Happy Valley-Goose Bay, is the skyrocketing cost of housing. Mr. Speaker, every one of us here in this House knows what it is like to go home. We know what it is like to return to our homes. We know how important that is. We know that without a home to return to we cannot get on with our daily lives and we cannot feel secure. We all know what home means to us.

It would be the same, Mr. Speaker, for the people of Happy Valley-Goose Bay or the people in Lab West who are experiencing an incredible housing crisis. There is an incredible housing crunch. We see the cost of buying a house has skyrocketed. We have seen absolute, unbridled rental increases because we have no rent control. We have no rent stabilization program here in the Province.

What we see is that many of our citizens, particularly in Lab West and Happy Valley-Goose Bay, are precariously housed, which means they may have a place to live right now, Mr. Speaker. Where they live right now may be way too expensive for them. Also, they are precariously housed because they have no control over what the next rent increase will be.

There is nothing legally to stop any landlord from doubling someone's rent without adding any added value to the accommodation. There is nothing to stop any particular landlord from tripling someone's rent. We can see this is a direct impact of having published industrial rates and then attracting ever-growing industrial development to the region, which, Mr. Speaker, we know is a good thing. What has this government done to be able to mitigate some of the negative consequences of that?



As well, Mr. Speaker, with reasonable, fair and equitable rates for industrial power comes the need for more workers. We may have workers who are employed in these industries and often most of them will have good, high-paying jobs, but then there will also be unskilled labourers. They do not make as much money, Mr. Speaker, so they have a greater challenge when it comes to housing.

Then there will be the need for service workers. The people who work at Tim Hortons and make the coffee, the people who clean the floors and clean the offices of these large industries, the people who do child care, the people who work in the grocery stores and people who are cashiers. Mr. Speaker, all these people need a place to stay. They all need a place to live.

Our industrial rates will not attract further industrial development unless industries know there are places where their workers can live. We have seen the disaster just recently in Lab West of the apartment building that just burnt down, which so many people were looking to as something that would help alleviate the crisis in housing in Lab West.

Then, Mr. Speaker, there are the issues not just of the workers themselves, but their families. Workers who will want to bring their family to the community where they work, and how important that is. Where will they live? How will they afford to live?

CMHC, Canada Mortgage and Housing Corporation have said that people must not spend more than 30 per cent to 35 per cent maximum of their income on shelter. We know that, Mr. Speaker, currently the price of shelter, because of the industrial development in Happy Valley-Goose Bay and in Lab West requires workers and working families to spend way more than 35 per cent of their income.

Then, Mr. Speaker, we have to look at the effects of this growing industrial development on the people who have lived in the region for years but who may not be working in those industries, who are not employed in the industry. Seniors, Mr. Speaker, who are again so very precariously housed, who live in fear that the landlord will raise their rent. Seniors who are on very limited incomes and fixed incomes. Students, Mr. Speaker, who are coming to the larger centres, for instance like Happy Valley-Goose Bay, to go to school so that they can also be part of this industrial growth, and many students who find out that they cannot go to school because they cannot find an affordable place to live.

Mr. Speaker, the incredible hardship that this places on low and moderate earners – but unless this government intervenes and does something concrete to address the housing prices in Happy Valley-Goose Bay and in Labrador West, no amount of any kind of posting of industrial rates will attract industry if in fact their workers have no where to live. We know how important that is.

One of the things, Mr. Speaker, that has been recommended by many is that the government should take short or medium-term energy decisions which would allow time for the Province to do real due diligence, real authentic due diligence on the development of Muskrat Falls. That is possible, Mr. Speaker. That is possible to do short-term solutions and medium-term solutions so that a due diligence with all the mechanisms that are available to this House to truly examine this project, to truly debate this project, to truly have dialogue on this project, that is a possibility.

That is still a possibility for this Province. It is possible to pull the brakes, to hold back, and to say: Wait a minute, let us step back and take a look at this. We saw just recently with a bill that was reintroduced into the House on the Power of Attorney Act, where a bill had to be brought back into the House because of oversight. When we look again at what happened with Abitibi, Mr. Speaker, something that was rushed through without due diligence. There is still time to do that. There is still time to employ every mechanism, every mechanism that we have in this House, to apply due diligence to this project.

Mr. Speaker, it is essential that mining companies have a solid understanding of what their rates will be. How wonderful would it be if the people of Newfoundland and Labrador were guaranteed that same solid understanding of what our rates, as ratepayers, will be. There is no guarantee.

For the people of Newfoundland and Labrador, this government is willing to give a solid guarantee of industrial rates to industry, but this government is not willing, is not able to, because of the deals that they are setting up, give that same guarantee to the ratepayers of Newfoundland and Labrador.

Isn't that interesting, Mr. Speaker, that industry is being given a guarantee? Large, multi-national corporations coming into this Province will know exactly what their rate will be; they will be guaranteed what their rate will be. As a matter of fact, Mr. Speaker, they have a lot of bargaining options as well. They will be able to bargain for even a lower rate because of the potential for either generating their own power or purchasing power from another entity. They will have the opportunity to bargain for the best possible rate for themselves for the best outcome, unlike the people of Newfoundland and Labrador, unlike the ratepayers of Newfoundland and Labrador.

What will happen to the people of Newfoundland and Labrador is that with every cost overrun their rate, our rates, the people of the Province, the ratepayers of the Province, will have no guarantee whatsoever. As a matter of fact, Mr. Speaker, those who have so much to gain, these industrial consumers, as they have so much to gain, their rates may be reducing while the people of the Province, the individual ratepayers of the Province, their rates will be increasing.

There is something wrong with that, Mr. Speaker – there is something wrong with that. How could this government set up a scenario like this? How could this government set up a scenario that gambles with the rates that the people of the Province will have to pay – hard-earned money being taken out of the pockets of the people of the Province.

Mr. Speaker, when you look at it this way it is really quite shocking. Who would have thought, Mr. Speaker, that in this supposed time of prosperity, this is what the deal would come down to for the people of Newfoundland and Labrador?

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER (Verge):** Order, please!

**MS ROGERS:** Who would have thought, Mr. Speaker?

Thank you.

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

The Member for Cartwright – L'Anse au Clair.

**SOME HON. MEMBERS:** Hear, hear!

**MS JONES:** Mr. Speaker, what a pleasure it is to stand and speak to Bill 53. In fact, it is a fine piece of legislation, or I thought it was two days ago. Now I am wondering. We have been talking about it long enough to have a transmission line built, I say, from Muskrat Falls right up to Labrador West.

Anyway, Mr. Speaker, it is an important piece of legislation. It has absolutely nothing to do with housing in St. John's, but that is okay. We are doing all right. It has to do, actually, with the power transmission for industrial companies in Labrador. It is a very important piece of business.

In fact, Mr. Speaker, there have been a lot of important things going on in the House of Assembly this evening. I was trying to have a cup of tea and all of a sudden I had this photo pop up on my Twitter. I felt like rushing back in and putting my twenty-five cents into the can. I said: No, finish your cup of tea first before you go back in.

I understood there was a photo but nobody could figure out who did it, who took it – who took the photo, Mr. Speaker? It has people still up all over Newfoundland and Labrador on Twitter trying to figure out who did it. Not

only that, Mr. Speaker, when did they tweet it? It is very important, Mr. Speaker – very important, I say. Now, I just checked again and they are still tweeting. They want to know: Who did it?

Mr. Speaker, the most active member in the Legislature tonight has been the Member for Terra Nova. Absolutely, the Member for Terra Nova –

**SOME HON. MEMBERS:** Oh, oh!

**SOME HON. MEMBERS:** Hear, hear!

**MS JONES:** The member, my son, has been on the go all night. He has read and studied every paragraph of Bill 53. Mr. Speaker, he could read this to you now verbatim. I am telling you, at one point I could see him imagining the whole transmission line capacity running from one end of the Province to the other. At one point I saw him reach up and he thought he was on the wires, Mr. Speaker, and he reared right up. Mr. Speaker, if I had to make a guess I would say the Member for Terra Nova absolutely was one of the most active members in the House of Assembly tonight.

**SOME HON. MEMBERS:** Hear, hear!

**MS JONES:** I have a feeling we have not seen anything yet, Mr. Speaker. It still begs the question of who did it. When we were debating Bill 53, Mr. Speaker, somebody took a picture in the House of Assembly, absolutely.

**AN HON. MEMBER:** A professional or amateur?

**MS JONES:** I cannot really tell.

One thing I do know, Mr. Speaker, it is twenty-five cents that has to go in the can if you do not say the right words. Absolutely, that is what I got from that, Mr. Speaker. I learned, Mr. Speaker, that words are important, and if you say the wrong ones you could go broke in the House of Assembly at twenty-five cents a pop.

The Member for Mount Pearl North, Mr. Speaker, was the individual in the picture.

**AN HON. MEMBER:** He was the model.

**MS JONES:** He was the model.

**MR. SPEAKER:** Order, please!

**MS JONES:** Yes, Mr. Speaker.

**MR. SPEAKER:** I would ask the member if she could please sort of change gears and talk about the bill.

**MS JONES:** Yes, Mr. Speaker.

Mr. Speaker, there is a song out now and it is really popular. It has nothing to do with Bill 53. I just wanted to mention; it is called Gangnam Style. You might have heard of it.

When I was here reading Bill 53, Mr. Speaker, for the twenty-fifth time in the last two days, I looked over and I saw the Member for Gander getting up and getting his bill, getting all of his books out, getting ready to speak. When I saw him make the twirl around the desk all it reminded me of is the video Gangnam Style. I say the Member for Gander could go Gangnam.

Mr. Speaker, I wanted to speak to the bill because actually I would say about fifteen minutes ago I got an e-mail from one of my constituents – honest to God, by the way. My constituents are listening; they are watching what is happening in the House of Assembly tonight.

Mr. Speaker, I would say the rest of the Province has fallen asleep, but in Cartwright – L'Anse au Clair they are still up and they are hanging on to every word in Bill 53. I told them that I would say a few words about what Bill 53 was about, with the power going in to the industrial companies, building the lines, putting the rate in place. I told them I would get down to the numbers. So, he suggested that I might get the calculator off the Member for Conception Bay South. Apparently, he has a big calculator over there and –

**AN HON. MEMBER:** (Inaudible).

**MS JONES:** What did he say?

**AN HON. MEMBER:** Instrument.

**MS JONES:** Instrument.

So, maybe the king of arithmetic could loan me the instrument, because my constituent thinks that I am going to need the big calculator by the time they get it all added up. So, I hope he is wrong. The reality is this: We want to see all of this succeed, because when it does, everybody in the Province succeeds. That is the most important thing. We have a role in this Legislature – it does not matter what side of the House you are on. It does not matter what district you represent. You come here for a reason. That reason, Mr. Speaker, is to ensure that you debate legislation and you have full, fair debate.

Well, what we are seeing in the House in the last few days is not that – oh, no. We are seeing closure being invoked in second reading of bills. Oh, yes, Mr. Speaker, it is being invoked under a term called section 43 of the Standing Orders of the House of Assembly, which is right next to section 47, not too far from section 47, which is closure.

So, Mr. Speaker, that is what we are seeing happening in the last two or three days. Do you know what was so funny? I listened to the Premier in the news talking about, oh, we will not be bringing in closure; we do not care if we are there until Christmas Eve – blah, blah, blah. We are not bringing in closure.

Then we heard the Minister of Natural Resources on the news at 6:05 o'clock. I was out sitting in the armchair, just after having a bite to eat, and there he was on the news: No, we will not be bringing in closure. So we ordered the Christmas tree and a bucket of Old Port salt beef for Christmas Day. We came into the House of Assembly and within two hours the member and the Minister of Natural Resources got up and invoked closure through section 43 of the Standing Orders of the House of Assembly in two bills in second reading. Now, isn't that something?

Mr. Speaker, the media did not get it wrong because I was watching and it was a direct quote from the minister – absolutely, that was what he said. It was not rephrased. It was not someone else's words. It was direct. It was not redacted in any way, Mr. Speaker. It was not scrutinized by Bill 29. It did not have to go down through the Freedom of Information legislation – nothing. It was a direct quote from the minister and that is what he said. Within two or three hours, we had two closures invoked in two bills. Here it is now 4:30 in the morning, hardly had an opportunity to speak to Bill 53, Mr. Speaker, and now they are going to invoke closure in third reading – absolutely, invoking closure in third reading.

**MR. O'BRIEN:** (Inaudible).

**MS JONES:** Gangnam from Gander is getting up, Mr. Speaker, from what I can understand. If I were allowed, I would do a little You Tube video of that myself. I would put it on because when the Government House Leader is elected in China, Mr. Speaker, he would be able to log in, see his friends from back home in the Newfoundland and Labrador Legislature, doing their job. There would not be anything to it.

I think that it is important to have full and free debate on all legislation. This is a bill that we support. We are supporting this bill and the government still, Mr. Speaker, are insisting on closure, even though we are talking about how good it is, the benefits of it – we are anyway, as the Official Opposition, and that it is a good piece of legislation.

**SOME HON. MEMBERS:** Hear, hear!

**MS JONES:** In fact, Mr. Speaker, we might be saying the same thing about the other couple of bills that are there if we would have had a chance to read them, but no, we did not even get a chance to look through them. We did not get a chance to have a good analysis of them, Mr. Speaker.

I got in bed last night and I had to choose between Brian Peckford's book and the term sheet. That is what I had to choose from last night, trying to read the both of that and go to bed. How could you keep your eyes open, I say to you, Mr. Speaker, in the midst of all of that?

**AN HON. MEMBER:** Look at the Member for St. John's West.

**MS JONES:** Yes, and here he is over there, Crummell is reading it. Is it a good book, Crummell?

**MR. SPEAKER:** Order, please!

**MS JONES:** Sorry, Mr. Speaker.

**MR. SPEAKER:** Order, please!

I remind the member it is unparliamentary to refer to any member by their name.

The Member for Cartwright – L'Anse au Clair.

**MS JONES:** I do apologize to the Member for St. John's West, Mr. Speaker. If I offended him in any way, I am deeply sorry. Mr. Speaker, if he has a complex or needs any kind of counselling I would be happy to help him out with that after, but I am really sorry about that.

Mr. Speaker, as I was saying, it is a good piece of legislation and we are supporting it. Unfortunately, here we are at 4:30 in the morning, the government wants to invoke closure on the bill. They do not want to have any free debate. They do not want to hear what we have to say, even though we agree with it. We think it is a good bill. We see the benefits in doing this, absolutely we do. We do not see the productivity in doing it at 4:30 in the morning but we do see the benefits in doing it, which is very good.

We did bring in a couple of amendments. One of them was with regard to expanding the economic opportunities and creating economic incentives, which we are being told can be done through the regulatory process. Hopefully, it will be done because we think that is very important. We think it is important to keep jobs and generate revenue in the Province wherever you can. That should be the focus for all us, actually, Mr. Speaker.

Those were the main amendments that we wanted to see in the bill; but, unfortunately, that did not happen. Hopefully, it will be part of the regulations and part of the principles in which government continues these negotiations with mining companies, or any industrial companies that want to establish their operations in Labrador.

Mr. Speaker, we realize that this is just one small part of this project. We also realize that the other bills are all affiliated with it. I think what government needs to understand is that in order to have really healthy debate and to have good strong legislation is everybody needs to have time to be educated about that.

People here in this House, the Government House Leader has excelled in academics all of his life, Mr. Speaker. He knows the importance of knowing what you talk and what you speak, and the importance of understanding that for which you are going to agree or disagree. That is one of the problems we have with all of that.

That is why we came in here today and started talking about Bill 53 in third reading, because we were not comfortable with the other legislation. We did not feel we had the time to get prepared properly. I think anyone who looked at it and wanted to be reasonable would agree with what I am saying. You just cannot take legislative acts that are twenty, thirty or forty pages long, that are connected with fifteen other statutes of the House of



Assembly and expect you are going to get a briefing for forty-five minutes and an hour-and-a-half later walk into the House of Assembly and be able to know that legislation well enough to have a comfort that in supporting it you are doing the right thing.

That was the purpose of us bringing in this bill in third reading and debating it, and putting forward an amendment. It was to allow us to have healthy debate on this while we have ourselves up to a level where we were more comfortable in debating the other bills. Unfortunately, Mr. Speaker, that is not the way the government chose to do the business of the people of the Province. They decided that after being here for a month, that right before Christmas they would bring in two major pieces of legislation. They would not give us an opportunity to prepare appropriately for them, and expects to get them and be out of here before Christmas.

Do you think we want anyone to be here for Christmas? We do not want to keep the Table Officers here. We do not want to keep you here, Mr. Speaker. We do not want to keep the Pages here. We do not want to keep all those people at home up on Christmas Eve watching a debate in the Legislature, Mr. Speaker. We do not want people to miss church on Christmas morning because they are watching us in the Legislature. No, Mr. Speaker, that is not what we want. We want everybody to be home with their families but we are really torn between doing what is right in debating bills and legislation and doing what people expect you to do in a sensible, civilized society.

Mr. Speaker, the appropriate thing for the government to do would be to pull the bills off the table and close the House of Assembly until after Christmas. Yes, that would be the appropriate thing to do and come back in January. What is everybody doing in January? What is everybody doing, Mr. Speaker, from January 2 until January 7 in that five days that we cannot come in and appropriately debate two bills in the House of Assembly? What are you doing?

I am not doing anything. I am not doing anything tomorrow. I am not even doing anything on Christmas Eve, by the way. I do not even know where I am going for Christmas. It is a good thing the House is open, Mr. Speaker, because I did not know what I was going to be doing this year for Christmas.

As I was saying, why can't we do that the first week in January? If we were to take a vote, who has objections to that? Who has objections to coming back, Mr. Speaker, on January 2 or January 3 for four or five days doing two pieces of legislation, having a sensible debate and closing the House of Assembly? My that sounds like a really civilized option to me. I think it could actually work, even if the Member for Harbour Main could not make it. I think it could actually work.

**MR. HEDDERSON:** I will be here. On Christmas Day I will be here. If we have work to do in the House, let's get it done instead of whining.

**MS JONES:** Mr. Speaker, the Member for Harbour Main says if we have work to do, he will stay and do it on Christmas Eve. That is fine. We have no problem with that either. We are just thinking about all the people who work here, who will not get to spend time with their families. That is all.

Mr. Speaker, I am surprised the government did not realize that. I am really surprised, because this was the government who wanted the family-friendly sittings of the House of Assembly. Oh yes, it was in the Blue Book, absolutely. In the 2003 Blue Book for the PC Party of Newfoundland and Labrador we would have family-friendly sittings in the House of Assembly.

That is what you call it when you get to 4:44 o'clock in the morning, Mr. Speaker, and you are about to hang your stocking outside in the caucus room. That is what you call family-friendly sittings of the House of Assembly.

Mr. Speaker, my time is up, so I am looking forward to hearing what the Gangnam guy from Gander has to say. I am going to sit down now, Mr. Speaker, and listen very attentively.

Thank you.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** Order, please!

Shall the motion under section 43 of the Standing Orders pass?

All those in favour, 'aye'.

**SOME HON. MEMBERS:** Aye.

**MR. SPEAKER:** All those against, 'nay'.

Carried.

Is it the pleasure of the House to adopt the motion that Bill 53 be read the third time?

All those in favour, 'aye'.

**SOME HON. MEMBERS:** Aye.

**MR. SPEAKER:** All those against, 'nay'.

Carried.

**CLERK:** A bill, An Act To Amend The Churchill Falls (Labrador) Corporation Limited (Lease) Act, 1961 And The Electrical Power Control Act, 1994. (Bill 53)

**MR. SPEAKER:** This bill is now read a third time, and it is ordered that the bill do pass and its title be as on the Order Paper.

On motion, a bill, "An Act To Amend The Churchill Falls (Labrador) Corporation Limited (Lease) Act, 1961 And The Electrical Power Control Act, 1994", read a third time, ordered passed and its title be as on the Order Paper. (Bill 53)

**MR. SPEAKER:** The hon. the Government House Leader.

**MR. KING:** Thank you, Mr. Speaker.

I call from the Order Paper, Order 11, Bill 61, second reading of a bill, An Act To Amend The Electrical Power Control Act, 1994, The Energy Corporation Act And The Hydro Corporation Act, 2007.

**MR. SPEAKER:** The hon. the Member for Burgeo – La Poile.

**MR. A. PARSONS:** Thank you, Mr. Speaker.

It is a privilege to be here in this esteemed Chamber at this hour of the day speaking to legislation, particularly Bill 61. I just had some notes made from listening to various speakers in this House over the last two days. I just wanted to speak particularly about not just the bill, but perhaps the process as well. I am hoping that I can get this out as coherently – I made the notes, but you know what it is like when you try to go back and read them and make sure they make sense.

As I was looking at Bill 61, I started thinking again, we are in this Chamber and I think about what an honour it is when you sit here in the Chamber you actually can call yourself a legislator. That is a pretty big term to be able to place on yourself, that you are a legislator. We are all legislators in here. It sounds important, and the reason it is, is because it actually is very important. The role that we perform is hugely important, because we have an opportunity to create legislation that governs the people of this Province. Certainly, since being elected, I have come to value that and I appreciate the opportunity to speak to legislation. I have a particular interest in it because it is something

I did in my prior career, and now we get to look at it and I think people on both sides can tell, I do take an interest in this.

It is not just in the briefings that come with the legislation or the intent of the legislation, but it is also the actual construction of it as well. For that, you really need to be able to delve deep into what is being written down, and how these pieces of law are constructed, and trying to get the intent of the law.

We did have an opportunity to have a briefing on this legislation – I think it was this morning. It feels like it was a couple of days ago, but I think it might have actually been this morning. Mr. Speaker, I have the briefing notes here, the legislative changes to enable Muskrat Falls Project financing. So, this is the briefing notes – and there was a very big crowd at that briefing this morning. All of our caucus was there, most of our researchers were there, the member of the Third Party was here, and you had staff there.

What I would say is that the briefing is good. The ability to have that briefing and have someone explain it is good, but the briefing and the notes are not the legislation. The legislation is completely different because one subclause, one section, one paragraph, can mean a very big difference to what could happen down the road with the effect of the legislation.

I know this is something that the members are probably sick of hearing us say, and I understand that, but I think you know where I come from when I say this. During this session of the House we have an agreement in place where we have seventy-two hours to get the legislation, to review it, to prepare, and to be able to debate that. We had that for legislation that was very important, such as Bill 53, and we had that for legislation that could be deemed – it is not less important but it is more simple in nature, housekeeping.

The problem is that with these two major pieces of legislation now Bill 60 and Bill 61, Bill 61 which we are debating now, we were not given that; we were given twenty-four hours. The problem that I have with that is that I cannot even speak right now as to whether I am supporting it or not because the problem is that I have not had ample opportunity to go through the legislation itself.

The fact is, I have had members on the other side – and they have said this publicly and they will say it privately in conservation – they will say: You have staff and you have researchers. That is fine and dandy, they can help and they do a great job helping. We all have researchers, we all have staff, but the fact is that they are not the ones who have to come in and put their name on this and talk about this and discuss this. We are the ones to have to do this. We are the ones to have to understand it and be able to speak to it.

In this case, where we basically had twenty-four hours – it not like you had a straight twenty-four hours of free time where you could read it and discuss it. During that time we also had a session where we sat here last night until about 2:00 in the morning. We had a Question Period to prepare for, we had our normal constituency work, and we had a two-hour briefing. What I say is that it is not adequate.

Some of the members across have only been in government, so they would not, nor would you expect them, understand what it is like to be in Opposition because they have not done that. There are some members, and I reference the Minister of Environment and I reference the Member for Grand Falls-Windsor – Green Bay South because these two individuals were here. Even if they do not agree, they understand the importance of Opposition to good governance. I also reference the Member for St. John's South again who has really come full circle in that he started off in Opposition, went to government, and now he is an independent on the Opposition side.

What I would say is that we need time to review the legislation. What I would say is that twenty-four hours is inadequate for us to be able to do that, especially when we talk about stuff as important as this. Mr. Speaker, to frame this up properly I need to reference just yesterday we were debating An Act to Amend an Act to Amend the Enduring Powers of Attorney Act. That is a piece of legislation which was supported by the majority of member. I think the Member for St. Barbe is still not happy with it, but it was supported by the majority of members. It is, in my mind, a positive step.

It was not a hugely complex piece of legislation, but it was a new piece that had to be drafted up based on federal rules. In that case, it was drafted up, it had debate, and it had vigorous debate here, actually. It did not take all day or night, but we had a chance to speak to it. We had briefings. We had ample time. What happened was there were still oversights. There were still errors. One of them was fairly significant in that section 22 of that piece of legislation, which was regulation-making power, was not put in. Again, that is not intentional. That is an oversight that happened. That was a mistake.

What I am saying is that is going to happen. In that case, we had time. We had the opportunity. In this case, we have not been given the time I think is necessary to do this justice. This is the biggest project in the history of this Province. Without speaking to the Muskrat Falls Project itself per se, because that is a topic that has been on here, what I am speaking to is the process we use in which to get there and to vote on this stuff.

I hope, very much, that Bill 61 accomplishes what government wants it to accomplish. I hope it does what government wants it to do. That is not by any means an endorsement, but what I am saying is that I cannot sit here – my job as a Member of the Opposition is to hold government accountable. My job is not to sit there and oppose for the sake of opposing. My job is not to sit here and hope that something goes wrong. That is absolutely not what an Opposition member is meant to do. An Opposition member is meant to stand up and to question.

Again, coming back to An Act To Amend An Act To Amend The Enduring Powers of Attorney, that was a situation where we made suggestions and they were listened to. The staff at the Department of Justice actually went through Hansard, went through the notes made by the minister and said: Do you know what? We could expand certain sections. So that was a productive effort by all members.

What I am saying here is that even if I do not agree with it, there are things we can contribute to this debate and to the discussion that could be used down the road to make it more productive. What I am saying is that it is hard to do that when you have not been given proper opportunity to go through the survey clause by clause and line by line.

The reason is because it is not just the one piece. It is not the one, it is the two, and they are both very significant. Both are new pieces of legislation that were drafted and put in place specifically to enable Muskrat Falls to happen. We all know that it was sanctioned last night. These need to be done to make that work. We understand that, but I do not want to sit here a number of years down the road and have somebody come back and say: You spoke to this; this did not turn out the way it wanted. Why didn't you do your job?

What I am saying is I just wanted to put it on the record that I want to be able to do my job and have the opportunity to speak to this, but I was hoping we would have more time. That is one of the reasons these things get prolonged and delayed now is because it does give us opportunity to take time to – when you are not speaking – to get out and have an opportunity to go through the legislation. Again, I think the members opposite get where I am coming from and they understand what I am saying here. I do not mean to belabour the point but I think it needs to be put on the record.

Now, what I would say is that from what I can see – and I guess a wide glance at the legislation being put in place in Bill 61 is that this is significant in that it does propose to change how business has been done in the Province for a number of years. Again, we come back to a group that has been in place now in this Province since around Confederation, and that is the Public Utilities Board.

One of the things here is that – section 5.1 direction to the board. I am going to assume that all members in this House on both sides have had an opportunity to at least peruse the legislation itself, not just the briefing notes because they are good, but peruse the legislation.

What section 5.1 discusses is direction to the board. What we are saying now is, "Notwithstanding sections 3 and 4... the Lieutenant-Governor in Council may direct the public utilities board with respect to the policies and procedures to be implemented by the board with respect to the determination of rate structures of public utilities under the Public Utilities Act and, without limiting the generality of the foregoing, including direction on the setting and subsidization of rural rates...the fixing of a debt-equity ratio for Hydro, and the phase in, over a period

of years from the date of coming into force of this section, of a rate of return determination for Hydro, and the board shall implement those policies and procedures."

Basically, what has happened, if and when this legislation gets passed – what happens is that under the Muskrat Falls Project the Lieutenant-Governor in Council or Cabinet will now direct the Public Utilities Board on a number of items, which are listed in sub (a) through (f). Cabinet now has the exclusive power for the Muskrat Falls Project. It is the biggest project in the history of this Province, one which we know the significant cost. We all know that.

What it says here is that Cabinet has the exclusive power, if they wish to use it, to direct the PUB on policies, procedures and directives including costs, terms and annual rates of return for a utility. Basically, what we know is that one of the big topics that has come up is the federal loan guarantee which carries with it a significant benefit for this Province if and when the terms are met, the conditions present. There are a number of them, they are normal. Most contracts have conditions present in it.

In order to make this work, in order for the government to get the financing, to go to the lenders, they need to get this law in place, and they need this law in place to make sure the federal loan guarantee happens. Basically, the federal loan guarantee and this legislation is saying: Look, in order to make this work, to make it pay, we need to guarantee the rate of return on this. How do you guarantee the rate of return? You ensure that Nalcor has the ability to charge what they need to recover that cost.

The issue of concern to the public – again, that is my job to raise this – is that basically does not offer ratepayers protection. That offers Nalcor protection to make sure that they maintain the premise of the federal loan guarantee. Before, if they wanted to raise the rates you had to make your application to the Public Utilities Board in order to get – if you want to make a rate increase to cover your cost of service you make that application. The PUB has been effectively eliminated from that process because we cannot have a hurdle to get in the way of charging what needs to be charged in order to pay for this. That is a significant concern of mine because it does not offer the ratepayer protection.

I know what the members opposite are going to say: Look, the ratepayers need not worry. There will be enough return on that. They are not going to be affected; but, the problem I have is that this is not guaranteed and the protection is not there. The protection right there now is for the federal government and it is for Nalcor to make sure that the rate of return is maintained.

What will happen – God forbid, none of us want to see this happen – if the cost overruns go up? If the amount we need to get goes up, then we need to charge more to the people of this Province to pay for it. That is a significant concern, Mr. Speaker, and I know it is a concern that the members opposite obviously share. They are concerned about the well-being of the Province, but I think I have a greater concern right now over the cost overruns possibly happening. That is out there.

We all know that in any project, big or small, overruns are a very real reality. It is a very significant, very possible reality. If you build a residential home, one of the reasons we talk about Muskrat Falls is because of the new home starts. That is a good thing if this Province has those home starts, but we also know that overruns are commonplace in new homes, and that is a small scale project.

Again, if we talk about a home at the rate of say \$200,000, \$300,000 or \$400,000, there is an overrun that is associated with it, but we are talking about a project that is huge. We are talking about a billion dollar project in the remote parts of Labrador, over rough terrain. We are talking about a huge labour force and talking about a number of variables that could come into play here that could cause this to go upwards. That is a concern that I have, Mr. Speaker, and I think it is a real concern.

My problem is that it removes, essentially, the PUB on their own Web site – again, we all know the PUB is appointed by the government. They are put there by the government. I have spoken on how I think recently we have cherry picked what we are going to use the PUB for. Are we going to use it here, are we going to use it there?



The PUB themselves say they are an independent quasi-judicial regulatory body who are responsible for the regulation of electric utilities in the Province to ensure that rates charged are just and reasonable and that service provided is safe and reliable. They are going to have to change that on their Web site, Mr. Speaker, because they cannot prove that the rates being charged are just and reasonable. They are not going to have that.

The Province or Cabinet are going to prove that the rates charged are enough to cover off the rate of return to make sure that the commitments made to the lenders and to the federal loan guarantee and to Nalcor are met. That is going to have to be changed, and I have an issue with that, Mr. Speaker.

Nobody doubts the intent of the Public Utilities Board and what they try to do; they have been doing it a long time. They handle a number of areas. They say we ensure that the public of Newfoundland and Labrador are well served in consumers and service providers in the electric utility. What we are doing is taking a significant portion of that away from them when we exclude Muskrat from what they can actually look at. I think that is a fair and valid concern that I have that needs to be addressed.

Basically, what we are saying in effect, if we are taking the Public Utilities Board and replacing them with Cabinet – which is what we are doing for Muskrat Falls, that is the intent of this legislation – we are essentially saying the Cabinet is the Public Utilities Board for Muskrat Falls. That is actually what is happening here in this situation.

What I would say to the members is that we are going to have plenty of debate on this. If what I am saying is wrong I would say that you stand up and correct me, because if I am wrong that is fine. If I am wrong, I do not want to be wrong, but you correct me on where I am wrong and let me know what is going on. My interpretation is that if you remove the PUB – and it says expressly here in the legislation that you are removing the PUB from Muskrat Falls, well then the regulator for Muskrat Falls now becomes, de facto, the Cabinet or the Lieutenant Governor in Council.

So we are a Province that has a monopoly when it comes to the electrical provision of services to the people of this Province and now we have effectively eliminated from this sizable project that is going to – there is significant amount here; we are talking about billions of dollars. What we are saying is that the government is going to be the regulator for that, of that monopoly. That is a significant concern.

What I am hoping, Mr. Speaker, is that over the course of however long this debate takes us, over the course of that, I am hoping I will have an opportunity to review in more detail the actual specifics of the clause here because there are more to go into. The other part of this is that many of these pieces of legislation reference other pieces of legislation. It is not just a matter of reading Bill 61. It is a matter of then I have to go look at the Public Utilities Act and I have to go look at the expropriation act for Bill 60.

There is a lot of work that goes into this. I just want to make sure that it is on the record that I wish we at least has the seventy-two hour window to make sure that we did this.. It does not seem that is going to happen. Hopefully as this debate continues we will get that opportunity to get this done. I do not doubt ever for a minute that everybody in this House wants the best for the people of this Province, but I do think the members opposite need to recognize that in order for us to do our job – which is basically helping government do their job because a strong Opposition means a better government – the proper time to discuss this and debate it is necessary.

I appreciate the attention of the members opposite. I do. I appreciate the opportunity to speak to this piece of legislation, Mr. Speaker.

**MR. SPEAKER:** Order, please!

I recognize the hon. the Member for St. John's North.

**MR. KIRBY:** Thank you, Mr. Speaker.

It is a pleasure for me to get up and begin what will be a long, protracted discussion of Bill 61, An Act to Amend the Electrical Power Control Act, 1994, the Energy Corporation Act and the Hydro Corporation Act, 2007. I have

to concur with a lot of the things my colleague just said about not having a seventy-two hour period to study this legislation and to work with our research staff on it, but we will make due. Certainly we have been waiting for a long time to be able to discuss this and government is really well aware of that, there is no doubt about it.

I was really intrigued to hear the Minister of Natural Resources when he spoke today. He gave a good speech. He gave a good political speech. One of the things he said, Mr. Speaker, was that true leaders make decisions. Of course, the leaders in this government made a decision to hold onto these bills, Bill 60 and Bill 61, and then spring them on Opposition members of the House of Assembly and then to somehow bawl and cry that we were going to be in here for some extended period of time to deal with them. I look forward to spending however much time we need to spend on these.

Like I said one time last week, Mr. Speaker, I am particularly fortunate in that my district is just right across the Parkway there. I can just jot across the road tomorrow evening. I went this evening to the Rabbittown Community Centre and had dinner with them. Tomorrow evening I am going to go across the road and I am going to go down and have dinner with the seniors in Wigmore Court, kiss my boy a goodnight, say hello to my wife, and come back here. That is basically the way it is for me. It is a lot less arduous for me than it is for others. So I think it is a privilege for me to be able to do that, and it is certainly an honour for me.

Another thing the Minister of Natural Resources said that I was really amused by, in fact, because he said the project has been sanctioned, so construction is taking place. I mean, with all due respect, there are no simpletons over on this side of the House, Mr. Speaker. We all know that construction is taking place. As far as I know, the site preparation has been going on for a long time. A lot of earth has been moved, so construction is taking place – that is no news to anybody. I hope it is not news to the Minister of Natural Resources, because I would be very concerned if it was.

I have to say, Mr. Speaker, that the current government has focused much of its argument in favour of this pet project, the Muskrat Falls plan, on its contention that the direction Nalcor wants to take is the least-cost option. Of course, the best way to find out, Mr. Speaker, if that is indeed the case would be to submit this government's and Nalcor's Muskrat Falls plan to an arms-length, independent agency in order to allow for a transparent, open, unbiased assessment of the plan. Much the same as what the Government of Nova Scotia, I say to the Member for Mount Pearl South, is doing. I will have a bit to say about that later, about Emera and the proposed Maritime Link.

I will just go on, because there was one such independent assessment of Muskrat Falls that was carried out by the Joint Review Panel for the proposed Lower Churchill hydroelectric generation project. It included both Gull Island and Muskrat Falls, which was mandated by the federal and provincial governments, to assess the environmental effects of the proposed project.

In its report just last year, the Joint Review Panel dismissed the claim that the project is the only viable way of meeting the Province's energy needs – that was dismissed. The report noted that Nalcor had not demonstrated that the proposed project is justified on the basis of economics. The panel pointed out that there are too many unanswered questions related to Muskrat Falls, and the potential for the project to deliver the much-touted financial benefits.

So, for that reason, the panel recommended – and this is important – further formal, independent financial review of the project before sanction, in order to confirm whether or not the purported long-term financial benefits indeed exist. Well, some would say that happened, and some would say we do not know. As I said earlier – I do not know if that was earlier this morning or earlier yesterday evening, I have been up for a little while now – I think there is some difference of opinion about these reports and the strength they carry.

When considering the government's contention that Muskrat Falls is the only viable option for meeting Newfoundland and Labrador's future energy demands, the Joint Review Panel concluded that Nalcor's analysis, the analysis that suggests that Muskrat Falls is the least-cost option for meeting our domestic energy demand was inadequate. As a result, the panel recommended a full, independent analysis of the project based on up-to-date facts on all the economic, energy and environmental factors.

Such an analysis as recommended by the committee should have looked at domestic energy demand projections, conservation demand management, and alternate energy sources – there is an important one that I will have a lot more to say about – the role of power from the Upper Churchill, the project cost estimates and assumptions with respect to Holyrood and/or other thermal generation. We have heard a lot about how we are getting rid of thermal. There is a lot of thermal involved in this plan. If you do not believe that, you should go back and look at your own plan.

In addition to all of this, Mr. Speaker, the joint panel advised the Province and Nalcor to examine the full implications for ratepayers. For people who are paying their power bills in the Province, and the full impact of the Muskrat Falls plan on the ability of Newfoundlanders and Labradorians to continue to pay their power bills.

I think you will all remember the other night, that on Bill 53 I did raise some questions about the Sprung debacle. It was after the PC Party – was government at the time – bankrupted that facility the government of the day set up a Royal Commission, as government often does, to look into the involvement of the Government of Newfoundland and Labrador in that colossal waste of money and mismanagement of expenditures.

The findings of the Royal Commission clearly have not been heeded by the PC Party, Mr. Speaker. I say that because one of the findings of the commission was that the Progressive Conservative government of the day was negligent in failing to commission an independent evaluation of the Sprung Greenhouse project. Many of us have argued that the same is happening now, that the current PC government refuses to allow their – Mr. Speaker, somebody is shaking something across the way there. I do not know if there is an animal loose in here and they are trying to capture it or something. I will just continue, Mr. Speaker.

Many of us argued that the same is happening now, as the PC government refuses to allow their Muskrat Falls plan, the proposal to undergo a needed independent, complete review by the Public Utilities Board. If government wanted to avoid putting the Province into what really could be a multibillion dollar pickle this time, a pickle that our children and our grandchildren will have to pay for, we would follow that advice. We would have a complete Public Utilities Board review.

The Sprung Royal Commission also told the Province that to prevent a similar incident from happening again, an incident whereby government invests public money into an unproven project, the commission recommended that future ventures be assessed by independent experts. The commission was not talking about hand-picked consultants, Mr. Speaker. They were not talking about hand-picked consultants; I will hire you because I think I am going to get the answer I want. No, as I said earlier, it is highly coincidental; it strikes me as highly coincidental that not one of those reports contradicted a single thing in the party line, not a single thing. That is highly irregular, in my opinion.

The Sprung Commission also recommended that the government's financial commitments be fully debated in the House of Assembly, and that did not happen. We wanted to have a full debate and it was all short circuited for whatever reasons. There is no need to rehash all that, but we certainly cannot do that with Muskrat Falls now.

We have a loan guarantee with very many conditions. Unlike many of the multibillion dollar hydroelectric projects that are underway, being developed, being proposed around the world, I do not see – other than the taker-pay scheme that has been worked out for the consumers in Newfoundland and Labrador who will have to foot the bill for, I do not see any evidence of any other power purchase agreements, certainly not on the industrial side. Maybe there is something we do not know, but I guess we will find out.

Even if we find out in 2014 that they will indeed build the Maritime Link – and we do not know that. We do not know if they are actually going to do that. They say it is sanctioned but things fall apart. There is no concrete, independent evidence to suggest that there will be any market for Muskrat Falls power outside of Nova Scotia. Indeed, the Joint Review Panel said that Muskrat Falls power is not affordable for any state or any province. What a pickle, Mr. Speaker, this PC government has put us in again.

The other thing I say is, Mr. Speaker, what is the rush? What is the rush? One of the questions that the New Democratic Party has been asking for some time is, why does there need to be a rush to push ahead, to go ahead

hurriedly, to push this ahead, forge ahead with this Muskrat Falls plan the way that we are here at 5:20 in the morning?

I have been here since the House started at 1:30 p.m. yesterday. Why is this being hurried and pushed through, rammed through like this with interesting procedural devices being used by the government to limit debate, to not allow amendments to these bills? I just think that is really not appropriate. Why not let the Public Utilities Board do a thorough, transparent, and truly independent review of the project? Why gamble?

Just consider for a moment, the Public Utilities Board – and this is important – could very well come back and say that the Muskrat Falls plan makes perfect sense. They could do that, but you have to ask: Why are they so worried to submit that to that sort of evaluation?

We still have time for this, there is no question. We should take the time for it. There is no energy crisis in Newfoundland and Labrador today, Mr. Speaker.

**AN HON. MEMBER:** It is over there.

**MR. KIRBY:** There is lots of energy over here, Mr. Speaker.

The suggestion that there is some sort of energy crisis, one that is imminent, that is going to cause people to be freezing in the dark is complete foolishness. I think people who get on with that sort of stuff should really scratch their head or shake their head because there is no energy crisis that is imminent. The suggestion that we are somehow powerless to prevent some sort of energy shutdown unless we rush ahead now, Mr. Speaker, with this, rush all of that through, is highly questionable, if not outright wrong.

It makes sense to take more time to consider the project, because we know Emera has an agreement which provides the company – it will wait for the full regulatory review to take place, one that has not even gotten underway in Nova Scotia yet, before it makes the final determination, before it finally decides whether or not it is actually going to build the Maritime Link. I think that is an important point. Emera has until the end of July, 2014 to do that, or whether to do that. It is going to make that decision on its own.

The Minister of Natural Resources has publicly stated, Mr. Speaker, that there is no guarantee that the Maritime Link will be even built if Emera exercises its option that it rightly has not to build it. If Emera does not do it, we do not have the financial capability to do it alone. I heard him say that on Open Line; I am pretty certain of that.

The cost of this project is already incredible in its expense. The minister is quite correct if his inference is that this Province cannot afford to go it alone and pick up the additional costs of well over \$1 billion to put that westward sea cable in ourselves.

I was looking earlier today, if you look at our position we have \$750 million deficit right now, an example of gross financial mismanagement. We are becoming quickly the exemplar for poor public administration in Canada. It is the reverse of the Midas touch. King Midas, everything he touched was gold. We have the opposite of that going on here.

The chart that I am looking at here is by government's preferred economist Dr. Wade Locke. It says at the bottom, "Within 10 years, NL could be running annual deficits in excess of \$1.9 B." That is incredible – incredible. You could say that is doom and gloom and that is negative. Those are the facts; it is as simple as that. Dr. Wade Locke said that. We should all be concerned about it. We cannot take that lightly, Mr. Speaker.

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER (Wiseman):** Order, please!

**MR. KIRBY:** We cannot take that lightly. We cannot say: Oh, you know, that is just a projection. That is just as valid a projection as anything else any minister has ever stood and waved around in this House and said Dr. Wade Locke said this.

There is no energy crisis on the Island at present like I said. Though there is certainly going to be pressures about twenty years from now, but that is a good distance of time from now. We know according to Nalcor, units 1 and 2 at Holyrood will need to be replaced. Functionally, that absolutely has to happen. If we want to prepare for that, is there a more responsible way to plan ahead? Is there a more fiscally responsible way to plan ahead?

The Isolated Island Option created by Nalcor includes three small hydro developments and just one wind development. Is it possible for Nalcor – was it ever possible for them to build additional small hydro? I guess we will probably never know now that we have just gone ahead and slammed this sanction through. I guess we are gone past the point of no return. There are no considerations of alternatives, one of the things that people are very concerned about – and certainly people are very gravely concerned about all of this. I got three e-mails, I have to say, over the last year from people who are in favour of this project. Three e-mails are how many I got. They all came from your Web site that the government set up to try to convince everybody that this snow job was actually a good thing.

One of things, as I said, that people talk to me about, that they want to see acted upon is the examination of all of the alternatives for meeting our domestic energy needs. It is really interesting, at one point, when we get into this, we will have lots of time in here together, I hope, over the coming days and weeks to discuss this, but one of the things that we often talk about is wind energy. Of course, they do not call it the windswept land for no reason – that is in the *Ode* for a reason, because there certainly is a lot of wind. They were not just talking about in Legislatures; they were talking about the nature of our climate here in Newfoundland and Labrador.

It is all very interesting, because there is very little examination of that. I do not claim to be an expert in this area, but certainly everything that I have studied and read about wind energy indicates that wind is developed in combination with hydroelectricity. That is the ideal way to do it. Instead, the report that government released had this giant battery with no additional hydroelectricity whatsoever. It is all very novel, there are people around the world who build gigantic, what they believe are actual versions of Noah's Ark – now, it is all very novel, but is not very practical. So, the idea of a giant battery, in absence of any additional hydroelectric development, made absolutely no sense to me.

So, later on when we get into debate, I get up again to speak on this, and I hope I have lots of other opportunities, I want to go into that in more detail, because I do not think it makes much sense. I do not think the people are very well served by that sort of thing. I think it is interesting, it is novel, but I think it is somewhat farcical if that is a serious way of looking at the energy challenges that we will have twenty years from now.

Thank you very much, Mr. Speaker. I really appreciate the opportunity to get up here at 5:27 in the morning and speak on this.

**MR. SPEAKER:** The Member for St. Barbe.

**MR. BENNETT:** Thank you, Mr. Speaker.

In the nation to the south they have a way of naming bills by the names of the individuals who advanced the bill or who brings them in, or they call it after some sort of a cause or something that has happened. Mr. Speaker, I would propose that Bill 61 be called the monopoly bill, because we are providing a monopoly to Nalcor for the next fifty years to charge us as much for hydro rates as it possibly takes to pay off however much money it costs to pay for the development.

You would think, Mr. Speaker – the government has been touting this development for the last two years as such a fabulous development. It is going to make us all rich. It is going to have us bypass Quebec. It is going to give us hydroelectric power up in Labrador so we can do all sorts of industrial development. It is going to give stable rates – nobody said lower rates, but it is going to give us stable rates.

It is going to be green power. It is going to give us access down to the North American grid. We are going to get back a Maritime Link; after thirty-five years the Nova Scotians are going to buy that for us for nothing, just for a little bit of power. In spite of it being such a fabulous deal, Nalcor requires this bill so that nobody in the Province,



but for Nalcor, can develop hydroelectric power. The government is going to confer a monopoly on Nalcor to charge whatever it takes to pay for this project.

Mr. Speaker, clearly, part II.1 says Exclusive Right, "Newfoundland and Labrador Hydro shall have the exclusive right to supply, distribute and sell electrical power or energy" – not just electrical power but energy – "to a retailer or an industrial consumer in respect of the business or operations of that retailer or industrial customer on the island portion of the province".

Mr. Speaker, when I received this document first I had to make sure that, in fact, it was Bill 61 because – and this was provided at a very hasty briefing this morning – the front part of it shows a date of November 29, 2012.

November 29, 2012 was nearly three weeks ago. So, by that calculation, the government must have had this bill for nearly three weeks, sat on the bill for nearly three weeks, produced it to us early yesterday or, in this case, early the day before yesterday, a hurried briefing today, when they had the bill all along. They were not satisfied just to sit on the bill and not provide it to the Opposition on a timely enough basis so that we could properly research it, then they had to invoke the very special circumstances of Standing Order 43, which is a form of closure.

I appreciate that the hon. members opposite are going to say: Oh, only forty-seven applies to closure. Closure is any way that the government seeks to limit or curtail debate. This is three times in the last two days that the government has moved on Standing Order 43 to limit debate in this House of Assembly.

Mr. Speaker, that is after primarily wasting most of the first four weeks correcting legislation that they rushed through back in the winter session, because they had it wrong because they were in such a hurry, doing what they call housekeeping bills. Well, if they had this legislation available since November 29, and this is very substantive legislation, why didn't they bring it forward when they had it available, when we could have studied it, when we could have had our researchers spend a little more time, when we could have cross-referenced all of the multiple other statutes that are cross-referenced?

Now, Mr. Speaker, if the government is so adamant that Muskrat Falls is such a fabulous project and we are going to sell electricity on the spot market as well and by selling electricity on the spot market we are going to generate all kinds of extra revenue – and in a briefing today we were advised that if Emera has any difficulty in delay and they cannot come up with the Maritime Link quickly enough, then they have some limited access, a small amount of access, through Quebec and we will be able to access this. So, being such a fabulous deal –if in fact it was a fabulous deal, which I do not think that it is – they would not need to have a monopoly imposed on the people of this Province and the businesses of this Province that they must buy from Nalcor exclusively, nobody else can sell, nobody else can develop hydroelectric power in this Province for fifty years.

Well, Mr. Speaker, if you look at the amount of change that we have experienced in the last fifty years, the amount of change that we have seen in not only electricity development, but all sorts of cost saving measures, alternative energy – we now have offshore oil that we receive the benefit from. We know that there are all sorts of offshore gas. Yet, knowing all of this, this government, in its infinite wisdom, decides that we should be tied to the technology of 2012 for the next fifty years.

They are absolutely putting into law this statute, which means that we can never, ever move forward in the next fifty years without having to have Nalcor hanging around our necks. Now, Mr. Speaker, this means that the cost-saving and energy-saving measures of other jurisdictions, such as reverse metering, we will never see. If somebody wants to develop their own source of energy for their own business to make them more competitive and more self-reliant, they cannot do this, because that would be against the law, based on this statute.

So, Mr. Speaker, if the government really had confidence in Nalcor, why do they need to give them such a monopoly? Why is it necessary to put into place something that says that you can only deal with Nalcor, nobody else can develop hydroelectric power or energy, and nobody else can sell it? When we looked at these, called amendment themes – now, it shows up in the briefing; it does not show up in the statute. However, when you look at what the representatives from the government and from Nalcor told us what the legislative amendments relate to – and they listed five of them.

Project definition – well, I would define it as the Nalcor monopoly for the Province of Newfoundland and Labrador. It talks about revenue certainty. Why do we need revenue certainty? Well, we need revenue certainty because they cannot borrow the money without having a guaranteed revenue stream, and that guaranteed revenue stream is going to be produced by the people of Newfoundland and Labrador. It is going to be produced by them through their electrical meters. We will pay the bill – the people of this Province will pay the bill for Nalcor, one way or the other, through that revenue stream, which is found in their hydroelectric meter sitting on the side of their homes.

They talk about ratepayer protection, Mr. Speaker, but there is no protection here for ratepayers. There is an elevated cost of hydroelectric power, which then will last for a long, long time. It is almost like saying that a person is protected if they are in prison. If you are in prison, you know where you are, you are perfectly safe, and you get your three square meals a day. Well, the residents of this Province are going to, by electricity rates, be imprisoned by Nalcor. They will always have to turn to Nalcor; the cheque will always go to Nalcor, period.

Now, that is if the transaction does not fail. If the transaction fails, this government are so confident in the benefits of Nalcor and the certainty that Muskrat Falls can work, that they have decided to take steps so that any borrowing that is done will be non-recourse borrowing. Non-recourse borrowing simply means that if the transaction fails, the lender can only realize on the assets. The assets will be the hydroelectric project. The Province of Newfoundland and Labrador, through its government, is unwilling to stand behind this project with its chequebook, except to write cheques and send them to Nalcor to deal with. They want to have non-recourse borrowing.

Mr. Speaker, in the case of non-recourse borrowing, it is no different than if a person went to buy a home, and let us say a home is a couple of hundred thousand dollars. They paid down 5 per cent, \$10,000. Sometime later, the home was foreclosed on. The person says to the bank, here, take the keys, and walks away. We know that in real life you cannot do that, because you give the bank the keys and walk away, and if the bank sells the home then for \$150,000, they come after the homeowner, the mortgage holder, for the shortfall.

This government has been careful enough – I suppose you could say careful enough, or I would say lacking so much in confidence of the project that they are not willing to stand behind the project except for the assets of the project. Mr. Speaker, what happens if the project fails and the creditors realize on the assets? Well, if the creditors realize on the assets, then the creditors of the development known as Muskrat Falls will then own the project. If they own the project, they will be the ones who benefit from Muskrat Falls. They will be the ones who collect the revenue. They will be the ones who will be charging the ratepayers of this Province for Muskrat Falls.

If the government has so much confidence in Muskrat Falls being as good as they say it is, why do they need non-recourse borrowing? Why are they afraid to stand behind the deal? Why are they simply willing to write cheques now and then stand back?

The only logical explanation is that they are afraid of cost overruns. If cost overruns get completely out of whack and there is recourse back to the government, then the people of the Province have to pay for this. Mr. Speaker, make no mistake, the people of the Province will be paying for this regardless. The government will be able to shirk its responsibility and say: Oh, there is no recourse here; you simply realize on the asset. Well, we were told in the briefing they would realize on the asset, and if they realize on the asset then it is goodbye Muskrat Falls development, it is goodbye hydroelectric line all down through Labrador, it is goodbye the link through the Straits, and it is goodbye to the Maritime Link because somebody else will own that and that somebody else will be the lender.

Mr. Speaker, they talk about being a Crown asset protection. This means, what is Nalcor if it is not a Crown asset? What will Muskrat Falls be if it is not a Crown asset? Clearly, this is simply some form of, I suppose, like a shell game to say: Well, now you see it, now you don't. We are quite familiar with the way this is perceived in this particular transaction.

Initially, Muskrat Falls was announced simply as a term sheet, and isn't this just great? This is what we are going to do. We are going to have the Anglo-Saxon route. We are going to go around Quebec and we are going to break the stranglehold that Quebec has had on us for so long. Then we learn, Mr. Speaker, that Muskrat Falls is only a little

more than 800 megawatts and the Upper Churchill is more than 5,000. It is only one-sixth as big as the Upper Churchill development.

Then we learn, Mr. Speaker, well, yes, we are going to go across with a Maritime Link; however, the line across to Nova Scotia will only be 500 megawatts. It is no bigger than Bay d'Espoir power development, and of that amount, 170 megawatts will go to Emera and then we will have the access of the rest of the line.

Then we find out – back when the projected cost was in the order of \$6.2 billion and now it is around \$7.5 billion, it is still escalating – that our cost at Muskrat Falls will be in the order of fourteen or fifteen cents per kilowatt, but if you look on your light bill at that time you would see you were only paying between eight and ten cents. At that time, even if it had been on budget, which it is not, Muskrat Falls would produce power in Labrador at 50 per cent more than what we are paying right now.

We were told we will not use Holyrood anymore. Then we find out we are not actually going to decommission Holyrood. We are going to need Holyrood, because we need Holyrood for backup just in case Muskrat Falls goes offline, if there is some sort of a problem with it.

As we proceed in this particular matter, you look and you see in this bill, page 6, you can read it. 14.2(1) "A person is not entitled to compensation or damages from the Crown or a minister, employee or agent of the Crown arising from, resulting from or incidental to the operation of this Part." This part is the exclusive right.

It continues on to say, 14.2(2) "An action or proceeding does not lie or shall not be instituted or continued against the Crown or a minister, employee or agent of the Crown based on a cause of action arising from, resulting from or incidental to the operation of this Part."

Mr. Speaker, my reading of that says if an action or proceeding does not lie, shall not be instituted – or in this case – or continued against the Crown or a minister. Mr. Speaker, what that says is if you currently have a lawsuit underway involved that would engage this part of the monopoly bill that we are looking at, Bill 61, then the parties to that action could clearly go to court and seek to have the action stayed, have it thrown out of court. The government has decided they want to be immune from any sort of legal action.

Mr. Speaker, ordinary businesses do not have that sort of protection. Ordinary individuals do not have that sort of protection. The government wants to load the dice every way, rig the rules every way, in the same way that they have limited debate and discussion this week on this matter.

This document, dated November 29, has been available for nearly three weeks and could easily have been circulated. The government sat on it. The government on the one hand states quite boldly, we will be here as long as the Opposition will stay and debate. Then they move against the Opposition, applying Standing Order 43 on three separate occasions, and we are only into Wednesday morning on this. We are only into the second legislative day.

It is probably unprecedented, Mr. Speaker, that a government would be so desperate to try to get legislation through, having wasted most of the last three or four weeks, that they would bring on these bills at the same time. They would then move on Standing Order 43 and press forward, using all of the tricks and all of the legislative tools they have at their disposal. While at the same time trumpeting to the public that we will be here to debate until Christmas Day, when they know that by utilizing these legislative tools they are the ones who can bring in closure. Standing Order 43 is, without any doubt, a form of closure. Anything that restricts or limits debate is a form of closure.

Mr. Speaker, the problem with the Muskrat Falls development is the other side of the same coin that was the problem with the Upper Churchill. The Upper Churchill was an opportunity lost. It was an opportunity lost because forty to fifty years ago our legislators did not have the foresight of OPEC. They did not think that oil would jump from \$1 or \$2 a barrel to \$100 a barrel or more. By not having that foresight, no escalator clause was included in the Upper Churchill deal, this Province has lost out for the entire period. For approximately the last forty years or so, we have lost a significant amount of revenue that could have come to this Province.

The other side of the coin, Mr. Speaker, is that in knowing all of this, this government is blindly going forward. In this case, they are not going to forgo an opportunity. What they are doing instead is they are incurring an enormous expense which can only be recovered in this Province by way of the ratepayers. The ratepayers who will pay their electric bills will be subjected to outrageous electricity rates for maybe thirty, forty, fifty years. While we are paying those excessive electricity rates, we will lose other opportunities that we could have taken advantage of. In 2041 the Upper Churchill will revert to us, and we should be bridging from now to 2041.

Mr. Speaker, yesterday – or I think now the day before yesterday. It was a very unusual day, even in this building. We started the morning and we went to the ferry announcement, which had been re-announced and re-announced. I will call it the Love Boat announcement, and, Mr. Speaker, at 6:00 o'clock in the evening we ended up with another big party out front and that was Fantasy Island. I am going to say that within the next few years the people who participated in Fantasy Island can expect to be voted off the Island based on Muskrat Falls.

Thank you, Mr. Speaker.

**MR. SPEAKER:** The hon. the Opposition House Leader.

**MS JONES:** Thank you, Mr. Speaker.

I am going to speak to Bill 61. I have not had an opportunity to speak to this bill since it has been tabled in the House of Assembly. In fact, Mr. Speaker, there is quite a bit that I want to say about the bill. In fact, I would have loved to have had the opportunity to outline the definition of Muskrat Falls as it relates to this particular bill but, unfortunately, the definition itself is two-and-a-half pages long and it would take me nearly twenty minutes to read it and explain it. There are critical pieces like that in the bill that I just will have to skip over in order to be able to make some of the other points that I want to make.

First of all, Mr. Speaker, I want to note that it was only a week ago that we brought a private member's resolution to the House of Assembly, and that resolution asked the House to endorse the principles of an independent electrical utility regulation for the establishment of electricity rates in the Province and to protect the interests of provincial ratepayers.

The government at the time brought in an amendment to that and they asked that it be done as per the federal-provincial regulations. Fair enough, Mr. Speaker. You take people at good faith and for their word, and that is exactly what we did. We accepted the friendly amendment and we supported that amendment.

Today, what we have with Bill 61 is the government now changing that particular law, those particular regulations. That is why they had no problem in supporting the private member's motion that we brought forward with this friendly amendment, because they knew a week later, Mr. Speaker, they were going to go out and change it. They knew that. A week later, they were saying to themselves we will be in the House of Assembly right before Christmas, when everybody else is decorating their trees and singing Christmas carols, we will be in there then under the cloak of darkness trying to get this changed under Bill 61. That is exactly what is happening.

We predicted it. We said it a week ago, when we spoke, that we bet the government is going to come in now and change the laws, but we hoped they would not. We gave them the benefit of the doubt, Mr. Speaker, as we always do. We are a trusting people, but unfortunately that did not happen.

Therefore, Mr. Speaker, we are here now changing the laws – that is what we are doing – as opposed to the government being upfront with the people of the Province a week ago and saying to them we are not going to support this because we are going to change it anyway. We are going to change it anyway, so what is the point? No, instead, they bring in friendly amendments, they change it, they support it, and then they come back a week later and say now we are going to throw it all out. That is what we are dealing with. Where is the openness and transparency there, Mr. Speaker? Absolutely none. That is why we have Bill 29, which protects the government and every single last piece of information inside of the government.

The other thing, Mr. Speaker, I want to mention here is the debate on Muskrat Falls, because the debate on Muskrat Falls would have given every member of the House an opportunity to lay out the issues that were important before the sanctioning of the project, and that did not happen. The reason it did not happen is once again the government did not want to put this project out there for debate and scrutiny. That was the only reason. Instead, they chose to use Address in Reply to the Throne Speech to get up and make their piddly comments about Muskrat Falls.

Mr. Speaker, they made comments that were so far away from Muskrat Falls and had absolutely nothing to with it. In fact, Mr. Speaker, it even provoked a satire columnist to write about it in the daily paper. That is how bad it was. They were supposed to be debating Muskrat Falls and talking about the things in this bill, like Bill 61, and instead they were talking about the smell of capelin – the smell of capelin – coming down the road from their houses. They were talking about how they would like to have grandchildren who would grow up and call them poppy. That is what they were talking about, Mr. Speaker, on Muskrat Falls.

Mr. Speaker, they had speeches about electrical fireplaces and how much heat they were going to give off and how they were growing up watching Max Smart and *Three's Company*. What did that have to do with Muskrat Falls or Bill 61? Anyway, that is the kind of thing they were up talking about before this project was sanctioned. It is all there. It is in the record, Mr. Speaker.

Anyway, Mr. Speaker, we did not see a whole lot more since then. Right before the two bills dropped on the Table, the Premier decided to have a party out in the foyer – have a party, Mr. Speaker. They had the cake come in. Now, I do not know who ate all the cake but when I went out there was no cake left, Mr. Speaker.

In addition to that, they had the tea party out there. Now, I do not have to tell you. I already told you my story about the kids in my district having to go to Quebec to play hockey because we cannot afford the ice to go in the arena, and I walked in on the tea party. Who is at the tea party, Mr. Speaker? Emera Energy is at the tea party.

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

**MS JONES:** In addition to that, Mr. Speaker, the Premier gets up to make the speech about the sanctioning of Muskrat Falls. I heard the Member for Conception Bay up last week mocking the NDP about love, peace, and all of this stuff. What was the Premier doing out there? She was talking about the heart and the soul, Mr. Speaker. That is what she was talking about – the big love-in. That is all it was about – the big love-in. Oh, yes, Mr. Speaker.

There was no talk about the deal, no talk to the people of the Province that we are going to now take out the utilities board and set your hydro rates. She did not say that in her sanctioning speech. She did not say anything, Mr. Speaker, about Muskrat Falls; she talked about the heart and the soul. She talked about how wonderful everybody was including the federal government, Mr. Speaker, including Stephen Harper because of the loan guarantee. Oh yes, absolutely.

Only a few years ago, Mr. Speaker, they were out knocking on doors with federal Liberal MPs, absolutely. They would not have anything to do with Stephen Harper. Now, Mr. Speaker, they were making speeches talking about their relationship with the federal government, and now they are a full partner in the federation of Canada. Imagine, Mr. Speaker, you would think that we just joined Confederation as opposed to getting a loan guarantee that we could only get because Nova Scotia signed on, and Emera signed on. We had to give them \$55 million, Mr. Speaker, to come over for tea.

**AN HON. MEMBER:** How much?

**MS JONES:** We had to give them \$55 million to show up for tea two nights ago in Confederation Building. Mr. Speaker, our federation now with Canada is a wonderful thing because of Nova Scotia and Emera and more money being spent. They are going to give us a loan guarantee, so they are all wonderful.



What odds, Mr. Speaker, that they turned around and they took our search and rescue centre. What odds that they cut all the federal jobs in the Province. No odds about those things. Mr. Speaker, what I do not understand – and they cut the weather office in Gander.

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

**MS JONES:** If it were not for Scott Simms, Mr. Speaker, they would not have gotten it back. It was an awful going on.

Bill 61 is also connected to the term sheet. There are some important things in this term sheet. One of the things is the financial close on the deal which, Mr. Speaker, Nalcor says that they have until the fall of 2013 to do, which Emera has until the early months of 2014 to do before we reach financial close on that particular deal.

What happens if Emera are not able to sign on to the Maritime Link at the end of the day? Where does that leave us? That is a very important question. It leaves Emera, first of all, with \$60 million in penalties, of which we have agreed to pay half. So, there is \$30 million gone. It also leaves us having to put up \$25 million in cash from Newfoundlanders and Labradorians to a publicly-traded company, like Emera, so they can meet the proper debt-equity ratio that they need to borrow at a reasonable interest rate.

We have to do all of that, yet we still do not know if they are going to be able to build the Maritime Link, and will not know until 2014. If, for example, they do not build it, Mr. Speaker, we then have five years to figure it out. We build it ourselves or we find someone else to build it. Either way, we have to figure it out or we do not get the loan guarantee. Because the loan guarantee is not for Newfoundlanders and Labradorians, no, that is only because we signed on with Nova Scotia and Emera, Mr. Speaker.

What happens in the meantime? Let me tell you what happens. They will redirect their power through Quebec. Imagine! Can you imagine that, Mr. Speaker? Big, bad Quebec, they would not have anything to do with them. Now, in the meantime my kids have to go there to play hockey. I have to go there to get on a flight. I have to go there to get on a plane. My constituents have to go there to the hospital, but big, bad Quebec, Mr. Speaker.

Guess what they are going to have to do? Redirect the power through Quebec. They are going to have to bring the power down to the border, Mr. Speaker, and they are going to have to sell it to Emera at the border –

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER (Wiseman):** Order, please!

**MS JONES:** Sell it to Emera at the Quebec border and then they are going to have to buy it back at the other end in the US. Can you imagine, Mr. Speaker? That is their plan. The only catch to it, Mr. Speaker, there is a small catch; they can only do it with 260 megawatts of power.

**MR. JOYCE:** How much?

**MS JONES:** Two hundred and sixty.

**MR. JOYCE:** That is all? Shame!

**MS JONES:** That is all. That is all they can do it with, Mr. Speaker. What happens to the rest of it? Now that is a very, very good question. Guess what? Nothing, nobody could tell us. Mr. Speaker, we have a lot riding on this. We have got a lot riding on this if things do not pan out as planned.

In addition to that, Mr. Speaker, when the announcement was made Ed Martin made a statement, the CEO of Nalcor. Some members got mad and upset today, Mr. Speaker, because I Tweeted how much Ed Martin – I did not even say his name – the CEO of Nalcor makes. It is public information, I say to members, just like your salary is,

just like my salary is, just like everyone else in this House is, public information, and so it should be, because it is the taxpayers who are paying it; so it should be. Do you want me to apologize for that? Absolutely not! The Auditor General put out a full report on it.

Mr. Speaker, this is what Ed Martin said: trucks would roll at the site immediately, within days major contracts will be inked for the construction. Mr. Speaker, the trucks have been rolling for a year. They have been rolling –

**AN HON. MEMBER:** (Inaudible).

**MS JONES:** What do you mean the trucks are going to roll?

Mr. Speaker, there are more roads built up there than you could ever imagine. More roads going into Muskrat Falls, Mr. Speaker, and the people down in my district are fighting and clawing and begging to get pavement and to get decent roads to drive over, yet there are roads going through everywhere into Muskrat Falls. The trucks are rolling.

Let me tell you what else they are doing. They are rolling the wood out. They have over 500 hectares of forest eliminated. Eliminated, gone, cut-down and destroyed, Mr. Speaker.

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

**MS JONES:** A forest taken out. Do not talk about trucks rolling. They are rolling. They are rolling out, Mr. Speaker. They are rolling over the land. There are bridges down everywhere. There are culverts going in. There is land dug up, Mr. Speaker. What are you talking about?

The taxpayers of the Province are spending \$25 million a month for the last three months in Muskrat Falls. You know the trucks are rolling, I say to the members. What kind of statement is that, the trucks are going to roll? For \$75 million, Mr. Speaker, they should be doing more than rolling, I would say today.

Anyway, Mr. Speaker, I thought that was a pretty strange comment to make –

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

**MS JONES:** – but anyway, there it is.

Mr. Speaker, in addition to that, when the minister stood up today he talked about a couple of things. First of all, he talked about that the government operates on principles and they make decisions on principle. Well, Mr. Speaker, anyone who was going to develop Muskrat Falls in this Province, the number one principle they should have looked at was the people of Labrador. That is principle, Mr. Speaker, doing something for the people of Labrador who have historically not gained from major developments in their territory and in their land.

If you were going to do something as a matter of principle, Mr. Speaker, that would be the principle. I am not surprised that it was lost on the government opposite. I am not surprised. They looked everywhere else on the continent, Mr. Speaker, to be able to offload their power but never looked in Labrador, right on their doorstep; right before their eyes, Mr. Speaker, there it was right there.

In addition, Mr. Speaker, to that is the principle of it. Do you know something? The people in Labrador honestly, truly, deeply expected that the government was going to give something back. They honestly did.

Yes, I would say the business people in a lot of areas in Labrador are supporting it, Mr. Speaker. Why wouldn't they? They will get twenty-four months of good contracts, forty-eight months, maybe even three years. God bless them, Mr. Speaker, they will make a few dollars. They will employ a few people. I have no problem with that, but

that is only one piece of the argument. One small piece of the argument I say to you, Mr. Speaker. What about the long term?

The people of Labrador asked for royalties. They were told, no. The Aboriginal people asked to be consulted and they were ignored. The communities asked that their power needs be looked at because it was okay to replace the dirty, filthy Holyrood plant but not good enough to replace the twenty-one dirty, generating diesel plants on the Coast of Labrador.

How do you think that makes the people of Labrador feel? How do you think it makes them feel, Mr. Speaker, when they hear everybody talk about what is happening in Holyrood and you have to replace it, yet everyone of them are stuck with a diesel generating plant? That is a double standard I say to the government, and it is not a fair thing to do. If you want to talk about principle, the principle is that you give something back, that you look after all the people, and that is not happening here. It is definitely not happening in Bill 61.

Now, Mr. Speaker, the government has had lots of opportunity. We have begged. We have laid it out. I even wrote it all down and gave it to the minister. Absolutely, Mr. Speaker, I make no bones about it. I make no bones about it, absolutely, no problem, do it all over again, but let me tell you something: If the will is not there, if there is no recognition of what the people of Labrador have contributed to this Province and the fact that they should get something back, I cannot fathom in my mind why they are in government today – I cannot - because, at the very least, that is what they should have done and that is what they could have done. To date, they have not done it.

They came out and announced the ferry contract for four years from now, Mr. Speaker, on the day the sanction came down. That is what they did for Labrador. We are going to give you a ferry four years from now. Guess what? We are going to take the freight service out of Lewisporte because it should not be there anyway, but we are going to wait four years before we do it. Now what kind of thinking and governance is that, Mr. Speaker? That was their gift to Labrador. Well, give me a break, Mr. Speaker. You had nine years to put a ferry on the Coast of Labrador.

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

The member's time has expired.

The Member for St. John's Centre.

**MS ROGERS:** Here we are at 6:07 in the morning and debating this very, very important bill. I suspect many of the people of Newfoundland and Labrador are starting to rustle in their beds and get ready to get up and greet the day.

We have spoken about many important issues here this evening. Issues that affect the lives of the people of Newfoundland and Labrador, not only present but also more importantly the future of this Province, of this wonderful, beautiful Province. Issues we have talked about that are affecting the very future, the economic future of this Province, the prosperity of this Province, how we manage our affairs, how we manage our financial affairs, how we take care of the people of this Province, whether it be working families, whether it be seniors or whether it be people who are economically disadvantaged. Mr. Speaker, these issues are absolutely fundamental to us as a community and as a democracy.

Mr. Speaker, it is clear, to be debating these through the night while most people sleep – I am not quite sure why the government has arranged this. They have been the architects of this. Again, Mr. Speaker, I have to say that it is shameful for the government to have put us in this position where these decisions which are so important, that have

such long-lasting effects on the people of this Province, to relegate them to just a few hours of debate, just a few hours in the middle of the night.

Then, Mr. Speaker, once again I have to mention for the Minister of Natural Resources to invoke Standing Order 43 to limit any debate that we can have – I am not quite sure, Mr. Speaker, is it out of insecurity? What is it? What is this secrecy? What is this attempt to stop debate? What is this attempt to not have full, open, accountable, transparency treatment of these bills?

I find it quite interesting that the hon. Member for Cartwright – L'Anse au Clair talked twice during the night about coming back into town and seeing the tea party. I would like to take that analogy a little bit further, Mr. Speaker, and to say it indeed is a Mad Hatter's tea party. When we look at what happened at the Mad Hatter's tea party; Alice fell through the looking glass and down a hole, and where she ended up everything was quite backwards and not as it should be. Everything was kind of strange.

We wonder, Mr. Speaker, who would be the Mad Hatter at this tea party? Who would be the Cheshire Cat at this tea party, and the March Hare and the titmouse? We might all be able to guess who *Alice in Wonderland* might have been at this tea party, Mr. Speaker. We just might be able to guess who Alice was at this tea party.

Mr. Speaker, what we are talking about here is Bill 61, and that is An Act to Amend the Electrical Power Control Act, 1994, the Energy Corporation Act and the Hydro Corporation Act, 2007. Basically what we are looking at, one of the areas that I would like to really hone in for the few minutes that I have to speak, Mr. Speaker, is what –

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

**MS ROGERS:** Thank you, Mr. Speaker.

What this bill might mean, in fact, for the people of Newfoundland and Labrador in terms of the weakening role of the Public Utilities Board. We know, Mr. Speaker, that the mandate of the Public Utilities Board is to come up with a fair and equitable rate for utilities for all the people. It is about a fair and equitable rate that makes it possible for the utilities to provide the service that they are to provide to the people, but also to have an equitable and a fair rate for utilities for the people.

Mr. Speaker, Muskrat Falls has become the Energy Plan. When we look at what this bill is about, this bill, first and foremost, in the technical briefing we were told by the officials that the two bills, Bills 60 and 61, are to provide certainty for borrowing, to remove any concerns that lenders might have about the Province's ability to repay the loans, to make sure that these loans were not in jeopardy. That is what Bills 60 and 61 are about: providing certainty to the lenders.

In essence, government has agreed to hold people in the Province to conditions from the lenders. We know that this is for the loan guarantee.

Economic success is easy, Mr. Speaker. It is easy when you have a captive market. It is not as good for the captive market to be at the mercy of that captive market. Having said that, the lending will be in the form of non-resource borrowing. We all know that. That means that no assets of hydro can be attached as recourse for a default on a loan. While some of the corporate entities which will hold these loans are not yet created, the idea is to create corporate subsidiaries to manage various aspects of the project.

Mr. Speaker, government's blind rushed, the panic now, the panic to develop Muskrat Falls has led to this, where the conditions of a guaranteed loan we will be locking people in this Province into buying electricity from Nalcor for fifty years with no other option.

In effect, what is going to happen to the people of Newfoundland and Labrador on the Island portion of this Province? We will be paying – the ratepayers, by the way, who will pay for 100 per cent of the cost no matter what

the overruns are. There is no guarantee there will not be any overruns. As a matter of fact, Mr. Speaker, there is a guarantee that there will be overruns.

Today, this evening on the CBC news, we heard from the Minister of Natural Resources where he said – and we know from this bill, from Bill 61, that no one else can generate electricity. No one else can generate power on the Island portion of the Province. That means that in fact ratepayers are obliged and can only have their power needs serviced by Nalcor.

What we are going to see, then, is that the ratepayers of this Province, although only using 40 per cent of the power, will be responsible for 100 per cent of the cost of generating this power. We know from what is happening with major hydroelectric dams around the world that it is almost a minimum of 50 per cent overrun, at least 50 per cent overrun costs. Mr. Speaker, who is going to bear the brunt of that? We know, we have been told. The Minister of Natural Resources has told us that it is the ratepayers of this Province who will bear the full cost, the full responsibility of this.

In the news today, the hon. Minister of Natural Resources said risks are borne out by the ratepayers. He said that the ratepayers will be responsible for this. He said: I am confident enough. Then he said, I cannot say there will not be overruns. That is what he said: I cannot say there will not be overruns but we are confident enough at this stage with our DG3 numbers, and that overruns will be kept to a minimum.

Well, regardless of whether they are kept to a minimum and regardless of whether the minister is confident in the DG3 numbers, we know as sure as the sun is rising this morning that there will be major cost overruns. We know that it will be the ratepayers who will be responsible for that. The overruns will be directly put on the rate base. We know that, Mr. Speaker.

Mr. Speaker, who will protect? Traditionally, who has been protecting the ratepayers of this Province? It has been the Public Utilities Board. What we have seen now, though, Mr. Speaker, is the Minister of Natural Resources once again stated last night that the Public Utilities Board will be directed. He said: We are not apologizing for that. The Public Utilities Board will be directed. Let's not forget this, Mr. Speaker, that they will be directed by Cabinet. They will be directed by government.

This is contrary to the mandate of the Public Utilities Board whose mandate is the protection of the ratepayer through the development of fair and equitable rates, and also for rates that are fair to the provider.

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

**MS ROGERS:** The mandate of the Public Utilities Board is not about working out how to pay off debt. The mandate of the Public Utilities Board is how to come up with fair, equitable prices for the ratepayer. Its obligation is not to see someone's debt being paid off. We will have a Public Utilities Board, because the minister hinted yet again that they are going to review the Public Utilities Board and make Muskrat Falls exempt from the Public Utilities Board.

Mr. Speaker, we will no longer have an autonomous. The only way the Public Utilities Board can execute its mandate is through its autonomy. This is a Public Utilities Board now that will have no more autonomy and will be answerable to this government, will be answerable to the crowd who had the Mad Hatter's tea party. That is who this Public Utilities Board will be answerable to.

Once again, government's blind rush to develop Muskrat Falls when we could have come up with a short-term or a medium-term solution to our energy needs and taken more time and use our democratic process to thoroughly review this project, Mr. Speaker. Sending the project to an all-party standing committee, a Resource Committee where experts from all over could be called in, where they could be questioned in a public manner, where people of the Province could come and make representation, where then we could have a high degree of certainty of where we are going.



Mr. Speaker, we do not even have an Energy Plan. What this government did is they looked at Muskrat Falls and only Muskrat Falls. That is not an Energy Plan, Mr. Speaker. That is simply one project. It is not an Energy Plan.

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

**MS ROGERS:** What this government has decided to do is ram this project through, throwing willy-nilly all of our potential tools and mechanisms that we have in this House for true democratic process where we can have openness and accountability to look at this project. We are tying the people of Newfoundland and Labrador to what may become a dinosaur for fifty years. This is what the government's Energy Plan will be, one huge, hydroelectric cost for the dam that they are building.

What will that mean to the people of the Province? That means that it co-ops any possibility – while the rest of the world looks at innovative and creative solutions for energy generation, while the rest of the world is moving on with advanced technology, with all kinds of options, we are going to be saddled with this dinosaur for fifty years. Not only are we going to be saddled with the dinosaur, we are going to be saddled with paying for this dinosaur for fifty years, Mr. Speaker. This is what is happening to the Energy Plan for the people of Newfoundland and Labrador; 500,000 people responsible for, I am sure, \$10 billion and more.

Then we wonder, Mr. Speaker, what is the rush here? Well, of course, Nalcor wants to be able to go to the markets right away in January. Then, the construction has started. We all know that. We all know. We have seen the pictures. We have heard the stories. The trucks are rolling. The roads are built. The trees are cut. It is well on its way.

We know, Mr. Speaker, that for the construction phase, the Province's equity is what is going to be used until next year. Our hard-earned cash, the cash that should be used to take care of the needs of the people will be thrown into this project; a project that has not had due course, that has not had the benefit of all the tools and mechanisms we have in our democratic process.

Furthermore, Mr. Speaker, the needs of the people of the Province to be protected by a regulatory agency seems to have been pitched, like a lot of other things, out the window by this Conservative government. My question is who will have the needs of the people when it comes to regulation of rates? Who will be setting those rates?

Clause 2 of this bill ensures government, through Cabinet, has total control of the Public Utilities Board when dealing with the Muskrat Falls Project. This is the same government that bypassed and ignored any recommendations by its own Public Utilities Board, and also by the environmental panel. The Public Utilities Board mandate states the board is responsible for the regulation of the electric utilities in the Province to ensure that the rates charged are just and reasonable, and that service provided is safe and reliable.

It appears this section of the Public Utilities Board mandate is effectively silenced. Our Public Utilities Board has been silenced, will be silenced once again, Mr. Speaker. The Board that was set up to the interests of the ratepayers, to protect the people of Newfoundland and Labrador – silenced once again by this government and that this government, through Cabinet, will have total control of the Public Utilities Board.

So why not allow the Public Utilities Board to fulfill its mandate and ensure rates that are charged are just and reasonable? Why not, Mr. Speaker? It is a mystery to me. Why is this government doing this? Why is this government doing this at this time, when we have a fully functioning PUB with a clear mandate – why? There is no reasonable answer.

So, we know primarily because the banks that government is dealing with have said that they do not want that, that they want the government in charge. Although officials in our technical briefing insist that the powers given to Cabinet over the PUB are not supposed to be draconian and severe, in fact, they are.

What will the new functions of the PUB be? The technical aspects of this deal include a take or pay power purchase agreement with Newfoundland and Labrador Hydro, similar to agreements with the current wind farms in St. Lawrence and Fermeuse. One thing we need to look at as well, Mr. Speaker, is that all of these are exempt from the ATIPPA – and Bill 29 has ensured that for us.

So we will not really know, Mr. Speaker, what power purchase agreements have been put in place. As far as we know, there are not any. As far as we know, we will not know the basis of those. We will not have any information about that. In fact, the Public Utilities Board cannot see behind the power purchase agreements.

This hamstringing the Public Utilities Board ability to set the actual rate for Muskrat Falls power. This has no say over whether the rate is just and reasonable. Similar, Mr. Speaker, it has echoes to what happened in Bill 29, with the disempowering and the weakening of the Office of the Privacy Commissioner whose mandate, whose reach was weakened, who was limited once again. This government is doing the same thing to the Public Utilities Board, once again an agency, a service to protect the people of the Province.

Government has total control and keeps the information secret. Mr. Speaker, it is a sad day that we have come to this point.

**MR. SPEAKER:** Order, please!

**MS ROGERS:** I thank you for the time to speak.

**MR. SPEAKER:** The Member for Bay of Islands.

**MR. JOYCE:** Thank you, Mr. Speaker.

I am here today to have a few words on this bill, Mr. Speaker. There is a word that comes to mind, Mr. Speaker. It is hypocritical. Yesterday we were talking about how we are not going to shut the House down and you would have all the time in the world. By the time the Premier got through that door, the Government House Leader was standing on his feet: Motion 43; shut her down.

Mr. Speaker, I do not know what you are allowed to say. I do not know what words are parliamentary or unparliamentary, but I guarantee you what she said in this House and to the media is not what the Government House Leader is doing. I do not know what words we can use to describe it, but I guarantee you it is not keeping to your word, I can assure you that.

All the members opposite are standing up and saying we will take you on we will debate it. As soon as they got through the door – and I guarantee you, Mr. Speaker, that the Minister of Natural Resources was standing up, we will stay here, we will be here for a couple of weeks (inaudible) throwing his papers down. By the time he got it out, the minister said: Motion 43 – Motion 43 – shut down debate.

Mr. Speaker, what words would you describe that, that is parliamentary that I can say? Are we allowed to say they never kept their word? Are we allowed to use hypocritical, Mr. Speaker, in this House? Are we allowed to use two-faced? Are we allowed to use that? I do not know. Are we allowed to use that or am I pushing it a bit?

**MR. SPEAKER:** You are pushing it a bit.

**MR. JOYCE:** I am pushing it a bit, okay, Mr. Speaker.

**AN HON. MEMBER:** Uncertain.

**MR. JOYCE:** Uncertain – we know it is uncertain. Mr. Speaker, that is the kind of stuff, and then you wonder why people ask questions on this deal.

When the Premier of this Province, the person we are going to stand up to, the person who sings out to the media that we are not going to shut this down, and she does it – the minute that door closes, the Government House Leader got orders to do it. He got orders to do it.

Mr. Speaker, that is why we are asking questions. Every one of you should put your heads down in shame because not one of you stood up there – every one of you should put your head down in shame. When the Premier stands up or the Minister of Natural Resources, or whoever leads on this, and says, you can have all the time you want and the Government House Leader shuts the place down on Motion 43 –

**MR. KING:** A point of order, Mr. Speaker.

**MR. SPEAKER:** Order, please!

The Government House Leader, on a point of order.

**MR. KING:** I am rather entertained by the Member for Bay of Islands, but I would challenge him to point out in Hansard or anywhere else where the Government House Leader brought in any motion that is going to close this debate. I challenge him to stand now and point that out.

**MR. SPEAKER:** The Member for Bay of Islands, responding to the point of order.

**MR. JOYCE:** I know, no point of order. They are trying to shut me down too, Mr. Speaker, I know; that is what he is doing. It is even so bad here that you cannot even have your few words, they want to shut you down. As they always say – they cannot handle the truth, because what they say is not what they do.

Mr. Speaker, it is always very, very hard when you cannot listen to the Premier of the Province because what she says, while she is the Premier, we are going to listen to her, she usually speaks as it is, but, obviously, the Government House Leader here bringing in this Motion 43, shutting her down, is completely opposite of what the Premier was saying out in the media. Mr. Speaker, that is why we need to ask questions. It is shameful.

Bill 29 is only a joke. At least with Bill 29, we cannot get any information, now when we bring in this bill we cannot get any information and we are going to be \$8 billion in the hole – while we cannot get any information. It is a big difference, Mr. Speaker.

I am going to ask the Premier and Nalcor – when they are a bit stuck they bring in Ed Martin or Nalcor's experts and we are not allowed to talk about Ed Martin because he is a private citizen, yet he is allowed to be out in the media talking about all of this. Yet, the minute we mention his name: Oh, it is shameful, shameful, picking on those great experts over in Nalcor.

Mr. Speaker, there are a few similarities in the Premier and Nalcor and a few things that they have been involved with. One thing is they are dismantling the PUB. I am sure that Nalcor was a part of it, and I know the Premier and the Minister of Natural Resources, in dismantling the PUB.

I ask any member opposite – I should not say that because the question I was going to ask the members opposite fits right into them. I ask any person out there who is in business – because I know all the members opposite for the last month were standing up and saying how they were supporting Muskrat Falls, but not one of them even saw the loan guarantee and they just had their briefing today.

They have their briefing notes. They are going to stand up and say, yes, we are for it anyway – even before they have all the information. There is no business person in this world that would support a business deal without having the deal in front of you, sent off to a lawyer, sent off to the accountants, until you had that.

**MR. DALLEY:** Peter Woodward.

**MR. JOYCE:** I hear the Minister of Fisheries saying Peter Woodward. I guarantee you, if this was Peter Woodward's own money he would not be sanctioning this, Mr. Speaker, until he had it all in front of him, ironclad and sent to a lawyer. I say Peter Woodward would not do this if this was his own money.

You can bring up whoever you like. Any strong business person would not do this here unless they had it in front of them, ironclad. They would not do it. They just would not do it, Mr. Speaker. The Minister of Fisheries, Mr. Speaker, keeps throwing out names. I will keep explaining to you that they would not do it if it was their own money.

Mr. Speaker, let's look at a few things the Premier, the government, the Minister of Natural Resources, and Nalcor have in common and why we are asking questions. Mr. Speaker, I just mentioned the PUB. Let's look at the Abitibi mill in Grand Falls. When that was expropriated, the Member for Cartwright – L'Anse au Clair sat down with Nalcor and asked them: Is the mill a part of it? Ed Martin said: No, it is not part of it. Guess what? It was part of it.

**AN HON. MEMBER:** Ed Martin said that?

**MR. JOYCE:** Ed Martin.

Then the Minister of Natural Resources at the time, who is the Premier today, said: No, it is not part of it. Guess what? It was. Now we are hundreds of millions of dollars on the hook. That is why we are asking questions, Mr. Speaker.

I say to the people of this Province, and I say to the people opposite who are over there saying, oh, it is a great deal: Sorry, but I am asking questions. I make no apologies for asking questions, Mr. Speaker. I am going to give you another few examples of some decisions that were made when there should have been a lot more questions asked.

When you sit down in front of the CEO of Nalcor and you ask him: Is it part of it? He stands up and says: No, it is not. The Premier of the Province at the time said: No, it is not. The minister at the time, who is the Premier today, said: No, it is not. It ends up costing us \$200 million to \$300 million to clean it up. Do you think we should ask questions? Of course, we should. I see the members shaking their heads in confirmation that we should ask questions, and we should. That is the kind of stuff we should be asking, Mr. Speaker.

**MR. LANE:** Ask another one.

**MR. JOYCE:** Yes, I will ask another one, I say to the Member for Mount Pearl North.

**MR. LANE:** Mount Pearl South.

**MR. JOYCE:** South, sorry about that – the Member for Mount Pearl South.

Let's ask about the \$30 million up in Parsons Pond. Stand up and ask the questions. Ask about the \$30 million up in Parsons Pond when they went in and were going to spend \$12 million on three drill holes, ended up \$30 million on two. Not a drop, but \$30 million – 100 per cent cost overrun. Shouldn't we ask questions? When we stand up and debate the issues, before we get shutdown on this motion 43, Mr. Speaker, these are the kinds of questions we should ask.

This is all very relevant to Muskrat Falls. The same people who are trying to take Muskrat Falls and say it is such a great deal and take the PUB out, are the same ones who did all these deals. Just think about it, Mr. Speaker. We are up to about \$230 million, \$240 million right now. Just think about what we could do with that money. Just think about it, \$230 million. What could we do with the money? That is just here now, that is just a few. Now it would not build a wing in the hospital in Corner Brook. By the time we are finished with the hospital in Corner Brook it is going to be down to a cottage if the deficit keeps going like it is.

Mr. Speaker, let's look at another one the Premier was directly involved with as the minister, and the reason why I am asking questions. Look at the pellet plant in Roddickton, \$11 million and not one commercial pellet has been

produced in that plant – \$11 million, \$3 million of it is a grant, Mr. Speaker. This is the kind of stuff we have to look at.

The people who are making the decisions are the same ones making the decisions for Muskrat Falls. They are the same ones making the decisions for Muskrat Falls, Mr. Speaker. That is why we are asking questions.

I do not mind spending money if it is good money, I say to the Minister of Environment, but if you are going to go out like you did last May and have phantom press releases about building a ferry for Fogo Island, and it is still not built, and goes up and has another one nine months later. That is the kind of stuff that I find is a bit disheartening.

**MR. SPEAKER:** Order, please!

**MR. JOYCE:** I am sorry, Mr. Speaker.

**MR. SPEAKER:** Order, please!

The Speaker has been fairly generous in providing fair latitude this evening, but I remind the member to start coming back on focus on Bill 61, please.

**MR. JOYCE:** I will, Mr. Speaker. Sometimes what happens is you have to look at the people who are behind this the same as before, but I will get back to Bill 61. I understand, Mr. Speaker.

Mr. Speaker, we heard all of the questions here and all of the debate about everything that is going to happen. I will ask one question, and if anybody wants to stand up and give me the answer, Mr. Speaker, I am sure we can do this. If anybody wants to stand up and answer this question, I will take my seat and give up my time so I can hear an answer.

The big question: How much are ratepayers going to pay per kilowatt in their own house this year? Now, I challenge anybody to stand up across, Mr. Speaker, to answer that question. We can hear all of this: Oh, we are not touching the PUB. Oh, no, this is the best deal ever. I am asking any person to stand up and put your credibility on the line with all of this here. The people of Newfoundland and Labrador that I speak to want to know one question: How much am I going to have to pay per kilowatt for my house now when this is done?

**SOME HON. MEMBERS:** Oh, oh!

**MR. JOYCE:** I see the Minister of Environment is over there having a laugh. Mr. Speaker, ask the Minister of Environment to go tell some senior – who is scared, he cannot keep his house going – it is a big joke. I guarantee you, it might be a joke, Mr. Speaker, but I will put the offer out again because this bill is what it is all about, what it is going to cost the seniors and people on fixed income.

I challenge anybody opposite to take up my time to tell me how much they are going to pay per kilowatt when this deal is done. Here is your opportunity. If anybody over there wants to sit the Member for Bay of Islands down to keep him quiet, here is your opportunity. Stand up. They cannot do it, Mr. Speaker, and that is why we are asking questions. They just cannot do it.

Mr. Speaker, you are wondering why we are asking questions. Some poor senior or somebody on a fixed income trying to figure out how they are going to make ends meet when you have the Premier of the Province up here gloating about the big deal, and the Minister of Natural Resources about the big deal. The Minister of Environment is over there having a big laugh, but they cannot tell the people what it is going to cost them. That is why we are asking questions.

Mr. Speaker, let me tell you, in my honest opinion, if any of those members over there knew that answer to keep me quiet, which they have been trying to do all night under this Motion 43, if any of them wanted to keep me quiet, if any of them knew the answer, they would be up on their feet and they would be sitting me down, but they cannot do it.



Mr. Speaker, that is the big question, and no one can answer it. Any time any of you want to stand up and go heckling and bawling and shouting, remember I asked you the question. Any time I stand in place, in the next three or four or five days, if there is anybody over who wants to answer that question, I will gladly take my seat – I will gladly take my seat. I guess I will never be sitting down for a while, I can guarantee you that, Mr. Speaker.

Mr. Speaker, what would we pay for it, the people of the Province? What are we going to pay for it? We are going to pay for the project here in the Province. You look at what the Prime Minister did to the Province of Newfoundland and Labrador. He said you get the loan guarantee, you guarantee us the money. Where are you going to get the money from? The ratepayers.

Now, Mr. Speaker, where you are going to get the money from is the ratepayers of Newfoundland and Labrador when you have a monopoly. We are the only ones that can sell power. We are going to be the only ones that are going to be able to produce power in Newfoundland and Labrador. If you want the loan guarantee, we want a guarantee that it is going to be paid for in thirty-five years and the only way to do it is charge the people around the Province. What they had to do to ensure that they are going to do that is say to the PUB: See you later; we are going to set the rates. We are going to tell you what you have to charge the people of Newfoundland and Labrador.

Again, Mr. Speaker, when you do that, when the Province of Newfoundland and Labrador, the government is telling the PUB here is what we are telling you to go charge them people, there is not a member opposite can tell me what they are going to be charged. They cannot do it.

You remember over the next three or four or five days when all you are over there heckling and bawling, I am going to ask the question, Mr. Speaker, a 100 times. I am going to ask: What are they going to pay per kilowatt, every household? They are going to do what they are doing now: silence – silence, because they cannot answer it. They can get up and they can bawl and they can stick out their chest, haul up their suits, and say what a great deal because they are given their speaking notes, but they cannot answer the main question that the people of Newfoundland and Labrador want to know. They just cannot do it.

Mr. Speaker, that is the ultimate question that people want to know. We have to take all the wrappings of this deal, we have to take all the gifts, apparently, that we are getting from Ottawa, we have to take all the stuff from Nova Scotia, what great partners we have in Emera and the Government of Nova Scotia, and we have to bring it down to what affects the people of Newfoundland and Labrador.

Mr. Speaker, Nova Scotia – how much are they going to pay? I ask anybody: How much are they going to pay? Mr. Speaker, I hear an alarm going. They are even trying to shut me down with an alarm, Mr. Speaker. I tell you a bit of alarm is not going to stop me, I can assure you that. Mr. Speaker, Nova Scotia –

**AN HON. MEMBER:** (Inaudible) superman.

**MR. JOYCE:** I might not be superman, but I guarantee you one thing I am trying to get the answers for the people of Newfoundland and Labrador that none of you over there can give. That is what I am trying to do. That none of you can give – I might not be superman, but at least I am trying to get the right answers.

**AN HON. MEMBER:** You have that cape underneath that shirt.

**MR. JOYCE:** Mr. Speaker, I heard someone say you have that cape underneath the shirt. I do not have that, but I guarantee you I have a lot of concerns for the people of Newfoundland and Labrador for their light bill, for the heat bill, and people on fixed incomes.

Mr. Speaker, I have to be honest; I do not think anybody here wants to hurt seniors or people on fixed incomes. I definitely would never think that of any members opposite, but I just do not think they have the answers. I really do not want to put this in a position where I am going to in some way say that the members opposite like to hurt seniors or people in fixed income. I am not saying that, Mr. Speaker, and I would not put that out there. They do not have the answers, yet they are out promoting this deal as the greatest thing coming. Not one of them has the answer of what it is going to cost per kilowatt. I see people puzzling, questioning, and asking themselves.

Mr. Speaker, I asked another question to the members opposite, all the ones who were up and touted it: What are we going to pay for the power on the spot market? Does anybody here want to stand up and sit me down and say what are we going to pay for the power on the spot market? We are talking about the big spot market, how much money we are going to make. Can anybody tell me? Anybody over there.

Those are the kinds of details you do not have. Those are the kinds of details that you do not have in this bill – you do not have it. There is no one over there can give me the answers to these very vital questions. Those are questions that are affecting the people of Newfoundland and Labrador, Mr. Speaker.

Mr. Speaker, we just look at the project itself. It started out as a \$6.2 billion project. It is up to about \$8 billion, \$9 billion project now. Everybody touts Wade Locke.

Oh, I better hurry up, Mr. Speaker, and get my words in; the Government House Leader is in. He might have another motion there to try to keep me quiet. He had Motion 43 in there all night, Mr. Speaker. He might have another motion in there.

**MR. KING:** A point of order.

**MR. SPEAKER (Verge):** Order, please!

The hon. the Government House Leader, on a point of order.

**MR. KING:** Thank you.

There is an expectation here, Mr. Speaker, that members not comment, when they are speaking, about members entering or leaving the House. The member opposite just referenced the Government House Leader, and I would ask you to consider the comments made.

**MR. SPEAKER:** Are you speaking to the point of order?

**MR. JOYCE:** No, Mr. Speaker. I said the Government House Leader is here.

**MR. SPEAKER:** It is indeed considered to be unparliamentary to be referencing another member's presence or absence thereof in the House. So, I would ask the members to be mindful of that.

The Member for Bay of Islands, to continue.

**MR. JOYCE:** Mr. Speaker, once again, I will just say to the Government House Leader: Thank you for eating up the time that I am asking vital questions, which even you could not stand up and answer for the people of Newfoundland and Labrador.

**MR. SPEAKER:** Order, please!

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** Order, please!

The hon. the Minister of Environment and Conservation.

**SOME HON. MEMBERS:** Hear, hear!

**MR. HEDDERSON:** Thank you, Mr. Speaker.

The sun comes up and it brings new life, and perhaps my getting up may bring a little new light to this whole debate. Mr. Speaker, I am rising to speak in support of Bill 61. I guess, before I get going on Bill 61 – because it is all tied together. It is all about Muskrat Falls; it is all about principles. Because any project that you are looking at,

you have to have a good basis. There were two questions, and if the member opposite wants to look at what is behind Muskrat Falls, there are two questions: Do we need the power? What is the best alternative?

Now, those are two simple questions, Mr. Speaker, that it has been addressed. It has been addressed not once, not twice, but as many drops of water going over the falls, I would say, you could match up with the way that we have responded and the times that we have responded. As a matter of fact, this project is sanctioned and we are tidying up to make sure that we are putting in place checks and balances – not money cheques – that are going to protect the stakeholders, the shareholders, in this project.

Now, you are talking, I hear the other side – and it is political rhetoric, as far as I am concerned, and a fair bit of fear mongering –

**MR. JOYCE:** A point of order, Mr. Speaker.

**MR. SPEAKER:** Order, please!

The Member for Bay of Islands, on a point of order.

**MR. JOYCE:** Mr. Speaker, I do not mind the political stuff, but do not ever say I am fear mongering, because I am asking you a legitimate question: How much will it cost every person, every senior, in the Province?

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

**MR. JOYCE:** That is not fear mongering, Mr. Speaker. I am not fear mongering. You can say political rhetoric, I can understand, but not fear mongering.

**MR. SPEAKER:** Order, please!

There is no point of order.

The Minister of Environment and Conservation.

**MR. HEDDERSON:** Mr. Speaker, again, we have some people on the other side that seem to be very sensitive. Simply because I got up behind the speaker that just responded does not mean that I was looking at him. I referenced that there is political rhetoric coming across the floor and there is a fair bit of fear mongering coming across the floor that I feel I have to address. It is as simple as that.

If a member thinks that I am hitting a note out there, you all stand up and say that you are not doing it.

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

**MR. HEDDERSON:** Mr. Speaker, I will move forward again to the basic questions. I believe that I need to respond to those two basic questions. Not only did I hear fear mongering, not only am I hearing what-ifs, and what is the price going to be in five years' time. There are principles that guide where those prices are going. This bill that we are doing, again, makes sure, as I am pointing out, that it is going to have the checks and balances to protect the shareholders in this endeavour.

I hear: Shareholders – oh, Emera is going to make this (inaudible). Guess what? Nalcor are in there, but the people who are talking about that are forgetting one basic thing. Guess who owns Nalcor? Who owns it? The people of Newfoundland and Labrador.

**SOME HON. MEMBERS:** Hear, hear!

**MR. HEDDERSON:** Do you think that the people of Newfoundland and Labrador are going to expect someone else to pay for this wonderful project? No. The people of Newfoundland and Labrador have spoken and they have spoken loudly. They, for the most part, and I say a good number – I am not mentioning poll numbers. I know in district, guess what? I would vouch for 100 per cent of my constituents and it is not about money, it is about doing the right thing. The right thing is to take Holyrood down.

**SOME HON. MEMBERS:** Hear, hear!

**MR. HEDDERSON:** That is why I am up, because other members are getting up and saying: Well, what is it doing for my district? I tell you, I am not supporting Muskrat Falls unless something happens in my district. Well, I have the most vested interested in what happens with regard to taking Holyrood because we are sucking in hundreds – I say hundreds – of tons and thousands of tons of particulate matter, sulphur dioxide, and not only that, but the millions of tons of greenhouse gases that are going up the chute.

It is not only about Holyrood, I say to the hon. members here. I am responsible for caribou up in Labrador. Guess what is part of their numbers going down? The temperature of this world is going up. If anyone cannot see climate change affecting the North, they have blinders on. Do you know what the biggest contributor to greenhouse gases in Newfoundland and Labrador that affects all Newfoundland and Labrador? Where is it? Holyrood. You can talk about the price of power, who is going to pay for it, and if it is going to go down to the States. I do not care if it goes to Timbuktu, as long as we get paid for it and it takes out Holyrood.

What disappoints me is that we have political parties, ours included – and we have to save the planet. We have to be energy efficient. That is all forgotten. Do you know there is a silence that has come over a part of my district? Not too long ago there was a blowout in Holyrood. There is not one on the other side that even referenced it. Why? If it was five years ago – and my members from CBS will tell you, we were under the gun. What are you going to do? People cannot hang out clothes. We are sucking in matter. Out with placards: Take down Holyrood. A deadly silence has gone over these parties over there. Why? Because they know if they say take down Holyrood that is supporting Muskrat Falls. I say: Shame on you.

**SOME HON. MEMBERS:** Hear, hear!

**MR. HEDDERSON:** My constituents are saying: Shame on you. Where are you at now? You were there when it was politically expedient, but my constituents are forgotten about because no longer can you stand up in the House and say: Do something with Holyrood. You cannot even ask questions in Question Period. Did anyone ask what happened out in Holyrood? How come it blew out?

Do you know what one of my constituents said? What happened to the NDP? What happened to the Liberals? I tell you something, guaranteed, at the school board meetings, oh yes, cameras are there; oh, march right up in front. I am going to save the school here. So you talk about political rhetoric. As well, you people over there, I was on that side and you cannot kid a kidder. You can get on with your rhetoric, but again I say that Bill 61 should fly through this here because it is the checks and balances that we need, Mr. Speaker.

We need to make sure that our investment is protected. We want to make sure that our investment is protected. This bill, as far as I am concerned, lays out the groundwork and makes sure that we are taking care of the business as shareholders, as stakeholders, as people who want to make sure that this project, not only is it successful – and it will be successful.

I am getting tired of hearing Mr. Martin's name being thrown around just like it was nothing else. That man – I will say it: Yes, he is making sure that his input into our legislation, into what is happening, is for the protection of the people of Newfoundland and Labrador.

**SOME HON. MEMBERS:** Hear, hear!

**MR. HEDDERSON:** I can go down through the list of names, but I am sick and tired of hearing that he is incompetent, that he do not know what he is doing, that they do not know what they are doing. Yet the Minister of

Natural Resources challenged – and for two weeks there I think it was just bang, bang, bang, bang, and not one comeback.

Members, we have sat here and we have been listening, ten minutes the last speaker, until finally the Speaker said: Will you get to Bill 61? What am I hearing? Oh, we did not have time. We cannot do it.

You are in a Parliament, and the Parliament works for both sides of the House. As a matter of fact, there is a lot more leeway – again, do not try to kid me. I have been there, and I have made sure I kept the government's feet to the fire. Do not try to slip out of it by telling the people of Newfoundland and Labrador that you cannot stay in here as long as you want to. Do not try to kid me.

Now you might get away with it with people who do not understand Parliament but there are more tricks to the trade in this House, and you can – I am telling you right now for everyone to hear in television land or whatever land, that if you do not want this bill to go forward before Christmas, guess what? You can do it. You know it, we know it.

**AN HON. MEMBER:** (Inaudible).

**MR. HEDDERSON:** You know that, you know what I am talking about.

We, as a government, bring forth legislation. We put it on the table and we open it up, but guess what? I think everyone will agree it is the Opposition that really have the go as to how long it takes.

**MR. JOYCE:** It never happened with Bill 29.

**MR. HEDDERSON:** What is that?

**MR. JOYCE:** It never happened on Bill 29.

**MR. HEDDERSON:** No, but you are saying on this one. This is an open book now. Remember, it is a different circumstance, I say to the member opposite. I will not say any more, but do not try to kid me, do not try to kid other parliamentarians. You might be able to kid the people out there, but we know that if you want the time to really get to where you want to go, it is there for you.

It is not intelligence, but like I said, it is about being savvy about what goes on in this Chamber. Of course, House Leaders – I look at our House Leader, and I can tell you, I will put my House Leader up against any House Leader around here, anyone.

**SOME HON. MEMBERS:** Hear, hear!

**MR. HEDDERSON:** When it comes to Bill 61, I believe, very much so, that this is the bill we need to ensure and protect the interests of the people of Newfoundland and Labrador. We have to make sure that this project is successful and there are things we have to do.

My plea is, by all means, ask the questions, but do not take ten minutes to get to the question. If you are getting up on your feet forget about the political rhetoric. This is an important project. We look at it as a game changer, and it is a game changer.

To get back to Holyrood, it is not only what is going up the stacks, but look at where you are putting your money. Look at where the money is going. It is going to the oil companies. I cannot pick the figures out of my head right now. What is it, one hundred and something –

**AN HON. MEMBER:** It is \$150 million.

**MR. HEDDERSON:** It is \$150 million going to the oil companies. We are dependent on crude oil to put the greenhouse gases up. It has to come out.



Also, guess what? Guess what is not even talked about, not even into the equation? Right now, the federal government is moving and they are going through the various industries with regard to greenhouse gases. Guess what? Someone is going to have to pay for greenhouse gases going up the chute.

The beauty about this particular one is that where we are selling power to, it is going to take out another greenhouse gas emitter. It is coal fired generation in Sydney. I do not know if any of you think that because we have borders there is a bubble around it, but guess where those greenhouse gases are going and guess what they are affecting? The north; they are affecting Labrador. Here we are with a project that is Canadian, it is a project that is going to make this world cleaner, that is going to be able to – we will be able to brag. We have bragging rights that we are going to take it out.

I am, again, Mr. Speaker, asking the support of our parties – and that is not to stop you from moving through, but I am asking you, please, if you have your twenty minutes get up. Like I said, we are going through this, and I cannot answer everything but I will try from the environment and conservation, if you have questions, to deal with it.

**AN HON. MEMBER:** (Inaudible).

**MR. HEDDERSON:** No, no, but when you get your time.

What I am saying is that when you get a chance to get on your feet, I am asking you to really consider the basic principles that are behind Bill 61, behind Bill 60, behind the entire project. It is a project that I firmly believe in. No, I did not have to wait for the term sheet. I did not have to wait because I got a vested interest in it. It is all about, for me, Holyrood. It just so happens that I am the Minister of Environment and Conservation and I do know what is coming down the tubes. We need to, as a jurisdiction, be part of the solution; and, not only that, but this clean hydro power – remember it is not oil that is going through the turbines. Also remember that you are looking at – and people were talking about the reservoir, it is a very small reservoir compared to it. The intent of the reservoir is just to keep a flow of water into the turbines.

Remember, you are recycling the water that is coming through the Upper Churchill. Also remember that the reservoirs for the Lower Churchill, Muskrat Falls, are the same reservoirs. It is just absolutely massive, one of the biggest in the world. That will keep a steady flow of power coming out of Muskrat and Gull Island.

Where in the world would you have a situation, Mr. Speaker, where you would have three generating plants using the same water? You talk about clean energy. There is going to be some residual. Each generation plant will have a footprint, but nothing compared to what is taken out in greenhouse gases and so forth.

I say, again, this is not chastising or anything like that, but we really need to focus because this is an important project. Whether you support it or not, make sure you understand that the people of Newfoundland and Labrador have spoken. They want to see this project. They want it to be successful. Good, solid debate on these bills will help us all as we go through.

I know these are trying times, but we are here together. It is a time for us all to have the debate that it absolutely needs as we finish up, because these are the last two pieces. As we have already pointed out today, with the sanction, work is going forward. It is not about obstructionists or anything like that. It is making sure that you are comfortable with the bills we are putting forward. We have plenty of time. We have between now and Christmas, and maybe beyond, I do not know.

Again, let's focus on what is most important here today, and that is what this project is going to do for not only the people of Newfoundland and Labrador, but for our environment and for what we stand for. I will leave it at that.

Thank you very much, Mr. Speaker.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** Order, please!

I recognize the hon. the Member for The Straits – White Bay North.

**MR. MITCHELMORE:** Thank you, Mr. Speaker, for the opportunity to speak to Bill 61, An Act To Amend The Electrical Power Control Act, 1994, The Energy Corporation Act and The Hydro Corporation Act, 2007. In my view, it should be known as the monopoly bill.

I can picture this, after hearing the Minister of Environment and Conservation, as both of us playing a game of monopoly and all of the consumers in Newfoundland and Labrador, where we are going around the board, only when we pass go we certainly do not collect that \$200 and we actually pay because we are going to need that money to pay the increases for electricity that are being asked of the ratepayer in this bill.

We are basically taking a lot of gambles here. If you look at the monopoly board, if you land on the electric company and you only own one of the utilities, then you roll the dice and you pay four times whatever that is. It is really taking a gamble. Now, if you have Nalcor, you have other players and you own two utilities, you roll the dice and you have to pay ten times. You really do not know what you are paying and how much you are paying. That is kind of what this bill is basically doing.

If you look at the lender, the federal government has no confidence in Muskrat Falls because they require that we have this type of legislation which requires us to have a non-recourse debt which would allow any rate to be charged to the consumer, the taxpayer, the people of the Province who use electricity and have a lot of restrictions placed on that.

That is something that is completely unacceptable. In the briefing that we received the officials noted, and they said this is not a want, this is a need. They need this to move forward on the Muskrat Falls project. It is very much a chancy deal as of right now.

Looking at Muskrat Falls power, trying to take it to mainland markets where there has been nothing signed on, a fifty-year deal tied to the backs and risks to future generations, our future generations and businesses, they have to pay for it, they have to pay the costs and any of the cost overruns.

For someone who has done a commerce degree, this is what has been stated before as voodoo economics, certainly playing with numbers and playing with the ratepayers and really playing mind games to move forward with a project that is unaffordable based on the amount of power.

If you were to take this as a business venture and you were looking to take this to your shareholders, with the way this project is written and how it writes off all the depreciation later on, kicking these costs, kicking it down the road onto the future generations, those costs, it would not get past the private shareholders, not at all, and I do not see how it can get past the people of the Province when it comes to this.

I want to make some comments about the actual power itself. The Muskrat Falls Project is 825 megawatts of power. It is not a huge project when it comes to power. Forty per cent of that power is earmarked – and it has been said several times – for the Province and the Province's need to displace Holyrood and to meet Island needs. That is 330 megawatts of power.

The remaining amount of power is going to be provided to Emera through a link that they are going to build; they are not going to have to pay the rate for that link. Really, we do not need to provide them with that power. The same thing, if we do not have an agreement signed with any State or neighbouring company or jurisdiction, whether it is in North America or Canada, to say they want that export market, it is not there right now.

If we look at what Manitoba Hydro has been doing, when they develop a hydro project, they have the export market in the States that is willing to buy a limited amount. Not every state and every jurisdiction in the US recognizes hydropower as green electricity and acceptable, so they have caps on that.

Without having that and having that revenue set in, that means that the whole project of Muskrat Falls has to be borne upon the ratepayer. That increases the cost. Basically, what we are telling Newfoundlanders and

Labradorians is that we need 330 megawatts of power, but we are going to be paying for over 800. That is a significant cost.

Mr. Speaker, there are other options. There certainly are when it comes to trying to look at 330 megawatts of power and displacing that into the grid for a short- to medium-term solution. Mr. Speaker, it comes with limitations, because Nalcor and this government have limited and had a moratorium on small-scale hydro in Province for quite some time.

There was a report placed in the 1980s, I believe, that said there was the availability of 400-plus megawatts of power that could be generated by small-scale hydro. With the changing technologies and everything that is happening in the marketplace, that is something that could be considered.

Also, if we look at what has been said about wind power, you pair it with hydroelectricity, a certain percentage of it, and no problem to have an amount of wind. If you look at just taking 15 per cent wind with our current capacity that we have, you could easily see upwards of 300 megawatts of wind working in Newfoundland and Labrador. Right now we have fifty-four megawatts, which represents less than 3 per cent of our total energy output for the grid. That is concerning.

I want to go back to what the Minister of Environment and Conversation had just said about Holyrood. Certainly there can be other means to convert Holyrood to be more environmentally friendly and more sustainable so that it is not burning the oil. There are other jurisdictions such as Ontario where they are looking at taking their coal-fired thermal plants off of using these fossil fuels and looking at using biomass or cogeneration.

*Canadian Biomass Magazine* had stated that 750,000 tons of pellets of biomass per year would be able to convert Holyrood, the pellets and biomass that are carbon neutral. We have three pellet plants in the Province right now with a capacity of up to 75,000 pellets; that is only 10 per cent, but we are not taking the total annual allowable cut.

Our forest industry is in disarray. We could be looking at utilizing more of the forest in a sustainable manner to see what aspects can be put into biomass. We could look at buying these pellets from British Columbia or other areas. You can go on the Internet and look at what the costs are: \$75 to \$150 a ton for these pellets.

You look at the cost of converting Holyrood to pellets; you could be paying anywhere between \$65 million and \$130 million, creating jobs, creating local benefits for the very short term and into the long term until a better solution, until other things are found.

There are other things, but they were not looked at in those reports and analyses. They are looking at a multitude of things. We either have to have large scale wind or we have to have all these other assessments that were put in to look at providing 824 megawatts of power, which would be the equivalent of what Muskrat Falls is.

What the people, the ratepayer of Newfoundland and Labrador has to pay, whether it is the individual resident or the commercial consumer, they have to bear this cost. They have to pay for the entire project of the 824 megawatts. What the government is saying is that we only need 40 per cent of that. There are other options; there are other alternatives certainly that can be more environmentally friendly to convert Holyrood. I certainly would welcome the Minister of Environment and Conservation to refute that if he so chooses.

There are options, like I am saying, as to what has happening and what the payback would be. If we looked at converting our hospitals, if we looked at converting public buildings – and I have said that in the House: you would be looking at a two- to four-year payback in many cases, and with green funds that are out there, it is eligible.

In Lillooet, the stadium was converted, where in two-and-a-half to three-and-a-half years, they would be able to provide for their own energy at a low-cost option and save them between \$30,000 and \$50,000 per year. So that might be a great option to look at for the arena in the Labrador Straits, to look at converting. Government has made these investments in pellet plants and things like that, but they have not looked at converting commercial properties, public buildings, to decrease the demand needed for energy because they are so focused on Muskrat Falls and the need to pay for it.

Well, if we look, Mr. Speaker, at what we are tying this project to, if we pass this legislation it is agreeing to hold the people of the Province to the conditions of the lenders. The economic success is very easy when you have a captive market. There is a monopoly in electricity. There are not options for the ratepayers to look at, unless they are going to start erecting individual windmills and other things to go off the grid. They do not have a whole lot of options but to pay their electricity bills. They have made those investments. This can be quite costly.

So we are saying at any cost, at any rate, the person has to pay, the average Newfoundlander and Labradorian has to pay. If we look at where this bill is going with non-recourse debt, non-recourse debt is looking at pledging all the real property and assets belonging to the project, whether it is the land associated with the transmission, the transmission lines, and the generating asset, how it is there. The thing is that the borrower of all of this is really not liable. So, if there are defaults, the lender can issue and seize all the collateral that is there and the lender – which whatever financial institution we will go or a multitude – would be limited to just that collateral. That is typically limited to just 50 per cent to 60 per cent to the loan-to-value ratios. So, if you look at that a lot of times the property provides for over collateralization of the loan, and that can have impacts, because we are putting in an equity investment upfront, right away. We may take thirty-five years after the loan gets paid off before we reap those benefits, Mr. Speaker.

What is very concerning is that in press releases that have come out, Muskrat Falls is going to generate \$20 billion in revenue over the fifty-year lifespan. Well, if you look at \$20 billion in revenue, that is all on the backs of the ratepayer paying higher than needed electricity costs, and you are not looking at putting the cost back to the ratepayer in a decrease. That is not there.

The \$20 billion is looking at extra revenue. It is revenue that is really not needed if that is truly the projection. I would like to see a breakdown of how that projection is because most of that revenue is going to – if any of it ever gets realized, the cost overruns for the project come into play, then you are not going to see any of this revenue; but, if it is, it is going to be in the very last years of this project. It is not going to be instantaneous.

Non-recourse debt finances commercial real estate or high-risk capital expenditure projects with long-term rates. There are tax implications to doing it this way and what that means. Those are costs. If we look at an example of non-recourse debt, JPMorgan Chase issued – had all this debt in a sub-mortgage housing crisis in the US. The Federal Reserve allowed it to purchase another institution, Bear Stearns. This was issued to anything less the liquid assets as collateral. The Federal Reserve in this case in the US had to absorb all that loss and that value, all those assets well below their collateralization value.

Nalcor is in a similar situation of overseeing this. Would the ratepayers be at a significant loss if something was to happen and significant tax consequences in going on a non-recourse option versus looking at recourse? If we have recourse then you are looking at the option of all the assets of the Province – you are looking at our ability to pay back this debt through other means, through other assets that we have. You are not putting things up that would be at a much more significant risk for loss; loss of default, foreclosure, bankruptcy, other options versus just a loss. There are avenues where the Province can be at a significant risk. That is a concern to me, Mr. Speaker.

I really do not think that the government here has considered really looking at a multitude of options. The focus is so much on Muskrat Falls and Muskrat Falls power without an actual means to say well we have a use for it. We only have a use for 325 megawatts. There has been a whole focus on trying to justify where we are going to get rid of the rest of the power, but the ratepayer has to pay.

We look at what this bill is doing – because we have had regulation in this Province and we have had really stable rates of electricity over the past number of years. From 2006 to 2012 the rates have been around 8.6 cents or 8.9 cents up to eleven cents per kilowatt hour. They have been relatively stable in price. Now, in just a short five years, those rates are looking at jumping significantly.

If this was under regular regulation, looking at the growth and looking at RBC's outlook for the Province in the next few years, we are going to have a lot fewer housing starts than what we have had this year. That is showing that residential demand is not really increasing at that exorbitant rate. If we practiced good demand-side management, like they are doing in Europe – looking at introducing the smart home and options for rebating people

for doing their washing and their dryer on at night so that all the peak demand is not used at the exact same time – proper education and management can bring these costs down and can free up energy for the residential ratepayer and the business ratepayer. There can be efficiencies found.

Mr. Speaker, that is a problem in this situation with this legislation, how we would go forward. If there is less demand, it is a take-or-pay system. With a take-or-pay system, if there is less energy being used, then the rates have to go up to justify the costs. Either way, the people who are users of electricity are going to end up paying. This does not seem very fair. They are really not looking out for the people of Newfoundland and Labrador. The regular residential ratepayer and the business user, the commercial ratepayer, are all going to have increased cost.

As I brought up in the House, if you look at going from 11.6 cents up to 15.3 cents and you are averaging your monthly bill at \$250, that is \$350 nearly in 2017 when Muskrat Falls comes on stream. That is \$100 a month that is out of every consumer's pocket that cannot be spent at the grocery store or at the restaurant. You cannot help small business. You cannot help communities. Businesses are going to be burdened with increased cost. You are going to see people need and apply in many more cases for Income Support, for assistance from this government, and cases where they are going to need an increased home heating rebate to justify the cost of this. This is absolutely taking a gamble with the taxpayer.

When the original Energy Plan was put forward it looked at doing a multitude of options. It looked at doing the Lower Churchill, which included a much larger-scale project, which would have a lower per-unit cost of electricity. It was geared toward an export market. It was geared towards looking at doing industrialization and it was also looking at the residential needs. Obviously, something fell through in being able to get that east-west energy corridor and getting this surplus energy that we could have had to market.

There is a real problem with spending so much capital at this time. It is a cost to the communities. It is a cost to small business. It is a real cost to the people of Newfoundland and Labrador, and to put it any other way, Mr. Speaker, would be simply misleading. It is impossible to say that with this option where you have a captive market, where you are saying to the ratepayers: We will charge you whatever it needs to be to pay for this project over the life of it for fifty years.

We are not even looking at other options and how quickly technologies can change. We have not considered looking at what is happening in the marketplace today. Those are significant challenges. Government's blind rush to develop Muskrat Falls has led to this, to locking people in this Province to buying electricity from Nalcor for fifty years with little to no other option.

Mr. Speaker, I think this is absolutely deplorable. I think this shows that there is no vision, no ability to be flexible, and no way to really look at diversifying our economy and meeting the true needs to the people of the Province, coming at a cost to every Newfoundlander and Labradorian in this Province by increasing electricity rates for a project that is too expensive, where we do not have the need for that much power based on this project. I certainly spoke to Holyrood.

Thank you.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** Order, please!

I recognize the hon. the Member for Torngat Mountains.

**MR. EDMUNDS:** Thank you, Mr. Speaker.

I am certainly happy to rise and speak to this bill, Mr. Speaker, the Electrical Power Control Act, 1994, The Energy Corporation Act and The Hydro Corporation Act, 2007.



Mr. Speaker, this is one of two bills that were introduced with very little notice – within less than a day of receiving this bill. We are here in the House discussing it with very little time for discussion on it, because thanks to the Minister of Natural Resources, Mr. Speaker, that time of debate has been taken away from us. It is certainly very upsetting. I think we would like to have had more time to get into what is involved in Bill 61.

Mr. Speaker, in a situation where monopolies exist when it comes to megaprojects, there is an entity that is set up for the protection of the consumer, for the ratepayer, and for the taxpayer of this Province. The megaproject in this situation is the Muskrat Falls Project and the major corporation involved is Nalcor.

The whole purpose of a Public Utilities Board is to protect the consumers from any issues that may arise with respect to pricing. In commercial situations, competition dictates a healthy environment in which consumers are protected. The whole purpose of this, Mr. Speaker, is to take the intent of the Public Utilities Board out and to replace it with the Lieutenant-Governor in Council or Cabinet.

Mr. Speaker, this direction is taken from the PUB on a bunch of issues, and now the Lieutenant-Governor in Council will have exclusive power to use as they wish with respect to this project, with respect to the cost included in rate setting, with the terms of how rates are set and what the annual rate of returns are, Mr. Speaker, and what it takes Nalcor to receive in order to maintain profit margins that will be certainly of benefit to them.

With this power of enforcement and consumer protection being taken away from the Public Utilities Board, it leaves the people exposed to a number of issues, Mr. Speaker, that will come in terms of cost. Certainly we spent a good portion of the last few days talking about that extra cost that will in all likelihood be incurred.

The thing that bothers me the most, Mr. Speaker, is this bill would be in place for a long, long time. What it does is give the taxpayer no choice but to buy into this project for fifty years, no matter what happens around them in that time. When this bill is passed, what will be there to protect the rights of consumers? Having the entity like the PUB removed does not leave a whole lot there for the protection of the consumer based on costs. One of those costs, Mr. Speaker, to me is cost overruns.

I am quite certain the prediction on this project is going to be significantly more than 12 per cent. We understand this by looking at megaprojects such as this that have been built around the world, some of them in more climatic situations where sometimes extreme temperatures are one of the major costs behind cost overruns. It is all part of a mandate to get this project moving, to do it as quickly as you can, get the necessary legislation in place, and push the project at all costs. I think those costs are going to come back and haunt us, Mr. Speaker. Certainly we have seen that with the Abitibi legislation that has left us now with a very expensive mistake on our hands and not one that is going to be remedied very soon.

What I see here, Mr. Speaker, is that this whole project leaves the people of Newfoundland, the Island portion of our Province, at the mercy of a corporation owned by the Crown. In essence, it leaves the people of Newfoundland at the mercy of this government, of what this government is proposing, and it is binding for the next five decades. With a track record that we have seen with this government over the last year, it is certainly not much to look forward to for five decades.

Speaking of fifty years, Mr. Speaker, it is a long time to have no choice but to buy into this energy source no matter what happens. You look at the pace in which technology is advancing, Mr. Speaker, groundbreaking advancements in power resourcing is an ever-evolving process, and what is to say that new, cheaper alternatives are not just beyond the horizon.

What I am saying, Mr. Speaker, is that over the next fifty years these potentials could be far out of reach for the taxpayers of this Province. We are going to see an increase in pricing and a demand on the Treasury of our Province, with the lower pricing and the ending of oil, that will certainly leave us impacted.

One reason, by looking ahead, is to simply look back on what has happened over the last fifty years. We have seen a lot of advances in technology over the last fifty years. Since the Second World War, we saw many, many

advances in technology. It was unfortunate to see it develop because of that, but we have seen advances in power supply, we have seen advances in medicine, and we have seen advances in transportation.

Mr. Speaker, I heard the Minister of Natural Resources some time last evening talking about when personal computers came around and the difficulty in which he has with them, and I have the same problem. Mr. Speaker, fifty years ago there was no such thing as a personal computer. If there was anything as a computer, Mr. Speaker, it was very big and probably held in an area the size of this room. This is how far we have come in the last fifty years.

If this government is proposing to hold the people of this Island bound to one rate with no chance of looking at other options, Mr. Speaker, it is certainly not something that is democratic. It is not something that anyone would look forward to. If alternatives to power can be found, Mr. Speaker, and they are cheaper, I am sure people have the right to look at it on their own or to export it. There is nothing against that, Mr. Speaker, exemptions are there for that.

They could look at any alternatives to power their own homes, Mr. Speaker. What they cannot do, Mr. Speaker, is buy it here on the Island. That option is not going to be there. It is not going to be there for fifty years, and maybe beyond that. I talked about cost overruns on megaprojects like this, Mr. Speaker, and looked at dams around the world, and one of the lowest margins of overruns is 54 per cent.

**SOME HON. MEMBERS:** How much?

**MR. EDMUNDS:** Fifty-four per cent, Mr. Speaker. It has gone as high as 108 per cent on overruns.

**AN HON. MEMBER:** Is that Manitoba?

**MR. EDMUNDS:** No, certainly not Manitoba but somewhere very close, Mr. Speaker. That is a big margin than what this project is being sanctioned as. Money is being borrowed with the loan guarantee for – it is based on 12 per cent. It is a major difference, Mr. Speaker, between the minimums that are in existence and what is proposed.

In closing, Mr. Speaker, I would just like to say that fifty years is a long time to be bound by one alternative with no choice but to buy into it. That is what this legislation is proposing. It is not democratic, Mr. Speaker, and it is certainly not acceptable.

Thank you.

**MR. SPEAKER:** Order, please!

I recognize the Member for St. John's East.

**MR. MURPHY:** Thank you very much, Mr. Speaker.

I cannot say it is a real pleasure to be getting up and speaking to something that is going to probably drive up rates to consumers through the roof. I cannot say it is going to be a real pleasure knowing that we are going to have to deal with the possibility of tax increases to the taxpayers out there in order to keep some of our Crown assets afloat, particularly Newfoundland and Labrador Hydro because this one is spelling trouble all over, let me tell you.

I want to have a couple of words today and to address some of the comments –

**MR. DAVIS:** (Inaudible) Holyrood.

**MR. MURPHY:** Yes, indeed, now that you brought it up. Now that the hon. Minister of Transportation and Works has brought up Holyrood, the first topic right here on the list is Holyrood, because yours truly, right here, Mr. Speaker, lives right under the stacks. He lives on Seal Cove Road.

Right here on paper, just last night, talking about the options that the hon. Minister of Natural Resources was talking about last night: Oh, we looked at this option and we looked at that option but they were not feasible. Let

me tell you the things that they could have done, they could have taken Holyrood off stream a long time ago. Get your pens and pencils ready, be ready to stand up when I am done and tell me I am wrong. Tell me with these rules here that you are coming in and closing off a market that they could not have used a little bit more futuristic thinking and vision when it comes to taking Holyrood off-line, Mr. Speaker, because it could have done ages ago.

Let me start – and this is coming right from a man who lives underneath the stacks and has a family out there. The first thing, Mr. Speaker, that I would love to see is Holyrood taken off-line. Let's talk about the definition of risk, first off.

Mr. Speaker, we talked about the use of props within the House and the hon. Minister of Fisheries is now holding up the big calculator again.

**AN HON. MEMBER:** (Inaudible).

**MR. MURPHY:** Yes, that is right.

Mr. Speaker, let's talk about risk. Risk is the potential that a chosen action or activity will lead to a loss or an undesirable outcome, and, of course, having a choice or an influence on the outcome that it did. Let me tell you, these guys are taking a risk. This government is taking a risk doing what they are doing.

Last night the Minister of Natural Resources asked the question again, and we have heard it over and over again: Do we need the power? Mr. Speaker, he talked about the load forecast showing 3.1 per cent growth that is going to bring total consumption in the Province to about 1,766 megawatts of power by the year 2020. I am going to give you some numbers here right now of how they could have attained taking Holyrood off-line and at the same time probably saving the consumers of this Province, probably a small sum of money.

One of those examples, right off the bat, we can go over to the Minister of Environment and Conservation's own Web site, a press release on January 6, 2012, when they came out and gave a good example of how a conservation program can work, Mr. Speaker. They came out with a record of saying they have 2,000 houses converted now, saving the average taxpayer about 35 per cent on their heating costs and keeping about \$800 disposable income in everybody's home, keeping money in people's homes.

Let's use that as a little piece of groundwork, that if you take those numbers – and the Minister of Natural Resources is on record in this House, about a couple of weeks ago, saying that for every 1,500 houses that they do a retrofit programming on, they save about 10 megawatts of electricity. Well, Mr. Speaker, the last I seen, there was about 68,000 separate recipients of the Home Heating Rebate in this Province. That means about 68,000 homes right off the bat, had they seen a retrofit, 35 per cent of electricity. If you break it down, Mr. Speaker, that is about 100 megawatts of electricity right there, right off the bat. There is boiler number one gone from Holyrood.

This government paid for the retrofits and also had federal participation in these programs. Go see your release January 6, 2012. I will challenge anybody out there who is watching this morning to go get the release, break down the numbers, and figure it out for themselves. Do not say that it cannot be done. If you are such supporters of Jack Layton, do not let them tell you that it cannot be done, Mr. Speaker.

Let's go to the MHI report on wind. Here is boiler number two gone. Let's go to the MHI report on wind, because in the MHI report on wind they talk about that you cannot put any more than 10 per cent load factor of wind into the Island option right now as it is.

Mr. Speaker, we have about 2 per cent of wind now, which is generating approximately 54 megawatts of electricity. If you figure out 10 per cent out of that, what is it? – 1,766 that I came out with on that number. You have another 120, 130 megawatts of electricity. Mr. Speaker, there goes boiler number two.

**MR. LANE:** (Inaudible).

**MR. MURPHY:** Do you want me to shut it down right now? I ask the hon. Member for Mount Pearl South, who deals with seniors, what he is going to tell the seniors in four years' time when overnight Muskrat Falls comes on-line and we see the price of electricity go from 11.6 cents a kilowatt hour to the 15.3 cents that is projected. What kind of phone calls is he going to get when he says: Mr. Speaker, I am getting all of these phone calls from all of these constituents who are telling me their electricity bills went up by 40 per cent overnight? It is going to be a real pleasure to be on the other end of that phone call to hear how he is going to deal with it.

This government had plenty of time to look at other initiatives – plenty of time. Why do it? You have identified risks. Listen to this, Mr. Speaker: We are going to be spending the taxpayers' money and we are going to be investing the taxpayers' money so that the taxpayers, who are also the ratepayers, are going to end up potentially paying a fortune for their electricity and are also probably going to be taxed to death when it comes to having to support some of the government programs out there because the government is so busy trying to scramble for money to keep Muskrat Falls afloat for the first twenty years or so.

The hon. Minister of Municipal Affairs has yet to come out with a report on how he is going to be dealing with higher electricity needs of municipalities and how we are going to keep the electricity going for some of the rinks, the recreational facilities, the municipal buildings, and the streetlights. Then, when we are talking about streetlights, Mr. Speaker, that is where we are going to shut down Holyrood boiler number three. If we had an industrial commercial energy efficiency program we would not be talking about having Holyrood generated right now. Every single municipality in this Province right now could be saving a fortune in electricity by switching over to energy-efficient items like light standards and that sort of thing.

Mr. Speaker, what we have here is a failure of government to do the right thing here and look at all the options. I will carry on with what the Natural Resources Minister was saying, but I will take some time out and talk a little bit about what they are doing under Bill 61 here. They are actually going to go ahead and close off the market to open competition, something every consumer believes in: having choice.

They are going to be going ahead, Mr. Speaker, and they are going to be closing off the market to any possibility of having alternative means of electricity, the choice of what type of energy source they are going to want, or any type of business to move into this Province to do something else when it comes to energy and offer choice to consumers. They are ripping that right out from underneath the bottom of consumers' feet right now, and the consumer is going to take the fall.

Let me bring it up again to the Minister of Municipal Affairs, they have a problem right now trying to come out with a funding formula for municipalities, Mr. Speaker. What they could have done, what was in the realm of possibility that they turned their back on, the ability to give any municipality or regional authority the ability to make their own money off their own resources. One of those things, Mr. Speaker, that would have met the needs of electricity in this Province – and this is the way you shut down another boiler – is giving the ability of municipalities to go ahead and resort to other things like the generation of wind power.

Mr. Speaker, municipalities are looking for a new funding arrangement. Here we are with the resource that could be harnessed by municipalities. Municipalities' rights to generate electricity and put it back into the grid are being taken away, Mr. Speakers, for fifty years. I say to the hon. Minister of Municipal Affairs he has been toying around

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

**MR. O'BRIEN:** (Inaudible) driving around in a Jiffy Cab.

**MR. MURPHY:** It is okay for him to get personal, Mr. Speaker. I do not mind; it just shows the character. I do not care what he said. What I am going to tell the man is this – what I am going to tell this government is this: You have taken away the ability for anybody else to present an option to the consumer who is out there or to the taxpayer. You have ripped the ground right out from under your feet.

The Minister of Municipal Affairs has been dealing a long time now with trying to bring out a new funding formula for municipalities. He has ripped the ground right under the feet of a municipality to go ahead, if it wants to, if it wants to take that choice, to be able to generate electricity and put electricity in the grid and generate revenue for itself.

Government in the next couple of years is going to fail again to meet the needs of municipalities, Mr. Speaker. We suggested other arrangements and it is all we are told is that wait for it in the Budget, or we are talking to municipalities. The time for talk is over, but unfortunately this particular option for municipalities is gone right out the window and right down the drain.

Mr. Speaker, let us look at the guaranteed revenue stream that they are talking about. We hear the Minister of Natural Resources talk about a zero risk to Canadians when it comes to the loan guarantee. Yes, Mr. Speaker, darn right it is zero risk to Canadians who are the other signatories to this when it comes to the federal end of the loan guarantee; 100 per cent of the risk is on Newfoundlanders and Labradorians.

Before I go any further past that, let us go back to Holyrood again and talking about the whole Muskrat Falls Project because they had an opportunity here at the same time to take Labradorians off the burning of diesel fuel –

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

**MR. MURPHY:** – right along the whole Coast of Labrador, Mr. Speaker, and they did not do it. They failed to meet the needs of the consumer in coastal Labrador who is being left right off the grid here and left off the whole mess, and leaving them on the hook for the burning of diesel.

Yes, Mr. Speaker, we are going to have about twenty sites up there where we are still going to have to ship diesel fuel. There, Mr. Speaker, is another boiler from Holyrood, right off the bat. All it takes is a little bit of vision, but nothing is as blind as those who cannot see, or have the foresight for something like that.

It is easy to tell, for the Minister of Transportation and Works – how many sites do they have in Labrador that are burning diesel right now? Add it up. Add it up. How many megawatts of electricity are we talking about if they had to put the coastal communities on the same stream as Muskrat Falls? Whatever they are putting into the atmosphere up in coastal Labrador, Mr. Speaker, I think that is called part of the Province's carbon footprint as well. That is what we are already talking about here.

Let us go back to the revenue stream again, because I just want to throw that point in before I forgot it. Labradorians, coastal Labradorians, consumers, are being left out of the deal. So let us talk about the revenue stream. I am pretty sure that the Minister of Transportation and Works would love to get up now next time around, after I am done, and get up and explain his point of view on Holyrood and why Holyrood is still going to be around with the mission that they have. He will have his opportunity, but I already took all of it off-line, just with the numbers that I had here.

Let us go back to the amendment. Let us talk about the maintenance of a customer base, what can happen right now with the consumer that is out there, with the choices that have been removed, and let us compare it to some of the options that the Minister of Natural Resources was talking about last night that they looked at.

Let us talk about the choices of natural gas. Now, the Minister of Natural Resources last night was talking about the choices that they had under the natural gas report; I think it was the Ziff Energy report he was referring to. They talked about a cost of \$10 billion to \$12 billion to bring natural gas in onshore here.

Mr. Speaker, there was nothing more surprising to me than hearing that there is a natural gas generating station that is going to be at the Vale Inco site out there in Long Harbour. It is going to be generating 20 megawatts of electricity, but it is only for their own needs, in case of an emergency. Mr. Speaker, that is foresight. That is a company that is looking ahead and actually using a different source of energy that is out there. The capital costs of



putting that in, Mr. Speaker, how much was that I wonder? The Vale Inco site out there all together, the processing plant and everything like that, \$2 billion, \$3 billion? There are a lot of people working, and that is great.

The backup energy out there is going to be a twenty megawatt natural gas plant that they are going to be using in the case of an emergency, I say to the hon. Minister of Transportation and Works. If he wants to challenge me on the whole idea of the concept of having natural gas available onshore in Newfoundland and Labrador, well there is a case where we have it now, or we are going to have it, or at least Vale Inco is going to have it but we are not. Taking natural gas and putting it ashore, Mr. Speaker, would give us the same opportunities, for example, that the Norwegians are taking advantage of right now.

You know, the other day the Norwegians loaded up an LNG tanker and they set it off sailing to the coast of Japan, a full load, Mr. Speaker, a full load of natural gas. If it was not so economical, why are they shipping it? If it was not economical, why are they pulling it out of the ground? If they knew in 2009 that natural gas was not going to be a viable option, why did the people of Norway spend \$12 billion on the Ormen Lange natural gas field which has a pipeline of approximately 1,100 kilometres long?

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

**MR. MURPHY:** The same length as an electrical cable that is going to be coming down from Muskrat Falls to Soldiers Pond. Mr. Speaker, natural gas –

**AN HON. MEMBER:** Yes, boy, there is a lot of that over there.

**MR. MURPHY:** I hope Hansard picked that one up. I hope it picked it up.

Mr. Speaker, it is obvious to me that if we had natural gas here that we would have another choice on the part of consumers here. If we had a natural gas plant here for example, Mr. Speaker, I do not know where you would put it, but let's take it and put it here on the Northeast Avalon somewhere. Let's deal with the carbon footprint that the Province is dealing with again when it comes to natural gas.

The one thing that this government can not deal with, number one is the sale of natural gas and LNG exports, that sort of thing. What they did not talk about, Mr. Speaker, is the effect of the residuals that you have from natural gas, one of those things being steam heat. I would put it forth to you, and I would challenge government to look at it too, at the same time, to look at the carbon footprint. Just using the steam to heat up government institutions here in the northeast end of St. John's, for example, the possibility of taking Confederation Building, East and West blocks off the grid; the possibility of saving Memorial University about \$53 million in heating costs by heating up all those buildings with the residual steam from a natural gas plant; heating schools in the northeast end of town.

If there is anything this government did not have when it came to looking at the options, Mr. Speaker, is vision. They say that we are not visionary. Government cannot see past their own nose sometimes when it comes that. That is what I believe they have done here with Muskrat Falls. They failed to use imagination when it came to talking about the options when it comes to Muskrat Falls.

Mr. Speaker, I see my time is running out and I barely touched the surface when it comes to the issues here.

Now, let's talk about the 40 per cent load factor that we are going to be dealing with, the 40 per cent take or pay arrangement on the part of Nalcor and Newfoundland and Labrador Hydro. What happens, Mr. Speaker, if, for example, out of that 40 per cent the people of Newfoundland only use 28 per cent? What does that do? Does that keep Newfoundland and Labrador Hydro viable? Does that keep the Province viable? Does that ensure that the Province is not going to have to dip into its social program spending? Does it make sure that we are not going to have other programs suffer as a result of having to deal with energy that we are not using, because now they have consumers both ways?

Mr. Speaker, what is going to happen here is that the electrical rate is going to have to go through the roof to pay for the difference of electricity that is not used. Can you imagine that? People are going to have to pay a higher rate of electricity for an enforced conservation measure brought in by this government on electricity that they are not going to be able to use. Where is the incentive for them to carry on with a conservation program? Mr. Speaker, I would say it is right out the window. I think it is going to be right out the window when it comes to that.

Let's see government put in twice as much money as they did the last time. Let's see them keep saving energy costs. Let's see how those numbers are going to impact on the Muskrat Falls arrangement then, Mr. Speaker.

Finally, Mr. Speaker, I will leave it at this particular last thought, because their futuristic thinking and the most futuristic thought that I have ever heard was in an interview yesterday that the Natural Resources Minister did and David Cochrane asked him a question about the reciprocity of the electrical markets –

**MR. SPEAKER:** Order, please!

I remind the member his time for speaking has expired.

**MR. MURPHY:** By leave, Mr. Speaker?

**MR. SPEAKER:** Does the member have leave?

**SOME HON. MEMBERS:** No leave.

**MR. SPEAKER:** The member has no leave.

**MR. MURPHY:** That being done, Mr. Speaker, thank you.

**MR. SPEAKER:** The Chair recognizes the Leader of the Third Party.

**MS MICHAEL:** Thank you very much, Mr. Speaker.

I am happy to have the opportunity to speak further to the issues around the Muskrat Falls Project, and particularly through Bill 61, which is the bill we are discussing here at this moment.

Bill 61 is a bill that makes changes to a number of bills that are in place right now. It makes changes to the Electrical Power Control Act, which is an important act with regard to generation. It makes changes to the Energy Corporation Act, and it also makes changes to the Hydro Corporation Act. All changes which are being put in place to accommodate the new Muskrat Falls Project which this government is absolutely determined is going to happen, even though they have no control over what is going to go on in Nova Scotia over the next thirteen months while decisions get made over there by the utility review board in Nova Scotia with regard to Emera's part in the project.

Nevertheless, this government is determined to keep moving no matter what happens in Nova Scotia. I have to keep pointing that out, Mr. Speaker, because they are behaving and acting as if there are no other decisions to be made, and we know there are plenty of other decisions to be made.

What I want to concentrate on today, Mr. Speaker, because it is a main focus of Bill 61, is the way in which government is making sure that everything is under their control with regard to the Muskrat Falls Project. Government has been using the loan guarantee to explain to us why all the controls have to be in place that they put in place. The thing that is very problematic is that it is a chicken and egg situation.

The loan guarantee is there because the government wants the project, and they knew they could not have the project without going after the loan guarantee. They were able to make that happen and to make a case for it because of the fact that Nova Scotia was also involved and therefore, the federal government would look at a regional project. It is from that perspective that the federal government then agreed to do the loan guarantee because it is regional; but, it is based on the project remaining regional. That is why Nova Scotia has to be in it.

Emera cannot take leave because if Nova Scotia moves out of the whole project, then, Mr. Speaker, it is no longer regional. When it is no longer regional the federal government will not give the loan guarantee. So, because the federal government is in there – because the loan guarantee is a loan guarantee with the federal government holding their control, things had to go into that loan guarantee to satisfy the federal government, because the federal government is the one who ultimately has the control. What we see in the loan guarantee are agreements that tie this government in a way that the ratepayers will be the ones who will be holding – and when I say the ratepayers I mean the people, the people of Newfoundland and Labrador are the ones who basically hold all the responsibility for the payment of Muskrat Falls.

In the loan guarantee – and I cannot make this point often enough – the demands that are in there are demands to make sure that the federal government does not have to put one cent into Muskrat Falls. The government keeps saying that they have to have control because of the loan guarantee. They, for example, even have to control the Public Utilities Board process because of the loan guarantee.

The loan guarantee says – and I pointed this out earlier when speaking to Bill 60 – that for all of the parts of the project that are under our Province, so the Muskrat Falls Generating Station, the Labrador-to-Island Link and the Labrador transmission line going from Muskrat Falls to Churchill Falls, the rates that are used by Newfoundland and Labrador Hydro, the rates that they charge, whether it is rates to industrial or rates to commercial or rates to residential, the rates that are charged have to pay for every single cost that has gone into and will go into Muskrat Falls. Every single cost has to be paid by the ratepayers. Because of that, the loan guarantee is demanding that the Newfoundland and Labrador government will commit itself to making sure that happens.

The Newfoundland and Labrador government is saying the only way they can make sure that happens is to not even have the Public Utilities Board have the usual authority. In Bill 61, Mr. Speaker, what we see is that the Public Utilities Board is named and it is recognized, but the amendment that is being made to the Electrical Power Control Act gives the government the authority to direct the Public Utilities Board with respect to including Muskrat Falls Project costs in Newfoundland and Labrador Hydro's revenue requirement.

Now that means that the government can recognize at times there may be a role for the PUB, but they will direct when and they will direct how. That is because they are absolutely terrified of letting the process that normally works operate.

The Public Utilities Board has to recognize the needs and the rights of the people of the Province while at the same time they are also recognizing the needs of utilities. For example, if they are looking at rate changes for Newfoundland Power, which is a publicly held company, if they look at their requests for rate changes, they look at them seriously. They look at all of the finances of Newfoundland Power. They look at all the commitments it has to make as a publicly held traded company. They look at the commitments to their shareholders. They look at how much money they make. They look at: Do they really need the rate to go up? They also look at the people of the Province and they look at their responsibility to making sure the rates are just. They have to do this all the time.

Utility boards regulators across the country have to do this all the time and they have to deal with companies that have loans. They have to deal with companies that have commitments they have to keep to the creditors. The regulators who deal with utility regulation understand that.

Why is it that all of a sudden the loan guarantee for Muskrat Falls pushes us to a point where the government has to maintain the control, even over our regulator, when it comes to Muskrat Falls? This is the fact we cannot seem to get across to the government. This abnormality, because it is an abnormality, is very, very troubling.

Right from the beginning, every step along the way, the government has controlled the process. When you go back right to the very beginning with the termination of the environmental assessment, the environmental assessment looked at two options that were pre-chosen by Nalcor: one option being Muskrat Falls; and the other being what they called their definition of an Island-only option. That is all the Environmental Assessment Panel could look at.

When we keep hearing this language of the least-cost option, it is not the least-cost option. It is the lesser-cost option of two options that were chosen by Nalcor. At the same time, that same option is what was given to the

Public Utilities Board to make decisions on. Everybody who had to study the Muskrat Falls proposal had to take the figures and the information from Nalcor, whether it was the people that they themselves hired, the consultants that they hired, or whether it was the Environmental Assessment Panel, or whether it was the Public Utilities Board, or whether it was us, or whether it was the general public. All we had were the figures that were determined by Nalcor. So, total control of the process – and this is something the government refuses to acknowledge.

We have never had the adequate background information, especially on the economics of the project, to say that we are making independent judgements, because the information that we are getting is information that is predetermined. The Environmental Assessment Panel made that determination. The PUB made that determination. They said if we knew that the figures – it is quite possible that between these two options Muskrat Falls is the lesser-cost one, that might be quite possible; but we do not have enough information to explain to us where the figures are coming from to even determine that. That was the PUB's result. That is why they said they could not go any further.

So, Mr. Speaker, this notion of control by the government is continuing in Bill 61. So, the big one being, first of all, the one I have mentioned, that the government maintains the authority to direct the PUB with respect to including Muskrat Falls project costs. I would like to point out that the notes that I am using are the notes from the Department of Finance and the Department of Natural Resources, who did give us a briefing yesterday, two hours before we had to sit down and talk about this bill – a bill that we at that point only had in our hands for twenty-four hours, with a briefing two hours before we had to come into this House.

So, at least I have their notes, and at least it is something that has helped us to be able to analyze this. The difference is that the notes were presented to us as the positive spin on this bill; whereas, I read these notes and I do not see it as positive at all. The government has itself in a bind, and it has put things in place to deal with that bind. So, maintain control with regard to the PUB, the same way it has to do with the PUB and Muskrat Falls costs, the government may – may – direct the PUB to look at the costs of Muskrat Falls – they may.

So, this is the problem I have and we have, Mr. Speaker, with the issue around the rates. The presentation that we had yesterday, we were told that the government is very concerned about ratepayer protection. That means protection of the people of the Province who are paying rates. The government is concerned, and there are issues or there are points in Bill 61, points that are showing how concerned they are about the ratepayers. Let us look at some of the things that they are saying is protecting the ratepayer.

What you have in the loan guarantee, the financing is non-recourse financing which simply means that, for example, the loan that will be taken out by the subsidiary for the Labrador-to-Island Link, that loan will be the responsibility totally of the subsidiary who has taken it out. The creditors will not be able to say: Oh, you cannot pay the bill; therefore, we are going to go and look at the assets of Nalcor for example. That cannot happen. It all has to be the asset of the one company. The assets of the Labrador-to-Island Link, they are the only thing that will be behind the loan for the Labrador-to-Island Link for example. That is a simple way of explaining non-recourse financing.

What we have with the power purchase agreements that will be put in place, Newfoundland and Labrador Hydro will have a take-or-pay arrangement which means that Newfoundland and Labrador Hydro will pay for Muskrat Falls power. This means that Newfoundland and Labrador Hydro becomes responsible to make sure that all of the power, whether they use it or not, whether at any point all of it is being used or not, they will have to pay for all of the Muskrat Falls power that they take, not that they use but that they take.

Newfoundland and Labrador Hydro does not pay for that out of their own pockets. They pay for the power out of the pockets of the people who use the power, the people of the Province or the ratepayers as it says in the legislation, but let us remember that is the people of the Province. They have to take from our pockets, from the pockets of the people in this Province, the pockets of people on fixed incomes, the pockets of seniors, the numbers of which are growing in our Province – by the time we get to 2017, the numbers of seniors will have gone up; by the time we get to 2025, they will be gone up again – out of the pockets of people who do not have extra money, rates will be going up.

Newfoundland and Labrador Hydro will have to take that money in order to keep their contractual agreement, their obligations – obligations which they have to keep and which this government, under the loan guarantee, have committed they will make sure that Newfoundland and Labrador Hydro keeps that commitment. That is why they will be directing the PUB with regard to Muskrat Falls costs.

Government, we are told, is amending the legislation to ensure that ratepayers only pay for power that is provided from Muskrat Falls, until a new supply is needed. That is no comfort, Mr. Speaker, to the people of the Province, the people who will have to use Muskrat Falls because there is no other power. They will not be able to use any other power. That is the power on the Island that they will have to use.

The monopoly that is set up here, that is cold comfort to the people of the Province to say that they will only be paying for power that is provided by Muskrat Falls. The power coming from Muskrat Falls is going to be expensive power, Mr. Speaker. It is going to be expensive power. They will have to pay, as ratepayers, Mr. Speaker, so that is not protection for the ratepayers to say they are only paying for that.

The other way in which we are told that there is protection in the act for the people, for the ratepayers, is the fact that the amendment maintains the customer base by ensuring that retailers and industrial-electrical users must remain customers of Newfoundland and Labrador Hydro and cannot source power from any other entity but Newfoundland and Labrador Hydro.

Government is tightening the monopoly in the Province with regard to electricity under Newfoundland and Labrador Hydro. It has to in order to make sure that every cent goes into Newfoundland and Labrador Hydro so that they can keep the commitments to pay for this, what probably will be a \$9 billion project by the time we finish.

I say that, Mr. Speaker, not randomly with regard to \$9 billion, not \$7.7 billion, as it has moved up to. It is going to move further. We know that the amount that has been allowed for in the figures determined by Nalcor, the amount that has been allowed for the cost overruns of only 12 per cent, is too low. There is not a project around, a project of this size, can maintain only a 12 per cent cost overrun.

We had, just recently, in Long Harbour, information from there, that the project there is now overrun by \$1 billion – I think it is \$1 billion. Why? Because of the competition for labour – that is one of the biggest – and engineering costs.

Now, Nalcor and the government have told us that the cost overruns are all under control. They know how much concrete is going to cost, they are pretty sure how much it is going to cost to put the transmission line up, all of that is set, no problem; but, Mr. Speaker, they have not factored in the issue around the competitive rate for labour and also the competitive rate for engineering costs. Mr. Speaker, a billion dollars over, the Long Harbour plant – a billion dollars over. The cost overruns have not been determined accurately. We know it is going to be closer to a \$9 billion project than the \$7.7 billion.

Mr. Speaker, I say all that, all of it coming out of Bill 61, I say to this government: No, I do not see protection for the people of the Province. The only protection they have built in is protection under all of the restrictions that have been created. That is the only protection. The people of this Province are going to be paying much more for their electricity. The seniors in this Province, low-income people in this Province – the government is going to be paying more. The government has not costed – well, if they have costed it, they have not shown us. What is going to be the new cost for them for even maintaining government buildings as electricity rates go up? What is going to be the cost to them as low-income people are going to need more subsidization because of electricity rates going up?

We have so little full analysis given us, Mr. Speaker, of the economics, all of the economic, of this project. It is the most serious gap in the information. They may have it, but they are keeping it –

**MR. SPEAKER:** Order, please!

**MS MICHAEL:** Just to sum up, Mr. Speaker, please – by leave?



**MR. SPEAKER:** Does the member have leave?

**AN HON. MEMBER:** No leave.

**MR. SPEAKER:** No leave.

**MS MICHAEL:** Thank you very much.

**MR. SPEAKER:** The motion is that the question be now put.

All those in favour, 'aye'.

**SOME HON. MEMBERS:** Aye.

**MR. SPEAKER:** All those against, 'nay'.

Carried.

Is it the pleasure of the House that the said bill be now read a second time?

All those in favour, 'aye'.

**SOME HON. MEMBERS:** Aye.

**MR. SPEAKER:** All those against, 'nay'.

Carried.

**CLERK:** A bill, An Act To Amend The Electrical Power Control Act, 1994, The Energy Corporation Act And The Hydro Corporation Act, 2007. (Bill 61)

**MR. SPEAKER:** This bill has now been read a second time.

When shall this bill be referred to a Committee of the Whole House?

**MR. KING:** Presently.

**MR. SPEAKER:** Presently.

On motion, a bill, "An Act To Amend The Electrical Power Control Act, 1994, The Energy Corporation Act And The Hydro Corporation Act, 2007", read a second time, ordered referred to a Committee of the Whole House presently, by leave. (Bill 61)

**MR. SPEAKER:** The hon. the Government House Leader.

**MR. KING:** Thank you, Mr. Speaker.

I call Order 10, second reading of Bill 60, from the Order Paper.

**MR. SPEAKER:** We are resuming debate on Bill 60.

The hon. the Government House Leader.

**MR. KING:** Thank you, Mr. Speaker.

I appreciate the opportunity to have a few words here on Bill 60. As anyone who has been tuned in – and I suspect not a lot of people through the night – we have been here since early yesterday debating various bills and acts, legislation related to the Muskrat Falls Project.

We are actually now going into Bill 60. A few moments ago we finished up Bill 61 at second reading stage. Earlier in the night, sometime throughout the night, we finished Bill 53 at the third reading stage.

Mr. Speaker, there has been a lot of debate about all of the bills and a lot of discussion about where we are in the process in particular. I know sometimes people have a vague understanding of what happens in the House about what we are debating and where we are in the process. Since we are in second reading and we are dealing with the previous question motion, it might be a good, opportune time to explain to people exactly what we are doing, Mr. Speaker.

For those who are not aware, we deal with what is called Standing Orders of the House of Assembly. Those are policies and guidelines that govern how we operate here. It lays out the foundation principles that maintain order here, rules of decorum, and also talks about parameters around debate, Mr. Speaker.

It provides a lot of parameters. There are opportunities provided, should individuals in this House want to prolong debate for a particular reason. There are opportunities for individuals to delay debate if they want to do that for some particular reason. There are opportunities to park debate, simply stop the discussion, and shelve it, if you will, for another day. There are opportunities to expedite debate and move the debate forward, Mr. Speaker. There is also an opportunity to bring in what is called closure which essentially, with the majority of the House agreeing, gives the opportunity to close debate on a particular piece of legislation at some point in time.

Mr. Speaker, where are today – this is meant to be an introduction to this discussion today – we are in second reading of Bill 60. Bill 60 of course is An Act Respecting the Use and Expropriation of Land for the Purpose of the Muskrat Falls Project.

Mr. Speaker, what we are doing is we are debating the previous question, which is a motion that was put by the Minister of Natural Resources. I think there was some confusion that perhaps I, as a Government House Leader, had done that. I did not do that; the record will show that the Minister of Natural Resources put that question sometime last night.

What that does, Mr. Speaker, is that provides an opportunity to ensure that everybody has an opportunity to speak to this particular bill in second reading. The discussion will continue until there are no further speakers or no one rises to speak. At that point in time, what will happen is we will vote on the previous question motion, as we did just a few moments ago in the House. If that one passes, we will then vote on moving the legislation to second reading.

The other option that is there sometimes – and I offer it just for clarification purposes because a number of members have referenced that government has brought in the closure motion in the House today, and that has not happened. The closure motion, Mr. Speaker, is Standing Order 47 in the Standing Orders. Hansard would reflect and the recording of the House proceedings would reflect that what we brought in is Standing Order 43, which is the previous question. The closure motion is actually Standing Order 47, Mr. Speaker. What the closure motion does is completely different from what the privileged motion does, which is what we are debating here today.

Just so people understand where we are in the process of the whole legislation, Mr. Speaker, once we get through debating the prior question motion, what will happen – and will probably bring us about six or seven hours debate from now – we will move then into what is called the Committee stage. We will have two bills that will go into Committee stage, Bill 60 and Bill 61, Mr. Speaker.

When they go to Committee stage, members in the House are free to speak, I believe, in ten-minute intervals, but as often as they wish, as long as there are intervening speakers. What that means, Mr. Speaker, for the benefit of people who may be tuned in, is if the Minister of Finance speaks he can speak for ten minutes and then he must sit

down. If someone else speaks, the minister is entitled then to stand and speak again, but he cannot speak two consecutive ten-minute time frames.

When we hit that process, Mr. Speaker, there is no closure motion on the table. Government has not done that. That can continue on for as long as members in the House wish to debate. So, as long as government wishes to continue, as long as members of the Opposition wish to continue, ask questions of government and raise points of concern, or simply do like they have been doing all night – they have been expressing their views to the public through this medium. As long as they have views they want to continue to express, Mr. Speaker, that is what will happen.

Once the House decides unanimously that they are finished with the Committee stage, and all members have spoken who wish to speak, then the bill will move into third reading and we are back into a similar process to what we are talking about right now with second reading.

Mr. Speaker, I offer that as just some opening comments so that people who are tuned in to the House, whether it is through the media or through people watching at home, or people who have just joined us today and are not sure, I offer that commentary so people understand exactly where we are today. We are not in a closure situation here. We are into a debate on a previous question motion in second reading of Bill 60 and, when we conclude that, the House will then move into Committee on Bill 60 and Bill 61, which I am guessing, depending on how many people speak, is probably going to be perhaps mid-afternoon, 3:00 or 4:00 o'clock.

With that, Mr. Speaker, I will take my seat and open the floor for other speakers.

Thank you.

**MR. JOYCE:** A point of order, Mr. Speaker.

**MR. SPEAKER (Littlejohn):** A point of order, the Member for Bay of Islands.

**MR. JOYCE:** I heard the Government House Leader mention that he did not bring in any Standing Orders. Can I ask who brought in the Standing Order for Bill 53, because I was here all night and I must have missed it?

**AN HON. MEMBER:** (Inaudible).

**MR. JOYCE:** The Standing Order 43 for Bill 53, I am not sure because –

**AN HON. MEMBER:** (Inaudible).

**MR. SPEAKER:** There is no point of order – no.

**MR. JOYCE:** Mr. Speaker, my point of order is if Standing Order 43 was not brought in for Bill 53, we should still be debating Bill 53, because the Government House Leader said that the Minister of Natural Resources brought in Standing Order 43 for the bills and he only brought it in for two.

I am asking for clarification from the Chair because obviously the Government House Leader never brought it in, he just said, and the Minister for Natural Resources did not bring it in. I am assuming that we can still debate Bill 53, because obviously it was not brought in.

**MR. SPEAKER:** The hon. the Government House Leader.

**MR. KING:** I will just respond to the point of order. I am sure maybe the member misunderstood what I said or I did not communicate clearly, but I think the record will show that I did not speak to Bill 53. I spoke to the fact that we were coming out of Bill 61 and going into Bill 60 and I referenced that the Minister of Natural Resources brought in a privileged motion on those two bills, Mr. Speaker. I did not reference Bill 53.

**MR. SPEAKER:** The hon. the Member for the Bay of Islands.

**MR. JOYCE:** Yes, Mr. Speaker, I ask you to check Hansard. I just want clarification because the Government House Leader stated that he did not bring in Standing Order 43. If he did not bring in Standing Order 43, I just ask: Can we still debate Bill 53?

**MR. SPEAKER:** My understanding, hon. member, is that when we were debating Bill 53 last night it was already in third reading and it concluded debate in third reading. Then we went on to Bills 60 and 61, and on Bills 60 and 61, Standing Order 43 was invoked.

So, there was no point of order. It was normal process, in my understanding.

**MR. JOYCE:** A point of order, Mr. Speaker.

I ask for clarification, because someone brought in Standing Order 43 on Bill 53. I can assure you when we were on third reading someone brought it in, I am not sure who. The Government House Leader said he never, ever brought in 43.

I am asking for clarification from the Chair, because I am 100 per cent sure that someone brought in Standing Order 43, which stopped us from bringing in motions, stopped debate, stifled debate. I just want clarification because if the Government House Leader never brought it in – obviously, it was not brought in – obviously, we can still be debating 53.

I ask the Chair to check Hansard, check with the Table, because someone brought it in. The Government House Leader said he never brought it in. Someone had to bring it in, and if it was not brought in we still should be debating Bill 53.

**MR. SPEAKER:** The hon. the Government House Leader.

**MR. KING:** Mr. Speaker, I can clarify.

As I said a few moments ago, I did bring in the privilege motion on 53, but that is not what I said in my remarks. In my remarks I was referencing Bill 60 and Bill 61. You can check Hansard. We can recess, but Hansard will show that the debate has been concluded here on third reading.

**MR. JOYCE:** (Inaudible).

**MR. KING:** Yes, yes. The record will show tomorrow, when Hansard is done, that I referenced 60 and 61. I did bring in 47 on Bill 53.

**MR. SPEAKER:** Thank you.

The hon. the Member for St. Barbe.

**MR. BENNETT:** Yes, Mr. Speaker.

Bill 60, Mr. Speaker, if we were reading about this in a newspaper and we were not thinking of this Province, we would be thinking about countries like Cuba, Venezuela, Columbia, Moldova, wherever – actually, Moldova would be more progressive. Mr. Speaker, I would call this the dictator's midnight land grab. It was brought in more or less at midnight, and it is a land grab.

Mr. Speaker, if we look at Bill 60, this dictator's midnight land grab, "proponent" means a proponent of the Muskrat Falls Project, and includes... the corporation established in the Energy Corporation Act... – which we will find out about later on. These corporations have not yet been established, and "Emera Inc., including all affiliates, subsidiaries, successors and assigns of that corporation".

Now, Mr. Speaker, this bill is designed to expropriate land from people, from residents of this Province, that the proponent claims is necessary for the Muskrat Falls line. There should be no mistake, the Muskrat Falls line, we are

told, is approximately 1,100 kilometres long. It stretches from Muskrat Falls all the way to St. John's. It runs right down through Labrador, crosses The Straits, and it comes up through the Northern Peninsula. It will cut through a swath of cottages, cabins, and outfitting camps. It will go right straight through them. Also, it will go toward Port aux Basques in order to get across the Cabot Strait.

While the individuals, the proponents can try to negotiate, they do not need to negotiate. If they say they cannot reach an agreement the proponent may apply to the expropriating authority, in accordance with the expropriation protocol, to expropriate that land. They can apply to get this land. This is the bill that is introduced.

Mr. Speaker, there are provisions in the statutes of this Province to protect people's property rights, but this bill denies property rights. It infringes on people's rights. The way it does that is the Public Utilities Acquisition of Lands Act does not apply to an expropriation under this part. Mr. Speaker, whereas in the ordinary course an individual would be protected by the Public Utilities Acquisition of Lands Act, that does not apply.

Also, in the Expropriation Act, expropriation is not necessarily a bad thing. Sometimes expropriation is a good thing. Always, it should be a necessary thing. If land is required for a public purpose by a public body, then that public body can use the expropriation act to acquire that land and then can compensate the individuals who lose their land by going through the expropriation process, the land is valued, and they are paid out their value. Fortunately, they are not going to take family homes based on this because the Family Homes Expropriation Act does apply. This act provides no protection for cottage owners, and it gets worse. This is an awful piece of legislation.

Under section 13 you can see how it gets worse and worse. "Where the Lieutenant-Governor in Council is satisfied on an application by a proponent" – think Emera or any one of the Emera companies – "that the proponent urgently requires the land for the purpose of the Muskrat Falls Project, the Lieutenant-Governor in Council..." – now that is not the Lieutenant-Governor person, that is re government. When you hear proponent think Emera. When you hear Lieutenant-Governor in Council think the government. The government "...may by order direct the expropriating authority to proceed with an intended expropriation without inquiry."

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

**MR. BENNETT:** Mr. Speaker, it is not even necessary to make any inquiry. Bang, the expropriation is done and you just lost your land. How fast can this happen? Well, Mr. Speaker, "The Lieutenant-Governor in Council shall" – not may, but shall – "in the expropriation protocol, prescribe the information required to be provided to a landowner in respect of an urgent expropriation under this section."

What is the urgency? These lines are not going to be built for quite some time. They have not even surveyed the line but just as sure as we are going to have green leaves in the spring on all of those trees, we are going to have red ribbons on those trees from surveyors and people are going to be phoning their members saying: What is going on? Who is surveying my land? What is happening to my land? Well, your land is gone. It is gone to Emera and it is gone to Nalcor. It is gone for Muskrat Falls. What are you going to get for it? Well, we have not figured that out yet.

Seven days is the amount of time that is required. "Notwithstanding section 21, within 7 days after the information referred to in subsection (2), including the notice of expropriation, is served or provided" – it could easily be attached to the land – "the title to the land vests in the proponent named in the notice of expropriation."

So, within seven days Emera has your land, no ifs, ands or buts. If you do not like that, well then what you do is – if you look at 21.(2) "Where a person resists or opposes a proponent or the expropriating authority entering upon land referred to in section 15 or entering upon and taking possession of expropriated land after the title to the land has vested..." – that takes seven days – "a judge may make an order respecting access to the property for the proponent or the expropriating authority, as required for the expropriation, and any other order the court considers necessary or required to facilitate access."



Mr. Speaker, on seven days notice Emera can say to the expropriating authority, we have to have that land and you got that land. If the individual who owns that land, that cottage, if they try to resist then it is off to court for an injunction and they bring in the police. How much more of a banana republic response would you want, Mr. Speaker, in order to expropriate land for the purpose of this line?

People are going to be absolutely outraged. They are going to be incensed. Next spring, when some person goes salmon fishing or goes to their cottage or they decide they want to go moose hunting and they show up and all of a sudden their property is gone, it is gone in the hands of Emera. Emera is not even a Newfoundland and Labrador corporation. Emera is a privately owned, publicly traded big company headquartered in Nova Scotia, traded on the Toronto Stock Exchange for some very rich people.

So where, but a banana republic, would you able to get the government to take somebody's land, give it to a big foreign company and if you do not like it, we are going to resort to the courts. That should never be happening in this Province, it should never be happening in Canada, it should not happen in Moldova or Venezuela, or Columbia or Cuba, but it does.

Mr. Speaker, this bill gets worse; it does not get better. This bill gets worse. The more you read and ponder, what does this really mean, it gets worse and worse.

Under section 14.(4) it says, "A person, including Churchill Falls (Labrador) Corporation Limited, is not entitled to compensation or damages from the Crown or a proponent" – Emera – "arising from, resulting from or incidental to the operation of this section except as otherwise provided in this Part."

Furthermore, subsection (5) says, "An action or proceeding does not lie" – which means you cannot sue – "or shall not be instituted or contained against the Crown, a proponent" – Emera – "or a minister, employee or agent of the Crown based on a cause of action arising from, resulting from or incidental to the operation of this section other than an action or legal remedy available to a landowner provided in this Part." The legal remedies provided in this part are very minor, minute, and disgraceful.

Mr. Speaker, it still gets worse, "Where the landowner is incapable of conveying the land or cannot be found in the province or is not known to the proponent or where for another reason personal service cannot be conveniently effected, the proponent shall post a written notice in a conspicuous place on the land to be expropriated."

This land could very well be wilderness land, this land may be relatively remote, the person maybe in Florida for the winter and come back and the land is expropriated, they do not have a clue what has happened because Emera has decided that we need that land, Nalcor has decided that we need that land. It says, "Where the landlord is incapable of conveying the land or cannot be found in the province...". If you cannot be found in the Province, well the remedy is there for the expropriating authority.

Mr. Speaker, it gets worse – it gets worse and worse. If that land has a mortgage, the rights of mortgages, the mortgagee or lien holder, "Where the land to be expropriated is subject to a security interest and the secured creditor is known" – so if they know who has the lien on it or the mortgage – "to the expropriating authority, a copy of the notice of expropriation shall be served on the secured creditor."

Also, (2), "Where the claim of a secured creditor has been proved" – where the expropriating authority and/or Emera knows that there is a mortgage, they know – "to the satisfaction of the proponent," – not to anybody else, but to the satisfaction of the proponent – "the amount secured by the security interest" – being the mortgage or lien in respect of the land – "shall be deducted from the compensation payable and be paid by the proponent to the secured creditor...".

They will expropriate your land, Mr. Speaker, and they will give the money to the bank where they think that the bank should have the land or anybody else who appears to them to be a lien holder. That is a valid discharge of whatever they think is that lien holder's entitlement to be compensated on that land for any debts that they have on it.

It goes on to say, "An action does not lie" – which means you cannot sue – "against the expropriating authority or the proponent for loss or damages suffered by the secured creditor because of the failure of the proponent to comply with this section."

Mr. Speaker, the proponent does not even have to comply with the bill that we are expected to pass in order to be able to do all of these things. If they do not comply, you still cannot sue them. What kind of a disgraceful piece of legislation is this that we are expected to pass on practically no notice, minimal, minimal, minimal notice on sessions that run all the way through the night, and on sessions where the government has invoked Standing Order 43 so we do not get to propose amendments before Standing Order 43.

It goes on to say, "An error in a notice of expropriation does not invalidate the expropriation of the land." It does not matter that they made a mistake in the notice of the expropriation, it is expropriated anyway.

It gets worse – it gets worse and worse and worse the further you go through. Compensation is dealt with under section 22. In section 22 it says, "the compensation shall be an amount based on the fair market value in accordance with the highest and best use of the land at the time of the beginning of expropriation proceeding and no account shall be taken of the compulsory acquisition of the land, the disturbance of the owner or occupier, or other detrimental effect, subject to paragraph (f) and subsection (4)".

Mr. Speaker, what about if that means you have a cottage out in the country and you could only sell it for \$20,000, but it cost you \$100,000. The fair market value is \$20,000. You have \$100,000 put into that cottage and maybe you have even gone out on a limb, you might have a \$50,000 mortgage on it. Well, this expropriating authority can expropriate your cottage, pay the \$20,000 to the bank, take the land, you are still short \$30,000 on a mortgage, and you have no cottage. You have a debt; you have lost your cottage –

**AN HON. MEMBER:** (Inaudible).

**MR. BENNETT:** Actually, I hear the member for one of the Grand Falls districts saying no one knows what cottage is. In fact, there are some lovely, lovely cottages in on the back of Hawke's Bay and easily they are three- or four-bedroom homes, two stories, and we do not call them cabins. Maybe it is kind of quaint in urban Newfoundland and Labrador to refer to the cabins, but we have cabins and we have cottages. We do have both.

This piece of legislation will grab that piece of real estate at fair market value and not properly compensate the owner. Mr. Speaker, the fair market value of the land shall be taken to be the amount that, if sold in the open market by a willing seller to a willing buyer, might be expected to realize.... Well, Mr. Speaker, seven days' notice and it is in the middle of the winter in eight feet of snow, how much is it worth? Not very much. How much do you owe on it? Well, whatever you could borrow on it. How much is it worth to you? Maybe whatever it cost you to put it there, but we are not talking replacement value.

This bill exempts the Expropriation Act and it expropriates the Expropriation Act that deals with homes, so it means the people's improved real estate, outside of urban areas, where this 1,100 kilometre long snake, snakes its way through our Province will be subject to all of this. It will include outfitting camps, any other type of wilderness camps. It will include everybody's cabins and their cottages.

Now, Mr. Speaker, they have even considered that you might owe more on this – this is not an oversight; this is an intentional land grab to help the proponent, Nalcor, their affiliates, and Emera, and continue on under section 22.(3) (d) "where the expropriation is of a part of land that is subject to a security interest," –a mortgage – "the compensation of a secured creditor shall be determined in accordance with the market value of the expropriated part of the land that is subject to the security interest".

This pays for what would be seen as the fair market value of the land without any consideration whatsoever, whatever the debt might be owed on it. The expropriating authority can take the land, and will take the land, on as little as seven days' notice, where the cottage owner might not even be able to be found because that person may well be in Florida. You come back; your land is gone. There is \$20,000 paid down on the mortgage that you had, and you owe the bank the rest of the mortgage.

Mr. Speaker, it still gets worse. It gets worse and worse and worse the more you go through it. Where the name of the owner of the land expropriated is not known, and notice of expropriation shall be registered with reference only to the proponent. So, the proponent is going to say: I took somebody's land. I do not really know whose land it is but I got the land. We may be well down the road trying to determine compensation on this, and after putting the land owner through all of these troubles, all of these issues, this infringement of the person's rights, they can give the land back.

Under section 27.(1), "Where, before the compensation has been actually paid or before an award is made by the arbitration panel..." So the land is already gone. The land has been grabbed, the land has been expropriated. It is registered at the registry and they have used the land, or sat on the land for a year, two years, four years, or five years – however long it takes to get this project done – and they have not actually paid the compensation, or the landowner has not gotten through arbitration, they can actually give the land back.

They can say "...is found by a proponent to be unnecessary for the purpose for which it was expropriated or where it is found by a proponent that only a more limited estate or interest in the land or a part of it is required, the expropriation authority may, in response to a request from a proponent..." give the land back by a written notice.

They do not even have to talk to the property owner, who is now the former property owner. "...by a written notice served or posted in the manner provided in section 16..." – and that is the same manner whereby they took it – "declare that the land or the part of it referred to in the notice is not required and is abandoned by the person in whom the title vested..."

That person in whom the title vested was the proponent, think Emera, think Nalcor. They took your land, they drove you off your land, they may even have gone to court, resorted to the courts, took full use of the law to drive you off this, and before they paid you compensation, or if you disputed the compensation, before you got to arbitration, they can say: No, that is okay, we do not need this anymore. They can go back to the expropriating authority and say: We do not need it anymore, could you reverse that thing we did two or three or four or five years ago and give them back the land?

How do they give back the land? They do not even say, thank you very much, it was kind of nice having your land for years. They can declare they do not need it. They can prepare a notice. They can serve that notice smack on the land, and it is your land all over again.

Mr. Speaker, you are not even permitted to sue for damages. You get absolutely nothing for this. They have trampled over your rights and the rights of everybody in this 1,100 kilometre long snake, sixty metres wide. We do not know where the sixty metres will be up to now. It is a two kilometre wide swath which is going to be sixty metres thick.

This is going to be almost like a Morodic Army just rolling right on down through, doing whatever they feel like and taking whatever there is by authority of law. A foreign company is able to do this in our Province at the behest of our government, with no protection for property rights for individuals whatsoever. All of a sudden they decide later on, they do not need the land. They can convey it back by just providing a notice, serving the notice, and by serving the notice attaching it to the land.

Furthermore, the final insult in this section is section 35, "The trustee shall give to a person requesting it the name and address of every claimant to compensation filed with him or her by the proponent or by or on behalf of the claimants."

Mr. Speaker, that must be a gross violation of our privacy law. Anybody who asks for this can actually get this without any consideration whatsoever for our privacy act. How can we be doing this in Newfoundland and Labrador? This is not Cuba, Moldova –

**MR. SPEAKER:** The hon. member's time has elapsed.

**MR. BENNETT:** Thank you, Mr. Speaker.

**MR. SPEAKER:** The hon. the Member for St. John's South.

**MR. OSBORNE:** Thank you, Mr. Speaker.

I will try to be coherent. Most of us are operating on very little or if any sleep.

Mr. Speaker, Muskrat Falls was put before the people of this Province with a projected rate that people were told they would pay for their utility bills. Many people were directed to look at the rate calculator put up on Nalcor's Web site which showed rates. Some people were convinced by the argument put forward by Nalcor and by government that the rates they would pay would be lower with Muskrat Falls than without. Some people were not convinced.

Mr. Speaker, Muskrat Falls, we were told, was the cheaper option because oil rates were not predictable. Oil rates were going to go higher. People would pay more in the long run for electricity generated through Holyrood than they would for electricity generated from Muskrat Falls.

While projections are not always correct, and that is true, we have seen in this year's Budget, Mr. Speaker, where the Finance Minister and government projected that oil would be \$124 a barrel, and it is nowhere near that. As a result, we have seen the Province's deficit grow because oil prices were not as high as government projected, which calls into question whether or not the projections being used in the Muskrat Falls debate can be counted on for the oil projections. Especially when you are calculating oil projections, not just in this year, in which we were told they would be \$124 a barrel and they are only \$100 a barrel, but for five years out, for ten years out, for twenty years out, and for twenty-five years out.

We were told through the Muskrat Falls debate roughly what people would pay for electricity generated through Holyrood. I voted to support the private member's resolution supporting the project. I will outline some of the reasons for supporting that private member's resolution. I will also outline some of the concerns I have with the project.

Mr. Speaker, I have spoken with many of my constituents about Muskrat Falls. Every opportunity I had to speak with constituents about the project, I did. While most people were concerned about electricity rates, more people were in favour of the project than were against.

Some of those people, Mr. Speaker, who were in favour of it, were very strongly in favour. Some of the people who were in favour, I am sure if you sat down and debated the issue with them could be convinced not to be in favour of it. Some of those who were not in favour of the project perhaps could have been convinced to be in favour if you debated the project and outlined the merits of it. Some were very strongly against, and could not be convinced one way or the other.

That was my assessment in speaking to people. There were some people very strongly in favour, very strongly against, and some people who were either in favour or against, but softly. The most people that I spoke with, Mr. Speaker, had concerns about the rates. That was the underlying theme with most people. Even though more people who I spoke with supported the project than did not, most people were concerned about rates.

Mr. Speaker, we were all elected to represent our constituents. At the same time, we are elected to make tough decisions. The decision on Muskrat Falls was a tough decision. While I brought the views of my constituents to the floor of the House of Assembly in voting in favour of the project, I still have concerns, as do many of my constituents. Many people have concerns about the project because it is the biggest fiscal expenditure in this Province's history. The fact that I am bringing the voice of my constituents to the floor of the House of Assembly weighed very heavily in the decision I made.

Again, more of my constituents were in favour of the project than were against. Most had concerns with the rates. I have raised my concern about the rates on several occasions, while this is the first time I have had an opportunity to speak in the House on this project because during the private member's resolution not all members were given the

opportunity to speak. I have raised my concerns on Open Line and through the media on a number of occasions. I will speak more about that as I get further into my comments.

Let me outline some of the benefits and drawbacks, as voiced by my constituents, and some of the things that I have weighed out and thought about in making my decision. Mr. Speaker, some of the things in favour is that it will be clean energy. It will close Holyrood, which is a major polluter, and most people will agree with that. It is a renewable resource, and some day the people of this Province will own the asset once it is paid off. It will stabilize rates, according to Nalcor and government, but that is open for debate. I have touched a little bit on that: the unpredictability of oil. It will stabilize rates to some degree, provided we can count on the rates that were put forward by government and Nalcor on the rate calculator.

The loan guarantee to reduce finance in costs was one of the benefits; electricity available to mining companies from this Province as opposed to having to buy it from Quebec; electricity available for future development in the Province. Mr. Speaker, short-term employment would be a major benefit, as we are being told that it should be 3,500 jobs. In a time of declining oil revenues, this project will indeed help the economy of this Province. As the transmission line is built from the project to Soldiers Pond, it will help communities along the way. Mr. Speaker, revenue from the potential sale of excess power was also touted as a benefit.

On the drawback side, where I have had concerns with the project, is ratepayers will pay higher electricity. Forty per cent of the energy from the project is slated to go to the people of this Province, yet people of this Province on their utility bills are going to pay 100 per cent of the cost of the project. All of the excess power that is available for sale to the open market has been bought and paid for by the people of this Province. That energy is paid for. Whether the Province gets a nickel for it or a dollar for it, it is excess revenue. We have to keep in mind that the excess power will have been bought and paid for by the people of this Province.

There is no oversight by the Public Utilities Board. Now, we had the legislation introduced here which will give some oversight, but to a much lesser degree. One of the drawbacks I heard from my constituents is that there would be no oversight from the Public Utilities Board, that is change to a certain degree. There would be potential cost overruns and ratepayers will have to bear the brunt of any cost overruns. Just to give an example, the project now is \$1.2 billion over budget and that happened before the project was even sanctioned; that \$1.2 billion is an additional cost of approximately \$2,000 for every man, woman, and child in this Province, Mr. Speaker. So that is a very real concern.

As the project stands right now, it is a cost of approximately \$14,000 per man, woman, and child. If you look at a family of four people, that is \$56,000. We are being told by the Province and Nalcor that the project is financed over fifty years. That is over \$1,000 a year that has to go onto the electricity bills that people in this Province will pay. That is a very real concern – it is a very real concern.

Mr. Speaker, we are still being told that electricity rates will be cheaper with Muskrat Falls than without. The US is aiming for self-sufficiency, which raises the doubt regarding that market; it is a questionable market. The US is saying by 2020, they will be self-sufficient. Energy sources are changing; people are finding new sources of energy, and new ways of delivering that energy.

**MR. SPEAKER:** I do not like to interrupt the hon. member, but I have given you great latitude. We are debating Bill 60 and I am not sure where you are discussing Bill 60, An Act Respecting the Use and Expropriation of Land for the Purpose of the Muskrat Falls Project. I have given you a fair amount of latitude in your first ten minutes, so if we could come around to that that would be very appreciated.

**MR. OSBORNE:** I will certainly try, Mr. Speaker. It was my understanding that this was a money bill and we had a fair bit of latitude.

**MR. SPEAKER:** I have given you a fair bit of latitude, but if we could come to the bill, hon. member.

**MR. OSBORNE:** Okay.



Mr. Speaker, as I was saying, there is no guaranteed market in the US – and I will try to bring it around to Bill 60 as well. I will ask for some additional latitude. It is my first time speaking about this project this Legislature, and I thank the Speaker for the latitude you have given me.

Mr. Speaker, Nova Scotia will get their energy cheaper than the people in this Province. New Bill 61 is very restrictive in the oversight given by the Public Utilities Board and very directed by government in that oversight. Again, I have a great deal of concern in the rates that ratepayers in this Province will pay. Bringing it somewhat to Bill 60, Mr. Speaker, I know that Bill 60 is for the expropriation of land. While that bill is similar to the Expropriation Act currently on the books in this Province, it will raise some concerns for people as that transmission line is built to Soldiers Pond.

Mr. Speaker, government are saying that rates people will pay for electricity will go up with or without Muskrat Falls. Part of the cost and part of the reason those rates will go up is because of land that is going to be needed to be expropriated and the transmission line that is going to need to be built. The reality is that if the projected demand for electricity is not realized, if 40 per cent of that power is not utilized in this Province, the people of the Province are still paying 100 per cent of the cost of the project. If only 35 per cent of that power is utilized in the Province and the people of the Province are paying 100 per cent of the cost of the project, utility rates will go up.

If there are cost overruns either because of Bill 60 and the expropriation of land, the construction of the transmission line and the cost of the project itself will go up and people's electricity bills will go even higher. The Province are projecting, as I said, that 40 per cent of the power will be used in this Province, but 100 per cent of the cost of the project is being paid by the people of the Province. Any excess power that is available from this project belongs to the people of this Province.

While government are saying they will sell that excess power and put the money into general revenue, the reality is the people of this Province own that power and the rates that have been guaranteed – or projected, I should say – I would say guaranteed because we have been told these are the rates you are going to pay, based on the rate calculator. Those projected rates should be guaranteed to the people of the Province. That is part of the reason the people in this Province were convinced to support this project. That is part of the reason the people in my district were convinced to support this project and it is part of the reason I supported the project in this House of Assembly, because of the rates that were guaranteed on the rate calculator.

The excess revenue, if there is any, from the sale of excess power should go first and foremost to guaranteeing those rates. Once that happens, any extra can then go into general revenue. We have to keep in mind that if the people of this Province are paying for 100 per cent of the cost of the project, they have paid for that power. The people own that excess power.

Mr. Speaker, the people in my district, when we talked about this project, like I said, more people supported it than not. We do have to realize, Mr. Speaker, that we are talking about people's electricity rates. There are people in the Province who can well afford to pay additional charges on their bills, there are people who cannot. There are people who are deciding between turning their lights on and putting food in the fridge or buying medications. That is the reality in this Province.

There are more and more people going to food banks. That is a reality. Any increase in electricity bills will cause certain hardship for some families, which is why I am pleading that government use any excess revenue from the sale of power to go directly against utility bills to ensure that the rates we are using on that rate calculator are in fact the rates that people will pay. Even then, there are people who are going to be hard done by, by any increase in electricity rates.

**MR. SPEAKER:** I would like to ask the hon. member in his remaining time to speak directly to Bill 60, please.

**MR. OSBORNE:** Thank you, Mr. Speaker.

Mr. Speaker, I do not have a big problem with Bill 60 because I understand that the majority of the wording in Bill 60 is similar to the wording already in the expropriation act in the Province today. That is not where I have my concern. I understand that Bill 60 has to be a part of this project.

I will be voting in favour of Bill 60, but that is not to say I will vote in favour of Bill 61. I have concerns with Bill 61 and the powers that Bill 61 takes away from the Public Utilities Board, the powers that Bill 61 puts in the hands of Nalcor and government to ensure they are the exclusive supplier of electricity, and that people, businesses, retailers have to buy their energy from government. On Bill 60, I do not have an issue with that and I will be supporting Bill 60.

Mr. Speaker, government has said that they have no problem raising the money for Muskrat Falls. Part of that money will go into the expropriation of land – part of the money required will go into the expropriation of land. They have no issue with raising the money with or without the loan guarantee. The loan guarantee is a benefit to the people of the Province, no doubt.

Of course, government did not have any issue raising money or would not have any issue raising money for this project, Mr. Speaker, because Nalcor are the exclusive supplier. The people of the Province are paying 100 per cent of the cost of the project. It is a guaranteed slam dunk.

Raising the money and being guaranteed the loan guarantee from the federal government, and the Prime Minister saying that there is absolutely no risk to the people of Canada is absolutely true. It is absolutely true, because this project is a guaranteed slam dunk. The people of this Province are guaranteed to pay 100 per cent of the cost.

Why would the government have any difficulty raising the money? They would not. Anybody who went to a lender with those kinds of conditions would be able to get the money. No doubt, some of that money will go to purchase expropriated land; no doubt, some of it will go to building the project. That money is going to be repaid by the people of this Province on their utility bills. Those utility bills are going to go up. That is the reason there is no difficulty in raising money. That is the reason there was no risk to the people of Canada under the loan guarantee. Mr. Speaker, it is a guaranteed return.

**AN HON. MEMBER:** You do not have a vote.

**MR. OSBORNE:** I say to the member for Paradise, I did vote for the project. That does not mean that my right to have concerns or the right of the people of my district to have concerns has been eliminated. There are still concerns with this project, very real concerns.

There is very, very low risk with this project when it comes to lenders. There is very low risk. In fact, I would say there is zero risk with this project when it comes to lenders. There is very low risk or zero risk when it comes to the loan guarantee because the people of this Province, the ratepayers, the people who pay utility bills, are the people who are taking the risk. They are paying 100 per cent of the cost, and that is a guarantee. That is the reason there is very low risk on this. That is the reason the Prime Minister told the people of Canada that there is zero risk to the people of Canada on the loan guarantee.

The people of this Province, Mr. Speaker, are paying the full cost. I believe, again, and I will continue to say that I believe the excess revenue from the sale of power from this project should go back to the ratepayers, not just through the building of schools or roads but on utility bills.

**MR. SPEAKER:** I remind the hon. member that his time is up.

**MR. OSBORNE:** Thank you, Mr. Speaker.

**MR. SPEAKER:** The hon. the Minister of Service Newfoundland and Labrador.

**MR. MCGRATH:** Thank you very much, Mr. Speaker.

It gives me great pleasure to be able to stand here and speak on Bill 60, An Act Respecting The Use And Expropriation Of Land For The Purpose Of The Muskrat Falls Project.

Anything to do with the Muskrat Falls Project, I think at this stage right now is a positive one, because I feel after the sanctioning – and you heard the Minister of Natural Resources allude to it earlier. These two Bills 60 and 61 – I realize I am speaking to Bill 60 – are necessary to move to the next step with Muskrat Falls. Representing a district from Labrador, certainly for me to speak on the Muskrat Falls Project, I see all the benefits of the Muskrat Falls Project.

Before I get into the expropriation, I would like to make a couple of comments on some things that were talked about by members on the Opposition side. It is very difficult to sit here and listen to a member from the Third Party talk about keeping Holyrood open and keeping it alive burning wood pellets. I cannot believe that someone would actually feel that is economically sound, to keep the Province going on wood pellets, and compare it with the price from a decade ago as to where we are at today without any research done on that whatsoever.

It was also difficult to listen to the Member for Cartwright – L'Anse au Clair talking about Labrador, as if Labrador lived in a cocoon of her district only. Labrador is a big land.

**MR. SPEAKER:** I remind the hon. member we are speaking to Bill 60.

**MR. MCGRATH:** Well, this is about expropriation, Mr. Speaker. I will not argue with you, Mr. Speaker, but when the Leader of the Third Party stood up she said that she was told that both of these bills, 60 and 61, were finance bills. That was my understanding. So I would appreciate a little bit of latitude but if you tell me I do not have it, then I will certainly respect that, Mr. Speaker.

When you get into the expropriation, Mr. Speaker, for Muskrat Falls, the expropriation for the land is going across a big piece of land. A big piece of that land, 1,100 kilometres – a lot of that is going to happen within Labrador.

I heard the hon. Member for Cartwright – L'Anse au Clair talk about when she drove across the road the other day, speaking of expropriation, that gravel road she was driving on is called the Trans-Labrador Highway. This government has been expropriating a lot of land in Labrador to make sure that that highway goes through.

I remember back when we had a different government, when we went from rails to roads and there were hundreds of millions of dollars given to build the Trans-Labrador Highway and to go into the marine services for Labrador. I remember that government taking \$100 million of that money to balance a budget, and it was never put back. That was never put back. That is your *Apollo*. That is your *Northern Ranger*. That is your *Bond*. Those ferries could have been replaced had that money not been misrepresented.

The Trans-Labrador Highway might have been started to be expropriated, but I can guarantee you there was no blacktop on that.

**MR. MITCHELMORE:** A point of order, Mr. Speaker.

**MR. SPEAKER:** A point of order, the hon. the Member for The Straits – White Bay North.

**MR. MITCHELMORE:** Thank you, Mr. Speaker.

I just want to say the Minister of Service NL has made statements that are not correct on the wood pellets, on the information that I put forward earlier. They are up to date, they are recent. The information put forward by Canadian Biomass Magazine is available and it is something that I would be willing to table.

**MR. SPEAKER:** There is no point of order.

Just prior to having the hon. minister speak, this is not a money bill to my understanding. We are speaking to the legislation. As Speaker I have provided some leeway but, once again, I ask members to speak to the bill, and the bill we are speaking to is Bill 60.

Thank you.

**MR. MCGRATH:** Thank you, Mr. Speaker.

I will stick to the expropriation of the land.

Talking about Bill 60, Bill 60 is all about expropriating land to build a transmission line for the Muskrat Falls Project. As you have heard some people allude to it, this is a 1,100 kilometre transmission line. It will come across parts of Labrador, down the Great Northern Peninsula, and then across the rest of the Island portion of the Province into Soldiers Pond, and it will be sixty metres long.

I just want to talk about how expropriation works. I have researched over the last couple of days looking to find some examples of expropriation that have happened within the Province over the last few decades and I could not find one example of an expropriation where somebody was not, at the end of the day, pleased with the expropriation. There are times when it got into a negotiation or a debate with the expropriation process but there is a process to go through. This government will make sure through consultation that the expropriation process is handled properly.

Why would we expropriate? Well, if you are going to build a 1,100 kilometre transmission line you have to expropriate something to know where to put it. Ninety-nine per cent of the land that is being expropriated by the Province for the Muskrat Falls transmission line is Crown land. Ninety per cent of the land that is going to be expropriated for the link by Emera is Crown land now. One per cent for the Muskrat Falls transmission line and for the Maritime Link, approximately 10 per cent is land that will have to be negotiated through expropriation. On a project of this magnitude, I think that is – I will not say insignificant, but it is a small percentage that will have to go through there.

We have to expropriate the land in order for the project to move forward, in order to give the certainty for that. We need to give certainty to the lenders. The ones we are going to borrow the money from need that guarantee that this project is going to work, and the expropriation of the land gives that certainty. It gives us that there.

We are not just moving ahead and saying we are going to take 1,100 kilometres sixty metres wide and start expropriating. I heard some members talk about we have no idea what type of land, where it is going to be. We are just going to go in, get it done, and if we need it that is fine. If we do not need it, well then what happens to it? There is a full environmental assessment being done on this and it is an environmentally responsible process that we are doing here.

When that assessment is done then we will need to know. We have professionals who know exactly what route will be best for this transmission line to run through, and that is the route we will follow. We will try to be as environmentally responsible as we can in order to do it, leave as little a footprint as you possibly can leave outside of the line itself. You do not want to go in and just start expropriating and tearing up land that we are not going to need for that transmission line. We are very responsible environmentally, and we have the professionals doing this for us.

I talked about the land right now that is going to be expropriated. Ninety-nine per cent of it is already owned by the Crown lands, and for the Maritime Link, 90 per cent of that is already Crown land. Small amounts of privately-owned property would be expropriated.

We do know there are areas, such as in Sunnyside, where there are some homes that are going to be expropriated, and there are cottages throughout. I live outside of the urban area in this Province. I would think that most every homeowner in Labrador West, 90 per cent of the residents have cottages. They are three and four bedroom cottages, but they are cottages.

When there is expropriation, there will be a fair expropriation given for those pieces of property. We are not going to go in and say take it or leave it. There is a fair process which will be done for that. That will be done through the whole link, Mr. Speaker.

The land on the Great Northern Peninsula, when we expropriate something there we will go through a very fair process as we will on the whole transmission line. This government does not take sides and show favouritism. This government is fair to every citizen in the Province of Newfoundland and Labrador.

Nalcor and Emera are going to work together to make sure that this compensation is done and done fairly. They are going to work together so that the private landowners who will be expropriated, they will be treated fairly. There is a process that we will go through for that. There will be an expropriation committee in place for that.

One of the other important things that I think we need to realize is that when this land is expropriated for the transmission line – and I have heard comments on cottages and remote areas – as a government, we are going to make sure that access to these areas, access to some of the cottages that will crossover the transmission line, they will still have access to those areas. If it is not an expropriated area and you have a cottage but the roadway or the right-of-way to your cottage area, you will still have that right-of-way. There will still be development within the area, and we will make sure of that. That is something we have considered. Anything for recreational purposes or for personal use, we will make sure they have access through the transmission line, through the expropriated lands, so they can still have access to their properties.

Another thing that this government is very cognizant of is the Aboriginal treaty rights. We realize that during this expropriation period and areas we are going to cross some Aboriginal lands. Our duty to consult with the Aboriginals is something of which we are very cognizant.

When I was elected to government in 2011 and I was appointed as Minister of Aboriginal Affairs, one of the first things that I did – and it is a piece of history that I am very proud of – I had the distinct pleasure of signing the New Dawn Agreement, Agreement-in-Principle. That is something that I will carry with me: the first formal document that I signed as a minister was the Agreement-in-Principle for the New Dawn Agreement.

I think that if you sit down and read that agreement there is an agreement there between the Aboriginals, the Innu, the Government of Newfoundland and Labrador, and the Government of Canada that shows that we are very cognizant and very aware of the rights within the treaties of the Aboriginal people in Newfoundland and Labrador.

We have consulted; we will continue to consult with the Aboriginals to try to make sure that there is a fair and agreed upon process so everybody is happy with that.

I think one of the other things that we need to be very careful of, and in the last couple of days I talked about it earlier when I stood to a different bill, we need to get this done, we need to do it right, but we need to do it in a timely manner.

I listened to a hoist motion put on the floor earlier yesterday, to slow things down, let's shelf it for another six months. When you shelf a project for another six months to go back and look at it, that can turn into eighteen months before something actually becomes actioned, because after you shelf it for six more months then you have to go back and go through the process all over again. So, you are another year-and-one-half losing out on jobs, losing out on revenues, losing out on taxes, losing out on royalties that will come in.

I think the expropriation is one of the next steps to get the Muskrat Falls Project up and running. I think it is very important. The sooner we get it done, the prosperity for the people of Newfoundland and Labrador will be recognized that much faster; so getting it done in a timely, efficient manner. I am not saying rush and not know what you are doing. What I am saying is that we know this project is a good project, we have studied it to death, we have consulted it to death, and we have had every expert in the country look at this project. Now we are at a stage where we need to start moving forward to get it done. The expropriation of the land is one of the next steps that we are at, where we need to have that done now.

I think another thing with the expropriation of the land is it gives a guarantee to those that we will be borrowing the money from for the project; it gives them a guarantee that government is 100 per cent behind this. Those guarantees are needed.



People are not going to just turn around and give you \$5 billion unless they have some assurances that the project is going to work, unless they have the assurance that the government is behind the project that they are going to be funding. Expropriation of the land, I think is one of the next steps that shows that this government is 100 per cent behind this project. We know it is a good project, and we need to see it moving forward.

I want to go back a little bit to the rural areas of the Province and the expropriation. We have talked about cottage owners, cabin owners, and homeowners. There are a lot of places, especially within rural Newfoundland and Labrador, that people have either cottages or – I am shocked to see; in my former life, through tourism, I spent quite a bit of time travelling throughout the Province. There are not too many places I have not been within this Province, through my former life as a person involved heavily in tourism. I have seen in a lot of the rural areas some of the cottage areas, some of the remote cabins, some of the more elaborate cottage areas, and some areas where people have actually gone out and purchased Crown land and built beautiful homes.

Through this process of expropriating and building the transmission line, we have been very careful in trying to build a map so that you interfere with the least amount of areas as possible. We are not going in and saying we are going to bulldoze through a busy cottage area. We not going in and bulldozing through communities. We are trying to build a roadmap for this transmission line that will be the least interference with the residents of Newfoundland and Labrador.

In doing that, we have to be cognizant of the fact that we are building a transmission line for the largest megaproject this Province will ever undertake. This is one of the largest projects to date that this Province has ever undertaken. We are very careful that when we do it we are going to do it right. We have consulted properly.

Mr. Speaker, with the expropriation of this land, I will go back, you are going to see a 1,100-kilometre line. I remember when I was given the briefing for the transmission towers, they showed the pictures. The Minister of Natural Resources talked about it earlier. There has been so much consultation done to make sure when we do this we do it right. You look at the different towers.

I remember the ice storm in Quebec a few years ago. I happened to be in Montreal. I had driven from Labrador West to Montreal shortly after that ice storm. I saw those transmission towers. As I was driving through Northern Quebec, I saw them fall down like dominos.

This government is aware of that. The experts we have designing this transmission line and the towers that will actually carry the transmission line are making sure we have towers that can hold and withstand the climatic changes they are going to be endured to for fifty to seventy-five years. I think it is very important that it speaks volumes to the amount of consultation that has gone into this transmission line that is going to be built.

I am going to be supporting this bill. The expropriation needs to happen. We never want to leave a footprint, but this is a footprint I think every Newfoundlander and Labradorian will be able to look back on in fifty years and say: We did the right thing. They will be able to sit back and say: Because of that expropriation, that was the start of a very good project that is going to happen for Newfoundlanders and Labradorians.

Thank you, Mr. Speaker.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The hon. the Member for Torngat Mountains.

**MR. EDMUNDS:** Thank you, Mr. Speaker.

It is an honour to rise and speak to this bill, Mr. Speaker, and to bring forward some concerns. We did have a very fast yet fairly informative briefing on this bill. This new legislation, Mr. Speaker, replaces some older legislation that we reviewed, and certainly there is not a whole lot that is wrong with the old legislation. This new legislation is needed in order to give the Crown or this government power to acquire Crown land and non-Crown land in respect

to the transmission line. Now you are looking at a transmission line that is 1,100 kilometres long and I think sixty metres wide.

The whole purpose of this Muskrat Falls Project, Mr. Speaker, is to get the power out of Labrador. The whole purpose of this legislation is to pave the way to get that power out of Labrador, unfortunately, where that power is needed.

Mr. Speaker, there are two different processes in terms of land acquisition, the statutory easement and there is expropriation. Expropriation to me is a very challenging word to the people out there in the Province. To learn that there is potential for a group of people, formed by this government, a committee if you can so call it, Mr. Speaker, can go out and say that we are going to take your land. You may have a cabin on there; you may have a home on there.

Mr. Speaker, I go back to Southern Labrador, as the Minister of Service Newfoundland and Labrador mentioned, the cocoon area I think it was, where the proposed route goes right through a community. As I was going through some of this new legislation, this easement or expropriation, Mr. Speaker, will not be subject to municipal bylaws or taxation regimes, unless they set up shop in the community. Certainly, my sympathies go out to the mayor and to the community of Forteau, Mr. Speaker.

As the minister alluded to, Mr. Speaker, that this is necessary. There is going to be the least impact in terms of Crown ownership and non-Crown ownership land, private ownership; the least impact on private land, the least impact on homes, the least impact on cabins. Once you look at the proposed route – now, it has not been totally established yet, at least I do not think it has, Mr. Speaker, and I think this will be an evolving process as they come down.

Mr. Speaker, the government says it needs this legislation in order to move forward with the Muskrat Falls Project. Mr. Speaker, the briefing also outlined the fact that replacement costs for expropriation for taking people's cabins or private land, there will be a compensation package based on fair market value. It is good to hear that the government has committed to this, Mr. Speaker, giving compensation where compensation is due.

I am sure there are going to be a lot of people in Newfoundland and Labrador, Mr. Speaker, who are going to see these red flags going up and are going to be approached by the committee that this company will have in place – maybe we can call it the expropriations committee – that will have the unfortunate task of going to cabin owners, going to homeowners, outfitters and saying, we will have to expropriate your land. Mr. Speaker, some of this land has been in families for generations and they are very proud of it. I am sure they do the best upkeep possible.

Mr. Speaker, in lieu of progress, and there is no agreement made through negotiation, the expropriations committee has the last say as to whether or not a person can retain his land and whatever is on it. I realize that through the statute easement, Mr. Speaker, there will be only portions of land required and maybe something can be worked out.

I would like to go back to the commitment – and I liked what I saw, Mr. Speaker. I liked what the Minister of Service Newfoundland and Labrador said in his comments earlier, that there will be compensation to those who will be impacted by statutory easement or by expropriation. That is going to be important. I think it is important for families to have that comfort level of knowing that if they are going to lose their home or their cottage or their cabin, or maybe a business, that there is compensation there, and that it will be respected. Certainly, I would like to take some comfort in that, Mr. Speaker.

I would like to talk a little bit about what this government is not going to compensate for and have already said so. Mr. Speaker, in speaking to this bill, An Act Respecting the Use and Expropriation of Land for the Purpose of the Muskrat Falls Project, I went through it, a lot of it is very difficult, but thankfully we had the briefing.

Mr. Speaker, I would like to talk about section 3 in the agreement. If I could be so kind as to read it out and share it with the people of this Province, section 3 is reference to Labrador Inuit rights. I will just read it here, "This Act and regulations made under this Act shall be read and applied in conjunction with the Labrador Inuit Land Claims

Agreement Act and, where a provision of this Act or regulations made under this Act is inconsistent or conflicts with a provision, term or condition of the Labrador Inuit Land Claims Agreement Act, the provision, term or condition of the Labrador Inuit Land Claims Agreement Act shall have precedence over the provision of this Act or a regulation made under this Act."

I would like to read that part again, Mr. Speaker, "the provision, term or condition of the Labrador Inuit Land Claims Agreement Act shall have precedence over the provision of this Act" – the one that I am reading from – "or a regulation made under this Act." I would just like to go on to section 4, Mr. Speaker, it says, "This Act binds the Crown."

Now, Mr. Speaker, I would like to just go back very quickly to the term sheet on the loan guarantee where it was outlined. I cannot remember the section but I think it may have been section 4. In order for the loan guarantee to be implemented, all consultation with Aboriginal groups must be completed. Another condition on that term sheet, if I remember, is that all environmental concerns must be addressed.

I can understand the agreements reached with our neighbours, the Innu, in the Lake Melville area. In every land claims agreement across this great country of ours, it has taken a megaproject to settle a land claims dispute. Mr. Speaker, I think the New Dawn Agreement is probably the agreement that is implemented on behalf of the Innu as a result of the Muskrat Falls. Certainly I give my credit to the Innu who have negotiated a substantial claim.

Mr. Speaker, I heard I think it was the day before yesterday the Premier talking about the sanctioning of the project. At one point during the presentation, the Premier did say the Muskrat Falls Project was made possible through grand partnerships with Aboriginal peoples in Labrador. I think that can apply to probably one of three Aboriginal groups, certainly not the three Aboriginal groups in Labrador. Whether they are in land claims settlement stages like the Inuit, in agreement-in-principle stages like the Innu Nation at this time, or like the NunatuKavut claim has not yet been tabled. One Aboriginal group, Mr. Speaker, is not indicative –

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

**MR. EDMUNDS:** It is certainly, Mr. Speaker, not indicative of all the Aboriginal groups in Labrador.

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

The hon. the Member for Torngat Mountains.

**MR. EDMUNDS:** Thank you, Mr. Speaker.

I attended a press release, Mr. Speaker; I think it was in November.

**MR. KENNEDY:** Did you get Grade 6?

**MR. JOYCE:** I am going to have a coke. I am going to have a glass of coke.

**MR. KENNEDY:** You didn't get Grade 6, did you?

**MR. SPEAKER:** Order, please!

**MR. EDMUNDS:** It was actually held at the Sheraton Hotel downtown here in St. John's.

**MR. KENNEDY:** You are a fool.

**MR. JOYCE:** Have a glass of coke; come on.

**MR. EDMUNDS:** I heard the President of the Nunatsiavut Government, Mr. Speaker –

**MR. JOYCE:** Mr. Speaker, did you hear that?

**MR. EDMUNDS:** - along with the First Minister, talk about how the rights of Aboriginal people, specifically –

**MR. JOYCE:** Have a glass of coke; come on.

**MR. KENNEDY:** You are a fool.

**MR. JOYCE:** A point of order, Mr. Speaker.

Mr. Speaker, I ask that the member withdraw singing out: You are a fool. I am sure that the Speaker heard it himself. If not, I ask that you check Hansard and I ask that he withdraw the remarks. I am sure the Speaker heard it, because the Speaker asked the member to stay quiet on several occasions.

I ask the Speaker to make a ruling because this is not the place to be getting on with that childish behaviour, Mr. Speaker, and I ask that the member withdraw the remarks.

**MR. SPEAKER:** I ask the member to withdraw his remark, please.

**MR. KENNEDY:** In fact, what I said was: He doesn't have Grade 6, and he is a fool. I withdraw it.

**MR. SPEAKER:** Thank you.

The hon. the Member for Bay of Islands.

**MR. JOYCE:** Mr. Speaker, as you know, if someone withdraws remarks it has to be unequivocal.

Mr. Speaker, I ask that you uphold the rules and he unequivocally withdraws the remarks. He made them again, Mr. Speaker, in defiance of the Speaker of the House of Assembly.

**MR. SPEAKER:** I ask the hon. member to withdraw it, please.

**MR. KENNEDY:** I withdraw the remarks that he is a fool. I withdraw it. That is what I said, I withdraw it.

**MR. SPEAKER:** I ask the member to unequivocally withdraw the remark, please.

**MR. KENNEDY:** I withdraw the remarks. You are still a fool.

**MR. JOYCE:** Mr. Speaker, that is the third time. That is contempt of the House, contempt of the Speaker, and, as we know, on the third time the Speaker names the member.

Now, Mr. Speaker, I ask, as my privilege as a member, that you uphold the integrity of this House. On four occasions, and each time he did not do it. On the third time, Mr. Speaker, you have to name the member.

**MR. SPEAKER:** I ask the hon. member to withdraw the remark or I am going to have to name the member.

**SOME HON. MEMBERS:** Oh, oh!

**MR. JOYCE:** Say I'm sorry. Say it. Say it.

**MR. KENNEDY:** I withdraw the remark.

**MR. SPEAKER:** Thank you.

**MR. KENNEDY:** Now, get some control of the place.

**MR. SPEAKER:** The hon. the Member for Torngat Mountains.

**MR. JOYCE:** (Inaudible) again, Mr. Speaker, and I ask that Hansard, check it – that he unequivocally again made the remarks and I am sure it will be picked up by Hansard.

This is the fourth time, Mr. Speaker. I am asking you –

**MR. SPEAKER:** I asked the member to withdraw; he withdrew the remarks I asked.

**MR. JOYCE:** I ask you to check Hansard. While he was sitting down, he also made statements, Mr. Speaker. It is my right, as a member, that is being denied here. I ask the Speaker to check Hansard.

**MR. KENNEDY:** You're in Special Ed.

**MR. SPEAKER:** I am standing. I ask the member to sit, please.

Now, I asked the member to withdraw. I accepted his withdrawal.

I ask the hon. Member for Torngat Mountains to continue his speaking.

Thank you.

**MR. EDMUNDS:** Thank you, Mr. Speaker.

I think, Mr. Speaker, the Minister of Natural Resources is more concerned about finishing my speech, as his duty to consult with the Labrador Inuit.

Mr. Speaker, I attended a press release at the Delta where the president acknowledged, came forward and said that this government has not done its duty to consult.

**MR. KENNEDY:** (Inaudible) the Member for Bay of Islands could act like a fool.

**MR. EDMUNDS:** Mr. Speaker, I realize my time is coming short, but I would like to quote another press release that came out –

**MR. JOYCE:** A point of order, Mr. Speaker.

Once again, Mr. Speaker, you heard the member say it again, and I ask you to check Hansard. Mr. Speaker, you cannot allow this to happen in the House of Assembly. You heard it again, Mr. Speaker, because you looked at the member. It is picked up by your mike. This is my fourth time, fifth time, and you heard the same comment, Mr. Speaker. You cannot let the House be ruled.

I ask that you name the member, Mr. Speaker, because he is not listening to the Speaker of the House and following the rules. I ask this speaker to follow the rules and ask again for a withdrawal, Mr. Speaker.

**MR. SPEAKER:** The Deputy Government House Leader.

**MR. HUTCHINGS:** Mr. Speaker, to the point of order.

My understanding is, in the process you have already entertained what was spoken.

**MR. JOYCE:** He just said it again.

**MR. HUTCHINGS:** You have ruled on it. The remark was requested to be withdrawn. It was withdrawn, and then went back to the hon. member for his speaking time.



**MR. JOYCE:** He just said it again, Mr. Speaker.

**MR. SPEAKER:** There is no point of order at this point.

I ask the hon. Member for Torngat Mountains to continue his comments.

**MR. EDMUNDS:** Thank you, Mr. Speaker.

As I was saying before I was so rudely interrupted, I attended another press release that I can table. It came out yesterday from the President of the Nunatsiavut Government.

The conduct of the minister, Mr. Speaker, is relative of his concern on Aboriginal rights. He does not want me to finish and certainly it shows his duty to consult.

Mr. Speaker, very quickly, the President of the Nunatsiavut Government yesterday, in another press release because she felt compelled to, said that again there are impacts in Lake Melville as a result of the Lower Churchill Project, and it certainly had to do with expropriation. The Labrador Inuit have Labrador Inuit lands on both sides of the lake and Nalcor and this government has maintained, Mr. Speaker, that there will be no environmental impacts downstream.

Now, Mr. Speaker, having said that, there is not a dam in the world that has been built, that has vegetation vacuumed up, that does not produce methylmercury. Mr. Speaker, this one is already no exception because we can see the impacts from the Upper Churchill 300 kilometres away.

This one, Mr. Speaker, is a stone's throw distance away and that is the reason why the President of the Nunatsiavut Government has come out with another press release because she realizes that this government has failed again in its duty to consult and it is contrary to the act itself. That is what I would like to point out.

Thank you.

**MR. SPEAKER:** Thank you.

The hon. the Member for St. John's East.

**MR. MURPHY:** Thank you very much, Mr. Speaker.

I guess I will carry on with the theme: one more river dammed and one less river to roll. I think my colleague for St. Barbe had it right a little bit earlier when he talked about this whole debate being almost from another country, but I think in this particular case he got the country wrong. I think it was from Italy.

I guess under the Expropriation Act, my interpretation of it, is that they are going to make you an offer that you cannot refuse. They are going to come in and they are going to take and what they deem to be fair market value is what they deem to be fair market value.

Mr. Speaker, I wanted to get up and keep talking to this piece of legislation. Under the guise of Bill 60 at the briefing yesterday, where it is a financing bill, we were told in the briefing session that it is a necessity under the financing rules enabling the financing of Muskrat Falls, that the expropriation of certain lands and everything has to occur. Now, there are some pretty good things that are in this act that I will make note of, but there are some other things in the act that are a little bit disturbing, that I do not like. It is just simple –

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

The Speaker is asking that members stop and refrain from speaking across the floor, please. We will resume debate. I ask members to be respectful of each other and to remind each other that we are in debate on Bill 60. I ask members to continue to have the discussion around the debate.

We have the hon. the Member for St. John's East speaking and I would like to be able to hear the hon. the Member for St. John's East.

Thank you.

**MR. MURPHY:** Thank you, Mr. Speaker.

I appreciate that. It is pretty bad sometimes when you are caught in the middle of all this, when you are hearing the exchange. I would just like to think that when I was elected in the House here that we will treat everybody with a little bit of respect and avert the name-calling. It is a little bit distasteful this morning.

Mr. Speaker, I wanted to carry on as regards to this because of course it is an important part of the whole financing aspect of Muskrat Falls. We are told that, as it is consistent with the non-recourse financing principle, only the assets of the project are put up as collateral but lenders want a certainty as regards to what they are going to be dealing with when it comes to the finance of Muskrat Falls. Hence, having said that, the properties in line with the power line, with the transmission of the electricity, have to be taken into account and they are also counted as an asset that would be put up in fronting of the financing for the project.

On that particular end of it, it is a little bit of a concern. If we do not meet the need for the financing in the future or if for some reason we cannot pay the bill and we have to end up selling, there are a couple of things that come to light with me. The first thing that comes readily to mind is the simple fact of losing control of the transmission grid and losing control of the assets that were there that were all part of the Muskrat Falls Project.

If we happen to lose that to somebody else outside – and in particular I am thinking of a private corporation – the possibility is that Emera could end up gaining control of the transmission assets here. It is a direct concern for people, particularly when it comes to the possibility here that if expropriation of being part of the finance agreement does not work out that we could end up losing control over our own asset. I think it is a direct concern that everybody should be thinking about.

The other thing that really stood out for me under the Expropriation Act here, Mr. Speaker, is the simple fact that municipalities are not going to see a cent of taxation gained to their own coffers. Again, we are dealing with the possibility of municipalities losing revenue. That kind of leaves a bad taste in everybody's mouth I think, particularly if the power line goes in your area.

**MR. KENNEDY:** (Inaudible).

**MR. MURPHY:** Mr. Speaker, I ask the Chair for protection. The hon. the Minister of Natural Resources carries on with his diatribe. He may have something against somebody else, but it is interfering with my right to speak, Mr. Speaker, and I am asking for your protection in that regard. I would kindly ask the Minister of Natural Resources if he could keep it down a bit at least and deal with it. If he has a personal issue with another member, keep it with the other member somewhere further away from where we are carrying on debate.

Having said that, and distracted, I guess, in my thoughts when it comes to that, Mr. Speaker, I was carrying on about the simple fact that municipalities are going to be losing a stream of revenue here. The simple fact is, for example, for the city that I represent, for St. John's, the power lines are going to be coming into as far as Soldiers Pond.

It is not to say that it is going to be significant, but in the scheme of things over time it possibly could, because the simple fact is that with the power lines coming into Soldiers Pond and with the City of St. John's having direct control over a piece of property that pretty much borders with Butter Pot Provincial Park as well as some of the

areas, say for example, of Conception Bay South, that area of land, whatever it would have been used for, whatever it would have been deemed for, they lose the right to have any use for that particular piece of land.

Again, because of that, because as well with the Expropriation Act, they say no level of taxation or anything like that is going to be paid on the part of a private corporation, namely Emera. If Emera is all of a sudden a private corporation that is not going to be levied any taxes or anything, particularly municipal taxes, again we have to question the whole simple fact – and again, government is dealing with the problem of the funding of municipalities and here they are, under the Expropriation Act, not only, number one, taking away the use of some properties here and proper compensation for municipalities in that regard, but the simple fact is that they are taking tax revenue away too.

Municipalities are having a tough time of it now. Municipalities are dealing with the problems right now with the funding. Right now they are only receiving about eight cents on a dollar when it comes to funding, according to some of the factors that MNL is dealing with. I will leave that for now as regards to the funding possibilities for municipalities that they are losing here.

Again, I think that the Member for Mount Pearl South should be quite concerned. If Emera ever sets up in Mount Pearl, he should be directly concerned that his town would also be losing tax revenue. It does not sound like he is too concerned with it, being in approval of the Muskrat Falls Project. Of course, as we know, he is certainly in favour of the project without the fact of having any PUB oversight, for example.

There are a whole lot of things that he has to ask himself. I am pretty sure the pressure is going to be on the Member for Mount Pearl South to explain to his city why, if Emera sets up in his town, they are not going to have to pay any taxes. I tell you, there are other people there who have businesses set up in Mount Pearl that I would imagine are paying their fair share of taxes to Mount Pearl and would be asking themselves the same question, why Emera should be left off the hook.

Anyway, Mr. Speaker, back to the bill itself; like you said, it is an important part of the whole financing scheme of Muskrat Falls. With necessity, of course, comes the whole full factor of the other things that are going to be tied into it.

One of the things I did notice, a really positive thing I like in this bill that I was looking at, it said it allows for the expropriation of lands for the creation of national or provincial parks. Some people might find that – I guess it probably rings true with them, knowing that they want to make sure there are some ways that they can get hold of recreational areas or they can indeed preserve the areas around them. So, I really like that particular part of it. It allows for the expropriation of national or provincial parks.

Mr. Speaker, where it is a financing bill, I wanted to come back to some of the other factors playing around the whole Muskrat Falls proposal that could end up affecting expropriation, and come back and talk to some of these other factors. Earlier, I was talking about Holyrood and talking about retrofitting is an option that government could have looked at in the face of going ahead with the Muskrat Falls Project.

One of the arguments that the Natural Resources Minister used over the last couple of months – indeed, he used it again last night – was the simple fact of the amount of oil they are burning in Holyrood. I think he put the number – I think, minister, I can approach on it – at about \$130 million a year that Holyrood was projected to be using in the next couple of years. I wanted to turn that number back towards government and ask them, if they went into home retrofit programming, set up industrial programming, they could take that money there right off the bat, and they could sink that back into home retrofit financing. They can do industrial retrofitting, and it is a great revenue stream to start from. If they are talking about not wanting to spend it on oil, they can certainly spend it on energy efficiency.

Let's talk about the whole fact of how you would finance somebody's own home if they did not have the money to do it, Mr. Speaker. We all know, I say to the hon. Member for –

**MR. MCGRATH:** LabWest.

**MR. MURPHY:** – Labrador West, that if he wants to go ahead and think this is not about expropriation, expropriation is part of the financing deal for Muskrat Falls and we are still talking about financing. If we are talking about financing, we are talking about the people's money and we have the right to speak, I would say to the Member for Lab West, on this particular issue.

**MR. SPEAKER (Verge):** Order, please!

To provide some clarification, we have been debating Bills 53, 60, and 61 for the past day or so. What the Speaker said last night, by way of guidance, is that mixing up each of these bills is understandable, but we want the speakers to speak to Muskrat Falls. It is not a finance bill where anything goes, but the relevance piece has to be around the Muskrat Falls deal.

I will go back to the Member for St. John's East to continue.

**MR. MURPHY:** Thank you very much, Mr. Speaker.

I appreciate the clarification. I was talking about the Holyrood component that was talked about in the whole Muskrat Falls deal. I am merely saying to the members opposite that if the whole reason for Muskrat Falls is to save \$130 million in the spending of oil – one of the good reasons to take Holyrood off-line by the way and, yes, it is great to put the money in government coffers – but if they wanted to save people money at the same time, too, there is a whole revenue stream there. That \$130 million could be used for retrofitting. I just wanted to make that one pretty clear. It is easy to finance, too, at the same time for anybody who is looking for it, even if they went on a fifty-fifty basis.

Again, I talk residential. We could be doing a whole lot more when it comes to industrial. It is green programming. If the whole idea for Muskrat Falls was to ensure jobs, particularly in rural Newfoundland we are talking about job creation here as well. When you are talking green jobs, hey, the sky is the limit when it comes to that. Of course, there is the revenue stream for it, too, at the same time.

Coming back to oil prices, too, because oil prices, of course, was talked about by the Natural Resources Minister last night. I wanted to talk about some of the numbers that he was talking about last night. Now, if I could find it. I have that many papers here, Mr. Speaker. I am pretty sure the Natural Resources Minister is probably enthralled with some of the things I have to say about oil. I know he did make some positive comments in that regard last night. It is completely to do with Muskrat Falls, the expropriation, and the financing arrangements behind Muskrat Falls. I cannot seem to find those papers here now.

Mr. Speaker, he did talk about the projections for oil prices. Of course, just recently, the other day, there was some relevance when it talks about the provincial coffers, keeping provincial coffers sustained and the possibility of taking the excess electricity and selling it on to the US markets to sustain provincial coffers. I wanted to talk a little bit about oil prices.

I know the Finance Minister would really like to hear some of the comments that I am going to say about oil. In a story the other day, for example, on CNN they talked about US oil prices could sink to \$50 a barrel. Mr. Speaker, I do not think that is entirely possible but it is there. It is in the realm, and it is in the realm for discussion brought on of course by the shale gas and oil revolution that is happening down in the states in the Bakken fields, and the other twenty fields around the US that are dealing with this.

We know we are going to have some sort of a problem in the future. The minister was asked in an interview yesterday, I think it was David Cochrane who asked him the question. What happens if, say for example under NAFTA, we are going to be dealing with the possibility of the US exporting electricity that would be generated from natural gas, shouldn't the same reciprocity exist when it comes to the shipping of electricity into Canada, rather than Canadian provinces like Quebec or Newfoundland and Labrador exporting electricity to the US markets?

Do you know something? It was a very valid question and one that really government needs to answer about the future effect on the revenue stream of an argument that somebody in the US could make about gaining access to the Northeast or Eastern Canadian electricity markets and the Canadian electricity grid. What effect would something like that have on the case of Newfoundland and Labrador wanting to sell their electricity down in the states? Again, it is an open-ended question.

We are talking about an agreement for fifty years that we are supposed to be paying down this project for but we have a lot of doors here that are left a little bit open, where something else can sneak through. Could we be dealing with a future court challenge on the part of some corporation that wants to export electricity into Newfoundland and Labrador? We do not know; but, as we know, government is talking heavily about the possible investments that are going to be happening in Labrador with mining and everything.

We are talking about a demand for electricity. What is to stop a US company from generating electricity from natural gas and exporting it to help support or to compete for the market that would exist in Western Labrador for electricity? I think that has to be a very open-ended question. Again, one that government, I do not think, has addressed and one that I really do think they have to address concerning the conditions that are out there affecting Muskrat. We know we hear from the Finance Minister, we hear from the Premier, we hear from the Natural Resources Minister, that this is a world market now and things have changed. The dynamics in the market have changed.

We have the Minister of IBRD talking CETA. We know there is some effect with the European markets that is going to happen down the road. Again, we are tied into a world market now and there is probably nothing that you and I can do as consumers besides protect ourselves, let alone protect anybody else. That is why we are here. We have to ask those questions.

What they are talking about when it comes to oil prices, Mr. Speaker, as I said earlier, I do not know if the \$50 a barrel scenario is going to happen. It certainly looks like it could happen for West Texas Intermediate crude, but what would happen with Brent Crude?

That is where the Province's finances are based on, that is where our monies are going to have to come from to pay for our social programs, that is where our monies are going to have to come from to pay for our health programs, for our ferry replacement strategy that still remains a request for proposals, yet the strategy remains. We still do not see a boat under us yet, but no doubt, they are probably coming, probably some distance down the road. Either way, the Province's revenues are going to be affected by what is happening.

Mr. Speaker, what do I see happening with Brent Crude? I can see something happening with West Texas Intermediate that would draw some interest from outside interest that would be wanting to buy a cheaper crude oil, that would turn some of these people that want Brent Crude initially away from the purchase of Brent and to end up buying the crude that would be the cheaper price.

What would that have on the provincial coffers? The obvious effect to me right now is that Brent Crude prices – I forecast them anyway to be dropping and government is going to have a bit of a problem on its hands when it comes to maintaining the Province's finances. I cannot see a basis within the next two years certainly for oil prices to get anywhere up over 100 bucks for any certainty, for any length of time.

What do we do in the meantime, Mr. Speaker? I do not think that at those particular times it would be a time to show any kind of careless spending on the part of the Province's revenues. For example, we have cash assets that are there. A smart investment is okay, a wise investment is even better, but Muskrat has not proven itself to be smart or wise at this particular time.

Twenty years' time down the road, possibly; but the risk is there for the taxpayer and for the consumer out there that they are going to be paying higher electricity prices, and we have yet to hear from the Finance Minister or the government here on the other side of the House. We have not heard them say that we will not see any new taxes planted on us, planted on the taxpayer out there, as a result of the inequities that may come about as a result of the



Muskrat Falls Project, or we have not heard the government say that there is not going to be an increase to personal or business taxes in this Province as a result of a government coffers falling short.

Again, the warnings are there. I have given my advice for nothing, and you can take it for what it is worth. I would bank on it; some people probably would not.

Again, declining revenues, slightly – the Premier says that we are good on our oil right now until 2035, she said in the House the other day. There is no reason to panic quite yet, but there is indeed reason for concern after 2017 if Muskrat Falls does, in fact, come true.

With that, Mr. Speaker, I see that my time is up. I will thank you for the time and thank you for the freedom of speech in this House. God guard thee Newfoundland and Labrador.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** Order, please!

The hon. the Minister of Finance.

**SOME HON. MEMBERS:** Hear, hear!

**MR. MARSHALL:** Thank you, Mr. Speaker.

It is a pleasure for me to stand in this place once again and to speak on Muskrat Falls, an issue, a project, in which people say we have not had time to debate it. I do not think we have debated anything else since 2010.

Not only have we debated it over and over and over in this House, I think I have spoken – this is my third time already or my fourth time on Muskrat Falls. I know in Question Period it is always about Muskrat Falls. We even had an election on Muskrat Falls. When people say we should have a referendum, there is no greater referendum than an election.

When the government says we think this project is in the best interests of the people of this Province and we put our government on the line and we get an overwhelming majority from the people of the Province, the people have made a decision. Yet, even after that, we have still debated this in the House. We have come back and we have debated it. Now we have three more bills presently before this Legislature where members from the various districts have an opportunity to come and debate this project again.

This project that many people say to me: Tom, what is the excitement about? It is a hydroelectric project; we have been building hydroelectric projects in this Province for over 100 years. Mr. Speaker, the opposite, the alternative – and that is why I have great difficulty with what the Member for St. John's East is saying. The alternative is to provide electricity to the people of this Province by burning oil that we are importing from foreign countries and foreign dictatorships.

We are going to spend \$88 – is that the cost in West Texas today, somewhere in that range – to make electricity in this century. That is what they are recommending that we do. We are saying we are going to churn water and we are going to make electricity out of water that we get for nothing. That is the difference.

The choice is to go with a thermal project where we are going to be importing oil. We are going to be burning oil which when Holyrood was commissioned oil was \$3 a barrel. It is in the \$88 range today I understand; it is Bunker C oil. What is it going to be thirty years from now if we stick with a thermal project? If we redo Holyrood, we have gone thermal. The decision is made.

The smart thing to do is to build a hydro project. Yes, there is a lot of money upfront. The project will pay for itself. Every electricity project is paid for by the ratepayers – and I have heard this, I have heard the Leader of the Opposition, I have heard the Leader of the NDP, I have heard the Member for St. John's East saying there is going

to be overruns, saying, oh, the rates are going to be high – but they are not going to be as high as if we do thermal. This is the cheapest alternative.

Nalcor has looked at it. As the Minister of Natural Resources said last night or early this morning, whatever it was, it has been tested, we have hired experts to test what Nalcor are doing, and they have determined that this option is going to be the cheapest for the people.

Now, this project, the Muskrat Falls Project, is going to answer many of the strategic directions that the government wishes to take. I will have time, either now, or at some point today to go through those directions. The main one to me, and I have said this before, is that we have to ensure that rates, to the people of the Province, are as low as they can possibly be. That is the goal.

Because Muskrat Falls is not the problem. The problem is that rates have been going up anyway, and they have been going up for the last five-ten years. I got that when we took the 8 per cent off electricity. We took it off and people were very, very pleased with that. One man, one senior citizen – and I cannot remember his name, and I apologize for that – wrote me and he said: Look, you are taking the 8 per cent HST off electricity, but at the same time, Hydro are coming and they are looking for a rate increase – another rate increase. It was about in the same range.

So, I looked at that and said: Why are our rates going up, if we have all this hydro in Newfoundland and Labrador? Because if you can look across the country, those who have the lowest rates are those provinces that have hydroelectricity – massive hydroelectricity for the people; in fact, the people who live in Churchill Falls, the people who live in Labrador West, the people who live in Happy Valley-Goose Bay, they have the lowest electricity rates in Canada, because they have the benefit of the Churchill Falls Project.

Those who built the Churchill Falls Project never did build a link down into the Island, down through Labrador, down to the Island, so that the people on the Island can benefit from that. We have lots of hydro projects on the Island: Cat Arm; Granite Canal; Bay d'Espoir – the big one at Bay d'Espoir, built in the 1960s, 600 megawatts; Muskrat Falls is 824. In the 1960s they built Bay d'Espoir, 600 megawatts. It is not a big difference. Technology is still the same.

**AN HON. MEMBER:** (Inaudible) naysayers.

**MR. MARSHALL:** There are always naysayers.

There is a famous saying, I first heard Bobby Kennedy say it. I think it is Alfred Lord Tennyson, but I am not sure. I know the hon. Member for St. Barbe – I remember his father used it in an election campaign. It was: Some people look at things as they are and say why? Some people have vision and look at things as they should be and say why not? That is what this project is here. That is what we are trying to do here.

**SOME HON. MEMBERS:** Hear, hear!

**MR. MARSHALL:** Above all, we want to keep rates down. That is priority number one. Given the fact we had the Upper Churchill, given the fact we have all these hydroelectricity projects on the Island of Newfoundland and Labrador, why are our rates still going up? They are going up because we are manufacturing 15 per cent to 25 per cent of our electricity on average out of a plant at Holyrood that makes electricity by burning oil.

It was \$3 a barrel when it started and it is \$88 a barrel, or in that vicinity, today. What is it going to be down the road? What is it going to be in the future? At peak capacity it is supplying 31 per cent of our electricity needs; at peak capacity. Obviously, the smartest thing we can do is shut Holyrood down and replace it with renewable energy. Replace it with hydro energy from Muskrat Falls.

In addition, the minister has pointed out on many occasions, that we are going to need additional power. We are going to need more power. One option is to go with some hydro projects on the Island but that will only provide 77 megawatts of power. We can also put in some wind, but there is a technical limit to how much wind you can use

because wind has to be backed up. Hydro, you can store the water in a dam and you use the water from that dam. You can let it out of the dam and let it go and drive the turbines and build electricity when you need it, but you cannot do that with wind. You cannot store wind. You cannot put it in a box and use it when you need it.

As Ed Martin said, what are you going to do on a February morning at 6:30 and the wind is not blowing, or the wind is blowing too much? Wind has to be backstopped or backed up – maybe that is a better word. It has to be backed up by something that is stored, and that is hydroelectricity, which is where the water is stored in a dam, or it is oil where you can store it in a barrel. Hydroelectricity is the cheapest way to go.

The third thing we need is what is going to happen in Labrador. Dr. Locke and others have talked about what could be a massive increase in capital investment in mining projects in the Big Land. Dr. Locke said in terms of those who are ready to go and in terms of those who have done whatever analysis they need to make the next step, that there is a potential for \$10 billion to \$15 billion in new investment in the Labrador Trough in the next ten years. Now if that happens, that is absolutely amazing.

He went on to say there are others who are at earlier stages, who are doing testing, who are doing feasibility or pre-feasibility. I forget the actual number of the potential investment it could be, but it reveals –

**AN HON. MEMBER:** (Inaudible).

**MR. MARSHALL:** How much?

**AN HON. MEMBER:** Ten to fifteen.

**MR. MARSHALL:** No, \$10 billion to \$15 billion in the first ten years, but when you think beyond that of what else has happened. There were some numbers there so high I do not even – anyway, I will not go into that.

**AN HON. MEMBER:** It was big.

**MR. MARSHALL:** It was big, exactly. It was big.

You cannot have those mines without electricity. They need electricity. Vale Inco, we need them to go underground. That is the next move there. They need electricity to do that. They all need electricity.

I said I remember Smallwood. I remember listening to Joseph Smallwood, our first Premier. I remember listening to his speeches coming from the Liberal ball. I listened as a kid living on Park Street in Corner Brook on the radio to him saying there would have been no mill at Corner Brook if there was no hydroelectricity in Grand Falls. There would not have been a mill producing newsprint in Grand Falls if they had not built an electricity project in Grand Falls. There would not have been the phosphorous reduction plant at Long Harbour, and there would not have been the Come By Chance refinery unless Bay d'Espoir electricity had gone on. It is a catalyst for economic development. There is the third reason.

One, get rid of Holyrood. Stop burning oil. David Suzuki says to burn oil to make electricity in this day and age is madness. That is number one. Keep the rates down. Oil is going higher. You can talk about the experts – and we do not pick the price of oil.

The hon. Member for St. John's East was talking about predictions of oil. No one can predict the price of oil. No one can predict the future. We do the best we can. We rely on the best experts in the world. That is who we get. I do not do it. You cannot do it.

Mr. Speaker, we have had six surpluses. If we have a surplus, relying on the same people, that must mean they are doing a good job. They did not do it this year. They missed out this year, but six out of seven is not too bad a batting average. Mr. Speaker, the issue is not what we predict. The issue is what the actual results are.

Mr. Speaker, what is happening, we have a situation in this Province right now where our economy in Newfoundland and Labrador – the people and the business community of Newfoundland should heed these words

very carefully. Our economy is doing very, very well in the investment sector, in the consumption sector, and the government sector. We have capital investment that is taking place in this Province.

Even without what is going on in Labrador, capital investment is up by 32 per cent. That is the highest rate of growth in new investment in all of Canada. It is \$9.7 billion of new investment happening right now, this year in Newfoundland and Labrador, and it is going to continue next year. It is going to continue high. It will not be as high as 32 per cent, but it is going to be up there around 18 per cent or 20 per cent. That investment is driving employment in Newfoundland and Labrador.

We have 229,000 people working, which is the highest in over thirty-five years. We have the lowest unemployment rate in Newfoundland and Labrador in over thirty-seven years. Not only are people working, the employees are making more money than they have made in the past. The average weekly earnings in Newfoundland and Labrador are the highest they have ever been. Right now, we are second to Alberta. For the first time in our history the average weekly earnings in Newfoundland and Labrador are above the Canadian average.

We have more people working than ever before. We have people earning more money than ever before, which means that people have personal incomes. They have high, disposable incomes. Consumer confidence is high, business confidence is high, and we are seeing that in retail sales. Retail sales are up right across the board. We are seeing that in housing starts.

Two years ago a new record was set in the number of houses started in Newfoundland and Labrador. That record, we think, will be surpassed this year. We are also seeing it – I do not know how people are affording these houses. They are beautiful, they are big, they are using up lots of electricity. They are full of machinery and equipment. Everything plugs into a wall now. Everything is using electricity. So we understand why demand is going up, as the Minister of Natural Resources says. In addition, new car sales this year are expected to be the highest in the history of the Province.

Our local economy is very resilient, it is very strong, and it is going to continue to be strong. The problem we have is a problem that we cannot control. It is what is happening in our export sector. It is what is happening to our businesses in Newfoundland and Labrador that are selling out into the world economy.

What is happening in the world economy is that commodity prices have gone down because of lesser demand. We have a situation in Europe where the Euro zone is in recession; they are actually in a recession. If they are in a recession with – as the Minister of Natural Resources said you have places like Spain and Greece where their employment is up to 25 per cent, where youth employment in these countries is up to 50 per cent. While here, we have trouble finding the people to fill the jobs.

Who would have thought that? That is a discussion we had at the Finance Ministers meeting in Ottawa that I just got back from. The biggest problem facing Newfoundland and Labrador right now is that we cannot find a lot of people to fill the jobs that are available, and we have to bring people in from countries. We are going to have difficulty filling the jobs that are going to be available in the future with all of these projects, with the Hebron Project, with the Muskrat Falls Project now that is sanctioned.

Who would have thought five years ago that would be the biggest problem we would face? Who would have thought that ten years ago? Who would have thought we would be off equalization? Who would have thought that we have a credit rating of A<sup>+</sup>? Who would have thought, Mr. Speaker, that we would be designated by the Governor of the Bank of Canada as a model for the country?

Mr. Speaker, I was speaking at the meeting to the governor of the bank, Mark Carney. As you know, he is Governor of the Bank of Canada. He has now announced he is going to go to England and be the governor of the bank over there. His chief communications person is a young woman by the name of Jill Vardy who comes from the beautiful City of Corner Brook. Her parents are Frances and Cyril Vardy who have three remarkable children; Jill being one of them.

She is the communications director for the governor of the bank. I told the governor when I was talking to him, he talked about how Jill wants to come home all the time, is always looking for a way to get home to see her friends and to see her family. I said to him that if things do not work out in England, that there is always a job for him here in Newfoundland and Labrador.

**AN HON. MEMBER:** (Inaudible).

**MR. MARSHALL:** What is that?

**AN HON. MEMBER:** (Inaudible).

**MR. MARSHALL:** No, I told him that if it does not work out in England he could always come back to Newfoundland and Labrador because we need a lot of workers. I do not know how many governors of banks we need but if he has any welding skills, that certainly will be a good sign.

What I learned at the meeting of Finance Ministers was that the problem we are facing here with the low commodity prices has impacted in a negative way the other provinces as well. We have produced in Newfoundland and Labrador this year compared to last year – last year there was 98 million barrels came out of the ground; 98 million barrels of oil on which we were paid royalties. This year it is 74 million barrels. That is 24 million barrels less that we are not getting royalties on. That is 24 million barrels where the oil companies are not making profits on, which means they are paying lower corporate income tax to us.

Mr. Speaker, it is not about prediction; it is about the actual fact. If the oil is not coming out of the ground – we said at the start of the year that we would have the two FPSOs, one at White Rose and one at Terra Nova. We knew they were going off-line for maintenance, but Hibernia went down as well. We had, at some point in this year, all three of our oil fields down. The result has been less production, lower production, and also prices were lower than we thought they would be.

At the time we did the Budget in March, the price of oil was \$125. Now, we are talking about Brent. You have to remember, there is a difference between Brent oil and West Texas Intermediate. Brent trades at a higher price. Fortunately for us, the oil we import is West Texas Intermediate which is a lower priced oil, but the oil we export is exported at Brent prices which is higher prices.

At the time last year I think the average oil price was \$116. The forecast was an \$8 increase over that. It is not unusual. When you look at the prices over the last number of years, an \$8 change is nothing. A \$15 change has happened before; it has been higher than that.

The issue is not what we were going to predict that the price was going to be, the issue is, what the price is, because we have to live with it. The price is set in the world market and we do not control that. We are takers of price.

The European economy is in recession. They are not demanding commodities. The American economy is very uncertain. There is uncertainty about the fiscal cliff. Their corporations are hoarding cash. They are not investing the way companies have been doing in the resource sector here. We have big investment taking place here. It is not happening in the US. They are demanding lesser commodities. They are not buying from China. China's exports are down because of that lack of demand. If China's exports are down because the low demand from Europe and America, they are not buying our products. They are not buying the commodities that we sell.

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

**MR. MARSHALL:** Mr. Speaker, I am running out of time, but I have a feeling that I will get an opportunity to speak once again today. I look forward to the continuation of this important debate.

**SOME HON. MEMBERS:** Hear, hear!



**MR. SPEAKER:** I recognize the hon. Member for Bay of Islands.

**MR. JOYCE:** Thank you, Mr. Speaker.

Once again I rise to have an opportunity to speak on this Bill 60. This was an opportunity for all of us to pass on our views on some of the views. Given the latitude on the three bills, having been able to talk about the three bills because they all are intertwined, I give the Speaker credit for allowing us all to do that.

Mr. Speaker, we look at some of the things that were said and I look at the Minister of Natural Resources. He is quoted in a paper here, just yesterday: The member told reporters that government will not do anything to slow down debate. Mr. Speaker, I just find it kind of strange that the minister would make that comment, come in the House of Assembly two hours later, two of the bills, Bills 60 and 61 on Muskrat Falls, a \$9 billion project, and he put the Standing Order 43, which would not allow any members of either party here to make any proposed amendments on some of the major issues facing the Province.

Mr. Speaker, if anybody in this Province is out looking at this debate and wondering why the Member for the Bay of Islands is asking questions and why you have to not take everything as gospel, that is a prime example. Because if you look at what was said just yesterday, I think the press conference was either at 11:00 o'clock or 1:00 o'clock and we were debating yesterday evening, that is what was said.

Mr. Speaker, when that was said by the Minister of Natural Resources and then he could turn around, stand up and ask for Standing Order 43 to stop it, we need to ask questions on this whole bill, the whole three bills. It is very, very important that we do as the Opposition. I know the Minister of Finance and I have a lot of respect for the Minister of Finance, I make no bones about it, but there are some things that he may put out that I may question or I may disagree with. That is the role of the Opposition, Mr. Speaker. I do have some conflicting views and I do have some views that I do not feel that everybody in the Province agrees with the government.

Mr. Speaker, I just look at this Bill 60 that we were speaking to and some of the expropriation of the land that we are going to go through. I think it was clarified because we were told that Emera can expropriate the land; but now, from my understanding, it was clarified yesterday that Nalcor would do it for Emera in the Province. That is what we were told. So there are conflicting views of what we were told, and to find out later: no, that is not the case; here is the way it is.

That is why we need these debates. That is why we need to be able to make amendments, so that we can discuss it and give new ideas. There are times when governments do accept some of the amendments that are made. If you are a government that is not going to stifle debate, you would be a government that would not bring in Standing Order 43, so that we can offer amendments and have a full and open discussion and debate.

When the Premier of the Province comes in here later today and talks about: oh, we opened the House for debate on Muskrat Falls. When finally we get an opportunity to debate the three bills, Mr. Speaker, Standing Order 43 walks in, 'plank-oh', see you later, stop debate. Let's move on to the next phase of the proceedings, Mr. Speaker. No amendments whatsoever – on each amendment then we could have a discussion. We could raise some points of concerns. That also gives the government an opportunity to clarify some of their positions.

Mr. Speaker, then the question is when the land is expropriated: Does Emera own the land? We were told Emera does own the land. Do they own the land when it is expropriated?

**AN HON. MEMBER:** (Inaudible).

**MR. JOYCE:** No, we were told the mineral rights are not included, just the land. Now, I do not have that verified. That is a good point, I say to the member, but who owns the land?

Here we are, the taxpayers of the Province are going to end up buying land and giving it to a Nova Scotia company. If I am wrong, please come up and say I am wrong, but that is the information I was given. That is the information

we are going on, and that is the information – and that is why I am saying it. I have no problem, if I am wrong just say, no, what you were told is incorrect.

Mr. Speaker, we were told also that all through the pipelines and all through the – wherever they have towers, they do not pay any taxes in the Province of Newfoundland and Labrador. So, here we have a private company, Mr. Speaker, coming in here with all the shareholders – a multi-billion dollar company coming in here, taking over our land, and not paying taxes to a town. Any other utility – and I use some of the cable companies – do pay taxes to the municipalities.

These are the questions, Mr. Speaker, you have to ask about part of this deal. Why should we exempt Emera, an international company, multi-million – multi-billion probably – company, with shareholders all down through the United States? Why should we exempt them from paying some municipality that needs the taxes to keep the town going? Yet, they can walk in, take over, here is our land. Put our sites up. See you later, take care of it for us, and we are gone. Mr. Speaker, those are the kinds of questions I have to ask and say, why?

Mr. Speaker, if we were not stifled in debate by the Minister of Natural Resources by Standing Order 43, we would be able to get in the amendments and make some of these amendments. That is one of the amendments I would love to make. Yet, we are not stifling debate. We will just bring it in so you cannot bring amendments in to help some of the smaller municipalities.

When the government stands up now and says: Oh, no, we are open; we want to debate Muskrat Falls. Go tell somebody else because the proof is in the pudding. It is not what you say; it is what you do that counts. It is not what you say; it is what you do.

I see the Minister of Environment over there agreeing with me on what I am saying. I know, because a lot of municipalities, Mr. Speaker, that he is doing....

Mr. Speaker, here we have Bill 60. We were given the bill yesterday at about 10:30 or 11:00 o'clock, Bill 60, and it is a bill with all of the expropriation and -

**AN HON. MEMBER:** (Inaudible).

**MR. JOYCE:** That is right; it is almost two days now. Then we were given the bill and we were going to debate it that day. We sit down and go in for the briefing. We were told there are fifteen other bills and fifteen other statutes that are associated with this. We have to go find the other fifteen statutes and try to match them up to see how it is done.

Mr. Speaker, I will just give you an example now. We were given this bill yesterday at about 10:30 or 11:00 o'clock, whenever it was. We had our briefing, I think, at 11:45 o'clock. There are fifteen other different statutes to it. We have to come in and debate expropriation. The last time that happened, when they rushed it, guess what? It is costing us almost \$200 million in expropriation of the mill in Grand Falls-Windsor. Mr. Speaker, that is the problem with rushing it.

We heard the Premier standing on her feet, shaking her fingers, saying: We had to do it. We had to rush. I wish we had more time. Okay –

**MR. HUTCHINGS:** A point of order, Mr. Speaker.

**MR. SPEAKER:** Order, please!

The Deputy House Leader, on a point of order.

**MR. HUTCHINGS:** (Inaudible) stand in regard to the item of relevance. We are debating here Bill 60 in regard to land and expropriation. I am not sure the hon. member's reference to other issues that are going on is relevant to the discussion.

**MR. SPEAKER:** Order, please!

We are debating the motion that the question be now put. We have been debating that throughout the night and into the day. The most important principle that the Speaker is guided by in this Chamber –

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

The most important principle that the Speaker is guided by is one of fairness and objectivity. Throughout the debate last night and today, what the Speaker has ruled in terms of this debate is that there has been latitude given on both sides for discussion on Muskrat Falls and the bringing together of three bills.

That is what the Speaker has ruled. As members have come in this morning, some members have come in asking for relevance. The Speaker is being guided by the overriding principle of fairness and objectivity and giving the same latitude to both sides of the House as we continue with the debate.

In terms of the relevance question here right now, the motion that the question be now put of course also brings in the ability for speakers to speak to the process here in terms of the motion being now put. For that reason, the Speaker has allowed some latitude in that regard.

I go back to the Member for Bay of Islands to continue now with his debate.

**MR. JOYCE:** Thank you, Mr. Speaker.

I find the Opposition House Leader did not stand up when the Minister of Finance was talking about youth employment over in Europe.

**AN HON. MEMBER:** Deputy House Leader.

**MR. JOYCE:** Government House Leader – Deputy House Leader.

Mr. Speaker, once again we see another example to stifle debate, while the Minister of Finance is standing up talking about youth employment over in Europe and talking about how bad youth employment is in Europe. He did not stand up, stifling debate again. It is shocking, Mr. Speaker. It has been going on all night.

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

**MR. JOYCE:** Mr. Speaker, I will go back again.

How can anybody tell me it is not relevant when the Premier stands up on her feet and says any expropriation, that we should have time to look at the bills? How can anybody in this Legislature tell me about the mistake we made with Grand Falls-Windsor? How can anybody stand up and say to me that we should have time to review this bill and fifteen other statutes that go with it? Mr. Speaker, how can anybody across the floor try to stand up and say that is not relevant? It is a shame, Mr. Speaker, once again trying to stifle debate here in this House of Assembly. It is unbelievable, Mr. Speaker.

Then with the fifteen other statutes that we have to put in with the bill and then if we do not have time to look at them and something happens – oh, you should have looked at that. Yet all the lawyers, Mr. Speaker, and two or three Premiers and the ministers and all the people in the department, they could not pick it up on Grand Falls-Windsor, but we have to try to pick it up in less than a day here. You are telling me that what I am saying here is irrelevant. It is a joke. That is what it is, Mr. Speaker. It is a joke saying that.

Mr. Speaker, I look at this whole Muskrat Falls and I look at all the Muskrat Falls and one of the big things with Muskrat Falls, again when we cannot get full opportunity to put in debates because there are people, like the Minister of Natural Resources – I read: Told reporters that government will not do anything to shut down debate. Now if I wanted to make a motion on this bill, I cannot do it because of Standing Order 43 – I cannot do it. Because of Standing Order 43, if I want to make a motion that if any new technology comes into this world that can affect natural gas, that we can bring into Newfoundland and Labrador to give people of the Province of Newfoundland and Labrador lower rates for electricity, I cannot bring it in. I cannot do it, Mr. Speaker.

**MR. MARSHALL:** (Inaudible).

**MR. JOYCE:** I say to the Minister of Finance: Obviously, he was not here. I will explain to the Minister of Finance what happened. The Minister of Natural Resources when he spoke on Bill 60 and Bill 61, he brought in what they call Standing Order 43. The Minister of Finance is not aware of that, obviously. So, Minister of Finance what happens then is that you cannot put in any amendments; everybody gets a chance to speak to the bills. When the Minister of Finance is saying to me bring it in now, I just want to explain to you the rules of the House and what your government did, and obviously you did not know what they did.

If the Minister of Finance wants to say bring it in now, obviously it is just saying here is what I say; I do not really mean it, though. Because if they really meant it, with your influence inside your government, you would never let the Minister of Natural Resources bring in Standing Order 43 or you would not be stating here: Bring it in now. You cannot have it both ways – you just cannot have it both ways, Mr. Speaker.

Mr. Speaker, that is one of the amendments that I would have loved brought into this House. I tell you why, Mr. Speaker, because when you isolate us for fifty-five years from any other source, the only sole source we have here is Nalcor, if you isolate us, that there is no one else when you have a monopoly – it is almost as if the wall is put around us, Mr. Speaker, that any other technology in this world cannot come to Newfoundland and Labrador.

Mr. Speaker, those are the kinds of things that I would love to have brought in some form of a motion that you can put it in, and you cannot do it. I say to the Minister of Health: You cannot do it. Obviously you were not here and I understand you had to go home and get a bit of rest, Mr. Speaker; I understand that. Everybody is taking their turn, Mr. Speaker. I did it myself.

I went home. I got a few hours – we all do that. What they did, they brought in the Standing Order 43 so we cannot bring it up. I say to the Minister of Health that I cannot bring it up. Mr. Speaker, what is happening and a lot of times we hear the minister saying it –

**MS SULLIVAN:** A point of order.

**MR. SPEAKER:** Order, please!

The hon. the Minister of Health and Community Services, on a point of order.

**MS SULLIVAN:** Thank you, Mr. Speaker.

Mr. Speaker, the speaker opposite just referenced that I was not here at the time the question was put. I was; I would like to point that out first of all. Mr. Speaker, he continues to reference the fact that he cannot make an amendment. He certainly can, Mr. Speaker. He could do it during Committee.

**MR. SPEAKER:** Order, please!

There is no point of order.

The hon. the Member for the Bay of Islands, to continue.

**MR. JOYCE:** I think she should go up and speak to the Deputy House Leader and find out the rules of the House before she stands up like that, Mr. Speaker. Once again, debate is stifled. When the Premier of the Province stands

up here and says no, we are not going to stifle any debate and the Minister of Natural Resources brings in Standing Order 43 so we cannot bring any amendments in, as the old saying is I am going to say something but, people of Newfoundland and Labrador, I am doing something different.

Mr. Speaker, that is what we have to deal with here. Anybody who stands up now, when they talk about having a full, open debate on Muskrat Falls, just remember that actions speak louder than words. One of the actions that they did is bring in Standing Order 43, Mr. Speaker, to delay the debate, stifle the debate, and slow down the debate. Do you know why? Because they do not want the people to know that they have a fifty-five year now – it is almost like Maxwell Smart, the cone of silence here. We have the cone of energy here. There is no energy can get in. No other new technology can get in here. No other new energy can get into Newfoundland and Labrador, Mr. Speaker.

Can you imagine? Can you imagine over in the Third World, Mr. Speaker, saying that we are going to put up a big barrier and that we cannot let any other new technology come in because we have one sole provider? In order to get that \$1 billion guarantee from Ottawa, we have to make sure no one else comes into the Province of Newfoundland and Labrador. No matter how good your technology is, no matter what you want to bring in, and no matter how good it is for the people of Newfoundland and Labrador, you cannot come to Newfoundland and Labrador.

When the Minister of Innovation, Business and Rural Development wants to stand up and say we are open for business, but not for technology, oil, gas, or any type that is going to have some kind of energy here in the Province of Newfoundland and Labrador. We are a closed shop – we are an absolutely closed shop, Mr. Speaker. That is what we are.

That is why they do not want us to put in amendments to these debates. That is why the Premier of the Province she stands up and says: We will have this wide open. Keep it open. Boys, before I leave now, make sure you bring in Standing Order 43 so they cannot bring in amendments. Make sure you do that for me. Bring in Standing Order 43 because I do not want any of those amendments brought in here, boys. I do not want any amendments brought in. I just wanted to make sure you do that for me, boys. They did it. I have to give the –

**MR. SPEAKER:** Order, please!

The hon. the Premier, on a point of order.

**PREMIER DUNDERDALE:** Thank you, Mr. Speaker.

I know people are tired. We have been here a long time, and we are likely going to be here a long time yet, Mr. Speaker, but it is important to be respectful of everybody in this House of Assembly.

I just want to point out to the Member for Bay of Islands that there are boys and girls, men and women, in this House.

**MR. SPEAKER:** Order, please!

The hon. the Minister of Transportation and Works.

**SOME HON. MEMBERS:** Hear, hear!

**MR. DAVIS:** Thank you, Mr. Speaker.

Thank you for recognizing me this morning and giving me an opportunity to enter into a debate on Bill 60, An Act Respecting the Use and Expropriation of Land for the Purpose of the Muskrat Falls Project. Mr. Speaker, I would just like to remind hon. members and also the general public who are paying attention to this debate today that this debate is about Bill 60 and it is about the expropriation of land and for the use of land for the Muskrat Falls Project.

I want to remind people that the Muskrat Falls Project is a project that will, for the first time in the history of the Province, release us from the stranglehold that Quebec has held on us in our natural resources in Labrador and our



ability to produce clean, green power from our resources in Labrador. We know this project will eliminate the requirement for the use of the Holyrood thermal generating plant.

I should point out, by the way, Mr. Speaker, while I mention Holyrood, that recently I attended a meeting and I had an opportunity to have a discussion with the Mayor of Holyrood. I had a good discussion with him actually. He said to us, when you are talking about Holyrood, can you stop using the term you are going to shut down Holyrood? Because he is afraid that people are thinking they are shutting down the town. I assured him that any opportunity I had, I would take the opportunity to point out that we are in no way, shape, or form going to shut down the Town of Holyrood.

This is about shutting down the thermal generating plant that exists in Holyrood, a thermal generating plant that produces power when peak demands require the use of power. It does not operate as a constant basis all year long, Mr. Speaker. It operates on a supply and demand type of process.

In the wintertime – we have lots of winter here in Newfoundland and Labrador – when people are turning up their heat when they get up in the morning, when they are preparing breakfast and getting their showers and going to work, there is a big demand for electricity on the Northeast Avalon. In the evenings when people come from work the same type of demand takes place.

It works on a supply and demand type of process. It operates off a very dirty fuel. It functions and produces electricity through a thermal process, burning very dirty fuel. Mr. Speaker, at peak, I think it is 18,000 barrels of dirty fuel a day. It is absolutely terrible.

I know, I was three times elected, Mr. Speaker, as a councillor in the Town of Conception Bay South, 2001, 2005, and again in 2009. I had many, many discussions with residents of Conception Bay South and the area about their concerns of the Holyrood generating plant that continues to operate. With the prevailing winds that move all of the emissions from that plant over Conception Bay South, first over the area of Seal Cove, then onwards from there.

I have spoken to so many people in Seal Cove, residents of Seal Cove, Mr. Speaker, who say that, that plant has to go. I did hear from one person recently who lives in Seal Cove who has an alternative view about that plant closure.

As a matter of fact, the Member for St. John's East this morning was up and he had some discussions about that. He had some discussions about closing down the Holyrood plant. He had some other ideas about closing down the Holyrood plant. He said a whole bunch of things in a short period of time, Mr. Speaker. I was trying to keep track of them because I was kind of scratching my head as he went, on some of the things he said.

He even referred to the diesel generation of remote parts of Labrador. I was trying to ask him to explain it because somehow he says, what he said this morning, and I was trying to gather up what he put together, but what I took from his presentation was if you stop using diesel generation in the remote parts of Labrador you are going to reduce the need for Holyrood on the Northeast Avalon. He says you are going to shut down a unit, is what he said. If you stop using diesel generation in Labrador, in remote parts of Labrador –

**MR. MURPHY:** A point of order, Mr. Speaker.

**MR. SPEAKER:** A point of order, the hon. the Member for St. John's East.

**MR. MURPHY:** (Inaudible) for the hon. Minister of Transportation and Works, I know he is talking about Holyrood. I gave several reasons, and I already presented to him the way to save and to conserve so that we could shut down Holyrood. I asked the question about shutting down Holyrood, why we did not do it years ago knowing that we could have done this.

My other point on Labrador power had to do with being tied into the Muskrat Falls line and why those people were excluded. That is another savings for government that they ignored, Mr. Speaker.

**MR. SPEAKER:** There is no point of order.

The hon. the Minister of Transportation and Works.

**MR. DAVIS:** Thank you, Mr. Speaker.

I appreciate your ruling. I also appreciate the latitude that you provided the members opposite because I am going to use a few minutes of my time this morning to respond to some of the other things that members opposite had said – including the Member for St. John's East, who somehow ties the elimination of diesel generated power in Labrador to reducing the requirement for Holyrood.

I do not get that, Mr. Speaker. I do not get that. He also talked about us restricting municipalities from using efficiencies. Now I am going to tell you, Mr. Speaker, nothing could be further from an accurate comment by saying we are restricting the use of municipalities.

He talked about light standards. I think he was talking about street lighting because they are quite often referred to as light standards. Out there now, when we travel around you quite often see these orange coloured street lights. They used to be a very bright, white colour one time. Now you see more of these orange ones. They are called high pressure sodium or HPS as they are known as, those orange coloured lights. They are the most efficient operating lights that are available today.

What Newfoundland Power does, so they tell me, is as lights fail and need replacement, they replace them with the new, higher efficiency lights. These new, higher efficiency lights cost about \$100 each to install but they are much more efficient in the use of electricity and they reduce the requirement for electricity.

There is even new technology out on LED lighting. Now, I am not sure if he is referring to that because the price recently on them was as high as \$1,200 per light instead of \$100 for the HPS lights. You can get them down to about \$400 per light, but we do not know if they operate because in the salt sea air that we have in this Province, we have a lot of that around here, LED does not respond very well.

I know, as well, that Newfoundland Power is doing some testing on the use of new LED technology but we cannot utilize and assume it is going to be available if the technology is not developed and not being utilized. I appreciate what he said because that is about efficiency, and we can do that.

One of the most interesting comments that the Member for St. John's East talked about this morning was about what we know as REEP, which is the Residential Energy Efficiency Program which is operated through Newfoundland and Labrador Housing. It is a government program where each year we provide up to 1,000 – there have been 1,000 homes per year receiving this grant. They receive \$4,000 per home at 1,000 homes – let me help you with the math – that is \$4 million a year that we spend on the Residential Energy Efficiency Program. What that does is it allows homeowners, with support from the government, to make their homes more energy efficient so that they reduce the use of electricity. The last three years we have invested \$12 million.

The hon. member opposite referred to 68,000 ratepayers, 68,000 homeowners, and for some reason has a notion that government should retrofit all 68,000 homes. At 1,000 homes, 68,000 – over sixty-eight years we would retrofit 68,000 homes. For some reason – I did not hear the hon. member opposite say we should require homeowners to do it. I did not hear him say that. Did you hear him say that? I did not hear him say we should require homeowners to do it.

He referred to an industry and commercial use as well. I did not hear him say we should require a business to retrofit their energy uses. I did not hear him say that. He said we should do it, because that is the NDP way, Mr. Speaker. That government should provide all to everyone at any cost. That is their answer, Mr. Speaker. We should do everything for everybody, it does not matter. We should pay the bill and do everything for everyone.

Then he said, Mr. Speaker – I was trying to make sense of what he was saying. He said we should do more. Instead of doing 1,000 a year, maybe we could do several thousand per year. If we did 2,000 a year, now we are only down to thirty-four years to overhaul them all – if we did 2,000 a year. If we did 4,000 homes a year, now we are down to

seventeen years. We are getting somewhere now, retrofit 4,000 homes a year. In seventeen years time we will have them all done. That is a good plan, Mr. Speaker. I have to say, coming from the NDP that is a pretty good plan.

Then I wondered how would we do that? I made a suggestion that we do not have – one of the challenges we have in the Province today is the demand on skilled trades. We are doing some really good programming, Mr. Speaker, to support post-secondary education, to provide better and more training to our young Newfoundlanders and Labradorians, to give them opportunities to learn about skilled trades so they can practice their skilled trades right here in the Province and stay here in the Province.

**MR. SPEAKER (Littlejohn):** I remind the minister that we are speaking to Bill 60. We will give you fair latitude to find a link somewhere along the line here.

Thank you.

**MR. DAVIS:** Yes, Mr. Speaker, I am getting back to it. Everything I have said so far, Mr. Speaker, is just in response to what the hon. member said under the same guidelines. I am trying to respond to what he said under the same guidelines. This is nothing new in debate. These are only matters that were brought up by the hon. member. I will stick to the bill, Mr. Speaker. I appreciate your direction on that.

In the last number of years, there have been about 1,500 to 2,000 homes built in the Northeast Avalon and it cannot keep up with the demand, Mr. Speaker, because the skilled trades do not exist. The hon. members in the NDP opposite, in particular the hon. Member for St. John's East, suggested we should pay them more. We should increase their salaries and pay them more to keep them here because they are going away for salaries. Isn't that right?

**AN HON. MEMBER:** (Inaudible).

**MR. DAVIS:** See, he is acknowledging. The member opposite is saying: Yes, that is correct. We should be paying the skilled trades more so we can do what, Mr. Speaker? Drive the price of housing up. That is what he is suggesting. Pay the skilled trades who do the work to develop and build houses, and retrofit houses. Pay them more so we will have more of them here to do more of the work. We know that is going to drive up the price of housing.

Mr. Speaker, I stand here in the House every day in Question Period getting questions from members opposite about lowering the cost of housing and dealing with the housing costs for Newfoundlanders and Labradorians. Her own colleague over here now is suggesting we should put up the price of housing. That is what he is doing. That is the plan, Mr. Speaker. That is the NDP plan.

He asked me to rise. He was actually during debate after me, saying: Get up and tell them. So here I am, I say to the hon. Member for St. John's East. I am up here now and I am telling them.

Mr. Speaker, I can tell you the Muskrat Falls Project and Bill 60, the process of expropriating land for the Muskrat Falls Project is going to lead us to a future in Newfoundland and Labrador and give us an opportunity like we have never had before. That is what it is going to do, Mr. Speaker.

**SOME HON. MEMBERS:** Hear, hear!

**MR. DAVIS:** Bill 60 is going to give us a process of expropriation, but before we get to expropriation, the act gives us the power to do certain things. Expropriation is about taking possession of land. What happens before expropriation occurs is that there is a negotiation. There is an identification first of the need of land. This is not new to government, Mr. Speaker, and it is not new to any government, because governments expropriate land on a regular basis. They have done it for years and years.

We have some major projects going on in this Province, major projects being led by this government, such as the Team Gushue Highway. The Team Gushue Highway has been planned since the 1970s. It has been existing in plans since the 1970s, but as we did more engineering and more design, and you learn more about what you are

going to need – there was an assessment and a determination – there was some expropriation of land that needed to be happening. Even though it has been on the go, being planned and being looked at since the 1970s, there is a need for expropriation of land or taking possession of land to complete this highway.

The Placentia lift bridge; we need land, Mr. Speaker, to take over to build a new Placentia lift bridge, a significant project underway in this Province. The long-term care facility in Carbonear requires an expropriation of land. Schools that we have built recently, one in Carbonear, one in Torbay, I say to the Member for Cape St. Francis, required the expropriation of land.

**AN HON. MEMBER:** The Torbay Bypass.

**MR. DAVIS:** Yes, the Torbay Bypass as well. The Conception Bay South Bypass, the Robert E. Howlett Memorial Highway, the Veterans Memorial Highway, all of these significant projects, road and building infrastructure projects which are needed for the greater good of the people of the Province required a level of expropriation, Mr. Speaker.

There have been some big federal ones as well, Mr. Speaker, very large federal ones in the history of the Province. Such expropriations as Terra Nova Park by the federal government; Gros Morne National Park; Torngat Mountains, an area which I have not had the privilege of visiting yet, I hope to some day. I am told it is one of the most beautiful national parks in the country. That was obtained by the federal government through the process of expropriation.

Closer to home here in the Northeast Avalon, down in Ferryland District, in the Town of Ferryland, the Colony of Avalon is another good example of expropriation for the greater good; yet, for a very different purpose.

What happens with expropriation is once there is an identified need for a parcel of land, Mr. Speaker, what happens then is there is a negotiation. The government, or the government agency involved would talk to the landowners, if they can identify the landowner, and they provide fair compensation. That is what they do, they offer fair compensation.

From time to time you cannot come to an agreement. I can tell you, Mr. Speaker, it does not happen very often. I have been looking at this expropriation – because expropriations are done out of my department. There are very, very few occasions when there is difficulty reaching a conclusion on negotiations, because a fair compensation is provided. The same holds true in regard to what Bill 60 will provide.

Government only expropriates the interest in property that it needs for a public purpose. Now, there is an exception to that, because there are times when government has expropriated a piece of land which left behind for the landowner a small piece of land that was of no value or was of insignificant value. In cases like that, Mr. Speaker, government will take it all because if what is remaining for the landowner has no value to them, then we will provide fair compensation for all of it.

I remember as a councillor in Conception Bay South, times when land was needed for the end of a cul-de-sac, as an example, and the town had to expropriate, negotiate an agreement to obtain pieces of land on the side of the end of a cul-de-sac where a bowl could be built. Like you quite often see in a subdivision lot, a bowl was built. You need space for snow clearing equipment to turn around, emergency vehicles, garbage collection, and so on. They would need to take a piece of land or negotiate an agreement on a piece of land.

Some time after that, the cul-de-sac became a thoroughfare, became a longer road. When the road was put through, these ends, the town no longer needed. What they did was exactly the opposite process. For fair compensation, they returned those pieces of land to the abutting property owner. That is what it is about. It is about only taking what you need, for the purpose you need it. In the case I just described, it was a time when the town no longer needed the pieces of land on the side and they negotiated an agreement to pass it over to the abutting property owners.

Mr. Speaker, there were some questions by the Member for Bay of Islands, who had earlier in his comments talked about his understanding: Is it right that Nalcor will expropriate land for Emera? He said: If anyone opposite can tell me the difference, get up. I say to the Member for Bay of Islands, I am quite willing to do that.

It is not Nalcor that expropriates land for Emera; it is only government that expropriates land. In the case of Emera, what would happen is government expropriates the land and provides it to Emera for their use. It is not Nalcor that expropriates it, it is actually government that expropriates it and provides it.

Again, expropriation only takes place when there is not an agreement on compensation; or, also when there is a time when you cannot identify the owner of a property. In Newfoundland and Labrador there is a tremendous amount of property in the Province where there may be question as to who owns it. If you cannot identify who the owner is, or you are not able to notify the owner, you may have a name and title of land or property but you cannot contact that person, you cannot make proper notification to that person. In a case like that, an expropriation process would follow. That allows then for the legal ability to transfer the land for the noted purpose.

Mr. Speaker, my time is quickly running out. I just want to talk about private homes because there is a fairly small number of private homes, as I understand it, that are expected to be affected by the transmission line. In the case of private homes, it has been the policy that has been followed by government in the past – because there have been homes expropriated in the past for highways and roads, some of the ones that I have already mentioned in my comments, whereby a person's home has to be expropriated; the land is required for a purpose, for a greater good purpose. In those cases, the policy being followed is that compensation that would put the person into another home would apply. It is not always directly. Sometimes you might have a home of lower value and when the person comes out of that home has difficulty getting into another home. When it comes to a private home, those considerations are considered and compensation has been worked out.

As I said, Mr. Speaker, I have gone back through the last number of years on expropriation to find times when an expropriation or a dispute had to be resolved because a negotiation was unsuccessful. Mr. Speaker, I tell you it does not happen very often in this Province; we are usually very successful in those negotiations.

Mr. Speaker, Muskrat Falls is going to be a great project for the Province of Newfoundland and Labrador. It is our children and our grandchildren for many years to come who will benefit from this. I mentioned in an earlier debate I was down at the Hoover Dam earlier this year. That has been running for eighty years, Mr. Speaker, and Muskrat Falls will produce power for Newfoundlanders and Labradorians for just as long.

Thank you very much.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The hon. the Member for The Straits – White Bay North.

**MR. MITCHELMORE:** Thank you, Mr. Speaker.

I can assure this House that the NDP are not spending the people's money in this manner. I remind the member opposite that it is his government that is writing the blank cheques to Nalcor, exempting them in this project from the borrowing limits that they have of currently \$600 million to take on billions of dollars in debt, Mr. Speaker.

I want to make a comment that we have seen the member opposite just get up and say that the Muskrat Falls Project is going to remove the stranglehold of Quebec. A mere 824 megawatts of power is going to solve all the problems and get rid of – it is a small amount of electricity when you look at what Quebec has.

There is no plan for Gull Island. If Gull Island is to be developed, the main route would have to be transmission to Quebec which has the capacity and the ability to do so. By putting that forward is very, very interesting in that form.



Mr. Speaker, Quebec has surplus power. They have much lower rates and they have a plan, Plan Nord. They have geographical location and borders. They have power purchase agreements. They have customers. They have surplus power and they not only focus on hydro and excess hydro, but also wind. They have a strategy looking at combined options, which this is something that is not really on the table it seems for this government, Mr. Speaker.

The Finance Minister stood up to speak earlier – when we look at what the Island needs are and what has been stated several times, we are looking at 324 megawatts of power for the Island, 40 per cent only during peak needs to displace the power at Holyrood, for a cost of \$7.7 billion, and all the cost overruns of the project.

The Minister of Finance stated that there is only 77 megawatts of hydropower on the Island that we can tap into – only 77 megawatts. That is the maximum capacity. We simply cannot get more out of Bay d'Espoir, we cannot get more out of the Deer Lake power plant, we cannot get more power out of any of these, or tap into others, when there were reports that stated that we can have over 460 megawatts of power in small-scale hydro, but there is a moratorium in place, and saying that we can look at small-scale hydro in the Province to certainly displace 324 megawatts.

The members opposite are shouting: What about Holyrood? I spoke about it earlier in the last bill when I talked about displacing Holyrood. You could look at biomass cogeneration – they are doing it in Ontario – 750,000 tons of wood pellets can be produced per year and can be converted. We can have the capacity right now to produce 75,000 tons right here in the Province – local jobs, local capacity. This government has made investments into that. We can export pellets from British Columbia, from other parts of the world –

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

**MR. MITCHELMORE:** – and displace the power that is needed at a much lower cost than what the government is proposing.

So, I ask the Minister of Finance if he would look at tabling the documentation stating that only 77 megawatts is capable on the Island, because that seems very limiting, in terms of our capacity. There certainly is untapped wind, and we see that even on small scale and what that could mean for municipalities – but that is off the table, and it certainly is. We have not considered the scale when the projects were released. That has an impact.

We look at the capital investments; the Finance Minister stated that they are up 32 per cent. Are those just private capital expenditures, or does a percentage of that include the government expenditures and what is coming out? Because government has said that it is going to be reining in its capital expenditures. They will have to suspend some of the infrastructure programs.

There is going to be a need for government to look after people when they are looking after this project. It has been mentioned by the Minister of Finance and the Minister of Transportation and Works that we are having significant trouble finding jobs, finding workers. There is a tight labour market.

Is that certainly going to be increasing the cost of Muskrat Falls and the cost of development, because we can attract the skilled workers; or is it going to look at how we are going to provide those benefits to get people to work in a climate where they are constantly mobile? Because they are saying that we are not going to be building camps, this is going to be going into local hotels, it may be a much higher cost, the hotels may not have the capacity to deal with this, and looking at that overall cost of having people move and live in a hotel on a regular basis while they are putting in this line. There has to be a plan, Mr. Speaker, and I see that there is a lot missing.

The Minister of Finance talked about we may have a record year in housing this year and RBC has reported that 3,800 homes this year certainly would be a record, yes. It is way up there, but in 2013, 3,400; in 2014, 3,200. With all of this development, with all of these things happening and all of these workers having to come in, we are not seeing increasing in home starts. Why? Because there is a tight labour market, maybe there are no people to be able to build those homes, and we will see a real explosion in homes, costs, and all of these types of things, let alone the

expropriation of some people's homes and family homes that are there in the marketplace. I have some trouble with that, Mr. Speaker; I really do.

We go back and we look at the bill we are debating on expropriation. It said that 90 per cent of the Maritime Link is currently Crown land and 99 per cent of the Labrador-Island Link, which will be about 1,100 kilometres, is currently Crown land, which 1 per cent still accounts for eleven kilometres of land. We have not seen a clear plan because there is an environmental assessment as to how it has to go through. There was no true accuracy because things may change based on where we are headed, but it was noted that there would be 150 to 160 houses that could be impacted by this.

We have a Province here that does not have a land development plan. There are many situations where we have grants existing. I have seen it in my own constituency where people are going and trying to secure the land they have around them to sell or to have clear title. They have a grant and they have to go through a process, get all of this verified when they should have already had clear title, but there was mismanagement or something happening with how grants were being given out in Newfoundland and Labrador.

I think this really sets up a lot of alarm bells and flags to people right now with this legislation coming in so quickly: Do they have the opportunity to really check and verify that they have their land registered; that grants are there, that there is due process looking at that? Because that is quite significant, Mr. Speaker.

Mr. Speaker, I live in The Straits and the link, the cable, the subsea cables, are going to be going across the Strait of Belle Isle, basically in my backyard. We see here the opportunity – and I am asking for the same latitude, because the Minister of Finance provided a whole bunch of reports when he spoke and prepared the reports.

We can see that with that cable that is going across, when we are looking at expropriating land it is talking about Crown land and it is talking about private land. What about land that is being used, that is a public piece, a water right, a waterway for fishers who use this in my very district? There are scallop beds there. There are people who are going to be interfered with and are going to be economically impacted through expropriation of land when it comes to these situations. I would hope that there is appropriate –

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

**MR. MITCHELMORE:** Thank you, Mr. Speaker.

I would hope that there is appropriate consultation with the users, the fishers, who are there when it comes to the scallop fishery, as well as laying the cable at a significant expenditure. We really need to look at how that is going to impact because fish are constantly moving and people need to be putting their nets out. They need to be earning their income, as they traditionally have. This may have a significant impact. I do not see how that is being addressed in this bill.

I have seen over the months and a number of months where workers at Nalcor have been there, they have been constructing, they have been drilling test drills. They have been doing a lot of prep work, well in advance. They have erected a tower that is supposedly for iceberg watching and doing wind monitoring. I have posted a tweet on the social media and instantly Nalcor had suggested what the structure was and verified that and noted the work that they are doing there. Work has been occurring here.

When we look at this expropriation piece, when we see where the transmission cables are going to be going through, Mr. Speaker, it is going to have an impact on cabin owners, it is going to have an impact on a number of people in my district and across the Province. We have to look at that.

I want to just step aside to an issue with the Minister of Finance, if he would be so gracious to clarify. The project is looking at taking this on with non-recourse debt which is basically putting the assets, the transmission cables, and anything associated with that as collateral for the loan to get the financing that is needed for the project.

The option is to look at recourse and the Province has the resources and the capabilities to look at paying for this. Because they would have that capability there, they would not have to put up so much collateral there; they would not have to go through this type of risk associated with it. With the non-recourse option, with the debt that is there, and if there is a foreclosure or if there is a bankruptcy or if there is a sale, there are various tax implications, and that is listed on the bill, of what that is going to mean.

I want to see assurances that if Nalcor or a subsidiary that is listed in the bill, or the provincial government or the federal government would be on a significant loss should any of those scenarios happen – because it can and we have seen it happen where we are on the hook for an excessive amount of money, yet we get no value.

We must confirm that the holder is liable for taxation in respect to the Muskrat Falls Project, and they have listed some circumstances where they are not. Certainly, a number of municipalities are going to not be eligible to tax transmission and utility and generation that is going through their communities.

Mr. Speaker, I would like to bring attention to section 23 of Bill 60. It states: If the proponent and the landowner cannot agree –because there is a number of them. You are talking right now eleven kilometres – there may be more – and 150, 160 homes. If they cannot come to an agreement on the amount of compensation – because if you are talking about expropriating a family home, there could be significant attachment to it. We talked a number of scenarios and circumstances. A fair market value may not be enough; it certainly may not. The matter then is referred to an arbitration panel which is appointed by the Executive Council, Mr. Speaker. That is a lot of control to the Executive Council. It is giving them more control than what they currently have.

Just last week I believe, Mr. Speaker, maybe earlier than that, we debated a bill on councils and boards and tribunals. Looking at this setup, this brings into question the premise of this bill and appointing people there, this previous one, because under the existing Expropriation Act where parties do not agree, the matter is referred to the Public Utilities Board. They are the regulator.

This looks certainly like another case of just removing the Public Utilities Board from doing its job, doing an ability that is fair for the people of the Province. It is certainly not acceptable and fair open and transparent. This is another regressive tactic by the government, Mr. Speaker, when we look at where Bill 60 is taking us and putting us at risk and a number of our assets in the Province completely at risk; it is certainly doing that, Mr. Speaker.

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

**MR. MITCHELMORE:** Mr. Speaker, we cannot guarantee and government cannot guarantee this will have the least impact, why the act would not look at other applications, and looking at the risk of the expropriation.

I want to go back and look at the environmental assessment is not done looking at where the placement and easement is going to be done in this situation. That can have an implication because the definition of land is focused on different forms of public and private ownership, tenure, and easement. It talks about "real property of every kind, and includes tenements, hereditaments, and appurtenances, leaseholds, and an estate, term, easement, statutory easement, right or interest in, to, over, under or affecting land, including rights-of-way, and waters, water rights, water powers and water privileges". Depending on where the transmission is going through, this can infringe on a lot of people's rights and currents benefits they have.

It does put into question what is going to be done. The dispute mechanism for compensation may not necessarily be something that is fair with the removal of the Public Utilities Board from this process, looking at a council or a board that is appointed directly by the Executive Council, the government here.

Those are things we need to look at. When we are looking at putting things up for collateral, including land, some of the most valuable pieces we have, the transmission cables that are on it, and what that can mean for taxable implications in the long-term should there be a default foreclosure or bankruptcy in a situation of the subsidiaries with this whole situation. I think we could be in for a very sticky matter, Mr. Speaker.

I would like to see where the consultation has taken place on this, actually, for expropriation. I have attended consultations in my district that Nalcor has hosted and I have not seen or have they had, to my knowledge, meetings with cabin owners or with people who they are looking at along this line. This is a government, Mr. Speaker, when they were looking at putting the transmission through, they wanted to run right through Gros Morne National Park, a UNESCO World Heritage Site; looking at protecting the integrity of some of the most important cultural pieces of our land.

If you look at where the road is being built through for Muskrat Falls right now, where you see Aboriginal groups in Labrador talking about the cultural significance of this piece and the lack of consultation there, this really smacks of somewhat being reckless when it comes to dealing with and consulting with the people of the Province and what the overall implications are going to mean. Ultimately, it is the people of the Province who are paying for this project, and they are going to be paying for years and years.

When members opposite get up they speak about the future generations, our kids and our grandkids. They are not talking about the people today and the increased cost that the average person in Newfoundland and Labrador is going to have to absorb to deal with that. There is no clear plan to look at the labour force, how they are going to address the labour market and what that is going to mean to cost overruns of the project, let alone materials and other things.

With everything else that is happening in Newfoundland and Labrador, I really do not see how this, and moving forward, is a means maybe to prevent what could be happening with the CEDA negotiations and the comprehensive Canadian-European Trade Agreement where it looks at things like energy. It looks at utility, it looks at trade. It looks at that investment and those types of things.

Moving this legislation forward may be a means to circumvent other agreements that are happening. Certainly, there are benefits to spending public money and trying to stimulate a depressed economy, but that can only last so long. There are only short-term jobs associated with building the construction. People want long-term jobs.

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

**MR. MITCHELMORE:** When you talk about the payments that people are receiving, Mr. Speaker, in my district there are jobs that are posted but most of them are posted at the minimum wage or near minimum wage. They are not jobs posted at higher salaries and things like that.

As the Minister of Transportation and Works had talked about, all of the opportunities here on the Avalon and what is being advertised, those types of things – and the size of homes, but we are not looking at the smaller picture. The power needs that we have right now for the Province to displace Holyrood can be met by other means. They certainly can. They can, and they do not need to look at –

**SOME HON. MEMBERS:** Oh, oh!

**MR. MITCHELMORE:** If we are looking at industrialization and selling power to Labrador and mining companies and development, then maybe there is a possibility to look at an Isolated Island link with a multitude of options. Then look at the development of Muskrat Falls or Gull Island to meet those needs and see how they are willing to partner and willing to put their own money at the table, rather than gambling with all the taxpayers' money in this situation.

Mr. Speaker, with that, I am going to take my seat.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The hon. the Member for St. John's West.

**SOME HON. MEMBERS:** Hear, hear!

**MR. CRUMMELL:** Thank you, Mr. Speaker.

(Inaudible) respecting the use and expropriation of land for the purpose of the Muskrat Falls Project. I have a few notes here, but before I go there I would just like to comment on a few of the mentions from the Member for The Straits – White Bay North who seems to be totally enamoured by Quebec and what they are doing over there. That is fair enough. He talked about this bill and this project smacks of something. What it does smack of, Mr. Speaker, it smacks of world-class best business practices.

Mr. Speaker, I have been involved in the business world and the corporate world for the last twenty-five years before I became a politician. Believe me, when I see this legislation, when I see what Nalcor has done, when I see the due diligence that has gone into these bills, this is world-class best practices, Mr. Speaker. This is not smacking of anything other than that.

**SOME HON. MEMBERS:** Hear, hear!

**MR. CRUMMELL:** When we talked about Muskrat Falls, a mere 824 megawatts. I beg your pardon, to the member opposite, that is significant energy and it is an energy that we need. It is a very big project.

I do trust Nalcor's expertise I have to say, versus your expertise. I have to be honest with you there. I would put Ed Martin ahead of anybody probably in this House, other than the Premier, and certainly the Minister of Natural Resources when it comes to this.

You talked about the nature of the construction industry and the fact that it is migratory. Well, Mr. Speaker, if you talk to anybody who has ever worked in the construction industry, that is exactly what it is. When you are in the construction industry you are moving from project to project to project. Mr. Speaker, there will be some work camps in the development of the Muskrat Falls dam itself.

When it comes to the transmission lines, Mr. Speaker, do you know what? I travel up the Northern Peninsula every single year. I go up to the South Coast of Labrador every single year. I go up there; I used to go up on business for ten years straight. I go up there on my time off. It is one of the most beautiful places in the world. That is where I spend my vacation time.

Last summer I stopped at four different hotels, motels. I knew the people who I stayed with. I had stopped at several gas stations, I knew everybody I spoke to. I travelled up there for the last twenty-five years in business, Mr. Speaker, and I asked the questions up and down the Northern Peninsula. I asked the questions from L'Anse-au-Loup right on up to Cartwright at every gas station, at every stop, people who I knew, and every single person I spoke to, Mr. Speaker, who were business people, were welcoming this project. They knew that this project was going to bring revenue into their businesses.

**SOME HON. MEMBERS:** Hear, hear!

**MR. CRUMMELL:** People were talking about renovating their hotels and their motels, Mr. Speaker. People were saying we cannot wait for this to happen, let's make it happen.

I never ran into one person, Mr. Speaker, not one business person on my travels last summer, three or four nights on the way up there and three or four nights on the way back – the most beautiful people, pretty much in the world, in all Newfoundland and Labrador, the nicest people ever, who are open and honest when I have conversations with them, Mr. Speaker, and they were saying, come on with it. Come on with it. This is going to be good for us, good for the people of Labrador, good for the people of the Northern Peninsula, and it will bring in revenues to our businesses.

**SOME HON. MEMBERS:** Hear, hear!

**MR. CRUMMELL:** Mr. Speaker, let's get into a little bit about what Bill 60 is all about. We will try to stick to the topic here, Mr. Speaker.



Bill 60 is a stand-alone legislation that will enable acquisition of both Crown land and non-Crown land for transmission infrastructure regarding the Muskrat Falls Project. Mr. Speaker, 99 per cent of land required for the Labrador Transmission asset, and 90 per cent of land required for the Maritime Link is Crown lands. The massive transmission infrastructure requires the acquisition of these lands, and, Mr. Speaker, current provincial laws are not adequate to do so.

Mr. Speaker, there has been a significant amount of work and many years of study undertaken to identify the routes for the transmission lines. They have not been frivolously saying, let's put a transmission line here, and let's put a transmission line there, and let's tear up the wilderness. They have done a large body of work behind this. Many studies have been done. There are still some environmental assessments yet to happen, Mr. Speaker, but all the work and the due diligence around this is going on now and will continue to go on in the near future.

There are two key things we need to understand as to why this legislation is necessary. Project lenders require certainty that interest in lands for the project can be pledged for security. Mr. Speaker, there is nothing wrong with that. Despite what the member opposite says, this is good business practice. This is solid, world-class best business practice. This is what they do in the rest of the world, and this is what we are doing here, Mr. Speaker.

Secondly, where the proponents will only need to acquire minimum interest in these lands, special legislation is required. So there are two things we are talking about here. With regard to the legislation that will help support the finance raising process, we need to have the legislation in place before Nalcor approaches the money markets in early 2013. It is a timing issue, Mr. Speaker, so we need to get this bill done. This is a good piece of legislation, and we know we have this right.

With this legislation we will satisfy the lenders that our government supports this project and will be active in creating the right conditions for the project to proceed. That is a very, very important message that we send to the lending community out there, Mr. Speaker.

Current legislation does not allow for easements to be used as security, and the new legislation will change this. This is a very, very good thing. The second piece around this legislation is that it will create a new form of statutory easement that will give Nalcor and Emera the right to erect structures, to get access to the land for construction and maintenance, and finally, restrict the uses to which the landowners can use the land governed by the statutory easement.

Mr. Speaker, the proposed legislation includes providing government the expropriating power to issue notices of expropriation, as well as a right to monitor and execute the expropriation process. Key elements to the legislation include the establishment of regulations around the expropriation protocol. Government will have the right to approve the expropriation of land, not the proponents by the way, Mr. Speaker.

An independent panel of arbitrators will be established to determine compensation. Again, there is nothing wrong with that, Mr. Speaker, despite what the member opposite has said. Efficient and fair compensation will be part of a streamlined process that will minimize unnecessary delays for everybody.

Mr. Speaker, as a result of this legislation and as a result of the construction of the transmission infrastructure, the benefits for Newfoundlanders and Labradorians and in particular in our rural areas will be significant, and I touched on that earlier. The positive impacts in terms of direct and indirect employment and business opportunities are in the tens of millions of dollars. This is a big project from a transmission construction perspective. From construction jobs to jobs in the service sector, we can expect an injection of new dollars into rural Newfoundland and Labrador for a number of years.

Mr. Speaker, I just wanted to get up here just for a few minutes, so I am going to close out quickly. Muskrat Falls will bring to Newfoundland and Labrador a better place. It is the right project for Newfoundland and Labrador at the right time. It is about low-cost power. It is about stable electricity rates. It is about clean, renewable energy. It is about replacing Holyrood. It is about power for Labrador industrial development. It is about access to the North American grid. It is about ownership of the long-term asset. It is about jobs. It is about economic spinoff. It is about a vision of a secure and sustainable future.

It is about the people of this Province. Mr. Speaker, it is about our children. I am certain they will thank us today, they will thank us tomorrow, and they will thank us thirty years from now. There is nothing wrong with this project, and I do not see what they see over there.

Thank you, Mr. Speaker.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The hon. the Leader of the Opposition.

**MR. BALL:** Thank you, Mr. Speaker.

I want to take some time to respond to Bill 60, but before I do, I want to go back to a comment that I made yesterday. I believe all of us as MHAs, when we make comments and when we give our own interpretation of any particular piece of legislation – and this was yesterday that I did make a public statement, I will say. I did ask the question in the House of Assembly. After that, we did make a public statement, and it went around – it was about the expropriation.

I want to clarify my statements, because I will say that if I was on the receiving end of my comments I would actually see that this could be misleading. I will read through Part II in the bill, Bill 60, and it really goes to section 12. It says, "Where a proponent requires land which, in the opinion of the proponent..." – and in this particular case, the proponents, as defined in the previous section really means Emera or a subsidiary, or a corporation named in the Energy Corporation Act, of course; Nalcor in this particular case, or a subsidiary.

It goes on to say, "...the proponent may negotiate with the landowner for that land, and where (a) an agreement is reached, it is valid and binding on the parties; or" – and this is where my comments, I guess, become a little misleading – "(b) an agreement cannot be reached, the proponent may apply to the expropriating authority in accordance with the expropriation protocol to expropriate the land."

Now, my comments were really around Emera having the right to expropriate land directly themselves. It needs to be clarified. The expropriation in this particular case does go through government. Emera can make application to government, and they would do the expropriation.

**SOME HON. MEMBERS:** Hear, hear!

**MR. BALL:** I think it is important that I say that. Mr. Speaker, on behalf of all members here, when we make public comments like that we put our own reputations on the line. The comments were certainly not meant to be misleading in any way.

Now, Mr. Speaker, I do want to spend some time speaking to this piece of legislation, and over the last year we have asked a number of questions about this particular project. Bill 60, as we know, is really dealing around the project certainty. When you go looking for financing, there are always a number of things, no matter which project you are talking about. It could be getting a mortgage for your house. It could be getting a line of credit for your business. What you need to do is to establish certainty.

In this particular case, on behalf of the Muskrat Falls Project, it requires certainty in a couple of areas. Number one, it requires certainty in the revenue stream; actually, you support the mortgage in this particular case, or the loan, or the money that we would borrow as a government to invest in this particular project. That is one area of certainty.

The other area of certainty is that you actually need to control the footprint or the land that you would use to do business. In this particular case, the transmission line, the generating station, in those particular cases you need to have the certainty. You need to know that before you develop that business at this particular site, that you own the land.

This is the reason why this piece of legislation, Bill 60, that we are actually discussing this right now. What it would require in many cases is it will require expropriation on certain pieces of land. We also understand that from

this particular bill, Bill 60, most of the land that will be required by Nalcor is land that is currently owned by the Crown. In that particular case, what will happen is, as I said, the Crown will go, expropriate the land on behalf of Nalcor, and there would be a negotiation that would require a settlement.

If you cannot reach a settlement, then there would be an area where you would go to and someone else, through some board, arbitration board or panel would be put together that would determine what the payout would be for the property.

Mr. Speaker, on the surface this is a normal process. This is the way it happens. It happens every day within municipalities, so expropriation is really nothing new. When you look at governments, when you look at municipalities, they use this; they expropriate land all of the time.

One of the members opposite gave some examples of expropriations, where we would use expropriations to actually create development within the Province. He talked a little bit about the Team Gushue Highway as an example. I am sure there are many, many examples.

I do want to say that even though it seemed that it was a fairly seamless process, I do have to remind the member opposite that we still have some outstanding claims in the Daniel's Harbour area. People in Daniel's Harbour, even today, many years after the catastrophic event that happened down there where many people lost their homes, that process is still ongoing and there are still questions asked by the people in Daniel's Harbour about those outstanding expropriations. Mr. Speaker, it is not always a simple process; it does not always go to plan. The people in Daniel's Harbour have found that out.

We know of many other examples of expropriations when it comes to personal property. We have seen it in some of the – in Trout River just a few years ago, and in Stephenville. Mr. Speaker, compensation for personal assets, as I said, is nothing new.

I also want to respond to some of the other comments that have been made. I do not intend to use the full hour, Mr. Speaker. We talked a little bit about as we develop a certainty around these projects, acquiring the land is important. We did talk about too, and I have heard some members opposite talk about other hydroelectricity developments and other hydroelectricity projects.

One of the projects that was mentioned was the Bay d'Espoir project done a number of years ago, a significant project and one that was financed I will say. Now, when we look at Muskrat Falls – and there are some comparisons made about the comments of the day and how we compare what we are saying today about Muskrat Falls. It was two very different financing options. When you look at Bay d'Espoir it was really a cost of service. The power was put into the grid and we had a blended rate. Which is exactly where we are going to go with the Muskrat Falls Project, but the financing on the project will be very different.

As I mentioned about the land and the expropriation of land and needing to get the certainty on the land, therefore we need to expropriate some parcels of land. They also need to be guaranteed around the financing stream. This is the reason why there will be a power purchase agreement. This is what will determine the revenue stream for the Muskrat Falls Project. What will happen here is that Nalcor, or the subsidiaries of Nalcor, and Newfoundland Hydro will enter into a power purchase agreement.

Mr. Speaker, when we look at this, and I mean people – not to suggest there would be any conspiracy theory or anything like that. When you look at due diligence and good governance models, it is very unusual in a good, sound governance model that you would see – in this particular case, you would see a board for instance at Nalcor and a board at Newfoundland Hydro that would be the same members. That is very unusual. As a matter of fact, it is unheard of in most good governance models. Normally what you would see when you have someone acting on behalf of the proponent and someone acting on behalf of the customer, it would be different individuals.

In this particular case, the proponent being Nalcor, or the subsidiary of Nalcor, signing the power purchase agreement with Newfoundland Hydro, a fifty-year power purchase agreement with a guaranteed revenue stream. It

would be very unusual to see that both members of the negotiating team would be the same people. You would see someone there protecting the ratepayer.

In this particular case, since the Public Utilities Board is actually removed from this process, it is even more unusual that you would see the same board, one, negotiating the power purchase agreement on behalf of the proponent; and, two, someone negotiating the power purchase agreement on behalf of the ratepayer or the purchaser. In this particular case, they are one and the same.

Mr. Speaker, when you look at good governance models, I think this is a situation we need to address. It is very unusual. For instance, a well-known company in Newfoundland – I will use Fortis as an example. We all know of Fortis and the success they have had. We are, as most Newfoundlanders and Labradorians, proud to call Fortis a Newfoundland and Labrador company. What they have done, the parent company, they have a board of directors. What they have also done, for instance, for Newfoundland Power, they have a different board and a different chair. As a matter of fact, the CEO, as I understand it now, no longer sits even on the board of Newfoundland Power. That is as arm's-length as it gets, Mr. Speaker.

The other thing about it – just using the example, in this particular case, of Newfoundland Power and Fortis – what they also do is put limitations on the number of years that a board member could actually sit on the board. Mr. Speaker, when you look at board governance, as they make decisions around projects like Muskrat Falls, good governance is very importance. Whatever the level of certainty is, whether you are expropriating land or whether you are guaranteeing a revenue stream, all of this is about the due diligence that is required.

Mr. Speaker, when I look back at this and the current situation we are into, it is very hard to determine when you are standing here today, what this project will look like in fifty years out. Therefore, I believe we would be better served if indeed we had different individuals, especially in light of the fact right now that government has made a decision to remove the independent oversight in this particular case.

When we look back in our history, we always learn about the past. I guess many of us, and I have not gone back to the 1969 agreement. There were many times I would have loved to have been in the room just to have been able to listen to the discussion. I am sure it must have been a difficult one when you realize the situation that government was in at the time.

Mr. Speaker, I think it is important to ask as many questions as we can, no matter what the project is. Our role as an Opposition, of course, is to ask questions on behalf of the people we represent.

Mr. Speaker, I will go back to the elements of the legislation here, Bill 60, just to understand that establishing clear title is extremely important, but the process in establishing clear title is also something that, as a government, we always must be mindful of. No one likes, as you know, Mr. Speaker, to have their – if it is a cabin or a personal home, or whatever it is, to go into your cottage and see a note on the door. That is always a very unusual and a very surreal experience. I know from past friends of mine, because of locations of certain property, they have walked up and have actually seen the notice on the door. This is what happens when expropriation occurs.

At some point here there is a small window, as I understand it. As we work our way through this piece of legislation there is a period of time, and I understand the period of time to be very short. When you go up and you get your notice, and you go through the appeal process, if that is the process you would like to have – but we all know that people value their personal property and their land. The expropriation process can, in many cases, create some difficulty for people because not only do they lose their property, in this particular case, but many times it is a lifestyle change for them.

Even though we understand the magnitude and we talk a lot about the value of the Muskrat Falls Project, we must not forget and we must not dismiss the importance of the personal property that will be lost through this expropriation, Mr. Speaker. I believe it is important that we always be cognisant and mindful that there are some families, there are some individuals who will be on the receiving end of those notices and we must make sure that this process gets handled in a very clear and professional way.

Mr. Speaker, when we look at the expropriation here, we look at a transmission line that will be about 1,100 kilometres. This is the transmission line that leaves Labrador and comes into Soldiers Pond, sixty metres wide. This is a significant piece of property.

The Maritime Link is an area that, interestingly enough, will be owned of course and constructed by Emera. I look to my right there and I see my colleague for Burgeo – La Poile. The Maritime Link, in this particular case, as it moves up the West Coast of Newfoundland and then onwards into Granite Canal, will go through a very significant piece of his district. We notice that there is somewhat of a significant change in the Crown land versus the personal property. From the Emera expropriation piece, 90 per cent of their land, or 10 per cent will not be Crown – 90 per cent will be owned by the Crown, 10 per cent will be privately owned.

Mr. Speaker, we know it is going to be very difficult for people to see government, on behalf of Emera, expropriate land, personal property in the West Coast. Mr. Speaker, again, I refer to the process. It is extremely important that we do everything we can to make sure that those families and those individuals are looked after.

The other thing, Mr. Speaker, there has been some conversation around the Aboriginal groups. Mr. Speaker, we have met with many of those groups, going back right to February of this year. The discussion from the groups, I know that I have talked to, is the overall satisfaction of the conversation they have had about the Muskrat Falls Project.

We have seen just in recent days – some of the reaction we have seen even on our evening news last night. This really speaks to the level of frustration that we are seeing by the Aboriginal groups, simply because they feel like they have been left out of the conversation. They have been left out of the consultations and the discussion on this particular project.

What happens is when people feel they have been pushed aside, when people feel they have not been given the appropriate time, well then that triggers the emotion and the reaction that we seen yesterday. Mr. Speaker, I would expect that during the expropriation process, if this is not handled correctly and if this is not handled properly, we could expect to see much more of that. It creates a lot of frustration on families, Mr. Speaker, if indeed the timeline is too tight or that there is personal property that gets expropriated that is not necessary.

Mr. Speaker, when you drive down the Northern Peninsula – yesterday, in speaking to the bill, the Minister of Natural Resources, what he did was really paint a picture of the Muskrat Falls Project as he was speaking to Bill 60. He talked about the project in very general terms and painted a picture.

I can tell you one thing right now, Mr. Speaker, if there is any part of our Province, if there is any area of our Province that you could use to paint a picture, it makes no wonder that in many of our tourism ads, and many of the ads that we use to promote the Province of Newfoundland and Labrador, we actually see pictures of the Great Northern Peninsula. Make no wonder, Mr. Speaker. When we look at the landscape, there is no question that this transmission line coming down the Northern Peninsula will leave a mark in this particular area.

I was very surprised when this project was first announced – I am not sure how many people would know, but I live very close to Gros Morne Park, in Deer Lake, around forty-five minutes from the park or less. Indeed, we are very proud of what that park has to offer.

Mr. Speaker, even the thought, to think that a company, in this particular case, would even think about taking the transmission line and bringing it down through a national park, I was actually shocked to see this was something that was even considered. I must say, I was pleasantly surprised after that they decided to use another route. Even though the environmental assessments on some of those routes are not clearly defined yet, I know we are still in this process, Mr. Speaker. Removing that transmission line from the park, I agree, was something that needed to be done.

Mr. Speaker, I just want to go back to the Aboriginal groups again. As we listen to their story about the mercury monitoring and how this could affect their way of life – and we do not want to lose sight of this. I know back many, many years ago now, I was fortunate that on the Upper Salmon Project and indeed, on Hinds Lake, my father was



an inspector. His job was to go in and look at the brush that was cleared on those reservoirs, simply because they wanted to make sure that the wood, in this particular case, was removed from the site. Of course, all of this creates the issue that we see from flooding of reservoirs and the impact that mercury would have on the water supply.

Mr. Speaker, when you look at the land in some cases there, this is the reason why consultations and having the conversations with those groups are extremely important. As I said, I know as we still discuss this particular project, right now they do not feel like they have been adequately involved in this project.

Mr. Speaker, as I said, the Labrador to Island Link and the Maritime Link, they are still currently going through the environmental assessment phase. Even yet, as we debate this bill here today about the expropriation of property, we do not know with certainty in this case what the exact route of this transmission line will be. As I said 99 per cent of the land from the Labrador Island Link and the Labrador transmission line will be owned by the Crown. Therefore, there is really not a lot of personal property involved here, but 90 per cent of the Maritime Link will be owned by the Crown, leaving a significant portion of this particular piece of property owned by private interests.

Mr. Speaker, it is important that we make sure those people are looked after and they are treated fairly. The Minister of Finance talked about fair market value for their personal property. As long as it is well understood, I think this is very important as we go through the expropriation of these properties. Mr. Speaker, there will be a lot more said on this particular –

**MR. SPEAKER (Verge):** Order, please!

The Speaker thought that he was having some sort of a health problem for a second because the room seemed pretty cloudy, but I see other members have noticed it. I am suggesting that we take a brief recess until we find out its origin. We will ring the bells when we are ready to come back.

The House is in recess.

### Recess

**MR. SPEAKER:** Order, please!

For the information of all members, the air was tested in the Chamber and there is no need to be alarmed or concerned. There was some dust due to some construction that is taking place.

We will go back to the Leader of the Official Opposition to continue.

**SOME HON. MEMBERS:** Hear, hear!

**MR. BALL:** Well, it was not dust and it was not natural gas. Mr. Speaker, thank you for the opportunity to come back and finish up.

When I left off, we were talking about Bill 60 and about the expropriation that is required for the Muskrat Falls Project. One of the things the legislation speaks to is about permitting around municipalities. In this particular case, based on the legislation as we understand it, there would be no permitting required by the municipalities. It will not be required so the proponents, being Nalcor and Emera in this particular case, will be able to actually go in and construct a transmission line through the communities without permitting.

Mr. Speaker, I went out this morning just for about an hour. Every time when I go out – of course Muskrat Falls is certainly a subject that no matter where you are these days someone will ask you about it. I know the Minister of Finance made mention of the fact that when the 7 per cent of HST came off the power rates a few years ago someone had asked him, why is it that you actually see an increase. Because they actually did not see any difference, I guess, in the electricity bill at the time because of the increase.

I must say all of the discussion that we have had about this particular project, even today I was stopped by a gentleman and he talked about the impact of Muskrat Falls development. I guess a lot of it comes to when we speak

a lot about the project in very general terms. He asked me about how this would actually open up large US markets. When I explained to him that indeed the Maritime Link was a link of only 500 megawatts, and in this particular case the Maritime Link was really – even though we will have the ability to export power, it was really not of the magnitude that he was actually thinking of.

I thought about this: Two years into this, and we are still getting some very basic questions asked about the size of the Maritime Link and, indeed, what the export options would be.

What we went on to talk about, he asked me a number of questions about where we would be, for instance, on the Gull Island Project. Again, just to mention to the gentleman in particular, even the transmission line coming from Labrador is really a 900-megawatt transmission line. These are very simple facts about this particular project. Here we are today really in the final stages. I just found that a little surprising, I must say, because he was a gentleman who owned his own business and certainly understood the financing options that we had.

Mr. Speaker, yesterday during the discussion – and I want to get this, I guess, on record – when you look at the premise of this and the reason why we have a question around certainty around financing, certainty around the acquiring of the land and personal property in this particular case, Mr. Speaker, I want to speak just a little bit about this because some of this so-called certainty of land and financing raises the question of Nalcor. It is a question that I have been asking for quite some time in terms of what we can expect over the next four to five years from a cash flow point of view for this Province.

I just went quickly back and looked for Nalcor's offshore obligations and as we layer this onto where we are with Muskrat Falls. Mr. Speaker, this was something that was put to the PUB back in February by the looks of things here. It talked about capital and operating costs.

It speaks about Nalcor's share in about \$1.5 billion US from now to 2020. All of this is happening at the same time when we will see the development of Muskrat Falls. Mr. Speaker, when you look at the next four to five years, when you look at the degree of certainty around the revenue stream and the cash requirement for these significant projects, there is no doubt that there will be some very significant decisions and big decisions that will have to be made.

I think a minister just a few minutes ago made mention of some major projects. There is no doubt that there will have to be some very tough decisions made when it comes to infrastructure funding for projects similar to what we have seen. Some of the projects that were mentioned were the lift bridge and the Team Gushue Highway just to name a few, and there are others. When you look at the cash cow that will be required for Nalcor over the next four to five years, as with the development of this particular project, there is no question that there are going to be some challenging decisions that will have to be made.

I also wanted to speak to and be on record as saying that there have been a lot of questions about the demand for power and the forecast for the assessment of the future of oil prices. If you go back to Nalcor and their own projections – and I went right back to 2001 and this was something that I went back and did a further review on yesterday. There is no question that there will be demand and we will see it because of new housing starts and in particular Labrador mining.

When you look at the forecasting, what has happened really going back to 2001 – and I will just read some numbers here, Mr. Speaker. Back in 2001 there were some forecasts of 1,576 megawatts. In that particular year they forecasted in 2010 we would use 1,741 megawatts. In 2001 we used 1,437 megawatts, so again that was a year that we actually fell short. When you look at it, you will say: Well, what happened in 2002? In 2002, we actually forecasted to use 1,602 megawatts. We used 1,592 megawatts. The longer it seems here, when you look at the forecasting, the farther we went out, it was certainly an area where we actually misjudged the forecasting.

Now when you look at forecasting for fifty years and you look at the number of opportunities we would have as a Province when it comes to conservation and all the other methods – one of the things even PIRA in their report says where it is very difficult to predict what would happen over a fifty-year period, not only simply because of the price of oil, but also what would happen with some conservation options. As the price of oil moved up and the cost of

energy moved up, people would look for ways to save energy. We know this because you see this happening around the world.

I just want to finish up on demand here. When you look back from 2001 to 2010, there is actually not one year in those particular forecasts they did not over forecast. In 2011, I understand that did change and we actually came closer to the forecast to the actual amount of power used. Like I said, I am not disagreeing with the fact that the demand for power will grow, but the expectations on the rate and on what the demand will eventually be certainly raises questions when you look back at the last ten years of forecasting in this particular case by Nalcor.

Mr. Speaker, I want to go back just to look at the methodology that was used by PIRA. Of course, this is a report that was presented to government back in October. We have had significant discussion on where we would expect to see – and this is right from PIRA's report, where it says, "Energy efficiency improvements will proceed at a slightly faster rate in the future than they have over the past decade, driven by a combination of higher price, environmental pressures, and growing supply security concerns (growing in China but possibly shrinking in the U.S.) and policies to slow consumption growth." It goes on to talk about "more efficient automobile technology including (but not limited to) hybrids and all-electrics...".

I only raise this simply because it is extremely difficult, by their own admission, by the experts we use, to project out to fifty years. The reason why, to offset that, of course, what we will have to do is make sure, to put the degree of certainty around the revenue stream, there is a power purchase agreement that will have to be established. Of course, this is all necessitated when you look back, really, around the federal loan guarantee. This is where the two areas of certainty were created because of the federal loan guarantee, one being the expropriation of land to create the footprint for the construction of the transmission lines, that area of certainty; the other area of certainty being around the revenue stream.

Now, Mr. Speaker, I just want to be on record as saying that the assumptions, as we all know, around the price per barrel of oil – and I did mention this last night, but I wanted to dig this out just so that we, indeed, were clear and I have this accurate.

The report goes on to say that if "we attach a probability of 45% that the average Brent price will fall within the \$90 to \$130/Bbl range (2011\$)" that takes us out to the 2025 period, "with a slightly greater probability of a downside" – this is what I was referring to – "(30%) than upside (25%)...".

So really, the only reason why I raise this, number one, is the fact that when you rely on opinions like this, it is very difficult to be able to say with any degree of certainty that when you look at a fifty-year projection, whether it is in forecasting for demand, or if it is in oil pricing, the trends in oil pricing, it is very difficult – no one would ever rely on fifty years, Mr. Speaker. Therefore, you could never go out and secure financing based on those kinds of forecasts. No one would ever do that. Therefore, what that leads us into, of course, is the power purchase agreement, Mr. Speaker, and the need and the necessity to actually securing up that revenue line.

Now, Mr. Speaker, today we have heard, and through the evening, because I did spend all the evening, except for just an hour or two this morning, in the House of Assembly and listened to the debate on the Muskrat Falls Project. We have been referred to as owners of the project. As owners of the project, people in the Province, as residents here, we look at this and we say: Well, you are owners, so the benefit, obviously, should come back to you as owners.

One thing that I have noticed and I know a lot of people do not want to hear talk of polls, but we have to use somewhat of a measurement to gauge where people are and where they are in this particular project. There is no question that most of the polling came out that people were supporting in the 60 per cent range, in a general sense of the project.

What we have also seen in those polling numbers is that there are really even more people who were interested in seeing – we even saw numbers in the 60 per cent to 70 per cent range of people who would want a referendum for instance. One thing that was for sure, as owners, what people did want was to see something that was independent, wanted to see some sort of independent oversight in this particular project.

Mr. Speaker, as owners of the project – and it is fine to say that we buy in to this, but in actual fact as owners we were never asked, or people are telling me that they were never asked if they wanted to buy in to this. The mechanism that they felt that was required to make them as owners or make them feel comfortable to be owners of this particular project was the fact that they wanted some independent oversight into the project, either through the PUB or some other mechanism, Mr. Speaker, and they just were not satisfied. There is no way that we can dismiss because the polling numbers have been very consistent when you look at it, to be in the 65 per cent to 70 per cent range on the project.

Mr. Speaker, I want to speak – because we have heard a number of I guess new experts who have been kind of added to the list. Yesterday, someone had made mention about a call to one of the Open Line shows and this being Paddy Daly. Even this morning as I made a call to one of the Open Line shows, I was asked to explain my position on the non-recourse financing. Mr. Speaker, I was very clear as I spoke to the moderator that I see this really as a good thing. It would be something that is very sensible and I think if any of us had the opportunity in the subsidiary point of view, if you can distance yourself from the liability well that is exactly what you want to do.

The Minister of Finance has talked about this on many occasions, the importance of non-recourse financing, and I agree with this. I think any time that you can distance yourself from the liability – now, I was challenged a little bit by saying is that even necessary when you look at the fact that you – and I will use the word again, when you put this certainty in place with a power purchase agreement. There is no doubt that the people of the Province now becoming the purchaser of the power, whether they want it or not, is a decision for somebody else. If they want to be owners of the project, someone else can decide that; nevertheless, that decision has been made or will be made.

In terms of the financial structure, I want to be on record as saying that the non-recourse financing of this project, I see this as a positive step for us as a Province. I think it is important, the subsidiaries are positioned, that they can now be – that if indeed something did go wrong here, and heaven forbid, because all of us, no matter who we are, if we are in Opposition or in government, that would not be a good day for this Province. I can assure you right now, even though I have asked a lot of questions about it, it would not be a happy day.

Even last week, when we looked at the impact of the price of oil, I do not think anybody as a Newfoundlander and a Labradorian – yes, we can complain. We can say there was poor forecasting and make suggestions about how we budget. That is one thing, but I do not think any of us, as residents of this Province, are happy to see what is happening to the budgeting process, and indeed to the deficit situation based on what is happening with the price of oil because it hurts all of us.

Mr. Speaker, this is the reason why I support the financial structure of the Muskrat Falls Project. The non-recourse financing and the development of the subsidiaries, which was important, I know, as a condition of the federal loan guarantee as well. I do not think the federal government, in this particular case, would be too excited if at any point in time this loan had to be called.

Mr. Speaker, I just want to take a minute or two before I clue up, to go back to the piece of legislation, Bill 60, as we talk about the expropriation of property and as it leads to the project lenders. I think there is going to be quite a bit of work when you look at this over the next few months, for a lot of surveyors and a lot of – someone who is into land research right now, as you try and acquire title to these particular properties. So, Mr. Speaker, the property acquisition that is being discussed here is certainly something that is a condition of this project, is something that will be important, that you establish a footprint, whether it be the Crown land or whether it be personal property.

Mr. Speaker, just a minute or two and I will clue up. It is important I believe, through the expropriation process, that we make sure we look at the families, the individuals involved. That we make sure there is fair treatment, because it will not be a good day for many people when they get that notice on their door and they know there is a number to call because their land, in this particular case, will be expropriated – because it affects lifestyles.

To get a project of this size, there is no question that it will impact the lifestyles, not only of people in this Province, but the Aboriginal groups too that we spoke about earlier. Mr. Speaker, all of those groups – it is very important that as we work our way through this that we do it with keeping the integrity and professionalism intact,

because, Mr. Speaker, as I said, it will impact people's private properties. It will impact people's lifestyle. It is important that we do this and we do it right.

With that said, Mr. Speaker, I conclude my comments.

Thank you very much.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** Order, please!

I recognize the hon. Member for St. John's Centre.

**MS ROGERS:** Thank you very much, Mr. Speaker.

I am very happy to stand and speak to this bill, to Bill 60, "This Bill would enact the Muskrat Falls Project Land Use and Expropriation Act to advance the implementation of the Muskrat Falls Project."

Mr. Speaker, there are a few issues I would like to speak on, some of them involve information that has just come out in the past day or two, and others involve information that we have been looking at for awhile in terms of really what is the effect of Muskrat Falls on land, on the environment, and whether or not – if this is the best way to go, then should we or should we not be expropriating land? When we asked, why is this happening now? Again, all of this has to do with financing, being able to go to the market to finance this project.

What is really kind of interesting, Mr. Speaker, is that yesterday an article came out in the *Financial Post*. It was a special article that was written by Tom Adams, who is an electricity consultant. He said, Mr. Speaker, and I quote, "The governments of Newfoundland, Nova Scotia and Canada have teamed up to deliver what may prove to be the worst hydroelectric project ever in Canada – Muskrat Falls."

Mr. Speaker, from such a respected electricity consultant who has done work extensively in this field, this is a concerning observation. He said, again, "The governments of Newfoundland, Nova Scotia and Canada have teamed up to deliver what may prove to be the worst hydroelectric project ever in Canada – Muskrat Falls." Mr. Speaker, I would like to speak a little bit to that.

Mr. Speaker, the Minister of Health and Community Services is speaking so loudly, and I have sat here for hours. Mr. Speaker, I have sat here for hours quietly listening to the other members as they speak, and I would like the same –

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

The hon. the Member for St. John's Centre, to continue.

**MS ROGERS:** Thank you very much, Mr. Speaker.

Also, in his article he said, "The governments pushing the project justify it with global warming and peak oil theories, short-term employment gains, and nation-building bromides. Economics takes a back seat. Little wonder why. Muskrat Falls benchmarks badly."

Mr. Speaker, with such a reverse endorsement, these are issues that we have raised over the past year in this House. We have raised issues about our concerns about the economics of this project and whether it makes sense or not.

He goes on to say, "Hydro-Québec is constructing a comparable hydroelectric complex on the Romaine River, 350 kilometres closer to southern markets. It will produce..." – now this particular hydro project will produce "twice as much power, but require a total investment less than the current estimate for Muskrat Falls." Twice the power of



Muskrat Falls, less money to construct than Muskrat Falls, "Romaine will start up before Muskrat Falls construction can begin in earnest. For all its competitive advantages relative to Muskrat Falls, Romaine will need a massive turnaround in electricity markets to break even."

When we look at our own situation here, Mr. Speaker, we do not have any secure electricity markets, except our own people of Newfoundland and Labrador who are going to have to bear the brunt and the cost of this, including any of the cost overruns.

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

**MS ROGERS:** The Minister of Natural Resources said that himself. He said he is confident that perhaps they may not be huge but that in fact the people, the ratepayers of the Province will have to bear this. He also went on to say that the cost of getting power underwater –

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

**MS ROGERS:** Thank you, Mr. Speaker.

The cost of getting power underwater from Newfoundland to Cape Breton alone will be prohibitive.

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

**MS ROGERS:** We have been hearing that, Mr. Speaker. We have been hearing that from engineering experts who the government have dismissed and who have said that it will be prohibitive. The cost of doing that is prohibitive. Unless new, as-yet-unidentified markets for the power are found, and we do not have those yet, Mr. Speaker, the lifecycle costs of the submarine transmission from Newfoundland to Nova Scotia will approximately equal the cost today of power delivered from new natural gas generation.

The other thing he goes on to speak about is that the only reason the local utility in Nova Scotia, Emera, is considering the project is because the provincial government has ordered Emera to source more supply from renewable generation. That is why Emera is hanging onto this project, but they are protected. They are protected in this deal, unlike the people of Newfoundland and Labrador.

This week Emera conditionally approved joining the project. Emera has to overcome the challenges of both getting a credit rating for the project and regulatory approval from the Nova Scotia utility board. Unlike the Newfoundland review process, credible alternatives will be on the table.

I would like to speak a little bit to that, Mr. Speaker, to the issue of credible alternatives. I do not believe this government has fully explored that. As a matter of fact, it has ignored what the Joint Review Panel has recommended. It also has curtailed the power and the review of the Public Utilities Board. I decided to do a little bit of research myself, Mr. Speaker, to see are there are alternatives that would not include a huge, costly, risky hydroelectric dam.

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

**MS ROGERS:** We know, Mr. Speaker, what is happening across the globe: that huge, enormous, risky– very risky – hydroelectric dams are becoming a thing of the past. They are not the most desirable way of generating power, particularly for such a small population as we are, Mr. Speaker.

Amory Lovins is a prominent power consultant in the United States of America. He has consulted for the Obama Administration. He is co-founder of the Rocky Mountain Institute, which is an institute for energy research. He is renowned the world over, Mr. Speaker, and he has been in his field for decades doing some of the most innovative research, not fringe research.

Mr. Speaker, what he said is that there are twin revolutions happening right now in the area of power generation. Those twin revolutions, Mr. Speaker, are saving electricity, which this government has done nothing about. This government has not looked at all of the issue of conservation. As a matter of fact, what this government is doing is saying that people, domestically in their homes – the Minister of Natural Resources is saying that the people are going to using more electricity in their homes, not less. Whereas again, Mr. Speaker, the modern thinking, the current thinking, the scientific thinking, at this point is that residential use per unit, electrical use, is actually going down because of smart technology, Mr. Speaker.

I am so happy to be able to speak in this House and to have the opportunity to speak and have my colleagues listen. I have spent close to twenty hours in this House. I have been sitting listening to my colleagues, listening attentively to what they had to say because –

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

I ask all members for their co-operation, please.

The hon. the Member for St. John's Centre.

**MS ROGERS:** Thank you, Mr. Speaker.

It has been a very interesting twenty hours because a lot of my colleagues here in the House have a lot to say. I am getting up today because I am also responding to some of the things that I have learned from my colleagues, where I have sat respectfully and listened to every word that they have had to say.

What Mr. Lovins has said is that we have a twin revolution happening right now. One part of the revolution is saving electricity, which this government really has not done anything about, which is a shame because this government should be taking leadership in this area, Mr. Speaker. This government should be supporting conservation, they should be taking leadership, and they should be helping the people of the Province learn what the best way to save and conserve energy is.

Then the other part of this revolution in energy generation is that we are making it differently. That is what this scientist Amory Lovins has said. The two parts are saving electricity and then making it differently. That is the twin revolutions.

He said that changing how we make electricity gets easier as we need less of it. Again, we will need less of it domestically. That is what the modern thinking is. That is what the progressive thinking is, Mr. Speaker, as every residential unit, in fact, will be reducing its energy consumption. He said that most of the electricity that is generated is wasted and technologies now of storing electricity and saving electricity are improving faster than we can install that.

It is interesting, Mr. Speaker, when he talks about new ways of generating power. One of the oppositions that this government had about looking at some of the alternatives is that wind is not going to work for us because we cannot store it, it is not reliable, and it is not consistent. He is saying, in fact, that the methods of storing and the new technologies for storing electricity and saving it are improving faster worldwide than experts are able to install it. The technology is changing so quickly. Electricity use can shrink domestically and there is acceleration. We are at the point where there is acceleration, Mr. Speaker, of existing trends of new technologies.

The other thing he said, in order to develop a true, viable power plan for a community, for a society, for the United States – because he is consulting now for the United States for the Obama Administration – we have to have an integrative design. This government does not have an energy plan. Their plan is Muskrat Falls. That is not an energy plan. Amory Lovins is saying we have to have an integrative design where we expand what are our returns are, that we have to consider–

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER (Littlejohn):** Order, please!

**MS ROGERS:** Thank you, Mr. Speaker.

What we have to do, Mr. Speaker, is consider the new sources of electricity. Do you know, Mr. Speaker, the solar panel industry in China is explosive at this point? The growth in that area is incredible.

The other thing he said is that Germany, in the area of solar technology, has more solar workers than there are steelworkers in the United States of America. That is a huge industry. That is a huge industry that we ourselves could be taking part in. That is an industry that we could be taking advantage of, solar and wind, integrating different designs, having a multi-faceted energy plan that includes new ways of generating power and new ways of conservation.

Mr. Speaker, the renewable energy sector, last year alone for wind and solar worldwide, got \$151 billion of private investment. We do not have any private investment in our Muskrat Falls, Mr. Speaker, but imagine \$151 billion of private investment in the area of wind and solar technology, new technology. Again, this is an explosive area. The growth is incredible.

One of the objections we heard from the government in terms of wind technology is that grids are unreliable, it is too unstable. In fact, Mr. Speaker, the technology is changing so quickly that grids can actually forecast wind and solar plant variation. They can actually forecast that.

We know there is downtime. There is downtime at Holyrood. There is downtime in any kind of big, energy generating facility. There is downtime even in nuclear plants, and the grid is designed to take care of that. That is what our grids do. Our grids can be designed to be smart grids.

Mr. Speaker, my concern here is that what this government is doing to the people of Newfoundland and Labrador and to our future – fossils do not just exist in the ground. Fossils might actually exist here in this House. They are tying us for fifty years, Mr. Speaker, to what might become a dinosaur. When the rest of the world is taking part in this new revolution of conservation and this new revolution of creating new renewable, integrated designed energy plans, all the new technology, this government is shutting the doors on that for us.

**MR. SPEAKER:** I am going to ask the hon. member to connect the dots and bring it back to Bill 60, please. I think it is time.

**MS ROGERS:** Absolutely. I am very happy, Mr. Speaker, because that is exactly where I was going to go.

What I would like to say is that this will affect the type of land expropriation because we are looking at land expropriation for an old technology that does not, that is not going to serve the people well, that is not going to serve the people well fifty years down the road. Mr. Speaker, renewables are no longer a fringe activity. They may have been seen as a fringe activity ten years ago or twenty years ago. That is not the case now.

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

**MS ROGERS:** What will it take, Mr. Speaker, to drag this government kicking and screaming into the twenty-first century? What will it take? They have been so addicted and so focused on Muskrat Falls and then all the

ramifications of that and the negative ramifications, not only fiscally, not only financially because they have not proven that this is a good financial model. Also, what is it going to do to our environment? What will it do to our land?

It was kind of interesting, Mr. Speaker, because the Nunatsiavut Government issued a press release yesterday as well explaining how unhappy they are with how they have been so dismissed and how their concerns have been so dismissed by this government. Yet, at the Mad Hatter's tea party that we saw on the sanction – and we can guess who Alice in Wonderland was at this Mad Hatter's tea party, Mr. Speaker.

They were very unhappy because they felt they were misrepresented, that in fact they were represented as being fully supportive of Muskrat Falls. Nothing could be further from the truth, Mr. Speaker. Nothing could be further from the truth.

What they were saying, Mr. Speaker, President Sarah Leo, the President of the Nunatsiavut Government –

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

**MS ROGERS:** – said that the Premier, in her press release, "The Premier left the impression the Nunatsiavut Government endorses Muskrat Falls, and indicated that we have been consulted on the project," says President Leo. "That is simply not the case." Nothing could be clearer than that statement: that is simply not the case.

"Labrador Inuit have well-established aboriginal rights and titles downstream from Muskrat Falls in the Labrador Inuit Land Claims Agreement, the President adds." The Labrador Inuit – our concern, Mr. Speaker, they are concerned about their land. They are concerned about the water. They are concerned about the extent of flooding. We know the land that will be flooded is equal to the size of a Canadian province, equal to the size of PEI. That is a lot, Mr. Speaker. There are severe environmental implications. I would like to talk about those as well.

Mr. Speaker, I am going to stop right now. I would like to stop with a quote from – I would like to clue up with a quote from Mr. Amory Lovins again. He said, "our energy future is not fate, but choice". Mr. Speaker, there are very, very important choices to be made in our energy future.

Thank you very much, Mr. Speaker, I look forward to speaking again on this.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The hon. the Minister of Health and Community Services.

**SOME HON. MEMBERS:** Hear, hear!

**MS SULLIVAN:** Thank you, Mr. Speaker.

Mr. Speaker, I am absolutely thrilled to stand here today. In fact, Mr. Speaker, whenever I can have an opportunity to stand and speak about this Muskrat Falls Project and the work that is going to be done around it and the future that it creates for Newfoundlanders and Labradorians, Mr. Speaker, I do it with such pride that it is absolutely unbelievable.

I said to somebody this morning, I can hardly get through the singing of the *Ode to Newfoundland*. When we were outside the other day and we sanctioned the project, trying to sing the *Ode to Newfoundland*, Mr. Speaker, was ever so difficult, because you are so welled up with pride and seeing a future for Newfoundlanders and Labradorians.

**SOME HON. MEMBERS:** Hear, hear!

**MS SULLIVAN:** Mr. Speaker, that future is what this is all about. This is about our children; this is about our grandchildren and so on, Mr. Speaker. I am so very happy and humbled to have an opportunity to speak to that today.

Now, Mr. Speaker, the project that we are talking about is being put into effect basically because, unlike what we just heard from the member from the Third Party over there, there is a looming shortage of power in Newfoundland and Labrador. Mr. Speaker, I am not sure where she was getting her information. She seemed to have been doing some Googling or Wikipedia, or something, but, Mr. Speaker, there is a huge shortage of power in Newfoundland and Labrador, and that will continue to grow.

Mr. Speaker, what I think is the problem, is that the member from the Third Party did not understand the difference between energy efficiency and energy consumption. She seemed to be confusing the two, Mr. Speaker, and that, I am sure, is part of the reason why she made some of the statements that she made. It was just a difference in understanding of the words consumption and efficiency.

Now, Mr. Speaker, in terms of consumption and energy requirements for the future of Newfoundland and Labrador, there are some really basic reasons why there will be that growth in energy consumption. A lot of it, Mr. Speaker, is being driven by new housing starts and new industrial demand. That will certainly increase demand on Holyrood.

She talked about environmental issues. Mr. Speaker, we all know one of the biggest contributors to the environmental issues that we face in this Province is Holyrood, although I seem to hear some sense over there that maybe that is not such a bad thing; but, Mr. Speaker, that is not what we see. That is not what we want for Newfoundland and Labrador.

Let me get back again now to what we are talking about in terms of energy consumption. New housing starts in the Province, Mr. Speaker, are averaging over 3,000 a year – 3,000 new housing starts a year. Mr. Speaker, even after we discount for the replacement and closure of older houses, the number of occupied dwellings in this Province is going up by over 2,000 a year. Further to that, all of the new housing starts, all of the new houses that are being constructed, erected in this Province, Mr. Speaker, are using baseboard electric heat. It adds to the demand.

Now, Mr. Speaker, that is just to do with the housing starts. What about when we start to consider all of the industrial opportunities that are coming our way in this Province, untold industrial opportunities that are existing in this Province, Mr. Speaker, and as a result of those.

Let's look at one. Let's look at Long Harbour, the hydromet facility out there. It is going to require 90 megawatts of power when it opens next year. That has to be sourced from somewhere. Where, Mr. Speaker, Holyrood? I think not. We need to do better. We need to do more for the people of this Province. That is what this project is about. We have established that very clearly. Do we need power? Yes, Mr. Speaker, we need power.

This is Bill 60, so I want to get back to talking about Bill 60. We can go on and on and on. I am sure in committee and in other places we will have opportunity to lay out again – because they do not seem to have it over there in the Third Party – why it is that we have been able to determine that we need power for this Province. We will have opportunity to do that.

Mr. Speaker, there seems to be also some suggestion over there that there is no confidence in the work that we have done, in the due diligence and the research that we have done. The member from the Third Party made some reference to, I do not know, a couple of people she had found who said that maybe this is not the best project for Newfoundland and Labrador. Well, Mr. Speaker, we have done more than a little bit – and I believe that is what she said, she did a little bit of research on her own.

We have done not a little bit of research, Mr. Speaker, we have been at this since 1970-odd. I am not sure exactly when, but since somewhere in the 1970s, Mr. Speaker, this project had been first researched. Now, Mr. Speaker, that is fine. That went on for years and years, but, Mr. Speaker, in the last two years alone we have heard the criticisms from everywhere, and that is a good thing, because we need to hear the questions asked. We need to hear



the criticisms out there. We need to hear if there are any pitfalls in this. So we have taken all of that very, very seriously.

I watched last night at some point when the Minister of Natural Resources tabled again and again and again how many documents outlining the research that had been done to prove that we in this Province have a need for power, and the project we have chosen to proceed with is the least-cost option. Mr. Speaker, those documents have been tabled. They have been circulated. We have had press conference after press conference.

Mr. Speaker, as if that was not enough, our confidence as well comes from the other research we have done, from Navigant, from MHI, from Ziff Energy, from bond rating agencies, from Wood Mackenzie, from an economist, from Dr. Wade Locke, from the federal government, from the federal Liberals, from the federal NDP, from the Government of Nova Scotia, from the Board of Trade, from the business leaders, and from labour leaders.

Now, Mr. Speaker, unlike what the member from the Third Party said, that is not a little bit of research. That is due diligence. That is the proper kind of research. That is why we have the confidence to say this is the best project we can put forward for the people of Newfoundland and Labrador.

**SOME HON. MEMBERS:** Hear, hear!

**MS SULLIVAN:** Mr. Speaker, apart from that, Nalcor are experts in this field. That as well is something we ought to be proud of here in Newfoundland and Labrador. Yes, we have gone wherever we can to get corroboration for what we have done, but we need to be proud in who we are as Newfoundlanders and Labradorians. We have some of the best talent anywhere right here in Newfoundland and Labrador.

Mr. Speaker, again, I mentioned this when I spoke one time before. I have had the privilege of being to Churchill Falls. I have had the privilege as well of being to the Hoover Dam. You realize – and sometimes we do not, sometimes we forget that here in Newfoundland and Labrador – that we are consulted by people from the Hoover Dam, that we are consulted by people from all over the world because of the expertise we have in this field.

The member from the Third Party can go out and Google some name, I suppose, and come up with something. These are credible sources, Mr. Speaker, that we have here, who have all said that this project is a project that has been researched, this project has potential, and this project is one that ought to be proceeded with if we are concerned about the future of this Province.

**SOME HON. MEMBERS:** Hear, hear!

**MS SULLIVAN:** Mr. Speaker, do you know what? I was not going to, but since the member of the Third Party was up and talking about the fact that we are not paying much attention to the environment and so on, I thought I might just like to remind her.

I am just going to take a couple of quotes here from some newspaper articles. This one was Thursday, September 27, 2007. Actually, it is not a newspaper. This is the CBC News. The headline reads, "Federal NDP Jack Layton has joined calls to shut down a notorious source of pollution in eastern Newfoundland.

"Layton accompanied Newfoundland and Labrador NDP Leader Lorraine Michael on the campaign trail Wednesday, stopping at the oil-burning power plant at Holyrood. 'It's irresponsible for a government not to take action,' Layton said, echoing local NDP calls for faster action on dismantling Newfoundland and Labrador's plant." That is what we are doing, Mr. Speaker.

**AN HON. MEMBER:** Who said that?

**MS SULLIVAN:** That was said by federal NDP Leader Jack Layton on September 27, 2007.

Now, Mr. Speaker, apart from that – I am looking for the source of this one – "NDP Leader says government is not doing enough to combat greenhouse gas". This one is Friday, July 3, 2009. "'Currently Newfoundland and

Labrador is responsible for close to 5.5 million tonnes of greenhouse gases per year,' said Michael. 'The Holyrood generating plant is, perhaps, the largest pollutant of eight contributing facilities in the Province.

'Why is this government not doing anything about the Holyrood generating station now instead of waiting?'"

Well, we are doing it now. We are not waiting, Mr. Speaker.

**SOME HON. MEMBERS:** Hear, hear!

**MS SULLIVAN:** We can find lots more of what you have already said, you are right on that. In fact, my colleague here has many more of those particular quotes. We will use them throughout the next couple of days, or three or four days, whatever it takes, Mr. Speaker.

**MR. SPEAKER:** I am sure now the hon. minister is going to link this to Bill 60 in the near future, please.

**MS SULLIVAN:** I am, Mr. Speaker.

All of that by introduction to this particular bill, because we have established need and as a result of that need, we are moving forward. That is what Bill 60 is about, Mr. Speaker. Bill 60, An Act Respecting The Use And Expropriation Of Land For The Purpose Of The Muskrat Falls Project.

Mr. Speaker, we need to be able to move ahead because we have established reason. We have established why it is that we need to do that. In moving ahead, we have some enabling legislation that we need to have passed in this House of Assembly, and that enabling legislation relates to land requirements.

Mr. Speaker, we have about 1,100 kilometres of transmission lines to put up throughout this Province in order to move this project forward. Some of that is on Crown land, some of that is on non-Crown land. Before we acquire the land, the environmental assessment process has to be followed. Now, I believe the speaker from the Third Party has said we do not do anything about the environment, but that environmental assessment process will have to be completed first.

Mr. Speaker, we are talking about LIL, we are talking about the Labrador-Island Link, we are talking about the Maritime Link, and we are talking about Labrador transmission assets. Now 99 per cent of LIL, the Labrador-Island Link, is Crown land, and about 90 per cent of the Maritime Link is Crown land.

What is important for everyone in Newfoundland and Labrador to understand, as we proceed with this project – because we have to go to the markets. We have to arrange the financing now to get this project firmly moving forward for the people of Newfoundland and Labrador – who want it by the way, if we are following polls. The people of Newfoundland and Labrador want this project, Mr. Speaker.

**SOME HON. MEMBERS:** Hear, hear!

**MS SULLIVAN:** We are hearing that time and time again as well.

Mr. Speaker, one of the core principles that help us to decide how to move forward here is that we are only going to acquire the land in terms of minimal interest. We are only, in other words, taking the land that we absolutely need to take.

We are not simply going to just take it; there is a process. We will say to people this is the land that we need; we will try to work out a deal. Expropriation, which is the word that I hear thrown around as part of this, is what we will do if we cannot work it out. I believe that most people in Newfoundland and Labrador understand the need for this project. They are going to want to be able to be there for the people of Newfoundland and Labrador to see us move forward on this.

Mr. Speaker, in any case, compensation is involved. We believe in fairly compensating, Mr. Speaker, so the Province, Nalcor, and Emera will work together to achieve fair compensation packages for any of the land that is

acquired, whether it is acquired through negotiations or whether that is acquired through expropriation. There will be fair compensation, and that is a very important piece.

Mr. Speaker, acquiring this land helps to provide certainty to the project, and that is what is really important. If we are going to go to the market, go to the lenders and say this is the project we are going to do and these are the transmission lines we are putting up, well they need to know if we have access to that land, Mr. Speaker. We just cannot say oh no, just give us the money; we will figure that out.

This is what we are doing. We are going to these people and we are saying we need to borrow this amount of money. We need to get this amount of money. We need to get our financing arranged. They will understand that once government has committed to this, once government has put in place the enabling legislation, whether it is this piece of legislation in Bill 60 or the piece of legislation in Bill 61, it is certainty. It provides that certainty that we will need in terms of supporting and the finance raising process that we have to go through.

Mr. Speaker, not only does that signal to the lenders that we are in support of this project and provide that degree of certainty, I think the other piece of this that is really important is that rural areas of the Province will also benefit. There will be some positive impacts for rural parts of this Province, rural areas, in the sense of construction activity that will take place for the required infrastructure. That involves increased employment and business opportunities, Mr. Speaker, all of which are exceptionally important to this project.

I have heard people talking about that out and about, when I have been out, and people asking me about how is this going to happen and so on. They all see the value in this; in fact, they all see the value of the project overall.

Mr. Speaker, more and more what I hear when I am out and about – and I am a fair bit; I go back to my district every weekend, as my constituents would know. More and more what I hear is it is time to get on with this now. This project is such a good project. Why is it being held up? We are here now to do the last couple of pieces of work that need to be done, to actually get it done. People of my district and people in this general area where I live during the week tell me as well, we need the –

**AN HON. MEMBER:** It is all over.

**MS SULLIVAN:** It is. It is all over. I hear the support from this side of the House particularly. In fact, I hear support from the other side of the House of Assembly as well, Mr. Speaker, for this project.

**AN HON. MEMBER:** Certain parts.

**MS SULLIVAN:** Certain parts, yes. Not directly across, but from other parts of the House of Assembly, Mr. Speaker, I hear support. I know that the people of the Province appreciate the fact that the people particularly in the Opposition are able to look at a project, size it up, see its benefits, and understand that it is for the good of Newfoundlanders and Labradorians.

Mr. Speaker, they are also able to clearly see who is not going to support this project, who does not understand what vision is, who do not understand what it is to make a place for Newfoundland and Labrador in the future. People of this Province tell me that on a regular basis as well.

I spoke about this one time before and I said at that time: I wonder how they feel or how they are going to feel when they see how history records this. That for me is such an important piece as well. I have children and I hope someday that I will have grandchildren. I hope that when they open up the history books they are able to say: I am really happy that mom was part of that. I am really happy that my grandmother was part of seeing to it that we have a place now, we have a future for us here in Newfoundland and Labrador. I am really happy that my children, and hopefully some day grandchildren, are going to be able to say that as a result of the work that was done here, Mr. Speaker.

**SOME HON. MEMBERS:** Hear, hear!

**MS SULLIVAN:** I really do appreciate everything that has been offered to us by way of questions and criticisms because it has helped to strengthen this; it has helped to make it an even better project, Mr. Speaker. I appreciate a lot of the work and a lot of the ideas that have come to us, particularly from the Opposition. The Third Party, not so much; we have not really heard very much there, other than they are not wanting to support, Mr. Speaker. They are not wanting to be with us. They do not want to see Newfoundland and Labrador take its place as it should, Mr. Speaker.

When we came into the House at the beginning of this session, I thought it would be different. I thought that they would ask their questions, and I have no problem with that. I thought that once they did some of their own research, if they did not want to accept our research, that they would be able to see and understand this. Mr. Speaker, it is just so disappointing to me.

These last two pieces of work that we are doing here on Bill 60 and Bill 61 are the pieces that will enable us now to go to the markets and to get this finalized, Mr. Speaker. I am so happy, as I started this conversation close to twenty minutes ago, to stand here and say that this is such a momentous time in Newfoundland and Labrador. This is such a time to be proud of who we are, to move us forward, and I am certainly very, very happy to support Bill 60 and see things move forward.

I will take my seat now, Mr. Speaker, and thank you for the opportunity to speak.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The hon. the Member for Burgeo – La Poile.

**SOME HON. MEMBERS:** Hear, hear!

**MR. A. PARSONS:** Thank you, Mr. Speaker.

It is a pleasure again to stand in this hon. House and do my job as the Member for Burgeo – La Poile and speak to the legislation that is placed here before us to debate. I have certainly enjoyed hearing all the members from all sides speak. I enjoyed hearing the Minister of Health and I hope down the road when your grandchildren are looking, they say: Nanny gave some barnburner of a speech on December 19.

There has been a lot of talk – and I appreciate that the Speaker is giving us a fair amount of leeway and latitude in speaking because right now we are dealing with Bill 60, which deals with legislation relating to land requirements for the Muskrat Falls Project, or An Act Respecting the Use and Expropriation of Land. I understand that in debating this legislation we are going to go off and talk about the reason that we are doing that. I think that is fine. I have no issue. I am going to try my best to stick to the legislation as best as I can. That has sort of been the theme of my comments to the various pieces we have debated over the last number of days.

What I would say is that we all understand the premise here, that the Muskrat Falls Project, which was sanctioned a couple of days ago now – I have no concept of time at this point. The fact is that in order for this sanction, I guess, to work, or in order for this project to proceed the government needs to pass enabling legislation or legislation that enables this project to work.

Basically, they need stability, or definition on revenue, which they get from Bill 61, and land on Bill 60. I understand why they are doing this. It makes all the sense in the world. I think the government has laid out the plan here: that we are going to go to the lenders and in order for the lenders to give us what we want, we are going to have to have these things set in place.

Now, that being said, I have to come back to my constant refrain, which is when we look at – one thing, I appreciate the fact that the department did take the time to give us a briefing on this legislation. We sat down – it was the same briefing we had for Bill 61, with pretty much all of the Official Opposition caucus and staff, members of the Third Party and their staff, and staff from the department talking about the legislation. What we need to

remember is I do not think it was very often during that briefing that we actually talked about the legislation specifically.

Looking at this, this is a very lengthy, significant, thick piece of legislation. There is a lot to it. The fact is this is not an amendment to a pre-existing bill. This was a piece of legislation drafted entirely for this process, for this project. There was a lot of work put into this. I think that is the reason why – it was probably already started some time ago. The loan guarantee comes into effect, and then you have to make sure that this part is done. That is why it was placed in our hands and we were given twenty-four hours to discuss this.

I might sound like a broken record here, but I think that is important when we as legislators sit here and try to go through the legislation. One thing I would say at the top from the first review of this legislation is that in looking at this one piece, there are actually approximately fifteen other pieces of legislation that are referenced at the same time.

We have the Executive Council Act, Registration of Deeds Act, Energy Corporation Act, Labrador Inuit Land Claims Agreement Act, Public Utilities Act, Provincial Parks Act, Lands Act, Public Utilities Acquisition of Lands, The Expropriation Act, Family Homes Expropriation Act, Churchill Falls Labrador Corporation Limited Lease Act, Adjudicator Act, Rules of the Supreme Court 1986, and Urban and Rural Planning Act, 2000. That is not including, they also referenced the three pieces of legislation relating to cities, The City of St. John's, City of Mount Pearl, and City of Corner Brook.

There is a lot of other legislation referenced which requires us to also, not just try to read this, get it through in the twenty-four hours that we had, read Bill 61, but we had to go back and look at these other pieces as well and try to figure out, because it references them. So we need to have an understanding of what happens there.

That being said, my quick review of this – I understand what is going on here. A lot of times government comes to us and says: look, we are looking out for the best interests of people, so trust us – trust us. Again, I would like to think that I can trust you. In this case, I do not think at the end of the day we are going to have any choice whatsoever anyway. This is a project that has been sanctioned. This is a piece of legislation government is going to get. We are just going to speak to it and put our concerns on the record, and that is what I intend to do.

Now, speaking to what is there –

**MS JONES:** Unfortunately, that is going to take you until Christmas Eve.

**MR. A. PARSONS:** Yes, we could be in here with Santa Claus talking about it, but it is what it is.

The fact is I understand that, basically, we need certainty when it comes to the land that the transmission line is going to be placed on. We need to have that land. The Minister of Health used one word to say that we are going to acquire the land. Now, I could be splitting hairs. I would say it is called taking the land, because it really is taking the land. That is not saying government is not going compensate people, I understand that.

I think, from what I understand, and I might be wrong in the facts. I would appreciate – if I am wrong, I would invite a member to stand up and correct me. I say that not to be facetious but in all good intentions. I believe the significant part of the land being expropriated is Crown land. I believe it is unoccupied. There is a large amount there. That is the first part. I guess that is the good news, in that it is not land owned by private citizens, or has homes or recreational use on it.

The second part is that there are some pieces of land being taken that do have family homes and does belong to people. It might be their private property. What I am hoping, it seems – I am going to put this on the record. The government has laid out a process by which people will be compensated. I am just hoping, at this point, that the compensation will be fair. I have no reason to not believe that the compensation will be fair.



I would hope down the road, after this process has started – because what is going to happen is the land is taken first. Unless there is a deal reached very quickly where, okay, you are going to get this. This is the amount of money; bing, bang, boom.

At some point there may be situations where the land has to be taken, and then the compensation part is figured out after. I think that might already have happened in other expropriation acts. Maybe the Minister of Natural Resources can correct me there. I think that is in process in some cases, where you can take it and then figure it out. What I am hoping is down the road that we do not hear any stories of individuals coming back saying, I had my land taken and I did not get a fair deal. So, I put that out there.

I have been reassured by the members that that is not going to be the case. I hope the government sticks to their word on that, in taking the land in order to get the transmission line. The reason this does have – I guess you could say – an effect on me is because a part of this is in my district. The Maritime Link is coming into Cape Ray, which falls in my district.

Right now, at this point, I believe Emera has been in touch with anybody who is affected. I am still trying to ascertain whether that is actually anybody in Cape Ray or if it is just Crown land in Cape Ray. Cape Ray is a local service district and it is very rural. There are a number of homes there but it is a wide open place. It is not a dense urban setting by any means. I do have a vested interest in this to make sure that any constituents in my district are not harmed or there are no detrimental effects to them.

Going through this, what I would say is that overall, even though it is obvious – and I have said this very clearly on a number of occasions. I do not agree with the process that has been put in place here. I understand government has had very tight timelines on and there are sanction timelines. I am putting it out there, I do not agree with the process but the legislation itself from my very quick glance, this piece is not overly difficult or treacherous. I understand the point of it.

There are some concerns, and I put these out there. It is better to put the concern out and have it not be a concern down the road, than not mention it and somebody say: Well, you never brought that up. It was never mentioned before.

One of them, is when you look through the legislation it references the fact that there are going to be family homes that will be expropriated. In doing that, there is a reference here – I apologize, I do not have the exact section right here in front of me. I am pretty sure I am right on the money here in that a family home which is expropriated goes to the Family Homes Expropriation Act. There is already a pre-existing piece of legislation that will cover that.

What happens, from what I understand, is that if a family home is taken it goes to this legislation, and that is the governing legislation on here. If you go to that piece of legislation – and I have it here, I printed off the majority of sections of the different ones that were referred to. It is a significant amount of reading to try to get done in twenty-four hours as we come in here and talk about this. I am not making this a cheap shot, but we all know where we have been on hurried expropriations. We all know where we have been on that. I am putting it out there; I am hoping that this is not going to be a similar situation.

When you go to a family home it goes to the – there is a compensation payable part and it describes what a family home is and what a family unit is. It says here "...the family home shall receive an amount in compensation that will at current cost and prices put him or her in a position to acquire by purchase or construction a home reasonably equivalent to that which is being expropriated." That, to me, sounds like replacement value, really. The language there gives it some leeway. It says, "reasonably equivalent".

I do not know what the budget is for this situation. I am hoping we will find this information out. I am sure at some point Nalcor said: Look, these are the 1,100 kilometres and this is what we think it is going to cost us to do this process, to compensate landowners, and to compensate homeowners. I am hoping the reasonable will be on the upside of reasonable, not on the downside. I do not want to see government quibble with people over their homes.

**MR. K. PARSONS:** (Inaudible).

**MR. A. PARSONS:** The Member for Cape St. Francis has mentioned that all of the families are satisfied. I am hoping and I believe that will be done. That was for Torbay Road.

One thing came to my attention when I was reading this. I put it out there. I hope it is not an issue, but it is better to raise it than to not. Section 6 of that act says substandard or unfit house. It says: Notwithstanding the other provisions of this Act, where a family home is expropriated for the Province and the arbitrator is of the opinion that the family home so expropriated is substandard by reason of size, construction or deterioration; or is unfit, by ordinarily accepted property standards, no compensation shall be paid in respect of that expropriation.

What I say there is that to me is a possible situation down the road, because we all know we have constituents who live in homes that are probably not what they want to be living in. In my district alone, the number of older homes, occupied homes, homes that have old electrical systems, homes that could be a century old, and if you look at them from today's standard they could be deemed as, going by clause 6.(a), substandard.

What I am hoping here is this is one where the government comes in and says: Look, it is not an issue. We can apply the legislation to make sure people are taken care of. In the grand scheme of things, government wants to make sure this is done right, it is done fairly, and it is done properly, so they will not use the legislation to detrimentally affect anyone.

The reason I put that out there is not saying you will. I am saying I hope that is not an issue down the road. That might be a case that does not arise. It might not be an issue whatsoever, but it is necessary I put that forward.

We understand the legislation is for the advancement of Muskrat Falls and it is necessary to move the project forward. I understand that we are trying to deal with the minimum amount of space necessary. I believe it is a sixty-meter wide transmission corridor. We know that if this project, whether you are for it or against it, now that this sanction is going forward – you might not like what happened but you have to deal with the legislation that makes that happen. You can agree with it or disagree, but it is what it is.

I believe we are waiting on the environmental assessment that is going to determine some of the – and I know it has obviously been looked at, we can avoid certain things here and we can avoid certain things here. Make the line so that we are not going to completely go out of our way because that only goes to the cost part. Then again we all know what happened when the costs rise up here. We all know who is going to bear the impact of that. In this case the legislation will be placed so that we can take land if necessary from individuals.

**MS JOHNSON:** There will be people hoping that it gets expropriated (inaudible).

**MR. A. PARSONS:** That might be the case as well, I say to the Minister of Child, Youth and Family Services. The minister said that there might be people hoping that it gets expropriated, and that might be the case. It has happened in the past. Expropriation is not a new concept. This has been there.

The only reason that we are not using the old act is because the old act has two things. Number one, it is not quite suitable to what is being done here; the second part is that the old act I believe might be too slow for what government is trying to do here. The fact that we are here and we have been here for however many hours and government is pounding this through – because we all know it has to be done in January. You are not going to use an old act that delays that process. If that is the case, you would have given us the time to do the necessary research of this. I understand that part.

I go through the act; I have given it as good a review as I can in the time given to me. A lot of it is legislation that was from the old Expropriation Act, and then we talk about the standard parts like registration of deeds. Obviously once the transaction is concluded, then there is going to be a deed and that deed has to be registered and it is registered under the Registry of Deeds. I have no issue with that. I have no reason to believe that stuff is not basically cut and pasted from the existing legislation. It is not contentious. It is not meant to be contentious.

The problem is when you deal with a piece of legislation that has fifty-five sections, that is a lot of reading to get done in a short period of time. I know the members opposite, they know where I am coming from with this here

and I know everybody wants the best intentions. I wish I had to have the opportunity to really delve into this. A lot of times you can farm it out to people, to experts or people who are noted in that field, other lawyers, to make sure that there is something that is not missed there.

I think it has to be stated here that even with the best intentions, legislation gets fooled up. We have seen it here this week with An Act to Amend An Act to Amend the Enduring Powers of Attorney Act, which was a twenty-two section piece of legislation. Now this one is fifty-five sections. These things can happen.

In a lot of cases, you have individuals drafting it – I do not want to use the term tunnel vision, but if you are looking at something so long, you get sort of blurry to it, then when you get the fresh eyes on it, the fresh eyes pick something up here. That is what we do as the Opposition. Our job, in many ways, is to be the fresh eyes and look at this legislation and see if there is an issue.

I know the process works because the act we dealt with on Monday, the Enduring Powers of Attorney Act, was a case where we put concerns forward and those concerns were noted in Hansard and the staff took it and they looked at it. They said: Yes, the Opposition was right. What they suggested was right. They expanded one section of that piece of legislation, based on suggestions we made. Even though I know there are some members might say well my God, I do not think so; once in a while we do make a valid suggestion that is intended to help the people that government is trying to help.

Continuing on – and my time is running out; I believe I might be the second last speaker to Bill 60 –

**MS JONES:** No, on the other side.

**MR. A. PARSONS:** Oh, the other side. Well, hopefully the other side will get up and if I have been wrong in anything I said, I would ask you to stand up, but I do not think I have said anything contentious or anything wrong. I guess what I would say is that the legislation is necessary for what it is you are trying to do and what it is you have already sanctioned.

At some point, what are we supposed to do, as the Opposition?

**MR. KENNEDY:** Let's get out of here.

**MR. A. PARSONS:** I say to the Minister of Natural Resources, you say: Let's get out of here. Well, what we are trying to do, one of the reasons that we do have these filibusters, is that it does buy us that opportunity, that time to review. We do have people sitting out in the rooms going through it, pouring through it, and in between getting a quick bite to eat we are looking at the legislation. It is buying us time to get this done. The problem is that is the only time we have. Because the fact is that is not something that is going to be put off. This is something that government wants to do in January, and we are less than a week before Christmas. So, we have to take that time now, and this is why we are doing it. This is why we have everybody sitting here, five days before Christmas, pounding through this.

What I would say, Mr. Speaker, is that I think my concerns and thoughts have been noted on the record. The legislation itself from the review I have given it, I understand the point of it. I just do not understand why we were placed in the position we were in terms of going through that. That is really all I have to say to that, Mr. Speaker, but it is a pleasure to speak to this. I look forward to the Committee stage where we can ask questions.

Thank you, Mr. Speaker.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The hon. the Minister of Intergovernmental and Aboriginal Affairs.

**SOME HON. MEMBERS:** Hear, hear!

**MR. F. COLLINS:** Thank you, Mr. Speaker.

Listening to the comments of the hon. Member for Burgeo – La Poile, I thought I was going to be pre-empted when he said he was going to be the last speaker. I am glad that was not the case. It gives me the opportunity to –

**AN HON. MEMBER:** Second-last speaker.

**MR. F. COLLINS:** Second-last speaker. I do not hear as well as I should, Mr. Speaker.

Mr. Speaker, I wanted to get an opportunity to speak to this bill today for a few minutes. I may not use my full twenty minutes. We are in the implementation stages now of the Muskrat Falls agenda. We are on the road home. As someone told me the other day, you are rounding third, heading for home, and the ball is hitting again. There is no other place where we are going to wind up.

All the reports are in, all the data is analyzed, all the consensus have been reached, all the sanctions are done, Mr. Speaker, and the people of Newfoundland say we are ready, let's get on with it. That is where we are. That is evident here. That is where we are. Let's do it. Let's do it.

**SOME HON. MEMBERS:** Hear, hear!

**MR. F. COLLINS:** Two days ago the Province sanctioned it, Emera sanctioned it, and the Innu Nation sanctioned it. It is all systems go. We have liftoff on this project. We have to put the legal mechanisms in place now to implement it, and that is what these two bills are about.

Mr. Speaker, before I get to Bill 60, and Bill 60 is a pretty simple and straightforward and will not take too long to talk about it, I want to make a few comments. Last night in this House we heard two presentations by the Minister of Natural Resources. They were the most splendid presentations made in this House in a long time.

**SOME HON. MEMBERS:** Hear, hear!

**MR. F. COLLINS:** I passed by him on the way out and I said Mr. Smallwood would have been proud of you. The passion and the manner in which this man has led this file have been just terrific. We have watched this file and been a part of this file as member of Cabinet and member of caucus. We have seen how he has absorbed this file and lived and breathed this file every day. The manner in which he has brought this file forward, Mr. Speaker, is extraordinary. With his leadership, with the leadership of the Premier, and with Ed Martin, what a team – what a team – and for us to be part of it and in any way associated is a proud moment for us. Even though many of us are only on the periphery of that file, it is still just an honour to be part of.

Mr. Speaker, I do not claim to be stunned, although some people may think that perhaps sometimes I am. Try as I might, I cannot make any sense out of what the speakers of the Third Party say. I sit here every time they rise. We heard the Member for The Straits – White Bay North this morning and, honest to God, I did not know what he was saying. He raised more speculation, more what-ifs and negative scenarios about a simple piece of expropriation than I thought was possible. I do not know where he got them. He raised all kinds of negative things that can happen as a result of this bill. I have no idea where he was coming from.

A few minutes ago, I heard the Member for St. John's Centre, in her usual manner, baffle me completely. I sit here and I actually strain – I wear two hearing aids, Mr. Speaker. I put in this earphone as well, Mr. Speaker, but I cannot understand one thing she says or where she is coming from. She claims to have so much expertise; I cannot understand how Nalcor passed her up.

**SOME HON. MEMBERS:** Hear, hear!

**MR. F. COLLINS:** Mr. Speaker, back to reality. Bill 60 is one of the pieces of the puzzle the minister referred to the other day, we are in the implementation stage, and Bill 60 now is the part of the piece of the puzzle that we need to put it all together. It is stand-alone legislation. We have to do a transmission route of 1,100 kilometres, I believe, from Muskrat Falls to Soldiers Pond. The exact route is not yet determined, but we will have to acquire certain lands to accommodate that transmission line.

It is a straightforward bill. The acquisition of land for this transmission route will not start until these lands are released from the environmental assessment process. I understand the generation plan has already been released, the line to Churchill Falls has been released, but when the Labrador-Island Link and the Maritime Link are released, then this act will apply.

Mr. Speaker, some people might ask the question: Why do we need this legislation? Why do we need another piece of legislation? We have all kinds of easement legislation in place now. We have legislation in place now to cover easements. Easements are granted every day. We have power easements and we have utility easements.

As a mayor and councillor, I was involved in several expropriation proceedings and granting several easements; the easements were part of the everyday process. If you buy a piece of property from me and it is up behind my property and you have to get through my property, I can give you an easement to it. So, easements are granted all the time. You can get a path to a well through somebody's land by an easement.

There are prescription easements, Mr. Speaker, where if you use a path to your well for ten years and the owner does not know anything about it, then you get rights to that path. There are all kinds of easements. So, why do we need more legislation for easements?

The problem is, Mr. Speaker, this is such a unique project and so complicated that the current legislation is just too narrow. The current legislation deals with local issues; it does not contemplate a project like this. The existing legislation has a complicated permitting regime in it, so many land use issues to be dealt with, requires repetitive applications, deals with different municipalities, Mr. Speaker. That is why new legislation is needed and that is why this Bill 60 is here today.

It will be for a unique project. A project with such dimensions it will need stand-alone, enabling legislation to do it. Mr. Speaker, we heard talk of a statutory easement. What this will do is create a statutory easement. What is the difference between a statutory easement and any other kind of easement? The fact of the matter is you cannot – under current legislation or under the financing requirements of this project, Nalcor needs to be able to pledge the easement as security to the lender. The lender is needed, this is a big project, there is a lot of money involved, and they need all the security they can get. This is not possible under the current legislation. The easement will be limited to just the specific project needs.

Mr. Speaker, this does not mean that the land we are going to be acquiring, these easements, cannot be used for other purposes. This does not mean it cannot be used for other purposes. Mr. Speaker, this easement will go through the Newfoundland and Labrador T'Railway Provincial Park for example. That is a compatible use and will continue. It can be used for recreational purposes or for personal use, as long as it does not interfere with the rights of the holder. Compatible uses are allowed.

Mr. Speaker, it should also be pointed out and it cannot be overemphasized that in one case the land needed – 99 per cent of it is Crown land and in the other case, 90 per cent is Crown land. That should not create much of a problem for us. I do not see the expropriation process being extended to that. Certainly that could be negotiated, will be negotiated. It is only the very small amount of property that will need the expropriation process in this case.

It has been pointed out so often, the first effort is to negotiate. Expropriation is the last resort. Fair and replacement values are negotiated on these lands before ever we get to expropriation. That is really nothing different from what happens now. The Member for St. Barbe this morning went through this clause by clause and kept saying how it got worse and worse and worse, and compared it to underdeveloped countries. He mentioned Cuba and some other place. I do not want to go there. We went there before, at one time, and got in trouble with it.

Where he was coming from in the act, there is nothing any different from current legislation, with the exception of the statutory easement which now we can pledge the security. It is so big and unique that it is a specific piece of legislation, specific to this project. The basics are the same as all easement legislation of the day. Mr. Speaker, there will be every attempt made here to negotiate a fair agreement with the property owners. Every attempt will be made to negotiate a fair deal, as happens now.



Regulations, they are not drafted yet, but they will be and will cover off some of the problems the Member for St. Barbe mentioned this morning. The regulations, when they are drafted, will determine the protocol. Regulations always do. That is what regulations are for. They will determine the protocols of this legislation.

Mr. Speaker, private homes; I think the Minister of Transpiration mentioned this morning private homes and the regime now in place for expropriating private property. He mentioned several situations this morning where private property would have to be expropriated for government projects. There is legislation called the Family Homes Expropriation Act. That will still apply. That will still apply in these cases, where you get the replacement value, put you in fair market value and put you in a placement house. Nothing changes.

Mr. Speaker, when they talk about the arbitration panel, these are independent. That is important, Mr. Speaker, that these be independent people with special skills, with experience in appraisals and surveys, and in an expropriation business. These will be independent people set up by government to handle the applications.

Mr. Speaker, there is an appeal process, as there is now. Right now, under the Family Homes Expropriation Act, you can appeal to the Trial Division if you do not like the expropriation process. Under this legislation you can appeal to the Court of Appeal if you do not like the decision of the Board of Arbitrators.

Mr. Speaker, this is not magic, or this is not groundbreaking. This is specific, enabling legislation enough to get us through another piece of the puzzle.

Mr. Speaker, as I mentioned before, the lenders, the financial advisors need all of this in place. Nalcor needs to go to the lenders. They need to go right away. We have to get this in place, along with Bill 61, and get this thing done.

Mr. Speaker, from the perspective of the Department of Aboriginal Affairs, some of the lands to be expropriated will be in areas, and I am sure the –

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

The hon. the Minister of Intergovernmental and Aboriginal Affairs.

**MR. F. COLLINS:** Some of the lands, Mr. Speaker, will be in areas where there are Aboriginal and treaty rights. We have a duty, Mr. Speaker, to consult. We will develop consultation guidelines specific in order to carry out that duty.

Mr. Speaker, Nalcor and the government, in this case, will only take the interest in the land they need. In some cases that might only be a licence to occupy. In other cases it might be total ownership. To a minimum interest is all that they will look for.

Mr. Speaker, Muskrat Falls is a go, and I say bravo for that. People in the Province are ready. Everyone wants to proceed. The project is sanctioned. We have lift off. We need to put the last pieces of the puzzle together. Bill 60 and Bill 61 are pieces of that puzzle, and I ask the members to get on with it. Do not continue to stonewall this project and try to save some political face. That is not what it is all about. You are only losing credibility, I say to the Third Party, in doing that. Let's get with the people of Newfoundland and Labrador and let's get this show on the road.

Mr. Speaker, thank you.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The hon. the Member for St. John's North.

**MR. KIRBY:** Thank you, Mr. Speaker.

It is certainly an honour and a privilege for me to have an opportunity to stand again and speak to Bill 60, An Act Respecting the Use and Expropriation of Land for the Purpose of the Muskrat Falls Project.

We had a good briefing on this. I think I neglected to say when I was up speaking just after 5:00 o'clock this morning, when I was speaking on Bill 61, I forgot to thank the minister's staff for giving us a briefing on this. It was quite thorough.

The essence of this bill is very straightforward. It is to effectively – to use layman's terms – legislate the land that is going to be used for the transmission corridor, to set it up as an asset for this development and to set out the rules for everything that is going to happen in terms of the expropriation, as my colleague, the Member for Burgeo – La Poile had said, when they take the land, acquire the land for the purposes of building the transmission corridor.

There is also an important section here about how this applies to municipal taxation. I hope to have an opportunity to say a few words about that while I am up. It also talks about various uses of land for the transmission corridor and the transmission lines that will come all the way down from Muskrat Falls, down the Great Northern Peninsula and, of course, out to Soldiers Pond, and the south western side of this which will lead into the proposed Maritime Link in the event – I will speak of, the proposed Maritime Link in the event that it is actually ever built.

I thought the Minister of Natural Resources did, I agree – I think he was the previous speaker. I think he did give quite a good speech but, of course, we all know the history of the world, and certainly the history of Newfoundland and Labrador is littered with good, political speeches.

It is quite a coincidence that we recently marked the passing of our first Premier. He was the last living Father of Confederation when he passed away twenty-one years ago, former Premier Joe Smallwood. Smallwood liked to stand in this Legislature. If he was here today and he was talking about this project he would be talking about the tens, and the hundreds, and the thousands, and the tens of thousands, et cetera, whether that would be jobs or millions, or billions of dollars that are going to be spent on this project.

I wanted to respond to the Minister of Health and Community Services, because she talked about what my colleague, the Member for St. John's Centre, had said about conservation. I think she said that she did not think my colleague understood the difference between conservation and consumption. We would not be here talking about Bill 60 at all if the government was more serious about conservation. We probably would not need anything near what we have at Holyrood right now if the government was serious about conservation.

We would not need this transmission line if we had – and there was an interesting story I read the other day that talked about the future of energy production in the Western world. It said the future of the grid is off the grid. In that conservation is going to play an incredible role in energy policy of the future. Conservation was one of the alternatives for increasing the amount of electricity that we have available for domestic consumption. That came up time and again.

I know Dr. Jim Feehan at the university did publish a paper on the issue of conservation. You do not have to accept all of the ideas that were in there, but certainly he did present a holistic argument on the subject of conservation. I do not really feel like, contrary to the government's take on what Dr. Locke has produced, the government has not really embraced that. This has been a consistent theme throughout all of this, through all of this process with the Muskrat Falls Project and plan, if the ideas fit our agenda they are good ideas. If the ideas do not fit our agenda, they are maligned, they are ignored, and they are refuted.

I say to the Minister of Education, conservation is a boundless source of energy in this Province that continues to go untapped, a source that we have not decided to harness. Instead, we are going to build this multi-billion project with the associated transmission line through the Province.

**MR. JOHNSON:** (Inaudible).

**MR. KIRBY:** There is one TV in my house, I say to the Minister of Child, Youth and Family Services. There is one television in my house and it is rarely on because I do not even have cable.

The few conservation measures that are in place in this Province merely pay lip service to the whole idea of conservation, I say to the members. Yes, we all know. You can sit back and you can spend all of these billions of dollars and we can build this dam and we can build this transmission corridor, we can do that, sure we can, but we have to get serious about conservation sooner or later, and they are not serious about it now. I will tell you why I say that, because we need to institute more aggressive measures for conservation.

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

**MR. KIRBY:** Just to point out, for example, the Residential Energy Efficiency Program, the REEP that we have, it should be helping more Newfoundlanders and Labradorians to significantly reduce their energy use, especially when it comes to home heating purposes. I accept the fact that with the prices of oil we have seen, we have seen a lot of people switching over to electric heat in their homes. A lot of those new homes that are going up in my district, whether it is Kenmount Terrace or City View Terrace or Grovesdale Park, the vast majority of those homes do have electric heat.

We should be doing more to ensure that a lot of the older homes in the Province are retrofitted; that there is an opportunity for them to get retrofitted so they can be more energy efficient. This is great plan for rural Newfoundland and Labrador because if you allow for more people across the Province – a lot of those houses are located in rural Newfoundland and Labrador. If you allow for more retrofits, there are more carpenters, there are more electricians, and there are more painters, more plasterers and more tradespeople who have opportunities to find work in communities that are approximate to their own communities, to do those retrofits.

Then you look at the suppliers, all of the hardware stores and the lumber yards. All of those small businesses in rural Newfoundland and Labrador, all across the Province, stand to benefit from such an idea. I do not know why – other provinces have gone there.

The Minister of Natural Resources and the Premier like to stand there and give, as examples, what is going on in Nova Scotia. Well, Nova Scotia has invested far more, I would argue, and has paid far more attention to the idea of energy efficiency as a key part of its energy plan. I think it is unfortunate.

The REEP was shut down again in the summer of this year because the amount of funding allocated was up. I am not sure; it could have been a little earlier. I do not know. People started contacting us about it. We saw that the same thing happened in the previous year.

Once again, people have to wait until January to apply to the program. Of course, you know what they are going to do in December and January –

**MR. SPEAKER:** I remind the hon. member, I have given the hon. member great leeway for speaking to Bill 60, please.

**MR. KIRBY:** Thank you, Mr. Speaker.

You are very understanding. I was going to say that these people are going to burn more electricity this winter because they have not been able to quality. That was my brief point on that. I think this would help us to avoid having a new, expensive transmission facility throughout the Province. I think it is a clear example of how not enough is being done to think about other ideas.

The only other thing I would say about the plan for conservation, which is sort of sad. It is amusing in a sad way, let's put it that way. If you can imagine something being amusing in a sad way. Is this government's plan for conservation, and I called it lip service, is we have advertisements with poor old Corte-Real. He is over across the road there, and he is down bobbing around St. John's harbour.

The feeble attempt we have at conservation is to frighten people. I do not even know, Mr. Speaker, if that statue can float. I do not know if they stuffed it full of Styrofoam before they put it down in the harbour or not. I do not even know if it can float. Somebody is down below it in scuba gear holding it up, I think. I just wanted to say that.

To go back to what I said, the minister gave a number of great speeches on this legislation. There is no question about that. I was transfixed, in fact. I think he did a great job. We have had great speeches on other projects in the past, like the Upper Churchill Project.

I said here the other night, the Upper Churchill process, project, and the outcome is probably the most significant political mistake and the most egregious giveaway in the history of this Province. It is the ultimate political failure, and none of us want to go there again. That is what our fear is. We do not want another ultimate political failure.

Yes, I say to the Minister of Education, he is probably going to need that calculator to calculate his power bill after we get Muskrat Falls.

I would say the spectre of the Upper Churchill haunts us here in this House of Assembly. I would go so far as to say perhaps the ghost of Premier Smallwood himself haunts us on this issue. We ought to be concerned that we not make a colossal multi-billion dollar mistake that generations of Newfoundlanders and Labradorians will have to deal with.

I was saying to a young woman the other day: You will be retired – she is in university now doing her undergraduate degree – by the time we figure out whether all of this is good enough to eat or not, when we start paying all of this back, paying for the problems that we may very well have created.

I just have a few moments, and I have a lot to say here. I have several different binders full of information that I want to share with the members here in the coming hours and in the coming days and perhaps the weeks that we have to stay here to ensure that these bills, Bill 60 and Bill 61, get a thorough and clear –

**MR. SPEAKER:** Order, please!

I ask the member to get to Bill 60.

**MR. KIRBY:** Yes, absolutely.

One of the things on the bill, Mr. Speaker, is the whole question of municipal issues when it comes to the corridor. Obviously, this transmission corridor is going to cut right through two national parks: Gros Morne National Park and Terra Nova National Park –

**AN HON. MEMBER:** It is going to come close, I think.

**MR. KIRBY:** It is going to come close, sorry. Then we also have the whole issue of municipalities and how it is going to impact –

**SOME HON. MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order, please!

I am having trouble hearing the hon. member. He deserves to be heard, so I ask all hon. members to pay attention.

Thank you.

The hon. the Member for St. John's North.

**MR. KIRBY:** Thank you, Mr. Speaker.

I understand the members – I am generating a lot of discussion on the other side. I think that is really what is going on. They are probably saying: See what he just said. Now I never thought of that before. That is why it is important for us to be here to allow the Members of the Opposition to raise these important points, singularly important points, so that members of the governing party can say: Well, wait a minute now, we should slow down on this here a little bit because we might not want to make a mistake. Maybe the spectre of the Upper Churchill is haunting this process.

I go back to what I was saying about the whole issue of expropriation of land across the Province. This exempts the proponents from municipal, property, business, and commercial taxes on the corridors of transmission and for any assets associated with the transmission that are located on or connected to the whole transmission corridor.

I do know that there was some discussion of well, this will create jobs in the areas so those people will go to the local restaurants, those individuals who are constructing this, and those restaurants pay municipal taxes and there will be benefits. I can certainly understand that, but our municipalities or a lot of our municipalities have limited means of supporting themselves. So, I just wonder about how the sorts of concerns that we will hear from municipalities, whether those lands that are going to be used now for the transmission corridor were intended for other purposes by municipalities.

We have not had an opportunity because we just got the maps and all the associated – we just got the legislation a very short time ago. I have not had a chance to have a good look at that. I do not know if my colleague, the Member for St. John's East, who is the critic for Municipal Affairs has had a chance to get a good going over of that.

You have to wonder whether any of those lands were intended for residential property development, whether municipalities planned to develop subdivisions in those particular areas. You have to ask whether those municipalities intended to provide those lands for the purposes of business development.

**AN HON. MEMBER:** (Inaudible).

**MR. KIRBY:** The Minister of Education, I think he is starting to think about this a little more.

The more we think about this – then another point of this that I think is interesting is the act permits the proponents of the project to use land for the transmission corridor without requiring municipal permits. Anyone who has tried to make changes to their land, their property – especially anything substantive, sometimes things non-substantive – and you do not get approval from the municipality for those changes, well of course you raise the ire of municipal officials if you do not have a permit.

It is important for municipalities to approve what you are doing, to be engaged with what you are doing because that is their job in being municipal government. I do not think any members here in the House would take kindly if the federal government came down here and used some authority that it had to run roughshod over the authority of the provincial government.

When we use statutes, when we use the laws of the Legislature, the laws of Newfoundland and Labrador, to usurp the authority of municipal governments, it does not make them happy. They were elected to do a particular job and that is to provide for planning.

The Member for Mount Pearl South there is thinking about it awful hard because he used to be in municipal government; he knows what I am talking about. He knows exactly what I am talking about. You do not want to raise the ire of municipal governments. One of the things that they do is approve development and issue permits for development.

I am a little concerned about this. I wonder about how they will react. I have not heard any yet. Of course this is very new; we are five days away from Christmas. I think one of the problems with that is that we are here shoving this through and then a lot of the backlash is going to emerge well after the holiday, after people realize what has been done.



I think these are serious issues. So, I hope that we will have an opportunity to continue to raise them, and members can have discussions like they are having over there and think about, well maybe this needs to be changed. I hope there will be opportunities to make a lot of amendments to this, because we have a lot of amendments to propose, and we can discuss those as time goes on.

So, it is a pleasure to speak to this, Mr. Speaker, thank you.

**MR. SPEAKER:** Is it the pleasure of the House that the question be now put?

All those in favour, 'aye'.

**SOME HON. MEMBERS:** Aye.

**MR. SPEAKER:** All those against, 'nay'.

**SOME HON. MEMBERS:** Nay.

**MR. SPEAKER:** Carried.

Is it the pleasure of the House that the said bill be now read a second time?

All those in favour, 'aye'.

**SOME HON. MEMBERS:** Aye.

**MR. SPEAKER:** All those against, 'nay'.

**SOME HON. MEMBERS:** Nay.

**MR. SPEAKER:** Carried.

**CLERK:** A bill, An Act Respecting The Use And Expropriation Of Land For The Purpose Of The Muskrat Falls Project. (Bill 60)

**MR. SPEAKER:** This bill has now been read a second time.

When shall the bill be referred to the Committee of the Whole?

**MR. HUTCHINGS:** Now, Mr. Speaker.

**MR. SPEAKER:** Now.

On motion, a bill, "An Act Respecting The Use And Expropriation Of Land For The Purpose Of The Muskrat Falls Project", read a second time, ordered referred to a Committee of the Whole presently, by leave. (Bill 60)

**MR. SPEAKER:** The hon. the Deputy Government House Leader.

**MR. HUTCHINGS:** Mr. Speaker, I move, seconded by the Minister of Finance, that the House now resolve itself into a Committee of the Whole to consider Bills 60 and 61.

**MR. SPEAKER:** It is moved and second that I do now leave the Chair for the House to resolve itself into a Committee of the Whole to consider Bills 60 and 61.

Is it the pleasure of the House to adopt the motion?

All those in favour, 'aye'.

**SOME HON. MEMBERS:** Aye.

**MR. SPEAKER:** All those against, 'nay'.

Carried.

On motion, that the House resolve itself into a Committee of the Whole, Mr. Speaker left the Chair.

### **Committee of the Whole**

**CHAIR (Verge):** Order, please!

The Committee of the Whole is going to consider Bills 60 and 61.

Before we begin voting either of these bills, the Chair would like to remind members that we are now at the committee stage. We just finished second reading on these two bills and there was latitude given in terms of speaking. People spoke to the principle of the bill.

In committee it is required that members be much more direct in their comments. If you are speaking to a particular clause, then I would ask you – if we are voting them clause by clause it will be obvious, but if we vote several clauses inclusively then I would ask members to say upfront which clause it is they are speaking to so that the Chair can follow along. It is required that your comments be relative, directly to that particular clause, or in the case of an amendment, that your comments be directly related to the amendment put forward.

The first bill we are debating in committee is Bill 61.

A bill, "An Act To Amend The Electrical Power Control Act, 1994, The Energy Corporation Act And The Hydro Corporation Act, 2007". (Bill 61)

**CLERK:** Clause 1.

**CHAIR:** Shall clause 1 carry?

The hon. the Member for Cartwright – L'Anse au Clair.

**MS JONES:** Thank you, Mr. Chair.

It is indeed a pleasure to rise and debate Bill 61 in committee. Mr. Chair, for those people who are following the proceedings of the House, the stage we are at now in committee allows all members in the House of Assembly to speak for ten minutes at a time with regard to the bill that the Chair has called. In this case, the Chair has called Bill 61 and they have called clause 1 of that bill which gives us the opportunity to discuss any particular clauses following clause 1 as it related to this particular bill right now.

Mr. Chair, Bill 61 is an amendment. It is amendments that are being proposed at this time to three other statutes of the House of Assembly; one being the Electrical Power Control Act, The Energy Corporation Act, and the Hydro Corporation Act. The reason these amendments are being proposed is they are necessary in order for government to move forward with the financing of the Muskrat Falls development project.

Mr. Chair, the bill would amend the Electrical Power Control Act. It would do so by expanding the scope and the direction that the Lieutenant-Governor in Council, meaning the government, the Cabinet – the Premier and her ministers are the Lieutenant-Governor in Council. It would give those people greater scope in terms of setting rates and dictating to the Public Utilities Board what the rates for Muskrat Falls' power should be.

Mr. Chair, in this Province, since 1949, we have had the Public Utilities Board. It is governed by a statute of this House called the Public Utilities Board Act. Under that legislation we have a process by which rates are set so that every mother, father, grandmother, child in every home in Newfoundland and Labrador, every business in this

Province, when they flick that switch, Mr. Chair, when they plug in the kettle, they know how their rates are going to be charged to them. They know what the process is.

What this act does now, Mr. Chair, is it kind of diverts that process. It allows for the government, the Lieutenant-Governor in Council, the Premier and the Cabinet, to sit at the big round table upstairs on the eleventh floor and decide what people in this Province should pay for electricity.

The way it all occurs right now is you go into the Public Utilities Board in what is called a hearing. The body that delivers electricity – in our case, Newfoundland and Labrador Hydro, or Newfoundland Light and Power – would go to the Public Utilities Board and they would say that our cost of delivering power to the people of Newfoundland and Labrador has increased. It has increased because of this, because of the price of fuel.

It has increased because the price of fuel went up. It has increased because our capital expenditure is higher. Maybe, Mr. Chair, they had diesel plants that burned down. They might have had transmission lines that fell down in a storm. All of these things are triggers in terms of the Public Utilities Board setting the rate for power.

Newfoundland Power, Newfoundland and Labrador Hydro go in and they make their case to the Public Utilities Board. Then the Public Utilities Board listen, they accept what they say. They look at the information, and then they go to the people through what is called the Consumer Advocate. The Consumer Advocate acts on behalf of the men, women, children, and businesses in this Province who use electricity. The Consumer Advocate makes a case on our behalf.

We have the ability to do so as well, as interveners. I have gone before the Public Utilities Board five times since I have been an MHA on rate hearings, Mr. Chair. I went there to defend my constituents who were going to be billed a higher rate if Newfoundland and Labrador Hydro won their case.

People can intervene, Mr. Chair, in the Public Utilities Board. You can write letters. You can submit reports. You can go before them, in some cases, if there is a hearing. You can talk to your Consumer Advocate and outline your concerns. Then the Consumer Advocate will present on our behalf. They will bring in trigger factors as well. They will try to connect any degree of increase in electricity with inflation. They will try to connect it with other things that are happening. The volatility of oil prices going up and down may be a trigger for them to argue in our defence as opposed to the opposite.

By the way, Mr. Chair, that board is appointed by the government – they are appointed by the government. They are handpicked by the Premier and the Cabinet. In this case, they picked Andy Wells to be the Chair. I do not have the names in front of me. I am sure I will have them sometime between now and midnight. They have these individuals who they have appointed to hear those cases.

What they do is make a decision which they feel is fair to the people of the Province. They listen to both sides. They weigh out what the capital expenditure is to the utility provider. They look at what the consumer price indexing is for the consumers in the Province. They look at the amount of electricity that is being used. They look at a number of triggers and then they decide what a fair price of electricity is. That is what they do. It is a very open, very independent process. It is not protected by the secrecy laws of the Province which fall under Bill 29. No, Mr. Chair, it is all open to the people of the Province to go and read and be a part of it and engage in it.

What the legislation is currently doing – and it is doing it through the definition of Muskrat Falls, which I will read when I speak again because the definition is two-and-a-half pages long and that would take me ten minutes to actually read the definition. Not that I am a slow reader, just that there is a lot of information.

Mr. Chair, what government is proposing to do now is not allow the Public Utilities Board that independent, fair process of listening to all of the players and evaluating the triggers and setting electricity. What they are going to do now is the government, the Cabinet, the Premier on the tenth floor, at the eleventh floor at the round table, Mr. Chair, is going to say this is what the people in the Province are going to pay for electricity. Then they will send it over to the Public Utilities Board and they will tell the Public Utilities Board this is now the rate for power in Newfoundland and Labrador, send the bills out.

There is no requirement of government, Mr. Chair, to be open or transparent. In fact, they have passed legislation in the House of Assembly in the spring that allows them to keep all of the information private and confidential. For example, if the Muskrat Falls Project goes over the \$8.3 billion numbers that are currently being estimated and say, for example, it goes to \$9 billion or \$10 billion or \$15 billion, well then government does not have to tell the people of the Province where that increased cost comes from. It does not have to tell them where these overruns are, but they have the ability to set the rate based on what those costs are. They do not have to tell what they are. They do not have to tell you where they came from. They are protected in doing so.

They have the ability, Mr. Chair, to say that originally your rates were going to be twenty cents a kilowatt hour on a project that was \$8.3 billion – twenty-one cents. Now, Mr. Chair, the project is all of a sudden going to be \$15 billion, your rates are now going to have to twenty-five or twenty-six cents a kilowatt hour.

This is what will happen, Mr. Chair. Will we know where these overruns come from? Will we know why the cost of the project was driven up? They have no requirement to share that information. It will be at their goodwill if they want to.

Mr. Chair, that is one of the issues that we are debating here. Maybe if the government was going to have an open, fair, and transparent process of looking at the cost of Muskrat Falls and saying even to the utilities board that one of the triggers that goes into setting rates from now on will have to incorporate any cost overruns of the Muskrat Falls Project because we have to recover the money for the ratepayers of the Province, at least there would have been some openness and transparency. We are not having that.

Mr. Chair, in August, nearly \$30 million spent on Muskrat Falls. In September, nearly \$30 million spent on Muskrat Falls. In July, I think it was \$25 million or something spent on Muskrat Falls. Does anyone in this House know where that money was spent? Does anyone know what it was used for? If you do, we would love to hear about it. We do not know where it was used. We have absolutely no idea.

We know that \$55 million was just committed to Emera. Will that now go in to setting the rates under Bill 61? Will that be one of the trigger costs to the people of Newfoundland and Labrador? These are things that we need to know, Mr. Chair. That is the reason that we are going to stay and debate this bill for as long as it takes until we feel comfortable with the information and the answers that are going to be provided.

Mr. Chair, government is bringing in this bill five days before Christmas Eve. In five days we will be into Christmas Eve. We have people in this House of Assembly, Mr. Chair, who want to go home for Christmas like everyone else, who work here, they work here, they work in the galleries, they work in the Legislative Library, they work in the Speaker's Office –

**CHAIR:** Order, please!

The member was given the opening section which is fifteen minutes. The Chair has allowed the member to speak to the whole bill rather than a particular clause, which sometimes happens when you call clause 1. That is fine, but I would ask the member to identify for the Chair which particular clause she is speaking to and to stay strictly relevant to that clause.

I have allowed some leeway in the opening, but future speakers will get ten minutes each and it will be directly to the clause. The opening, on either side, fifteen minutes I will allow of the general bill, but thereafter it will be strictly to the clause and all speakers will have to identify the clause they are speaking to.

The Member for Cartwright – L'Anse au Clair.

**MS JONES:** Thank you, Mr. Chair.

I am sorry; I did not realize that was the process. I always understood that in Committee once you call clause 1, unless you call clause 1 to a certain clause, you spoke to the whole bill. Maybe we need to get that clarified with the Table before we go any further so that we do not continue to have problems, but as it is right now, I am actually

speaking to the Explanatory Note that was provided with the bill before I actually get in to the amendment in the first clause.

**CHAIR:** For the purpose of the member, the Explanatory Note is given to guide one speaking in second reading. In Committee it is clause by clause. The principle of the bill is second reading.

**MS JONES:** Yes, Mr. Chair. Well, they are both directly related, so it does not make any difference. It is almost the same wording.

Mr. Chair, under this particular bill, what it does is it changes the scope and powers of the Public Utilities Board, it gives the government further powers and opportunities as it is described under the Muskrat Falls Project, and the bill outlines, in clause, 1 what the Muskrat Falls Project means. It specifically says that it is defined in the Energy Corporation Act. Of course, that leads us right into the Energy Corporation Act, whereby we will have the opportunity to outline government's definition of the Muskrat Falls Project, which happens to be two-and-a-half pages long, with a variety of clauses. I will be taking the opportunity under clause 1 to outline every single aspect of that as it relates to this bill.

**CHAIR:** The hon. the Minister of Natural Resources.

**MR. KENNEDY:** Thank you, Mr. Chair.

I am going to take this opportunity now to talk in general about the bill and then I will specifically refer to clause 2 to begin.

Mr. Chair, as I outlined last night in some detail, we looked at the background of this bill and we looked at the reason we are bringing this bill in. The financing structure is one that is required by the federal loan guarantee. I outlined last night, in some detail, how we got to the stage where we were, Mr. Chair. I outlined how Muskrat Falls was announced. I looked at the 1972, Mr. Chair, I looked at how we –

**SOME HON. MEMBERS:** Oh, oh!

**CHAIR:** Order, please!

**MR. KENNEDY:** I looked at how far we have come, Mr. Chair, in terms of from 1972 to 2010, and I outlined what has taken place, all of the studies and reports that we have had done.

The other thing, Mr. Chair, I outlined, was what has taken place in the last month or so when we talk about the federal loan guarantee, how the Premier almost walked away from it on a couple of occasions unless the deal was that which was of benefit to the Province. I outlined, Mr. Chair, the sanction requirement of the federal loan guarantee, and I referred to the sanction agreement that was entered into between Emera and Nalcor.

The reality is, Mr. Chair, the project, as indicated by the Premier, would only be sanctioned if the federal loan guarantee was assured. When the loan guarantee was announced by the Prime Minister, he indicated at that point he felt there was a minimal, if no risk to the people of Canada. We further looked at, how can we ensure that the project will proceed, in terms of the Maritime Link? The sanction agreement indicates that both Emera and Nalcor are committed to making the Maritime Link happen, and that language is used in the sanction agreement.

We sanctioned the project on Monday. These two pieces of legislation that we are bringing forward, they are brought forward now because they were not necessary unless we sanctioned the project. That is why, it is not a matter of – there is no conspiracy here, as I said last night. All it is is that the timing of the project, everything had to come together.

Here we go again with the Opposition attributing nefarious motives to us, attributing conspiracies. It is quite simple; it is a question of timing. As for being here, as I have indicated, we are willing to be here but this project has been discussed now for quite some time.



I always get a kick when I hear the Leader of the Opposition or the Opposition House Leader talk about the secrecy of this government. Well, just let me read what went on that our Province, Our Place in Canada – it is quoted in our Gull Island paper – where they talk about the 2002 deal of the Liberal government and the deal with Quebec.

**MS JONES:** Our Place in Canada?

**MR. KENNEDY:** Yes, Our Place in Canada. The Commissioner is Vic Young, Sister Elizabeth Davis, and retired Judge James Igloliorte. In the fall of 2002, Newfoundland and Labrador and Quebec were nearing the end of negotiations to develop the Gull Island project. While no deal was concluded, and little detailed information of the negotiations was provided, there were many concerns expressed.

We have been two years dealing with this project, everything is out there, report after report, and we are being accused of not being open and transparent. Let's look a little bit further at this deal – the deal that was exempted, not directed, but exempted from the Public Utilities Board as a result of legislation brought in by a Liberal government in 1994.

What we have, Mr. Chair, is a situation under 5.1 where we directed the Public Utilities Board in relation to the generation rate and the industrial rates policy in Labrador. We are looking now at the difference of what we are doing with a direction – they still have a role to play – the Liberals exempt it. They took it away totally.

Let's just look at what they did. Who will we go to for the word as to what happened with the Liberal deal? It is no other than their wannabe leader, or former wannabe leader, Dean MacDonald.

**MS JONES:** A point of order, Mr. Chairman.

**CHAIR:** The Member for Cartwright – L'Anse au Clair, on a point of order.

**MS JONES:** Yes, Mr. Chair.

I was just speaking to the bill and because I spoke to the explanatory note of the bill and not clause 1, I got ruled on. The member opposite is speaking to a report that has absolutely nothing to do with this bill whatsoever. It is a report called Our Place in Canada, Mr. Chair, that has no relevance to Bill 61 whatsoever.

I ask, Mr. Chair, that if relevance is going to be ruled in one case, that it be ruled in all cases.

**CHAIR:** Order, please!

The Deputy House Leader, to the point of order.

**MR. HUTCHINGS:** Mr. Chair, you indicated in the first explanatory presentation that there would be some broad latitude and that would be allowed. That was my understanding.

**CHAIR:** By way of explanation, what I recall –

**SOME HON. MEMBERS:** Oh, oh!

**CHAIR:** Order, please!

What I recall explaining is that the first two speakers would get fifteen minutes each, as is common when you are in Committee. I did not interrupt the Member for Cartwright – L'Anse au Clair until she was twelve minutes in. She was speaking to the principle of the bill. I did not do that purposely. When I called relevance, it was because the member was not talking about anything, in my opinion, that was relevant to the bill at all.

At that time, I explained that we are going to call clause by clause. Traditionally, when you call clause 1, people get to speak to all the clauses. What I had said is that after the first two speakers, all people speaking to the bill will identify for the Chair which clause it is they are speaking to.

The hon. the Minister of Natural Resources, to continue.

**MR. KENNEDY:** Can I have my three minutes back, Mr. Chair? I just lost three minutes as a result of the interruption.

**SOME HON. MEMBERS:** Oh, oh!

**CHAIR:** Order, please!

**MR. KENNEDY:** Let me quote from the former wannabe leader of the Liberal Party, "Dean MacDonald on the Gull Island Mess: 'He didn't even read the deal!'" It can be found in a blog called Pressing Politics by John Samms, who I have quoted before. He has an interesting discussion with Dean MacDonald.

We are accused of secrecy. We are accused of not being open and transparent. We are accused of conspiracies. Yet the same government that exempted the Lower Churchill Project from PUB scrutiny is now here saying because we are directing them we are doing something wrong.

Let's talk a little bit about this. Let's look at the quote of Mr. MacDonald. Mr. Samms writes, "I sat down with MacDonald last week and he told me about the reasoning behind his resignation. According to MacDonald, there had been little to no engineering done to assess the cost of the Grimes deal which was fraught with potential landmines, yet Grimes was ready to sign on the dotted line. But that's not the worst part, as you'll come to see from MacDonald, Grimes hadn't even read the contract!"

If I understand correctly, there were at least two or three of the Liberals who are there now who were there at the time. Unfortunately, according to Mr. MacDonald, the Grimes deal would have been much worse than Smallwood's legacy.

Here we are having debated in public for two years a project that deals with section 5.1, it is relevant to the bill, Mr. Chair. They do not like what they are hearing is the problem. Let's go on a bit further and let's see what Mr. MacDonald has to say. He said there were a number of problems. He got a phone call. He said here is the deal Dean, you and your board sign on the dotted line. Mr. MacDonald was not pleased with that process and would not agree.

He found three major weaknesses in the deal: "1) Grimes and co had severely miscalculated what they were giving up to Quebec. 2) Newfoundland and Labrador were on the tab for what MacDonald described as every nickel over and above the original cost of the project" – and, I say to the Opposition House Leader, not enough power was set aside for Labrador. You were in the Cabinet at the time and you did not look after Labrador. You are here today arguing against a project that will provide industrial power for Labrador.

Mr. MacDonald says he "...was bewildered as he said, 'our own negotiators didn't even ask the question what Quebec was getting, and that's just ridiculous.'" He goes on, Mr. Chair –

**MS JONES:** A point of order, Mr. Chair.

**CHAIR:** Order, please!

The hon. the Member for Cartwright – L'Anse au Clair, on a point of order.

**MS JONES:** A few minutes ago, Mr. Chair, you were ruling relevance with regard to committee debate on this bill, saying that we should address the first clause. There is nothing in the first clause of this bill that talks about previous deals of other governments, talks about any comments by Dean MacDonald or bloggers.

**CHAIR:** Order, please!

**MS JONES:** I would have to question why the member opposite is continuing to debate this bill in that context.

**CHAIR:** Order, please!

There is no point of order.

The hon. the Minister of Natural Resources.

**MR. KENNEDY:** Thank you, Mr. Chair; I am using my five minutes and forty-two seconds.

"Then Mr. MacDonald looks over at me" – being Mr. Samms – "and says animatedly, 'he didn't even read the deal!'" Now this is the deal that the Liberals were going to bring in to give Quebec all of the Lower Churchill power. This is the deal that they had exempted from public scrutiny. This is the deal that was not debated in public. This is the deal that no one knew the details of.

They will stand here today and argue –

**CHAIR:** Order, please!

I would ask the Minister of Natural Resources, in his comments, to refer back to the Bill 61 which deals with rates; the Chair is having some difficulty in making the connection.

**MR. KENNEDY:** I am sorry; Bill 61 deals with An Act to Amend the Electrical Power Control Act, it deals with clauses 5.1 and 5.2, which are the issues of direction versus exemption. We are being accused of being secretive, of conspiring, and I am just pointing out the difference, Mr. Chair. I am just pointing out that what the Liberals say we are doing now is in fact what they did back in 2000. What is good for the goose should be good for the gander, Mr. Chair. I am referring to them.

The Chair of Newfoundland and Labrador Hydro –

**MS JONES:** (Inaudible).

**MR. KENNEDY:** She does not like it. See this is what happens when you do not like what you hear, you jump up and down, you make noise, and you interrupt.

Mr. Chair, let me continue –

**MS JONES:** (Inaudible) stretching the truth.

**MR. KENNEDY:** I am stretching the truth, am I?

**CHAIR:** Order, please!

**MR. KENNEDY:** Mr. MacDonald goes on to say, "It's a scary thought considering the engineering for the Grimes deal was close to nil."

"As Mr. MacDonald noted, 'the province was strapped for cash and did not have the capacity to borrow if overruns went as high...'. They were going to sell the Province for \$100 million is what the Liberals were going to do, yet they have the temerity to stand here in this House and question what we are doing at Muskrat Falls. To accuse us of being secretive –

**MR. A. PARSONS:** A point of order, Mr. Chair.

**CHAIR:** Order, please!

The hon. the Member for Burgeo – La Poile, on a point of order.

**MR. A. PARSONS:** I will apologize in advance. The Minister of Natural Resources will get the time back; he will have further opportunity to speak to this. Again, I think it has been noted on numerous occasions that we are

speaking about clause 1 and the subject matter of what the Minister of Natural Resources refers to is not referenced in –

**CHAIR:** Order, please!

The Chair has already made that clear – twice, I would say to the hon. member. I will say again for the purpose of explanation: The Chair has said the first two speakers, there was latitude given to talk about the wide part of the bill; subsequent speakers had ten minutes each, would be speaking to the clauses of the bill as is required.

The hon. the Minister of Natural Resources.

**MR. KENNEDY:** Thank you, Mr. Chair.

We do the sanction decision on Monday. We have done our homework, Mr. Chair. I went through last night in great detail the reports. I think I almost hurt my arm at one point when I threw it far back with one of the reports. Now, why are we doing what we are doing here? It is simple. We want to maintain the lowest rates possible for the people of our Province. We want to ensure a bright and prosperous future.

As I discussed about last night, Mr. Chair – by the way, who did I quote from last night? The second member who resigned from the board of Newfoundland and Labrador Hydro back at the times of the Liberal's deal in 2000 – what did he say in a letter to the editor? What did Mark Dobbin say?

He said: This is why I resigned over the Lower Churchill, but this is why now I support Muskrat Falls. What Mr. Dobbin has to say is, "What seems to be lost in the noise of the debate is that to do nothing is not an option." Do you know why? We need the power. Now, that is where we come back to basics. We need the power, so how are we going to get it? I have heard some interesting discussions from the NDP today. We have examined the options, Mr. Speaker.

So now, we have the federal loan guarantee, we have sanctioned, we are moving ahead. In fact, the bulldozers are probably moving up there today, I do not know. So, what we have, Mr. Chair, is a situation where there has to be a financing structure. The federal loan guarantee, which is worth a billion dollars to the people of this Province, requires that we put a financing structure in place. It is non-recourse financing that – oh, by the way, Mr. Dobbin seems to think it is a very good deal also, and what he says to the people of this Province, "It is not always comfortable to make big decisions, but there comes a time when they must be made. The time is now. We have to grasp the opportunity, make the right decision to secure our energy needs and leave future generations the legacy they deserve."

**SOME HON. MEMBERS:** Hear, hear!

**MR. KENNEDY:** So, the two people who resigned from the board of Newfoundland and Labrador Hydro at the time of the Lower Churchill deal of the Liberals – which, by the way, there was so much information out there – they now support Muskrat Falls, and they have outlined why they support Muskrat Falls. It is simple; it is a good deal.

So, the financing structure has to be put in place, we have a billion dollars on the line with a federal loan guarantee, and what we need, Mr. Chair, is to put the structure in place.

The Minister of Finance – what was it we were going to make off Muskrat Falls?

**MR. MARSHALL:** Twenty billion dollars.

**MR. KENNEDY:** Twenty billion – a hundred million a year, and at the end of the day we would have gotten nothing because of the cost overruns. There was no engineering done. We have done 50 per cent.

So, Mr. Chair, what this bill does, it allows for our financing structure. What we are doing, I say to the members of the Opposition, we are directing the PUB, as last week you seemed to be in agreement with directing the PUB on

the generation rate. We are not exempting them, as you did back in 2000. We have an open and transparent deal, all of which has been argued publicly in this House. Not a secret deal like you had – a secret deal that would have been worse than Smallwood's legacy, according to Dean MacDonald.

**SOME HON. MEMBERS:** Hear, hear!

**CHAIR:** Order, please!

The hon. the Member for Cartwright – L'Anse au Clair.

**MS JONES:** Thank you, Mr. Chair.

It is a pleasure to stand and respond to the comments that have just been made by the minister, Mr. Chair, the comments with regard to previous deals. Because I think it is important to note that there is only one Muskrat Falls, and it is the one that you are developing today, I say to you, Minister. Do not go misleading the public out there into thinking, Mr. Chair, that there has been a Muskrat Falls Project –

**MR. KENNEDY:** A point of order.

**CHAIR:** Order, please!

The Minister of Natural Resources, on a point of order.

**MR. KENNEDY:** Yes, she said we are misleading the public, Mr. Chair. That is unparliamentary language.

**CHAIR:** Order, please!

There is no point of order.

I would ask the member to identify which particular clause she is now speaking to.

**MS JONES:** Yes, Mr. Chair, I am speaking to the same clause the Minister of Natural Resources just spoke to. I am not sure which section he quoted, but it is the same one. I am actually speaking to the comments he made, Mr. Chair, because he talked about another development on Muskrat Falls. There has not been any other development.

I say to the minister: I would expect more of you as a Minister of the Crown, a lead minister in a big project like this –

**CHAIR:** Order, please!

I would ask the member to direct her comments to the Chair.

The hon. the Member for Cartwright – L'Anse au Clair.

**MS JONES:** Yes, Mr. Chair, and I would be happy to direct my comments to the Chair because I know you are attentively paying attention to what I am saying. I am responding, Mr. Chair, to what the previous minister said under the same clause under this same bill.

What he said is that there was another deal, a deal done by the Liberals. Mr. Chair, there was no deal – there was no deal done by the Liberals.

**CHAIR:** Order, please!

The Chair has exercised great patience in starting this debate. I explained to the member and to the minister that the first fifteen minutes I would allow some more general comments about the bill. I did that for both.



Now, I am asking the Member for Cartwright – L'Anse au Clair, if she wants to continue, identify for the Chair which clause she is speaking to. She can speak to any of the clauses. We called clause 1, and when you call clause 1 generally at the beginning you allow any of the clauses to be debated. Identify for the Chair which clause she is debating so that the Chair will know.

The hon. the Member for Cartwright – L'Anse au Clair.

**MS JONES:** Thank you, Mr. Chair.

I would be happy to do that, although it is very difficult to find a clause in this bill to fit into anything the hon. minister had to say. I will attempt to do so under clause 1, and I will tell you why. Clause 1 defines the Muskrat Falls Project and it defines it as being one single project, I say to the minister. It does not talk about other Muskrat Falls Projects that were done in the past. It does not talk about others that will be done in the future. In fact, it even defines Muskrat Falls to the extent, right down to the very basics of what that project is, and I will read that definition for you. When I read it you will realize something, that this is the first development project on Muskrat Falls. There was not another project on Muskrat Falls. There is only one Muskrat Falls.

The lead minister on the file, Mr. Chair, for the Province, how shameful it is, would have the people in this Province believe tonight that there was a development done by the Liberals, there was a big conspiracy, there was a project that happened that was to the detriment of Newfoundlanders and Labradorians. In fact, under the definition in his own bill it states one project, Mr. Chair, the one that is currently being done by the Conservative government today.

Now, Mr. Chair, that is what we have had to deal with in this House of Assembly. That is the kind of information we have had people on the other side putting out there to the public. Mr. Chair, information that is so farfetched that it will never see the light of day or reality, and the minister knows it.

Mr. Chair, under section 1.(1) it says, "...of the Electrical Power Control Act, 1994 is amended by adding immediately after paragraph (j) the following: (j.1) "Muskrat Falls Project" means the Muskrat Falls Project as defined in the Energy Corporation Act".

Mr. Chair, I will pull out the Energy Corporation Act. In it, it says, "'Muskrat Falls Project' means the Muskrat Falls Project as described in section 2.1". So, Mr. Chair, let's have a look at section 2.1.

Are you all following me? Do you all have your statutes for the House of Assembly? Because it is going to be a long four days on one clause at a time, by the time I get through this.

Anyway, Mr. Chair, "For the purpose of this Act..." under 2.1(1) of the Energy Corporation Act, 1994, which is what it tells us to look for under Bill 61. This is what it says, "'Muskrat Falls Project' means a project by the corporation, a subsidiary of the corporation, Newfoundland and Labrador Hydro and Emera Inc., whether individually or by any combination of them, for..." We are not even going to get into the "for" yet, there are two pages of them, Mr. Chair. Let's get into who the corporations are and the subsidiaries first, that is the first thing they talk about.

Newfoundland and Labrador Hydro, we know about, Mr. Chair. We know about Newfoundland and Labrador Hydro. In fact, Mr. Chair, when I ran and got elected it was because I was marching in the streets to save Newfoundland and Labrador Hydro from privatization at the time.

**SOME HON. MEMBERS:** (Inaudible).

**MS JONES:** Absolutely. It was being done, and I do not mind saying, by a Liberal government under Clyde Wells, Mr. Chair. I can tell you that I was marching in the streets. I ran as an independent member. I ran independent because I was so against the privatization of Hydro, so against it.

The member who I ran against was out supporting it because his government was supporting it. It is something I have seen the members in this House do over and over again, Mr. Chair, support things that did not benefit their districts, because the government was supporting it. Well, I am going to tell you something, it did not save him and it will not save a lot over there.

**SOME HON. MEMBERS:** Oh, oh!

**CHAIR:** Order, please!

**MS JONES:** Mr. Chair, one of those groups is the Newfoundland and Labrador Hydro Corporation. The other one, Mr. Chair, is Emera Corporation.

How many members in the House have heard of Emera? How many have heard of Emera? Emera is a publicly traded company.

**MR. KENNEDY:** A point of order, Mr. Chair.

**CHAIR:** Order, please!

The Minister of Natural Resources.

**MR. KENNEDY:** I was up a few minutes ago, Mr. Chair, and I was interrupted on at least five occasions in relation to relevance on what I was talking about. If we are going through this clause by clause, where is the relevance here? I do not understand it. I would just like to know the rules as we go into this because I will be speaking again shortly and I would like to know what exactly it is, the parameters on which we can speak, Mr. Chair.

The raving, the shouting, and the babbling that is going on the other side certainly cannot be relevant to anything we are doing here.

**CHAIR:** Order, please!

The Chair will endeavour to keep speakers relevant as much as possible.

I would ask the Member for Cartwright – L'Anse au Clair to make her comments relative.

**MS JONES:** Thank you, Mr. Chair.

The member opposite already chewed one foot off today, so probably before we get through this he will have the other one chewed off, Mr. Chair.

According to Bill 61, which tells me the definition of Muskrat Falls, is found in the Electrical Power Control Act under section 1 of the act. You go into section 1 and then it tells you to go to section 2. Under section 2.1(1), Mr. Chair, it defines the Muskrat Falls Project as "... a project by the corporation, a subsidiary of the corporation, Newfoundland and Labrador Hydro and Emera".

I was about to talk about Emera, written right in this contract, when I was interrupted on a point of order with regard to relevance. Well, Mr. Chair, you do not get any more relevant, I say, than reading the exact words that is on the paper in the bill that we are debating in the House of Assembly.

Mr. Chair, who is this Emera Incorporated that is listed through all the documentation, that we have just given \$55 million to? Who is Emera Corporation? Well, we are going to have an opportunity to talk about that as we go through the clause by clause of this bill because Emera is mentioned on a number of occasions.

**CHAIR:** Order, please!

The hon. the Minister of Natural Resources.

**SOME HON. MEMBERS:** Hear, hear!

**MR. KENNEDY:** Thank you, Mr. Chair.

We looked at the definition of Muskrat Falls Project, and it is outlined in the Energy Corporation Act. As we are aware, Mr. Chair, the Lower Churchill Project is made up of Gull Island and Muskrat Falls. I guess I was a little bit incorrect earlier when I talked about the Liberals under Premier Grimes going to sell the Lower Churchill Project to Hydro-Quebec for nothing. That, in fact, it would have been, as outlined by Mr. Samms in his blog, him and both Mr. MacDonald expected that Quebec would end up owning the project.

I guess when you look at the Muskrat Falls Project, we are lucky that there is a project here to do today because if the Liberals had their way back then with the secrecy, lack of transparency and lack of openness that existed in 2000, Mr. Chair, we would not have a Muskrat Falls to do. There would be nothing left. So, thank you, Mr. Chair. I guess we have to thank Mr. MacDonald and Mr. Dobbin for raising these issues back in 2000, 2002.

When you look at the Muskrat Falls Project as defined, it is 824 megawatts of power. I think one of the members of the NDP described it, a mere 824 megawatts. The project, Mr. Chair, we go on and we look at how it is defined. We then look at the definition of "'public utility' means a public utility as defined in the Public Utilities Act".

We have proposed to direct the public utility here in terms of how the Muskrat Falls costs are to be recovered; as required by the bill in general, Mr. Chair, and more specifically, the federal loan guarantee, the bond rating agencies and the banks. Now, the public utility, though, that we are directing was exempted as outlined previously. It was exempted by the Liberal government, of which this member opposite was a part. Perhaps she can explain to us what the Grimes deal.

If Mr. MacDonald is wrong in what he is talking about, perhaps she can get up here and explain that you were not going to give it away. How can Mr. MacDonald say that it would have been: much worse than Smallwood's legacy? That is what Mr. MacDonald said. Is he making it up? You were there; you were going to sign on to that.

**CHAIR:** Order, please!

I would ask the minister to direct his comments to the Chair.

**MR. KENNEDY:** Thank you, Mr. Chair.

We look at the public utility; we look at the definition of Muskrat Falls. What we are dealing with is the 824 megawatts, Mr. Chair.

**MS JONES:** (Inaudible).

**MR. KENNEDY:** I would like for you to speak to it too, because I would like to know how you could be a part of something that was going to sell this Province down the river again. I would like to hear from you.

**MS JONES:** (Inaudible) but I was not.

**MR. KENNEDY:** You were not there? Were you part of that government, I say to you? Mr. Chair –

**CHAIR:** Order, please!

I would ask, again, the minister to direct his comments to the Chair.

**MR. KENNEDY:** I would love to hear the story because it would be that, a story. What Mr. MacDonald says is that the Premier had not even read the contract. If the Premier had not read the contract, what are the chances of Cabinet and MHAs reading it?

The public utility, the act itself, the Electrical Power Control Act was brought in by Premier Clyde Wells in 1994. Section 5.1 deals with the ability to direct. We are just doing that which a previous Liberal government brought in a piece of legislation.

We do not even have to be here today. If we wanted to be secretive, we could have directed under that section. We did not have to come here, but what we felt was the best way to deal with this and being as open and transparent as we are with Muskrat Falls. Last night, what I said, do not confuse debate with not agreeing, because that is what it seems to be here. People's definition of debate is if you do not agree with us, democracy is dead.

Mr. Chair, what we are saying is that this is an example of how democracy works. We are bringing in a piece of legislation we did not have to do because we want to make sure the people of this Province understand fully.

Mr. Chair, in terms of relevance, the only way I can really compare it and show the hypocrisy of the Liberals opposite is to show what they were going to do back in 2002. How they were going to deal with the Lower Churchill, going to sell it away, Mr. Chair, \$100 million and then the Province would have been responsible for all of the overruns. The ratepayers of this Province, the taxpayers would have been responsible.

Mr. MacDonald's comments – he is the guy who was there, he is the individual. He is no friend of ours. In fact, he wanted to be your leader. He is not a friend of ours, so why would he be saying anything to help us? What Mr. MacDonald is outlining is the way you dealt with it. What Our Place in Canada is outlining is what you dealt with, what you as a member of the government.

**MR. A. PARSONS:** (Inaudible).

**MR. KENNEDY:** Not you, no, no. Not you, MHA for Burgeo – La Poile, it is sort of a general point.

What we have here is a situation where Our Place in Canada, the commissioner states: In my view of the commission proceeding in the matter in the future would be a recipe for a failure. What we did, we took that into account. We are bringing in the legislation. We are outlining in the legislation of what exactly we are doing. All I am trying to do is show, Mr. Chair, that the other side – and this blog is only dated November 5. So, Mr. MacDonald gave the interview on November 5.

The fact that there was no engineering done, I find that absolutely amazing that the other side can stand up and criticize us. The same group who can stand up and criticize us for directing the PUB but were going to exempt – not going to, had exempted them from examining the Lower Churchill Project.

What we are doing here, Mr. Chair, we brought it all before the House. We are allowing people the opportunity to speak.

**MS JONES:** (Inaudible).

**MR. KENNEDY:** I can tell how agitated the member opposite is because she is yapping away over there. She obviously does not like this. If she does not like it, well, you can get up and tell us what happened. Where did you stand on that deal? Why did you agree to exempt the Public Utilities Board, not direct it? Why did you exempt them?

When you talk about who is misleading, I would suggest it is you who is misleading this House. You are misleading it by standing up and saying what we are doing is somehow or other secretive and not open and transparent. Compare it to what you did – compare it to what you did.

This is what the blog says. These are Mr. MacDonald's words, "MacDonald was bewildered as he said, 'our own negotiators didn't even ask the question what Quebec was getting, and that's just ridiculous.'" They did not even ask what Quebec was getting here.

What we have done is we have everything laid out logically. We have provided all of our reports. It is amazing. Then what happens is MacDonald looks at me – being Mr. Samms – "and says animatedly, 'he didn't even read the deal!'"

What we have, Mr. Chair, is a piece of legislation here which deals with Muskrat Falls financing. We have a situation where we have put all of the information out. We have come before this House. We have outlined why we need the financing structure. Do you know what? We are also getting \$1 billion for the people of this Province that will also go to the rates. The financing structure, not only will it result in non-recourse financing and protect the Province, but, Mr. Chair, it is \$1 billion.

This is all in the very near future. I am not going back to what took place in 1967. I am talking about an interview that was given on November 5, of which at least two of those members opposite were members of that government. How can they stand up in this House?

**SOME HON. MEMBERS:** Oh, oh!

**CHAIR:** Order, please!

The hon. the Minister of Natural Resources.

**MR. KENNEDY:** Thank you.

So how can they stand up in this House? Can you imagine the hypocrisy of standing up in this House and saying we are being secretive when they had a deal that no one in the public knew anything about? The Premier had not read the deal. Cabinet, I would assume, had not read the deal. The negotiators did not know what was in the deal. At the end of the day, they would have given it all away.

Now, you compare that to what we are doing here. You look at the definition of Muskrat Falls. You look at the benefits that Muskrat Falls will bring to the people of this Province. The Muskrat Falls Project, Mr. Chair, is one that has been very well thought out. It is one that has received extensive scrutiny and debate. It is one that we are still here debating.

I would just like to outline to the members opposite that if you are going to refer to and accuse us of doing certain things, well, you have to look at what you have done yourselves because it is not that long ago. I say to the Member for Cartwright – L'Anse au Clair, you were there. You can tell us the story of what happened. You can tell us how you were going to give away the Lower Churchill to Quebec for \$100 million. You can tell us how there was no engineering done. You can tell us that Dean MacDonald was lying if you want, but I am looking at his words. His own words are in quotation marks, Mr. Chair. I tell you, it is a very interesting read.

If I knew how to put this blog on Twitter, I would do it right now so the people of this Province could read it and see what you were doing so many years ago, and see how you were going to deal with this because you were part of it. You tell us today how this act, how what we are doing here, how what we are doing is the same as what you did back then. I really do not understand it. If you have suggestions to make, sure, we are willing to listen to them, but to simply accuse us of being secretive when I look at what you did yourself back in the year 2000, and you were part of it, is absolutely amazing.

The entire thing goes to Quebec as collateral. That is what was going to happen, because the Province had no money. Quebec would have owned the Lower Churchill under this member and her government's deal in 2002.

**SOME HON. MEMBERS:** Hear, hear!

**CHAIR:** Order, please!

The Chair has been trying to provide some direction to the committee as we debate Bill 61. At the beginning I had said that I would allow some latitude for the first two speakers, and then we would go through the bill clause by



clause. Traditionally, when clause 1 is called, speakers speak to several clauses, but the Chair was asking that you actually identify which clause you are speaking to.

One of our authorities, O'Brien and Bosc – it is on page 938 – identifies one of the procedures to be followed in Committee of the Whole, which sort of indicates that the Chair may have not been 100 per cent correct.

I am reading, in Committee of the Whole, "Each clause is a distinct question and is disposed of separately in numerical order." Then it goes on to say, "Traditionally, when Clause 1 (or Clause 2 if Clause 1 contains only the short title of the bill) is called, the Committee holds a general debate, similar to that at second reading, covering the principles and details of the bill. After Clause 1 (or Clause 2) is disposed of, debate must be strictly relevant to the clause under consideration."

Considering that this has just come to the Chair's attention, I will be guided by what the authority says. While clause 1 is on the Table, then the Chair will allow more wide-ranging debate on the bill and the speakers need not identify which particular clause that you are speaking to.

After we dispense of clause 1 and we vote the subsequent clauses, then all debate will be relative to that clause.

The Member for Cartwright – L'Anse au Clair.

**MS JONES:** Thank you, Mr. Chair.

I am glad we finally got that cleared up because I could not believe that we were being forced to stick to a clause in the bill and the member opposite was able to debate anything that he wanted to debate.

Mr. Chair, that being the case, I would like to talk about the comments that he made with regard to secrecy. Because we have to remember one critical thing in the midst of all of this: There never was a deal on Muskrat Falls or Gull Island prior to the deal that is being sanctioned and debated in the House of Assembly today by the government opposite. To say anything else, Mr. Chair, is misleading. Yes, Mr. Chair, it is misleading. To do anything and to leave the impression of anything else is wrong.

**AN HON. MEMBER:** (Inaudible).

**MS JONES:** Mr. Chair, the member of mumbo jumbo over there is interrupting me as I am on my feet.

**CHAIR:** Order, please!

I say to the member that your comments are unparliamentary and I ask you to withdraw. I ask the member to stand and withdraw the comment. I would advise all members, as we are proceeding through debate, the debate needs to be respectful in this House, respectful of each other and respectful of where we are.

I would ask the member to withdraw.

**MS JONES:** Thank you, Mr. Chair.

I withdraw the comment.

Mr. Chair, I do want to address the comment that was made by the Minister of Natural Resources because those comments were misleading to the people of the Province. This is the very minister who is leading the file on the Muskrat Falls Project for the Province. How shameful that the member could stand in his place today and try to convince the people of this Province that they were sold down the tubes by a previous government on a Muskrat Falls deal. When this is the only deal ever brought before the Province for sanctioning ever in our history and it is being done by the member opposite.

Anyone at all listening to this, Mr. Chair, while they may not be able to follow the fifteen different acts that we have to refer to in the next few days to get through the legislation, they may not have them at their fingertips, the

one thing they do know is that there was one river called Muskrat Falls and there was one falls called Muskrat Falls, one river called Churchill Falls and there is one Gull Island, and they know that they were not developed by any other former government, any other former Administration. They were not sold out to Quebec. None of these things were done, Mr. Chair. This is the only deal, and that is the deal we are debating today.

Let us talk about where this deal is because it is shrouded in secrecy, I say to the minister, and he knows it. Hansard will show when he stood in his place in this House of Assembly, Mr. Chair, and brought in and supported Bill 29, when he stood here and he voted for it. Bill 29 that would create the secrecy of government and Nalcor and would protect the people from ever knowing where their money was going to be spent. Protect the people from ever knowing where contracts were going to be let on this particular project.

Oh yes, Mr. Chair, that is what Bill 29 did. That was the secrecy behind Bill 29, Mr. Chair. I can tell you right now that it was that government opposite that introduced it.

The minister likes to get up and talk about the past, things that never ever happened, things that were never ever done, things that were never ever brought into law, things that never ever saw the light of day. Deals, Mr. Chair, that were never ever done. He does not want to talk about his own project. He does not want to talk about his own deal.

Mr. Chair, he does not want to talk about Bill 61 and how they are running the Public Utilities Board out of town – the very people who they appointed and the very people who they are cutting a cheque to every week paying them big bucks. Andy Wells getting the big cheque from the Minister of Natural Resources for the Chair of the PUB, but the minister thinks he is incompetent and he put him there in the first place. He signs the cheque for him, Mr. Chair, yet he thinks he is incompetent. Now, you want to talk about wasting money. That, Mr. Chair, would have to be a waste of money for a government to appoint people to do a job and pay them to do it, and then say they are incompetent and we are not going to let them do anything.

Now, have you ever heard the like? The guy running the pizza joint, Mr. Chair, is not going to hire a cook and pay the cook to go out and sit down and talk to the customers because they do not think he knows how to cook. No, Mr. Chair, they are not going to do that. No, they are not going to do that, Mr. Chair – absolutely not. Mr. Chair, that is not the way things are done, but that is the way the government opposite runs this Province.

That is the reason we have the debt that we have. They are transferring money hand over fist to Nalcor, Mr. Chair – no problem. I do not have a problem when the deal is a good deal and it is supporting the people of the Province. I have a problem when it is not good money being invested in the people of the Province. That is when I run into the problem, Mr. Chair.

Anyway, it is evident; we are going to have a good debate here today. I just got volume II of the blunders; I have volume I on the way down. I have everything here, Mr. Chair; it is going to be an interesting afternoon. The Minister of Natural Resources is hopping around like a fellow with the itch over there. He has a file folder now and he cannot wait to get on his feet, Mr. Chair, and I cannot wait to see what is in it. I am going to tell you, Mr. Chair

—  
**AN HON. MEMBER:** (Inaudible).

**MS JONES:** Oh yes, back home, that is what they would say when you got all excited and started going around. They would say he is like a fellow with the itch. Anyway, Mr. Chair, it is all meant in the best of context, I say to the hon. gentleman.

Mr. Chair, under this particular deal – and you have to keep in mind that we are dealing with some pretty heavy legislation here. Legislation that the government had in their possession for six weeks, in some cases; legislation that they only shared with us a couple of days ago; legislation that we got briefed on yesterday morning and had to stand here and debate yesterday afternoon. You have to remember that, Mr. Chair.

We need the time to go through this legislation to be able to debate it properly and appropriately. We are not prepared to take the government's word for this. We took the government's word on Bill 75. Guess what Bill 75 was – guess. Does anybody know? You all voted for it, you do not even remember what it was.

Bill 75, Mr. Chair, is the one that expropriated the mill in Grand Falls – Windsor. We were told that bill was sound and solid, that there was no mill being expropriated, Mr. Chair. Now we are here today on another piece of legislation –

**SOME HON. MEMBERS:** Oh, oh!

**CHAIR:** Order, please!

The hon. the Member for Cartwright – L'Anse au Clair.

**MS JONES:** Thank you very much, Mr. Chair.

This is an important piece of legislation, and I will tell you why. A week ago we brought a private member's motion into the House of Assembly. We brought it in with all of the best intentions, asking the Members of the House of Assembly to support an independent body in the setting of rates of electricity in this Province, and the government came back with a friendly amendment. They said of course they would support it, depending that it met the federal and provincial laws of the Province and the country.

Mr. Chair, what they are doing today is changing those laws. They are changing those laws today. Their commitment and vote on that amendment was worth absolutely nothing – nothing, Mr. Chair. It was a facade. That is all it was, Mr. Chair. It was a facade for the government. What did they do? They made a friendly amendment that made it look like: Oh, yes, we are supporting an independent body. What do they do? Five days later, Mr. Chair, we are here – seven days later we are here in the House of Assembly debating a bill that will now remove any powers that the independent body could have.

**CHAIR:** Order, please!

The hon. the Minister of Natural Resources.

**MR. KENNEDY:** Thank you, Mr. Chair.

I look at section 5.1 of the Electrical Power Control Act, the amendment that we are making here now. All we are doing is we are taking the power that currently exists in section 5.1 to direct the Public Utilities Board, as we did last week with the generation rate at the Labrador industrial rates, and we are simply expanding that now for greater clarity to ensure that it applies to Muskrat Falls.

As I indicated last night, Mr. Chair – and I am a little bit confused as to the member opposite saying we will not speak to the bill. I spoke to this bill for two hours and forty minutes last night, both bills, Bill 60 and Bill 61, and talked about Muskrat Falls in great detail.

One of the things I talked about, Mr. Chair, was the federal loan guarantee and the requirement that there be a guaranteed revenue stream in order to obtain the loan guarantee. In order to obtain that \$1 billion for the ratepayers of our Province, which will go directly into the rates, we had to ensure the proper financing structure is in place. Again, there is nothing that we are trying to do here other than to achieve the best rates we can for the people of this Province.

This power has always existed. This is what I am missing a little bit here. Is that the power existed in 1994 under 5.1 to direct. Last week, it appears to be okay for us to direct the Public Utilities Board on the generation rate for the Labrador industrial policy, which is what the members opposite appear to agree with, but it is not okay for us to direct the Public Utilities Board in relation to Muskrat Falls. We are not removing the Public Utilities Board. As I said last night, they still have a role to play.

I do want to talk briefly about 5.2, because we could have gone there. We could have exempted Muskrat Falls, Mr. Chair, from the PUB all together, take them right out. Mr. Chair, we did not feel that was the way to go because that would be taking it too far. That would be eliminating the PUB. Who eliminated the PUB in the past?

Let me look at MC2000-0244: Under the authority of section 5.2 of the Electrical Power Control Act, the Lieutenant-Governor in Council hereby exempts activities at Newfoundland and Labrador Hydro associated with the Labrador Hydro Project, a description of which is on file with the Clerk of the Executive Council, from the application of all the provisions of the act. OC2000-2007-ME/DM; names: W. Wells, D. Vardy, C. Lake, initials AGG end file.

They exempted the Lower Churchill Project. The Public Utilities Board was not going to see anything. The government, of which the House Leader was a member, exempted it. She says there was no deal.

Again, maybe Mr. MacDonald is making it all up. All I can tell you is what I am reading here. What Mr. MacDonald told Mr. Samms was that there was a deal in principle with Premier Bernard Landry on Gull Island, with the power being sold to Hydro-Quebec. "The deal was squashed after heavy criticism from Dean MacDonald, who resigned as NL Hydro chair of the deal."

From what I understand, Mr. Chair, the rooms were booked, the brochures were printed, the movie cameras were ready, and they were going to roll on the Lower Churchill, which they had exempted from the Public Utilities Board. They were going to roll, Mr. Chair. It was ready to be done. There had been no discussion. No one even knew the details of the deal, Mr. Chair. That is the point that is made by Mr. Young and his fellow Commissioners in Our Place in Canada. They were ready to do it without any discussion in public, without any discussion in this House, and basically with it being exempted from the Public Utilities Board.

This is the same member opposite now who I challenge. Tell us what happened. Tell us how you could exempt the Lower Churchill Project from the Public Utilities Board? Tell us how there was a deal in principle? Why don't you tell us the basis of the deal in principle and tell us how you could support that, yet come in here and criticize this government for being secretive? Secrecy is what you did and what you were part of in 2000.

In 2000, it was almost over. The Liberal government was going to get \$100 million a year. They hit the jackpot, but there was no engineering done. Mr. MacDonald said less than 5 per cent of the engineering had been done as opposed to Muskrat Falls, where we have 50 per cent. Mr. MacDonald goes on to say – and he resigned from the board over this deal in principle. Mr. MacDonald said that they had not even read the contract.

Now, I am not making this up. These are words that are attributed to Mr. MacDonald. You were here in government. You can tell us if there is something different, but how do you have the face to stand up in this House of Assembly and attack us for the open and transparent way in which we have dealt with Muskrat Falls and you acted in secrecy? Under the Maxwell Smart – the code of silence existed in 2000 apparently. I think someone referred to it last night.

What we have here, and members opposite can certainly discuss this in great detail, but I think it would be helpful for the people of this Province if you could explain why 5.2 was used in relation to your project in 2000. We chose to go with 5.1. We simply clarified and brought in a new section to direct it to Muskrat Falls.

I know you do not like to deal with the comments of the man who wanted to be your leader, and I appreciate that. It places you in a very difficult and uncomfortable position, but I thank the fact that Mr. MacDonald had the courage to come forward on November 5, 2012 and tell us what happened here back then. Because, do you know what? No one knows. To this day it is not known what that deal was about other than what we have heard in the public.

I say to the member opposite, is your 2000 deal a better deal than what we have here?

**AN HON. MEMBER:** No, it is not.

**MR. KENNEDY:** No, it is not, is it? So you admit that. Do you hear that everyone? She admitted it. Okay, that is step one. Muskrat Falls is better than the deal of which she was a part of in the year 2000, step one. Step two; is Mr. MacDonald right that no one had read the contract? Had you seen the contract?

**AN HON. MEMBER:** No.

**CHAIR:** Order, please!

Once again, I would ask the Minister of Natural Resources – in an attempt to depersonalize debate in the Chamber, I will ask all speakers to direct their comments to the Chair.

**MR. KENNEDY:** Thank you, Mr. Chair.

I say to the Member for Cartwright – L'Anse au Clair, had the contract been read to the best of your knowledge?

What we have here, I can assure you members of Cabinet have read and seen these agreements. Members of Cabinet had been briefed time and time again by Nalcor and members of the Department of Natural Resources on this Muskrat Falls Project. This project has been discussed.

Ours is not an uninformed decision. History will prove whether or not we are right. I am confident in saying here today, as I stood last night and last week, that this is the right deal and this is the right time, that we need the power for the people of this Province, that we are in a good time economically from our perspective as a Province, that we can make an investment in equity and we will get a return on that equity.

The other side of it is – and I just point out to the members opposite – the ship has sailed. The sanction is done. That was Monday afternoon, Nalcor and Emera sanctioned, and the federal loan guarantee is in place. We can stay here until the cows come home and discuss this, and I have no problem with it, but I will continue to discuss the way that the members opposite dealt with the Lower Churchill Project in 2000 compared to the way that we are dealing with it today.

**SOME HON. MEMBERS:** Hear, hear!

**MR. KENNEDY:** What we have done, Mr. Chair, we have debated this project, it has been out there in public, and there have been criticisms. As the Premier has said on numerous occasions: Never has there been a project subject to such scrutiny and debate. There comes a point in time when you have to make a decision.

The House Leader has taken heat apparently for not giving the bill to the opposite side. He did not have it seventy-two hours in advance. When we knew sanction was proceeding, he was provided with a copy of the bill. That was on Monday because the bill is not relevant unless the project was sanctioned.

**AN HON. MEMBER:** (Inaudible).

**MR. KENNEDY:** Yes, it is not fair; I am not going to let my colleague take the heat for something I have done.

**AN HON. MEMBER:** (Inaudible) for two days.

**MR. KENNEDY:** No, I did not. We decided that when sanction was done we needed these two bills. As the member –

**AN HON. MEMBER:** Tell him you are sorry.

**MR. KENNEDY:** I am sorry, Mr. House Leader, for letting you take the heat.

**SOME HON. MEMBERS:** Hear, hear!



**MR. KENNEDY:** The Member for Burgeo – La Poile has outlined in terms of the expropriation bill. That is not the biggie. This is the one where there are arguments. If you come forward with a valid amendment or something that could help give you that sense of comfort –

**AN HON. MEMBER:** (Inaudible).

**MR. KENNEDY:** No, do not come forward with 1,000 amendments. If you have a good amendment here we might be willing to look at it. We are willing to work with you. I have always demonstrated both in my legal career and in here how open I am to working with the other side. Every now and then there is a little bit of a turn for the worse, but overall we are trying to do the best we can.

Essentially, what we are trying to do here is we are trying to ensure that we do the best. Do you know something? I am not saying that what took place in 2000, your government was not trying to do the best. That Lower Churchill, that energy has flown down that river since the mid-1960s – well it has flown down forever, but since the energy began to be harnessed in the Upper Churchill. So, everyone has been trying. We are trying to do the best we can. We hope we have the right deal here. We have gone to the experts and it is a matter of learning from our mistakes and trying to do the best we can.

Thank you.

**SOME HON. MEMBERS:** Hear, hear!

**CHAIR:** Order, please!

The Member for St. John's East.

**MR. MURPHY:** Thank you very much, Mr. Chair.

I was just having a Christmas moment there for a second. I know that we are all going to be visited by the spirit of Christmas past, Christmas future, and Christmas present, but now I guess over on the other side, on the government side of the House, they are going to be visited – especially the Minister of Natural Resources – by the spirit of co-operation. It is nice to know there are more spirits out there.

Mr. Chair, I would like to rise and have a comment or two, if you would, on section 14.1 of the changes. I would like to read it out, 14.1 "(1) Notwithstanding another provision of this Act or another Act, (a) Newfoundland and Labrador Hydro shall have the exclusive right to supply, distribute and sell electrical power or energy to a retailer or an industrial customer in respect of the business or operations of that retailer or industrial customer on the island portion of the province; and (b) a retailer or an industrial customer shall purchase electrical power or energy exclusively from Newfoundland and Labrador Hydro in respect of the business or operations of that retailer or industrial customer on the island portion of the province."

Mr. Chair, those two clauses themselves, particularly the second one, section 14.1(b), pretty much we are talking about monopoly and who people have – particularly businesses – who they have the choice to buy their power and exclusively sets up the market so that people cannot have a choice for themselves. That is my interpretation of it.

We know that Newfoundland and Labrador Hydro is exclusive to selling electricity in the market now, but does not give opportunities for municipalities, particularly, or anybody else for that matter, to be able to put energy out onto a grid. It is the spirit of competition that is out there in the market that is a strong lever of sometimes when it comes to the determination of what the final price is to the consumer, to the end user.

I want to bring out that point. It is particularly disturbing that while they are changing the act and taking control of the price setting mechanism, if you will, from the PUB, having it set at the Cabinet level implies a little bit of secrecy. Because it is not fully open as what the Public Utilities Board is, and particularly we do not get to see the reasoning for those final prices changes and, at the end of the day, exactly how much is going to have to be collected in order to, number one, sustain the Muskrat Falls Project; but number two, at the end of the day, what

you and I as consumers and taxpayers are going to be paying for. I wanted to bring up those particular points and talk about them.

The whole part about the spirit of competition if you will – and we have acts in this country that govern such a thing, and it would not surprise me one day that there would be another company for example that would try to come in and challenge that, knowing the changing dynamics of the North American energy grid and what has been happening with the energy markets particularly. I think that it is kind of important that we have to recognize that fact, Mr. Chair, that we are part of that world market now and one of these days our doors are going to end up being kicked open.

To whose detriment, we are not sure, but in this case I think that it is a particular threat that is going to be set up to not only the Newfoundland and Labrador government and our bottom line, but particularly to the Crown corporation. As well, with this particular act we are going to be distancing ourselves from Newfoundland and Labrador Hydro, from its Crown agency status, to something that is going to be a little bit arm's-length. As far as I am concerned, it is not going to be under our guise any more, it is going to be shuffled off to one side and not so much attention paid to it, if I can say it like that. Perhaps I am not even saying that clear.

My whole point here is that Newfoundland and Labrador Hydro is probably one of the very few agencies that actually show a positive bottom line to the Province and to the taxpayers of this Province. That in itself is being put at risk, a source of government revenue. The only other department that I can think of, to all the members across the floor, would be probably Newfoundland Liquor Corporation. I do not know if I would be right on that, but in particular Newfoundland and Labrador Hydro.

I think that there is a bit of a threat, number one, to the Crown corporation and the asset that it has been over the years to the people of the Province. I think that the people of the Province need to remember that. It has turned over millions into the provincial coffers. We were making money off Newfoundland and Labrador Hydro at the start now, but the door has been kicked open on it.

What do we get now when we see somebody else who is out there who does not have the choice of making a choice of a revenue stream? I am going to bring it back to municipalities for a couple of minutes. One of the things that I often thought of was the opportunity for municipalities to generate their own revenue. We have a case down on the Burin Peninsula now where we have a small wind farm down there, where there is a town that is actually making money by putting energy into the grid. I do not see a problem with that. There is no question, from what the Minister of Natural Resources says, that we do need some power. We do need an amount of power. How much is really yet to be determined. Although in some cases, government here with the creation of the Muskrat Falls Project has determined what that number shall be. That is the part of the whole argument.

Mr. Chair, when it comes to electricity, we have ways where we can help support our Province, particularly on a municipal level and particularly on a regional basis, for example, if they wanted to be self-supporting, and it is just one way for them to generate money. Again, through the whole act here when it comes to the whole fact of having themselves a monopoly, we have a case where government has shut the door for the next fifty years – fifty years in keeping those opportunities away from municipalities or regional service boards or what have you.

Again, it is quite disturbing to see. The reason why they have to do that, the reason why they had to go this way for financing on the Muskrat Falls Project, was to justify a customer base to those people who were looking. I do not know what determination they are going to be using in the future, for example, if Newfoundland and Labrador Hydro started to end up in some trouble because of the take-or-pay arrangement.

There obviously has to be a way for them to be at account for the people. I do not like the fact that all of this is going to be done under the guise of Cabinet. I do not like the fact that we are not going to hear exactly what those changes would be. Of course, then again, government has not said what is going to be determining the price changes. So, I do not know about the openness part of it. The reason why it has to go to Cabinet is also under question here.

We may never know the real reason because of Bill 29. Because of the simple fact here that we have a commercial enterprise in the form of Emera that is also going to be entering in here, and it could be under the guise of Cabinet secrecy as to the reason why prices could be increasing to both consumers or industry that are using the power.

There is a whole lot there under section 14.1, and I would certainly like to come back and address it again. We have not heard any real concrete answers as regards to the reasoning why government done it, besides the simple fact of the loan guarantee. If it is just a loan guarantee that consumers are going to end up paying higher prices for, Mr. Chair, I say to you that is not a good enough reason for Muskrat Falls.

The answers to, do we need the power, can be solved by other means. By putting wind power into the grid and, at the same time, government to be addressing the load factor that it has on its own finances by having to supply finances in return to municipalities. So, sometimes it might be good to let municipalities get out there and try new things, and that is just one of them.

Like I said, we already have an example that comes out of St. Lawrence down there with their little energy project that does generate a level of taxation, if you will, to the grid on the part of the hydro project that is down there. Do you see other examples out there? Sure we do. In Nova Scotia, the community system that they have down there so that communities can actually go and use a tariff regime to put energy into the grid and at the same time generate revenue.

So, Mr. Chair, I see that my time is just about finished here. I will leave it for now and give somebody else the opportunity to rise and speak to this particular bill.

**CHAIR:** The hon. the Member for Burgeo – La Poile.

**MR. A. PARSONS:** I say to you, Minister of Finance, I beat you to the punch on that one.

I am very happy to have an opportunity to speak in the Committee stage on clause 1 of Bill 61. Again, I am very happy to have this opportunity, because it appeared there for a while that none of us were going to get an opportunity to speak between the Minister of Natural Resources and the Member for Cartwright – L'Anse au Clair. I think they had enough energy there – actually, there was enough energy generated there that you could have scrapped Muskrat Falls and that would have been the alternative source of power there. The other thing is that they probably could have kept this filibuster going singlehandedly up until sometime in 2013, without a doubt.

What I am going to do is speak to clause 1, and talk to what clause 1 says and what it contains. We are talking about section 2 of the Electrical Power Control Act, 1994, which we are amending by adding immediately after paragraph (j), the following, "‘Muskrat Falls Project’ means the Muskrat Falls Project as defined in the Energy Corporation Act".

What you do then, you have to figure out what does the Muskrat Falls Project mean. The funny thing is that the term is so misconstrued now when we think about it. I cannot recall prior to November 2010 hearing the term that much. It certainly was not the term du jour that it is now.

Since 2010 we have talked about Muskrat Falls, Muskrat Falls, but the fact is that Muskrat Falls, as defined in this piece of legislation, is different than, sometimes, the Muskrat Falls referred to in this House. I mean, there are some members that say: Well, we have been looking at Muskrat Falls since the 1970s. That is not actually, specifically true. I believe developing the Lower Churchill since the 1970s has obviously been considered, but not the concept that has been sanctioned here right now.

I think what we need to do is talk about the Muskrat Falls Project specifically. What we do then is that we can refer to the Energy Corporation Act. The Energy Corporation Act says, "For the purpose of this Act, ‘Muskrat Falls Project’ means a project by the corporation, a subsidiary of the corporation, Newfoundland and Labrador Hydro and Emera Inc., whether individually or by any combination of them...".

So, there are a number of groups that make up the Muskrat Falls Project. Some of them, the subsidiaries, we have heard about them, we have heard the legal concept behind creation, but they have not been done yet. That is normal. That is going to take some time. Basically, it is a paper creation. That is all it really is anyway.

Again, Mr. Chair, we move on then, it is basically section 2.1(1) and that has a huge, a huge definition to what comprises the Muskrat Falls Project. It is actually about two-and-one-half pages long, so it is a lot of technical information. Since I have about as much time as I want, I think I will go down through these two-and-one-half pages and talk about what comprises the Muskrat Falls Project.

Again, what I am probably going to do is just start drifting people off to sleep here by referring to the technical details, but after that I will mention some interesting things that I have gleaned from the comments made by both members, the Member for Cartwright – L'Anse au Clair and the Minister of Natural Resources, which again gave a different context to the term relevance. There is certainly no doubt about that.

We are talking about design, engineering, planning, construction, commissioning, ownership, operation, maintenance, management, and control of equipment and facilities, to be comprised of – we are talking about a whole number of different aspects to the project here. So, it is going to be comprised of "(i) the new hydroelectric plant to be constructed at Muskrat Falls on the Churchill River, and all associated facilities, including the intake structures, penstock, powerhouse, dams and spillways".

That is a big thing. When we refer to Muskrat that is what most of us are referring to, that big dam that is being built up on the Lower Churchill, which is going to comprise the most significant part of the cost involved here, however many buildings. That is the big thing. That is a huge feat of civil engineering, really.

Again, I have not been to the Muskrat Falls site. I have been close, but I have not been there. I do look forward to getting there some day. It is amazing when you hear about these terms, when we talk about something like Bull Arm. When we talk about Bull Arm, I have always heard of Bull Arm but then going to Bull Arm and seeing what is there, it gives you a real appreciation of the technical expertise that goes into this.

In this case, we know that we are talking about the new hydroelectric chair. I know, Mr. Chair, it is good to see that you are taking this in. Hopefully, I can – if you have not had an opportunity to look through this legislation then I will make sure that you know 100 per cent of what Muskrat Falls comprises of because there are a number of things to it.

When we go to subsection (ii) the Muskrat Falls Project also comprises, "a new HVdc transmission line and all related components to be constructed between the Muskrat Falls hydroelectric plant on the Churchill River and Soldier's pond including

"(A) foundations, underground services, subsea services, roads, buildings, erections and structures, whether temporary or permanent,

"(B) all other facilities, fixtures, appurtenances and other tangible personal property, including inventories, of any nature whatsoever contained on or attaching to the transmission line".

What I would say, Mr. Chair, is that what comprises Muskrat Falls is huge. It is not just that physical structure that is up on the Churchill River. It is a whole number of things. We are talking about personal property as part of Muskrat Falls. It is important for us to note the significance and how wide-ranging this is and how all encompassing this project really is just according to the definition that is in the Energy Corporation Act.

We move on then to "(C) all mechanical, electrical and other systems and other technology installed under or upon anything referred to in clause (A) or (B)". We are talking about more aspects to this huge project.

Then we move on, there is a subsection (iii). First of all, we have the plant. Then we have the transmission line and all the components and all the parts that make that up. Then what we have is the "(iii) new transmission facilities to

be constructed between the Muskrat Falls hydroelectric plant on the Churchill River and the generating plant located at Churchill Falls".

That is another huge part to this project and certainly a lot of technical expertise is going to be required there. We have seen the contractors. This project was started some time ago. I think the reasons have been given in the House of Assembly. The road was started, and you have had people from the different contractors going back and forth for some time now working on this and getting this project ready. I have sat next to them on planes. That is what they are doing; they are out there working on these different aspects that I am referencing now under the Muskrat Falls Project.

Muskrat Falls also takes in "(iv) new transmission facilities to be constructed by Emera Inc. between the island portion of Newfoundland and Labrador and Cape Breton, Nova Scotia including

"(A) foundations, underground services, subsea services, roads, buildings, erections and structures, whether temporary or permanent,

"(B) all other facilities, fixtures, appurtenances and tangible personal property, including inventories, of any nature whatsoever contained on or attaching to them, and

"(C) all mechanical, electrical and other systems and other technology installed under or upon anything referred to in clause (A) or (B), and

"(v) any associated upgrades to the bulk electrical system or related control facilities on the island portion of the Province required as a result of subparagraphs (i) to (iv)".

Muskrat Falls is not just a spot up in Labrador. It takes in the substation that is going to be constructed in Cape Ray. It is going to take in the infrastructure that is built over in Nova Scotia. It is wide-ranging. So when we think about the project, it is one thing to think about the actual physical dam but it is another thing to think about all the parts that are going to form a part of this project.

Now, I will continue on here. I think I may have lost my place, because this is a long section. This project is two and a half pages long. It is a good thing I have a lot of time to go back so I can catch myself up here and get on the ball and find where I gone here.

My time is running out, and what I would say is that I look forward to going through the rest of this very technical, detailed part of the Muskrat Falls Project. I am also, hopefully, going to get an opportunity to refer to a number of other issues and blogs. I cannot wait to talk about that Pressing Politics blog because that young man makes a number of interesting observations in the different blog posts he does and they have been going on for some time. They are very interesting, but I will get a chance to discuss that at my next opportunity.

Thank you, Mr. Chair.

**CHAIR (Pollard):** I recognize the Minister of Finance.

**MR. MARSHALL:** Thank you, Mr. Chair.

It is a pleasure to be able to get up again today to speak to this particular bill which we are now in the committee stage. We have gone through agreement in principle and we are now in the committee stage in the middle of what is called a filibuster. We are going to be here a long time.

The Opposition is going to continue to talk and are not going to let this piece of legislation pass. We are going to be here a while. So the people of the Province, and I think all of us here are going to really look forward to this debate.

I am going to talk about the first section that describes the Muskrat Falls Project. The hon. Member for Burgeo – La Poile looked at the Energy Corporation Act, and looked at two-and-a half pages of definitions of that project. I am going to simplify that a little bit and refer to what the general understanding is and a summary of what the Muskrat



Falls Project is. I think most people probably are aware, but it might be a good point at this time in the debate to take a look at that again.

The Muskrat Falls Project, as we know, is a hydroelectric project. Hydroelectric projects have been built in this Province. I think the first one was about 110 years ago, and that one is still operating today. We have them at Granite Canal, we have them at Bay d'Espoir, and we have them at Star Lake. Corner Brook Pulp and Paper has one at Deer Lake. There are others, Cat Arm, and the list goes on and on.

They provide hydroelectricity to the people of this Province by simply storing water in a dam. Then when they need to run the turbines in the plant – water runs the turbines – water is let out of the dam. The turbines turn and electricity is generated by simply turning water, which is free, to the people of this Province.

When a large capital project, like a hydroelectric facility, is constructed, the beauty of it is that while – of course, there is a lot capital cost that goes upfront. Once it is built, the project lasts for a long time and the costs of producing electricity get lower and lower and lower.

We now have situations where – I think the plant at Deer Lake, I think they are producing power there at \$5 a megawatt. It is very cheap power, once the costs of the plant are amortized and the debt, of course, comes down.

The project consists initially of a hydroelectric facility built near Muskrat Falls in Labrador. That facility is going to cost \$2.9 billion. Then, there is going to be what is called the LTA, which is the Labrador Transmission Assets. That is transmission assets which are going to be built from the Muskrat Falls generating facility to Churchill Falls. I think it is probably going to go past Gull Island as well, but that is going to connect the project to Churchill Falls with the Muskrat Falls Project. That is going to cost \$700 million. The total of the Muskrat Falls Project and the Labrador Transmission Assets of \$700 million, is \$3.6 billion.

The other part of the project, of course, is what is called the LIL, or the Labrador-Island Link. That is another transmission line that is going to go from Muskrat Falls to the Coast of Labrador, underneath the Straits, down the Great Northern Peninsula, and over to Soldiers Pond. That is going to cost \$2.6 billion for a total of \$6.2 billion. Of course, there is going to be interest while the project is being built.

The project has been sanctioned. It was sanctioned on Monday. Unfortunately I was not here. I was at the Finance Ministers' meeting in Ottawa. I got to watch the news conference and watch the ceremony on my deputy minister's iPad sitting at gate 14 in the Ottawa Airport at midnight waiting for the plane to leave to get us back here. It was a proud day.

The project is finally sanctioned, and as other hon. members have said during the discussion here we have been talking about developing the Lower Churchill ever since the Upper Churchill deal was signed. Premiers from Frank Moores onward have attempted unsuccessfully to come to an arrangement which would allow us to move our power through Quebec or to Quebec on terms and conditions that would be fair to the people of Newfoundland and Labrador.

As the Minister of Natural Resources indicated, everybody tried and they tried their best. They were not successful until this Premier, this government, and the previous Premier put together an arrangement, this Muskrat Falls arrangement, under which Nalcor Energy, the energy company owned by the taxpayers of the Province and owned by the people of the Province, in partnership with Emera Newfoundland Limited and their parent corporation, Emera, will put this deal through.

The other part of the project of course is one we are not going to pay for. It is going to be paid for by the people of Nova Scotia. It is the Maritime Link. The Maritime Link is going to be built by Emera. It is going to run from Cape Breton Island, over to Cape Ray, up near Stephenville – I forget the community near Stephenville, Round Pond, I think it was – and then it is going to go over the Granite Canal.

For the first time in our history, it will give us the opportunity to be connected to the mainland grid. We will be connected two ways. From Muskrat Falls to Churchill Falls is one way we will be connected to the national grid.

The other way will be through the Maritime Link into Nova Scotia then into New Brunswick, connected again to the national link. Also, we will have the opportunity for the first time to access the Emco rights that Emera have in New Brunswick which will allow us to sell our surplus power into the New England States of the United States of America, and sell into the spot market that exists in Maine and the New England States.

Mr. Chair, the deal was to be structured in accordance with a debt-equity ratio. The debt-equity ratio could not be finalized until we first of all had agreement on the federal loan guarantee. It will not be 100 per cent finalized until we come to financial close, which should be in the fourth quarter of 2013.

The debt-equity ratio for the Muskrat Falls generation and for the LTA, the Labrador Transmission Assets, will be 65 per cent-35 per cent. Thirty-five per cent will be equity that the Province will provide and the debt will be 65 per cent. For the LIL, the \$2.6 billion LIL Project plus about \$400 million in interest on the debt, the debt-equity ratio there will be 25-75. Twenty-five per cent will be equity and 75 per cent will be debt.

Mr. Chair, the debt part of that debt-equity ratio is going to be undertaken by subsidiaries of Nalcor. It will not be undertaken by Nalcor itself. It will be undertaken by what are called the proponents of the loan guarantee. They will be subsidiary companies such as MFCo, another one will be a partnership LILCo, which will be a partnership with Emera to do the LIL. In Nova Scotia they will have a subsidiary as well to do that particular project.

The financing – the money will be borrowed by those proponents and they will own the assets of the Muskrat Falls Project. Those assets will be pledged to support the borrowing or support the guarantee. There will be a guarantee provided by the Government of Canada which will mean that the financing costs, the interest costs will be much, much lower. The federal government is rated AAA, so they can borrow at rates which are much lower. We will have the benefit of that; therefore, there will be a savings to the people of the Province of about \$1 billion in interest costs.

That is putting money back into the hands of the people by a federal government that for the first time in history has taken our side and helped us. Even when our cousins in Quebec have objected to the guarantee, the federal government has stood firm, has stood with us and is allowing us for the first time to be in a position to build a project that will export power that is surplus to our needs into energy markets so that we can monetize that, rather than letting the river run to the sea.

We know that eventually that power will be clawed back and it will be used as a catalyst to fund mining projects, particularly in Labrador, and I look forward to elaborating on this and continuing the discussion in due course.

Thank you, Mr. Chair.

**CHAIR (Littlejohn):** The hon. the Member for St. John's North.

**MR. KIRBY:** Thank you, Mr. Chair.

It is a pleasure, again, to stand up and speak to Bill 61 in Committee of the Whole. I listened intently to what the Minister of Finance had to say. He sets an example for all of us when he stands in the House, and I know he has given notice, when he does decide to retire, whenever he goes, he will certainly be missed here in the House of Assembly, because he sets a good example, and members will notice that the Minister of Finance did not talk about Honey Boo Boo, or blogs, or Dean MacDonald, or mumbo-jumbo, or any of those things. He talked about this particular piece of legislation, which I believe is incredibly important.

Now, I was going through this bill and having a look – and we have had a limited amount of time to study it, so I guess that is really why we are studying it in the way that we are here now. One of the key aspects of this bill is the definition of the Muskrat Falls Project, to define exactly what it is in a level of detail, in a level of legal detail so that we know exactly what it is we are talking about.

It starts out with the proposed change to the Electrical Power Control Act, 1994, and the first clause here, 1.(1), "Section 2 of the Electrical Power Control Act, 1994 is amended by adding immediately after the paragraph (j) the following: (j.1) 'Muskrat Falls Project' means the Muskrat Falls Project as defined in the Energy Corporation Act".

So when we get further along in the bill, it talks about the change to the Energy Corporation Act that needs to reflect that definition. It says, "The Energy Corporation Act is amended by adding immediately after paragraph 2(f) the following: (f.1) 'Muskrat Falls Project' means the Muskrat Falls Project as described in section 2.1".

I will not read it all because I know my colleague, the Member for Burgeo – La Poile, has talked about some of this, and I am sure we will get a chance to talk about various aspects of this as we go along, but if you look at the next part of clause 5, 2.1(1), it talks about, "For the purpose of this Act, 'Muskrat Falls Project' means a project by the corporation, a subsidiary of the corporation...". The Minister of Finance just talked about the various subsidiaries: Muskrat Falls Co; LILCo, the Labrador-Island Link Company; and then Emera will have a subsidiary for the Maritime Link and we can probably, for all intents and purposes, call that the Maritime Link Co.

So those are the potential subsidiaries that will be involved, then, "Newfoundland and Labrador Hydro and Emera Inc., whether individually or by any combination of them, for" a variety of different things that we will certainly discuss in great detail as we go on over the coming hours and days.

This sets up an interesting situation. I, at one point, was a student of mathematics and, of course, if you study mathematics you know when you have a number of different things and you are talking about using them individually or in combination, then there are a lot of different potential situations that you set up with these combinations, different configurations. We have to think about whether or not all of these different configurations have been considered, because we are also talking about a variety of different Crown-held companies, assets if you will, in combination, potentially, with a variety of privately held companies or corporations.

As we know, my colleague, the Leader of the New Democratic Party, the Member for Signal Hill – Quidi Vidi, has talked a number of times about the potential privatization in the event that something goes south and the assets need to be sold, some of these subsidiaries could eventually become privately held as well.

You have to think about the implications of that. We know, from experiences around the world, that private-public partnerships work sometimes and sometimes they do not. In the trade union movement, especially some public sector unions, many of them are resolutely opposed to public-private partnerships because they see these partnerships as selling out the decent jobs that they have collective agreements to cover.

We could have a situation where the corporation has a partnership with one of the subsidiaries, or it could be with a number of the subsidiaries. The corporation could have a partnership with Muskrat Falls Co, it could have a partnership with LILCo, or it could have a partnership with the Maritime Link Co. It could be a partnership between the corporation, LILCo, and Muskrat Falls Co. It could be a partnership between the corporation, Muskrat Falls Co, and Emera's subsidiary on the Maritime Link. It could be a partnership between the corporation, LILCo, the Labrador-Island Link Company, and Emera's subsidiary on the Maritime Link. Of course, it could be a partnership between the corporation and Newfoundland and Labrador Hydro, or it could be a partnership between the corporation and Emera. That would be a public-private partnership in that case.

Then there could be one of the subsidiaries. Muskrat Falls Co could have a partnership with Newfoundland and Labrador Hydro, or Newfoundland and Labrador Hydro could have a partnership with the Labrador-Island Link Company. It could be all of those, those two, Muskrat Falls Co and Labrador-Island Link Co, in partnership with Newfoundland and Labrador Hydro. It could have one of the subsidiaries having a partnership with Emera. One of those is obvious because if Emera has a subsidiary that deals with the Maritime Link, they are automatically in some form of partnership. Emera could also be in a partnership with the Labrador-Island Link because Emera has an option to own a substantial chunk of the Labrador-Island Link if it wants to exercise that option.

That is partial privatization of hydro there if you want to think about the whole Muskrat Falls transmission system as being part of Newfoundland and Labrador Hydro, which we have fought. I know the Member for Cartwright – L'Anse au Clair was talking about, while running in an election a number of years back, being resolutely opposed

to the privatization of hydro. Well, maybe some of that is actually coming to pass in the event they have this situation with Emera.

Also, of course, you could have Newfoundland and Labrador Hydro in a partnership with Emera, obviously. Then it could be the corporation, one of the subsidiaries, whether that is Muskrat Falls Co or Labrador-Island Link Co. The subsidiary of Emera that is running the Maritime Link could be in a partnership with the corporation, or it could combine a corporation, any number of those subsidiaries, and Emera. Of course, we know Emera has that interest when it comes to the Labrador-Island Link as well as the Maritime Link. I do not think people often make that link that they are involved in that aspect of the transmission.

I am not sure if I already mentioned this, but obviously, you could have a partnership involving all of them, the corporation, all of the subsidiaries, all the potential ones – so Muskrat Falls Co, the Labrador-Island Co, with Emera and then Emera's subsidiary which holds the ownership, I guess, and controls the Maritime Link, all of them.

I think that it is important to consider all of these particular combinations of partnerships because they involve private holdings and then Crown-held assets in a variety of different combinations, and it sets up different arrangements where there are different levels of influence and control over the various assets, over the duration of that project.

If we ever get to a point where some of those subsidiaries are privatized, then we have more privatizations than not.

I will leave it at that for now, Mr. Chair.

Thank you.

**CHAIR:** The hon. the Minister of Service Newfoundland and Labrador.

**SOME HON. MEMBERS:** Hear, hear!

**MR. MCGRATH:** Thank you, Mr. Chair.

I am very pleased to be able to rise here in the House today and talk on clause 1 of the Bill 61, An Act to Amend the Electrical Power Control Act, 1994, the Energy Corporation Act and the Hydro Corporation Act, 2007.

Just for those who are watching on TV and for those who are in the House, I would think there are many people here in the House of Assembly, and certainly those who are watching, who have not had the privilege of visiting the site at Churchill Falls.

As you heard the Minister of Finance and certainly the Minister of Natural Resources speak when they were up talking, this is not the first hydroelectric project to be done in the Province of Newfoundland and Labrador. We have projects in Grand Falls, Bay d'Espoir, Deer Lake, Star Lake, Cat Arm and, of course, our Churchill Falls Project in Churchill Falls itself, the Upper Churchill Project, which I think is probably the largest hydroelectric project in North America.

That project started in the mid-1960s. I think in 1969 it was put into production. I have had the privilege of being there on several occasions now, but in September of this year I had the distinct pleasure of hosting the Cabinet of this government to go to Churchill Falls and do a full tour of the Churchill Falls Project.

When you go down to that project and you see what is involved in building such a megaproject as what we are talking about here in the Muskrat Falls Project, I guarantee you it is something to be very proud of. When you get on an elevator and you go down 1,200 feet underground and you see the rock formations and where they dug the tunnels to go through the rocks. Back in those days there was no such thing as a GPS to follow. They went down, and they started on both ends of this granite rock. They built that tunnel and it came out perfect. It is an amazing structure to see.

When I look at this bill and I think about the Muskrat Falls Project and what it is going to do, and reading down through the bill – you read in section 5, 2.1 you are talking about the engineering and the design of the project. I have already seen it. When they are talking about this project, what they are doing is they are simply ‘immensifying’ what they did back in the late-1960s in design. With the equipment, the education and the materials that we have to work with today, and something that you have heard on this side of the House, we have the best professionals working for us here in the Province of Newfoundland and Labrador. When it comes to hydroelectric projects, we have the best professionals.

We have the Ed Martins and we have the Gilbert Bennetts of the world, and they are the best. They know this project inside out. I heard someone on this side of the House talking last week, and they talked about when they were with Gilbert Bennett. I think it was the Minister of Natural Resources. He had the pleasure of flying over Muskrat Falls with Gilbert Bennett. Gilbert Bennett knows every ripple on the water that flows down the Lower Churchill.

They understand exactly what is involved in the project. They understand the magnitude of what has to be done, and they understand the engineering of it. I think that is very important. When you talk about every ripple on that water is very important. I tell you what; this program has been analyzed so that every ripple that flows down that river we understand. It is amazing, because they can even decide which way the water can flow. They can change the technology of the dam to make sure we get the best value of that water going through the dam that we are about to build.

Two important things I think that are very important with the Muskrat Falls Project is there are two undersea structures going to be built with this project. There is one going to be built going across the Strait of Bell Isle, and then of course from Nova Scotia to Newfoundland or from Newfoundland to Nova Scotia. That is two very important things, two big pieces of infrastructure.

You talk about the fixtures and the transmission towers; the towers alone, the amount of work that has gone – I remember at one of the briefings we received, they talked about the towers. I spoke earlier today, I remember driving from Labrador West to Montreal shortly after the ice storm in Quebec. I remember when I was driving through Northern Quebec I actually seen the domino effect when those towers came down and the wiring.

When you are stood in Churchill Falls and you look across the river, when you are up at McParland House and you look across the river, or if you actually go down to the site, on your way into the site you pass where the transmission lines cross the Churchill River. From a short distance it looks like it is one wire that is carrying across, but when you get up close you realize on each tier of the transmission tower there are sixteen wires that are going across. It is sort of disheartening when you are in Churchill Falls and you are stood there in Newfoundland and Labrador and you are looking across and you realize that just across the river our best resource is going to our sister province.

This project is going to make sure that this project is going to keep the revenues here in Newfoundland and Labrador. I think that is very important. It talks about the transmission facilities that are being constructed.

One of the things that I really like about being a member from Labrador West is that part of the Muskrat Falls Project is there is a transmission line that is going to be built from Muskrat Falls to Churchill Falls. A lot of people do not realize, I guess, what that means, but it gives us an ability to negotiate with a lot of companies to complete another transmission line from Churchill Falls to Labrador West, or to other parts of Labrador, that the power will stay within Labrador.

I heard the Member for Cartwright – L'Anse au Clair asking the Minister of Finance while he was up talking: What is in it for Labrador? What is this going to do for Labrador?

**SOME HON. MEMBERS:** Oh, oh!

**CHAIR:** Order, please!



**MR. MCGRATH:** What this project is going to do for Labrador is 40 per cent of the power that is being produced from this project is available for Labrador. That is just with the project alone. The spinoffs, you are seeing it already. I see it in my district.

If you go into Lake Melville, I was in Lake Melville last week and I heard some of the residents say Happy Valley-Goose Bay is now starting to look like Labrador West looked like six years ago. Every pickup truck there has an orange flag on it, and that means construction. That means a sign –

**MS JONES:** That is not a sign.

**MR. MCGRATH:** That is a sign. The Member for Cartwright – L'Anse au Clair should sit back and start being thankful for what is happening in Labrador right now, for the jobs that are happening in Labrador and the jobs that are going to your district.

**SOME HON. MEMBERS:** Hear, hear!

**MR. MCGRATH:** I heard you yesterday talking about what is not in your district and talking about the arena in your district. It is projects like this that are going to bring things into your district, and eventually put electricity in there so the people of Labrador will benefit.

**SOME HON. MEMBERS:** Hear, hear!

**MR. MCGRATH:** I think rather than standing up and constantly being the pessimist, it would be nice to be the optimist so that we will see what is going to happen for Labrador. That is what this project is all about. That is why –

**CHAIR:** I ask the member to address the Chair.

**MR. MCGRATH:** I will stick to clause 1.

**CHAIR:** Thank you, yes.

**MR. MCGRATH:** Clause 1, talking about transmission lines, I would like to see the transmission line – the transmission line is part of clause 1. I would like to see that transmission line of communication strengthened, like the transmission towers that this project is going to build.

So, with that, Mr. Chair, I would like to say – I am sure I will get an opportunity again to speak on this, and I look forward to standing up and sharing my thoughts and opinions with the people here tonight.

Thank you very much.

**CHAIR:** The hon. the Member for Cartwright – L'Anse au Clair.

**MS JONES:** Thank you, Mr. Chair.

I am always pleased to speak to Bill 61. Mr. Chair, it is always good to have an interesting piece of legislation in the Legislature to speak to. Oftentimes, we just get minor amendments and there is not a whole lot to be said, but this is a bill that there is a lot to be said on.

Mr. Chair, I am glad the minister for Labrador – who, by the way, Mr. Chair, up until he got to the very end had a very good speech going over there, I must say. He talked about the developments in Labrador and he talked about the past projects. He talked about what was going to happen here, but, Mr. Chair, he got diverted by the enthusiasm across the way. It is exactly an hour now before we are going to break for supper, Mr. Chair, so perhaps he had the menu come across his desk or something, because he got awfully excited.

Anyway, let us talk about the Labrador piece for a minute. It is a critical piece in this whole project. Yes, Mr. Chair, when the member says you drive through Happy Valley-Goose Bay now, the flags are on the truck, and it is a sign of good things to come for jobs and development, I agree with him. It means we have moved to another level. We have moved to a different industry standard in the development of big projects.

Now, Mr. Chair, you have to do a three-hour course to get on a job site up there. We never, ever had to do that before, I say to the minister. It is all a different level. It is all about safety. That is right. The flags on the truck, Mr. Chair, what is that all about? I say to the member: It is about safety. That is what I am talking about.

Do not get yourself all excited over there. I am going to get to it now in just a minute. I am going to get to all of this, the trucks, the courses, the gates, and the fellows chopping down the poles. I am going to get to it all now, Mr. Chair, in just a moment.

As I was saying, Mr. Chair, yes, there is a change. There is a change happening in Labrador. We know that change is because of a mega-development project – not one, but many. We are debating one here today in Muskrat Falls, but there are many that are happening in the mining industry as well. Labrador is on the cusp of great things. There is absolutely no doubt. Every member in this Legislature should look north because that is where the future of the Province is going to come from – that is where the future of this Province is going to come from.

Mr. Chair, let us talk about that for a little while. I have been in Happy Valley-Goose Bay, as the member knows, maybe not every weekend, but I am back and forth there on a regular basis. Yes, I know a lot of people up there. No doubt, in Labrador we are just one big family. You put us all together and there are only 30,000 of us, Mr. Chair. If you do not know every soul you know their family or someone they are related to, and that is the way it works.

Mr. Chair, when you go up there now, yes, there is excitement. There is lots of excitement in Labrador. I get on a plane today and I see young people boarding and flying into the mining industry, something a few years we did not see happening. You either moved to where the mine was or you flew out west. That is not happening any more. People are working up in Schefferville. They are working on the border. They are working in these mines and they are coming home to their families. Those are opportunities that we did not see before.

We have to make sure that we continue with those kind of opportunities for Labradorians, that we make them even greater, and we ensure that people get every possible option they can to do good and do better in the land where they want to live, where they grow up and where they see mega developments and resources being done, Mr. Chair.

Yes, when you go through Goose Bay right now, the flags are on the trucks, the gates are up. Everybody wants to know what is happening inside the gates. We know, Mr. Chair, that there are 400 or 500 hectares of trees already cut.

I thought it was the funniest thing when Ed Martin said at the song and dance in the foyer a couple of nights ago that the trucks are now going to roll. Mr. Chair, there is 400 or 500 hectares of wood already rolled out of there on the trucks. There are thirty kilometres of road or more already built and on a monthly basis we have been signing \$25 million or \$30 million in cheques over to Nalcor. Mr. Chair, the trucks have rolled a long time ago, and everyone knows that.

You only have to look in my district, Mr. Chair, to see the traffic on the ferry to know how many trucks are rolling. The Strait of Belle Isle service today is 66 per cent more traffic than it was last year. Maybe the Minister of Transportation will stand up sometime in the debate and tell us what this project has done in terms of the capacity and the traffic on the Strait of Belle Isle. Mr. Chair, there are more tractor-trailers and flatbeds rolling off today than ever we have seen in our lives. So, the trucks have been rolling for a long time when it comes to Muskrat Falls.

Mr. Chair, a lot of things are short term. I am not saying that they are not good. They are good. I am in my own district right now and I am seeing the good and the bad in the short term. There are that many permits now for

quarries in the Labrador Straits that if they all get permitted by the time the rock comes out, there will be nothing left around the Pinware River.

I am dealing with all of that. That is all the short term. I am dealing with all of the traffic that is coming off the ferry and the tourists cannot get a vehicle aboard, and the residents cannot get a reservation because of the traffic. I am dealing with that, Mr. Chair. I am also dealing with the fact that there are people lining up for those short-term jobs who cannot get in the unions. That is a huge issue in Labrador right now, Mr. Chair. Not everybody is a teamster. Not everybody is a member of the engineering union or the carpenters' union – not every person is.

We have a lot of young Labradorians, coming out of school, wanting to go to work. They are not getting those jobs because we cannot get them into the union. It is not as simple as you might make it out to be. Nobody is going to ignore there is short-term benefits. How those benefits are going to unfold and how far reaching they are going to be, in a lot of cases will be determined by the government. Because you can create the jobs and you can say there is a Labrador first policy, but if you are not going to let people get access to the union to get the jobs in there, they are not going to get the jobs.

It is just like down in my area. The contract is out – the expression of interest to blast the rock for the berms that will cover the cable line across the Strait of Belle Isle. We know, Mr. Chair, there is tons of rock that is going to be needed. We know they have to bring the barges in from Europe because there is none here in this country that they can use. We know they are going to need a 100-metre frontage to dock those vessels to get that rock, and we do not even have a wharf to put it to.

So, we know that the infrastructure has to be built, but these expressions of interest are coming in now. You get one company who wants to build that port facility, put the lay down area there, and ensure that the infrastructure is there for the long term. Then you get another company, Mr. Chair, that wants to put two big dolphins in and take them out in four years. Oh yes, that is the answer. We are going to put the dolphins in. We are going to straddle the barges, we are going to use the cranes to load the rock, and we are going to haul it all out when it is over. Now, Mr. Chair, you do not get any shorter term than that, I am going to tell you right now.

The government, Mr. Chair, and Nalcor can talk about the benefits, but they have to follow through. They have to make sure that those benefits are going to accrue to the people of the Province, to the people who they are committing them to, to the people who are looking to get those jobs in Labrador, those young Labradorians who have been told there is a Labrador first policy – give them access to the unions. To those communities who see an opportunity for short-term jobs, do not give them two dolphins in the water that you are going to take out. Make sure that they get the kind of infrastructure that it is going to be needed to support the project, but will support long-term development in the region after.

Mr. Chair, I have lots to say when it comes to this project – a lot to say – and I will get an opportunity to say it over the next four to five days. I will take my seat now until my time is ready to go again.

**SOME HON. MEMBERS:** Hear, hear!

**CHAIR:** The hon. the Minister of Education.

**SOME HON. MEMBERS:** Hear, hear!

**MR. JACKMAN:** Thank you, Mr. Chair.

I thought for a while she was going to come over and join us in our enthusiasm with this project. She was certainly getting there. There was no doubt about that, Mr. Chair.

One of the things that she said is certainly true. Oftentimes we get legislation that comes in here; there are just housekeeping duties and amendments that are made to a piece of legislation. When we find ourselves in these types of situations, around filibustering, we know that there is a little bit more to it than the normal legislation and the amendments that we make.

Mr. Chair, this one, and the other bill that we are speaking about, are necessary for one simple but very, very important reason. One, Bill 60 is about getting it so that the lands that we need can be acquired so that the project can move ahead. The one that we are debating right now is specifically about getting the financing so that we can move ahead with the financing.

Mr. Chair, the Minister of Natural Resources put it very simple and very straightforward a little while ago. These two pieces of legislation are necessary because the project got sanctioned. If the project did not get sanctioned, we would not need these two pieces of legislation. It is as simple as that. Working through the details, as such, is certainly much more complicated, but for those people who may be listening on TV or whatnot, that is what it is about.

Mr. Chair, I was on the Open Line show this morning and the host said: It seems that you are bending over backwards to get all of this done so that you can move on with the project. I said: Indeed we are, and there is a reason for that. There are many past governments, there are many past Premiers, there are independent people who have attempted and have bent over backwards to get it done, to get this project done, and it has been talked about for the past forty or fifty years. There is one important difference this time around, Mr. Chair: It has been sanctioned – the project has been sanctioned.

I also said to him: I have been so pleased to be a part of a government that got this sanctioned. I am so pleased that I can say and will be able to say to my grandchildren that I was part of a government that made this happen. Now, is there a risk involved? Yes, there is a risk involved – there indeed is a risk involved.

I remember this particular article when it came out. When we talk about Mark Dobbin, everyone knows who Mark Dobbin is and we know his affiliation with the previous project. There is one quote in his letter to the editor that struck me. I remember the day I read it because I said to the Minister of Natural Resources that same day or the day after: Did you see the letter to the editor from Mr. Dobbin? This is what it says, "It is not always comfortable to make big decisions but there comes a time when they must be made. That time is now."

Mr. Chair, the people in this Province, we as a government, and I really, truly do believe the crowd opposite recognize that. They are, at this point, just playing political games with it. Mr. Chair, that is what they are doing. We – this Premier and this government – have made this project happen.

**SOME HON. MEMBERS:** Hear, hear!

**MR. JACKMAN:** Mr. Chair, to stand in that lobby the other day and to see the reaction of the people in that lobby, you knew – and I have said it before – there are certain times in this Legislature or certain times in government when things happen, you know they are special and you take pride in the fact that you have been a part of it.

Mr. Chair, what has happened now is those things have taken place. The project is sanctioned. Now we need to get on with the next phase. In this bill, things are being outlined in this around defining Muskrat Falls so that we can do two things. As I have said, the two bills before us, one – and people have talked about it here – are around lands issues so we can get the transmission line and whatnot built; the other is about financing. Now, it is time to get on with it, and the work begins, Mr. Chair.

The Opposition House Leader is talking about benefits. My God, I do not know if you could be anywhere better in this country now. I can tell you one thing: I go nowhere in this country and bow my head and say that I am second to anybody in this country. If anything now, Mr. Chair, I go with my bloody head so high and so proud of what is happening in this Province that I take second fiddle to no one – to absolutely no one.

**SOME HON. MEMBERS:** Hear, hear!

**MR. JACKMAN:** Just take a look around. I have one of my sons working in Long Harbour. The projects that are on stream here, we have to be the envy of other provinces. Since 2003 we have been on this road, but I kind of get the feeling that a little bit prior to that you sat around the table and they placed you at the ministerial table and you

are down here to the end and you took stuff from Ottawa, you went to Ottawa looking for stuff. Now, yes, we still sit in the same place, but I can guarantee you one thing: the attitude has changed.

Mr. Chair, there is one thing that I have to recognize before I conclude and that is around the loan guarantee. We know, from previous campaigns, that Prime Minister Harper was not the most popular person in this Province. We know the campaigns that carried on, we know his results in the last election, but I really do think it is important that we give credit where credit is due. I have always stood on that principle, and I stand on it again now.

There are many people who undoubtedly wondered if the loan guarantee was going to come through. I think there are people out there who may have hoped that it would not have happened. There are a number of those, but we did see it happen.

We have to recognize the efforts that the Premier has been under. Mr. Chair, I will say this about her: We meet pretty regularly on Cabinet meetings. Over the last month, she has been a bit touchy and these types of things, and I think we came to recognize as we got nearer to the end for the signing of the loan guarantee what that was all about. I think, in her life, she was probably getting phone calls at 11:00 at night that might have said: Premier, we do not know if this going to work. Then, the next morning, she had to come in, face all of us, face media, and face everything else. Mr. Chair, we have to recognize the efforts that our Premier put into this and into making it happen.

**SOME HON. MEMBERS:** Hear, hear!

**MR. JACKMAN:** There is no doubt about it. The history books will say the first lady Premier of Newfoundland and Labrador, and her name will be right next to making Muskrat Falls happen – a legacy to all of our children, to our grandchildren, and for many generations to come. Because there is one thing about it: The water will always flow.

A wonderful legacy – what better legacy could we leave than to walk out with the Member for St. John's East and see Holyrood shut down? We will hold his hand and say to him: Honourable member, there was a time when you grumbled and complained and you did not think it was going to happen. We are going to say to you: George, it happened – George, it has happened. Mr. Chair, it is not only about Holyrood. It is another legacy that we have left to our children: Our Province is going to be 98 per cent green – 98 per cent green.

**CHAIR:** I have to remind the member his speaking time is up.

**MR. JACKMAN:** You talk about carbon footprints, Mr. Chair; we have left a good one.

Thank you, Mr. Chair.

**SOME HON. MEMBERS:** Hear, hear!

**CHAIR:** The hon. the Member for St. John's East.

**MR. MURPHY:** It is George, Sir.

Mr. Chair, I rise in the House again to talk to clause 1 of the act. There are some interesting comments. I just want to address one of the things he said about the Opposition playing games. Mr. Chair, I do take my role quite seriously. Maybe I am not a fully experienced parliamentarian yet and maybe I still have a lot to learn; I will freely admit that. I have my own little copy of O'Brien and Bosc and I read a couple of pages every day and I am learning all about the job and what it means to be serving the people of St. John's East. I could only hope that I am doing the job right.

I tell you, I think that I am giving it due diligence. I want to just address the member and say that even though I come from a different background than him – and we are all different and that is what puts variety in the House and makes this Parliament unique; it is what makes the House unique – I think that I know of a couple of things in my day. I would hope that experience would prove to be valuable in the House.



I do not think that when he is addressing the Opposition side of the House that he should be saying about us playing games, because I do take my role quite serious. Any time that I talk about something I try to give it 110 per cent. Please do not be disingenuous with the comments on that. Please take it serious for what I am saying. If I am wrong, hey, I will freely admit it – not a problem.

Mr. Chair, I want to rise and talk about the risk that is dealing again with these couple of sections. This ties into the financing end of it and any time that we are talking financing, we should be talking risk. What is the risk for the taxpayer here? What is the risk of doing what they are doing?

It is great, but what they are doing with Newfoundland and Labrador Hydro, with a profitable Crown Corporation, I do not like and that is where my instincts kick in.

I remember a time, I think it was 1994 or 1995 – one of the other members of the House would stand to correct me on it. Perhaps I will have to go back through Hansard just to see exactly the date. I can remember Clyde Wells was the Premier. I remember that there was a very active group out there that undertook a petition because Newfoundland and Labrador Hydro mattered to them quite a bit. It was probably one of the most important contributing corporations to the government's bottom line at the time – Crown corporations, that were making a big contribution.

At that particular time – I think it was 1993, possibly 1994. I can remember the year vaguely, but the amount of money, I think, in 1994 that they actually turned into the government Treasury was something in the order of \$54 million. I could stand to be corrected, but the number sticks with me.

The importance of that Crown corporation at the time, Mr. Chair, when that petition was presented to the government of day it had somewhere in the order of about 110,000 signatures of the people of Newfoundland and Labrador, people of the Province who really cared about the fact that government of the day tried to privatize Hydro.

The Premier at that particular time rescinded what they were after and, of course, Newfoundland and Labrador Hydro stayed as a Crown corporation – a very profitable Crown corporation – up until the time, right now, where we are looking at another threat.

I do not know – maybe somebody in Newfoundland and Labrador is going to step up with another petition to ask this government to guarantee the safety and the integrity of Newfoundland and Labrador Hydro and all the employees who are working there for them. That is how important that I think Newfoundland and Labrador Hydro is. It would not surprise me if I hear that in the least.

Mr. Chair, I wanted to go on and talk about some of the dynamics of the business case. Again, addressing the Finance Minister, addressing the whole side of the House over there, I do see risk. I see risk when I am comparing numbers myself.

For example, I know that government has relied an awful lot, for example, on the numbers that PIRA has. From time to time, they do their own budget considerations and they do their projections of oil prices through PIRA – and I know that they pay quite a bit for the subscription. The last amounts, I think, were in the government tenders.

It is quite a lot of money that they pay for that. As the Finance Minister said, sometimes the data may be off a little bit, and it could cost us. Unfortunately, this time around, because of dropping oil prices, if you look at that from the government perspective, the simple fact is that we lost. We are about \$750 million – \$726 million, I think, from the Finance Minister just last week, that we are in the hole, that the taxpayers are on the hook for, that is added to our debt, that we have to worry about.

At a very trying time in the world, Mr. Chair, we are taking more money and we are putting it into a project that we really do not know – in spite of all the projections and in spite of the world volatility of the markets right now, we really do not have an assurance that in the immediate future, once that thing kicks in, in 2017, once the switch goes

on in Muskrat Falls, we do not know if people out there who are on the bottom end of the ladder are going to be able to afford their electricity bills.

At the same time as that, we do not know, for certainty, how much revenue the government is going to be able to have, in that it is going to be able to contribute to some of the ongoing programs. Again, I talked about energy conservation measures. We talked about the energy retrofits, the heating rebate program, indeed. We talked about the possibility of government having to address extra taxation measures or something just to keep up with other government programs.

We do not know about if government did an analysis on its own projected spending in the last couple of years. We have not seen a report of any kind when it comes to the effect on government coffers over the next couple of years in a world recessionary period on how the Newfoundland and Labrador government is going to deal with a lower price of oil, how it is going to be dealing with its spending, that sort of thing.

So, the numbers – I went through it. Just to give the Finance Minister a couple of figures that I ran into – PIRA are calling for a price of oil of \$110 going up to 2025. The report on oil production is pretty close to that, calling for world production to reach about 110 million barrels in the run of a day by 2025. So PIRA has based their numbers on this, but another report that I ran into by a very worthy gentleman by the name of Leonardo Maugeri – and I am pretty sure that government must have read the report by now. If they have not, I will get a copy for them. I will even table it for them, if they like, and they can go ahead and read it. For anybody else, it is on-line.

The gentleman did the report through Harvard University, through the Kennedy Center. The gentleman in question said this about the projections when it comes to oil production. He projects 110 million barrels by the year 2020 and US self-sufficiency possibly as early as 2017. That has immense implications when you talk about the use of that particular energy source and how it is going to be used in the North American economy, particularly as it goes from the US.

There was an argument last week; I was watching the stories going back and forth on Bloomberg about the US actually exporting its natural gas. Why? Because it has that much natural gas down there the US are talking about exporting it just to help support the price from bottoming out all together.

I had a conversation with the Natural Resources Minister some time ago about the price of natural gas and where it is going to go. The prices in the meantime are going to remain low. They are not going to come back in the immediate future real quick, but there is opportunity here. There was an opportunity that was overlooked in the scenarios for generating of other revenues.

Government missed out, for example, on the opportunity for exporting of natural gas besides using it to generate electricity here in the Province. We had the possibility here. We already had a customer who could have done it, who could have availed of it. We had Newfoundland and Labrador Hydro that could have been generating the electricity for us. It would have been a guaranteed sale. That is what we are looking for, is something concrete for generation and to make an industry work. We could have put people to work into another alternative when it came to the oil and gas industries out there.

Mr. Chair, I see that my time is running out already. It is a shame that I only get ten minutes to do this. PIRA says oil is to increase out to 2030 while Maugeri quotes a possible collapse as early as 2015. It could be earlier and it could be more extended, depending on overproduction capacity being reached.

US overproduction of natural gas, shale oil and traditional oil reserves is just going through the roof, Mr. Chair. We are going to be entering this project into one of the most contentious times in the North American market when it come to energy and where it is going to come from, Mr. Chair. I would really like to see where government has been on the changing conditions. Some of these changing conditions have not been reflected in some of the reports used to base Muskrat Falls.

Thank you, Mr. Chair. I will be back.

**SOME HON. MEMBERS:** Hear, hear!

**CHAIR:** The hon. the Minister of Municipal Affairs.

**SOME HON. MEMBERS:** Hear, hear!

**MR. O'BRIEN:** Mr. Chair, it is indeed an honour to stand in my place in this House today and enter the debate in regard to Bill 61.

It is an important bill, absolutely, but it is a bill that could not come forward to this House of Assembly until the present time. For the simple reason, it is only a few days ago that we sanctioned Muskrat Falls, one of the most important projects for the future of this Province as we move from a non-renewable to a renewable revenue source as well as an economy. That is exactly one of the reasons why I am so interested in regard to this project and the future of the Province.

I reflect back on the event of a couple of days ago, and what I saw through my eyes was something great happening in this Province, something great that was happening for the people right at this present time. These people out there that we call Newfoundlanders and Labradorians, the population base of our Province, have children. They have grandchildren, and they expect they are going to have great-grandchildren in the future and on and on.

We have been here for a long time in this Province and seen an evolution in our Province from a time when all we had in regard to an economy was a fishery. That is all we had. That was the basis of our total economy, was our fishery. We have to move into a new economy. We have to move into our own economy. That is exactly what we have to do here. That is part of the reason, only part of the reason, why Muskrat Falls is so important, because it opens up other opportunities.

I listened to the hon. Member for St. John's East as he was talking about the fluctuating price of oil and how we as a government are going to deal with that issue in regard to our infrastructure investments and various other things that we have to deal with as a government as a cost and also to deliver the services to the people of our Province. Well, we deal with that in a budget. We deal with it in that process. That starts probably as early as the middle of August, or late August in regard to the teams within our departments, our public employees who do so much valuable work for our Province.

That starts probably in late August or early September in regard to our budget submissions and then we move it forward. That is exactly what we do on an ongoing basis. We move that forward and then we identify the monies that we have to spend, because you have to spend regardless if you find yourself in a deficit position or in a surplus position.

The thing we have done quite successfully, especially over the last couple of years under Premier Dunderdale's leadership, is spend wisely. We have invested wisely each and every time. Our Premier challenges us as ministers in regard to our budget submissions and exactly what we are doing with them and how we are going to address the needs of the Province and the people who live here in the place that we call home. That is exactly what we do through that process.

I heard the hon. member say as well, that he – and I sense, in a way, that he actually supports and can see the wisdom of a Muskrat Falls. I can hear it and read it in between his words. He said something about 110 per cent; he gives it 110 per cent. He might not be the parliamentarian of somebody who has sat in this House for ten or twelve years, because he is only here for probably about a year and so many months or whatever it may be. I take that at great value because I have a lot of respect for the hon. member. I might get a little bit testy at times and I apologize for that, because that is clearly out of frustration.

I heard him say something about, how can we predict – will the senior citizens of the day in 2020 or 2019 or 2025, will they be able to afford their electricity bills? Well, let's go back in time. When I grew up on the Southern Shore many, many moons ago before I moved to Gander – and I will not tell you how many moons, Mr. Chair, but it is a lot of moons, I will guarantee you that.

I will bet any money, if I were able to extract an electricity bill from that particular time, that light bill was probably \$15 or \$20 or whatever it may be. If I were to compare the same household that I grew up in – which is still there, and I own now because both my parents have passed away – I would say that electrical bill is probably up around a couple of hundred dollars area in any given month during the winter. That is supplemented with wood heat as well.

When you sit here and you hear the hon. member, yes, absolutely, but you have to take a risk in regard to any investment you would make in business or whatever. Regardless of what processes and formulas you apply to the actual project itself, you cannot guarantee 100 per cent. No way on this earth can you ever do that, because if you did you would be looking into a crystal ball and be able to predict everything.

What I have seen, and the presentations I have seen from our experts in Newfoundland and Labrador over at Nalcor, over at Newfoundland and Labrador Hydro, and also across Canada in regard to Manitoba Hydro and that kind of thing, what this project does is that it flattens out the ever-rising electricity bills that we have seen over the last number of years in Newfoundland and Labrador.

We have heard members in this House say: Listen, take your light bill, say one from 2005, and compare it to one you are paying now in 2012. You will probably see a 30-odd per cent or 40-odd per cent increase in regard to that number. That is going to continue to rise when you are looking at Holyrood and the dependency on oil to fire that particular facility.

We are not taking anything away from the PUB in regard to the process like some of the members across the House would like it to be believed by the people who live in this Province and the people who are listening to this debate here today. All we are doing is making sure the PUB takes the full project cost into the equation, which is only one component of the formula that determines the rate you would pay for electricity that you would use in your household. That is all it does. Then the PUB does everything else.

If I could say this to the hon. members across the House, what that does is ensure that if something goes wrong within the PUB – and no disrespect, I have a lot of respect for the PUB. Let's say they take into account only 75 per cent of the total project cost to determine a rate, which is only one component of the formula then we have a real problem in regard to meeting our commitments, the Province's future commitments in regard to paying for that asset.

When you build a house and you sign onto your mortgage, you take the full responsibility of what it costs to either buy that house or build that house. That is the way it works. You cannot take 75 per cent of it into account. You have to take 100 per cent of it, work the mortgage thereof, and make a commitment over a twenty-year amortization process that is called a mortgage. That is the way it works. The way this works here as well is exactly in that same manner, other than there are other variables as well that are taken into account in regard to determining the formula. That is the way you move this piece of process.

To me, anyway, in regard to putting up obstacles or having debate, absolutely – I have heard the hon. the Minister of Natural Resources, I have heard the Premier, and I have heard other Members of this House of Assembly say: Boys, listen, we are here to debate, but bring something to the table. Do not just say something for the sake of saying it. This is a great project for the Province, a great project for our children, a great project for our children's children as we move from a non-renewable to a renewable economy. That is what is important.

I simply say to the hon. members across this House that we have to have our own economy. We have spent too many centuries, too many decades – too many centuries depending on somebody else's economy. That is what we have done in the past. That is where we do not want to be.

Our Premier, the Premier of Newfoundland and Labrador is moving us towards that economy. I am very proud to stand in my House today to speak to this bill and the importance thereof.

Thank you, Mr. Chair.

**SOME HON. MEMBERS:** Hear, hear!

**CHAIR:** The hon. the Member for Cartwright – L'Anse au Clair.

**MS JONES:** Thank you, Mr. Chair.

I listened very attentively to the member opposite, Mr. Chair. I know he is very passionate about this bill, very passionate about the Province. I guarantee you when he stands on his feet, Mr. Chair, he certainly speaks directly from the heart and what is important to the people of the Province.

I want to do the same. I want to talk, Mr. Chair, about the benefits in this agreement and the challenges in this agreement for the people of Labrador. I started it after my colleague, the Minister of Labrador Affairs, was on his feet. We get ten-minute intervals, so it is really difficult to get it all in at one time.

Mr. Chair, we were talking about what is happening on the ground up there and what the short-term benefits are for people of Labrador. We are not disputing that, we have never disputed that. No more than the people on the Northern Peninsula are going to dispute the fact that they might have hotel rooms that are going to be full for three or four months in the year because of the transmission line going down.

In Labrador, Mr. Chair, there was a big expectation built around Muskrat Falls. Absolutely there was for a long time, not just since December of 2010. No, Mr. Chair, that expectation was built for years and years and years that the next great development bringing the Lower Churchill, Gull Island and Muskrat Falls would bring tremendous long-term benefits to the people of Labrador. In fact, Mr. Chair, I know of about – I should have gone and actually researched them.

Through the years, with groups like the Combined Councils, of which the member for Labrador was the president at one point, Mr. Chair, approved and endorsed resolutions calling for royalties on the Muskrat Falls Project to accrue to the people of Labrador. That was their big platform piece. That was the group the minister was the president of. The group that he led wanted the royalties, Mr. Chair, from any development on the Muskrat Falls Project.

Now, Mr. Chair, we do not always get what we want, and that is fair. We do not always get what we want, but there should be some provision that if it is not going to be a royalty program for the people of Labrador – we know there is a royalty for the Innu. That is why the Innu were at the party in the foyer, but there is no royalty for the rest of the people in Labrador. What are the offsets to that? What can we do, Mr. Chair, to ensure that the people of Labrador get fair benefits out of this project beyond the two, three years of construction?

You have to realize something; it is their trees that are being cut. It is their land that is being flooded. You have to realize that, Mr. Chair. It is in their backyard where this is all occurring. It is on the trapping grounds. We saw three trappers arrested, Mr. Chair, for crossing inside of the fence. Three trappers arrested: Mr. Dick Learning, Mr. Jim Learning, and Mr. Kenny Mesher. Uncle Kenny Mesher, trapper for seventy years in Labrador, and guess what? The government arrested him. They arrested him because he walked inside of the Muskrat fence. He walked inside of the Muskrat fence.

**MR. CORNET:** (Inaudible).

**MS JONES:** The Member for Port au Port is having a lot to say, but do you know something? We have been here now, I do not know how many hours, and he has not stood up. He has not spoken on either bill yet, Bill 53, 60, or 61.

Mr. Chair, as the Minister of Natural Resources likes to say, there is a lot of yap. That is the word he uses. Anyway, I am making important points. This is an important issue, Mr. Chair, and I want to get to this important issue.

**MR. MCGRATH:** (Inaudible).

**CHAIR:** Order, please!



**MS JONES:** Thank you, Mr. Chair.

The Member for Labrador West, I am going to tell you, he is hot under the collar, Mr. Chair.

Anyway, I want to get to those benefits for Labrador because, Mr. Chair, I think people have a right to have a different opinion. I really believe people have a right to have a different opinion. Do you know something? I think that the right thing to do is to respect different opinions, absolutely.

When I saw Uncle Kenny Mesher – now maybe the Member for Labrador West does not know Uncle Kenny Mesher, but the Member for Grand Bank, the Member for Burin – Placentia West knows Uncle Kenny Mesher because he taught school up there. That is why he knows him, known him for a long time. In fact, Mr. Chair, he probably knows everyone associated with him.

Mr. Chair, everyone who knows Uncle Kenny, he never raised his voice above a squeak in his life. He never said a word without saying yes sir, or yes ma'am. He spent all of his time trapping and hunting in the wilderness. Mr. Chair, he crossed over the Muskrat Falls fence, the poor gentleman in his seventies. What did they do, Mr. Chair? They sent a pack of wolves out to him with the cuffs. They were going to take him in, charge him, and drag him into the courts.

Uncle Kenny Mesher, Mr. Chair. The poor man, I am sure he had no idea what was happening to him. He went with his scrawn bag, his axe and his snowshoes like he did for seventy years. The Member for Burin – Placentia West knows him, knows him very well. He knows that what I speak is true about the character of this individual.

Mr. Chair, you have to respect people who have differences of opinion. You do not have to agree. I have respect for the members opposite. I do not agree with what they say all the time. I disagree with them on lots of occasions. Do I not appreciate the jobs they have to do and respect them for their opinion, especially when they get up and tell us their opinion, when they get up and tell us why they disagree or agree with something? That is very important, I say to hon. members. You have to respect people out there who do not always agree with you.

This is the case in Labrador today with groups like Nunatsiavut and NunatuKavut. A lot was said about Nunatsiavut because one of their members showed up at the tea party in the foyer, Mr. Chair. One of their members showed up, so there was a lot being said about support from Nunatsiavut. Guess what? The president of the organization the next morning had to send out a press release.

**AN HON. MEMBER:** He never.

**MS JONES:** She did, had to send out a press release to clarify for the Premier and the government what their position was, Mr. Chair. Because one of their members showed up, the government and the Premier left the impression –

**SOME HON. MEMBERS:** Oh, oh!

**CHAIR:** Order, please!

**MS JONES:** – that they were fully behind the project and had no concerns.

**PREMIER DUNDERDALE:** A point of order, Mr. Chair.

**CHAIR:** A point of order, the hon. the Premier.

**PREMIER DUNDERDALE:** Mr. Chair, such a press release did occur after the announcement of sanction of Muskrat Falls. We very nicely corrected, sent a copy of the remarks where no such remarks were made and no such claims were made, Mr. Chair. That is the truth of what happened.

**SOME HON. MEMBERS:** Hear, hear!

**CHAIR:** There is no point of order.

The hon. the Member for Cartwright – L'Anse au Clair.

**MS JONES:** Mr. Chair, when the Minister of Natural Resources was announcing all of the guests at the tea party, he said how pleased he was to have the Nunatsiavut Government in presence supporting the project, the Innu Nation, and Mr. Ed Martin. They even brought up Patty Pottle from Northern Labrador, Mr. Chair, and Shawn Skinner from downtown. They had them all out there. They all got an honourable mention at the tea party.

The one thing I did not hear at the tea party was the benefits for Labrador. It was not mentioned at the tea party, Mr. Chair.

**PREMIER DUNDERDALE:** A point of order, Mr. Chair.

**CHAIR:** A point of order, the hon. the Premier.

**PREMIER DUNDERDALE:** Thank you, Mr. Chair.

Mr. Chair, we would have been delighted to have the former Minister of Aboriginal Affairs at the sanction on Monday night, but she was not in attendance. Again, in matters of substance and in matters that are only peripheral, the one consistency is the Opposition House Leader is wrong.

**SOME HON. MEMBERS:** Hear, hear!

**CHAIR:** There is no point of order.

The hon. the Member for Cartwright – L'Anse au Clair.

**MS JONES:** Thank you, Mr. Chair.

I do apologize, Mr. Chair. I understood in the introductory comments that when the Minister of Natural Resources acknowledged her that she was in the foyer. Of course, Mr. Chair, I was not in the foyer because I was making my way back from my constituency.

**CHAIR:** Your time has expired.

**SOME HON. MEMBERS:** Hear, hear!

**CHAIR:** The hon. the Minister of Finance.

**SOME HON. MEMBERS:** Hear, hear!

**MR. MARSHALL:** Thank you, Mr. Chair.

Mr. Chair, it is getting late in the day so I want to continue on with some of the comments I was making earlier about the definition of the Muskrat Falls Project and the financing of that project. I want to remind everybody who is watching tonight on television that the project for Muskrat Falls has been sanctioned. We had to first of all get the guarantee from the Government of Canada, and that has been forthcoming from Prime Minister Harper and the federal government.

As I said earlier, when I was at the FPT meeting in Ottawa, I expressed our appreciation to Minister Flaherty and his government for taking our side and helping us finally move forward on a project that will meet our first needs, the needs of the people of the Province, to provide lower rates and stable rates to the people of the Province. Also, finally give us an opportunity to export our surplus power down into Atlantic Canada and into the New England market, other than through the Province of Quebec, which will augur well in whatever future negotiations and

discussions that take place between our government and the Quebec government, between Nalcor and Hydro-Quebec.

We have an additional power potential in Gull Island. Apart from Muskrat Falls, we have additional power possibilities. Hydro on the Island and a lot of wind and a lot of natural gas to come at some point in the future, which would be available to go down the Maritime Link and be sold into the US market. I said that many Premiers have tired, from Premier Moores onwards. Premiers have tried their best to arrange a deal.

I was reading in *Maclean's* magazine recently an interview with Richard Gwyn, who recently wrote a two-volume biography on Sir John A. Macdonald. Also, I think his name is Allan Levine, who wrote a similar biography of William Lyon Mackenzie King. I think they are two of the longest serving Prime Ministers. I do not know where Trudeau fits into that, but one of the questions they were asked is: What are the qualities that make a great Prime Minister? One of the qualities they both mentioned was an ability to have a vision for the country and the courage to put that vision into effect when there is a lot of opposition saying that what you are doing is wrong.

I want to congratulate our Premier for having the backbone, for having courage, for having the vision to put this project forward. She needs to be congratulated for that, and I think everyone would agree with me in this House.

**SOME HON. MEMBERS:** Hear, hear!

**MR. MARSHALL:** Mr. Chair, this project meets a number of needs. You do not do a big project unless there is a good reason for doing it. You do not take on a project like this unless there are good reasons for doing it. The biggest reason of all, which I mentioned earlier today, when I spoke earlier, was the fact that we are burning oil at Holyrood.

Holyrood is having a big impact on our cost of producing electricity. The most expensive electricity produced on the Island is at Holyrood, which burns oil to make electricity. That has been driving up electricity rates in the Province of Newfoundland and Labrador for the past five to ten years. Because oil prices have been rising, that has been driving up the rates.

I am told that 75 per cent of the rate increases the people of the Province have been incurring over the last five years have been because of the fact that oil prices are going up. Holyrood is burning; I think it is 18,000 barrels a day in the three turbines to manufacture electricity. So, there is the problem. Holyrood, burning oil to make electricity at a very high cost, has been the problem. That is what has been driving up our rates.

The government looked at the situation and said: All right, what can we do to control that? What can we do to keep rates stable? Are we going to just sit back and continue to burn oil? Because we bring the oil in from foreign countries and we simply burn it and have nothing to show for it. All that money is going out for oil with nothing to show for it.

A more sensible approach would be to give up an electricity producing system, which is based on the burning of oil, and switch to one based on hydroelectricity, because hydroelectricity uses water. It stores water in a dam. It lets the water out when you need the electricity. The water turns the turbines. The turbines produce the electricity, and the water does not cost anything. It is either going to be an oil-burning system or a hydroelectric system, and the hydroelectric system is cheaper. It is cheaper to the people of the Province by about \$2.4 billion. That is a major difference.

What Nalcor have done, and what Manitoba Hydro International did is they compared the costs. Now, the two projects are different. One is a thermal generating project; the other is a hydro generating project. How do you compare the two? They did it using what they call a current present worth.

They did not just look at the cost of construction. They did not just look at the cost of building Muskrat Falls and comparing it to the cost of what you would have to do at Holyrood to refurbish Holyrood, to put the scrubbers and the precipitators up on top because it is such an environmental disaster there, but they also looked at the cost of

operation over the next fifty years. The difference between the two in nominal dollars is \$2.4 billion. It is cheaper to the ratepayers than if they stick with the Holyrood option.

It will mean, by going with Muskrat Falls, lower rates for the people of the Province. That is the whole objective, to try to have stable rates for a long period of time for us and our children and their grandchildren, because it is the ratepayers who pay for any of these projects. Any of these projects done in the past have been done, I think originally, by the private sector.

I remember BRINCO did the Upper Churchill. BRINCO was a private company. It had shareholders. Its objective was to make money for its shareholders, to make a profit, but Nalcor is owned by the people of Newfoundland and Labrador. It is our energy company whose objective is not simply to make profits but to find a reliable and safe source of power at rates that the people of the Province will find fair and affordable. That is the difference.

I have heard people say we are letting Nalcor be a monopoly. Well, of course we are letting it be a monopoly because it is owned by the people of Newfoundland and Labrador. Before we got here we said no more giveaways. We are not giving it away. We are not giving it to certain groups to make a fortune and leave here like the Abitibis' of the world.

The project will be owned and operated by the people of Newfoundland and Labrador. It will provide fair and affordable rates to the people of Newfoundland and Labrador. It will meet our needs to be a catalyst to generate economic growth in Labrador in the mining sector. Anything surplus to our needs can be exported. We will have control. Instead of relying on foreign countries that brought us in oil outside of our control, we will have control over that hydro.

We will control our own hydro for the first time. That will make us stronger for a very long period of time and it will allow us to do something we talk about, that everybody says we should do but we have not accomplished, and that is to diversify the economy. We have to diversify the economy. We are too reliant on these non-renewable resources. Yes, the money will be paid for by the ratepayers but, Mr. Chair...

Mr. Chair, I see it is getting to 5:29, so I am going to move that we can come back tonight. I am going to suggest we adjourn and have a bit of dinner and come back at 7:00 o'clock.

**CHAIR:** As per tradition, this House is in recess until 7:00 p.m.

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**December 18, 2012**

**HOUSE OF ASSEMBLY PROCEEDINGS**

**Vol. XLVII No. 71B**

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The House resumed sitting at 7:00 p.m.

**CHAIR (Littlejohn):** Order, please!

I am going to recognize the hon. the Minister of Finance for about a minute and thirty seconds to finish.

**MR. MARSHALL:** Thank you.

Mr. Chair, for those who are just joining us, we are continuing to debate the last two pieces of legislation. We have sanctioned Muskrat Falls. We have debated Muskrat Falls since 2010, Mr. Chair. I do not think any topic has dominated Question Period as Muskrat Falls has. We actually had an election on the issue.

The government received a mandate to go forward with Muskrat Falls if the DG3 numbers turned out to confirm that it would give the fairest and the lowest cost to the people of the Province. The project was sanctioned on Monday. Unfortunately, I was out of the country. I could not be here for that historic occasion, but I did watch the video.

Mr. Chair, it is now time, I believe, that this House permits the government to move ahead with this project. We have had the debate; it has gone on for a long time. MHAs have done their job. It is now time that the business of

the Province go forward. Any delay is simply going to add to the cost. We are burning more and more oil out of Holyrood. It will add to the cost to the ratepayers of this Province.

Mr. Chair, it is time for the government to proceed and it is time for the Opposition to recognize that. The debate is done, and it is time to move forward on behalf of the taxpayers and the ratepayers of this country so we can bring in this project to ensure that the fees are lower, to ensure that the rates are lower, to give us our control over our own electricity production, and for the first time, to give us an opportunity to sell any surplus beyond Quebec and into the United States to provide future prosperity.

Thank you, Mr. Chair.

**CHAIR:** The hon. the Member for Cartwright – L'Anse au Clair.

**MS JONES:** Yes, Mr. Chair.

I am looking forward to the debate over the next few days with regard to Bill 61. Mr. Chair, we are on clause 1 of this bill. That allows us the opportunity to discuss in its entirety what the bill does and what the impact of this legislation will be once it is proclaimed in Newfoundland and Labrador.

Bill 61 basically proposes amendments to three particular statutes of the House of Assembly: one being the Electrical Power Control Act, 1994; the other, the Energy Corporation Act; and the Hydro Corporation Act, 2007. Mr. Chair, government claims that this bill is necessary in order to put together the financial components that will be required to do Muskrat Falls. As we know, they have a timeline in which they want to meet financial close on the deal by the fall of 2013, if not by the end of 2013. So, they know they have a lot of work to do.

They want to get this bill passed so that they can get out there and start doing that. Well, it is not just that simple, Mr. Chair. It is not that cut and dried because the bill does not simply say we are going to allow certain provisions for the financial aspects of the project. What this bill actually does, Mr. Chair, is bring into force in this Province legislation that will be binding for the next fifty years, that restricts our ability to be able to develop other sources of energy, to be able to provide cheaper cost of energy to the public in the future. That is one thing.

The second thing it does, Mr. Chair, is it gives the power to the government, the Premier and the Cabinet, to set the rates for electricity in this Province. That is the other thing it does, Mr. Chair, which right now is being done through the Public Utilities Board. In addition to that, Mr. Chair, it speaks to a whole realm of activity that will occur around the Muskrat Falls Project itself and amendments that are required in three particular acts in order for this to go forward.

Mr. Chair, we are going to express, as we go along, a number of concerns we see with this and ways that we can see it strengthened. In addition to that, we are going to point out concerns we have with the project as a whole. Because, Mr. Chair, it is not always about the principle of what government is trying to do, but often about the way in which they are trying to do it. That is one of the things I have consistently been hearing in Labrador.

I started today already to discuss the Labrador piece. I will debate the whole piece around Labrador over the course of this bill before I get into all the other aspects of the bill that I have some tremendous concerns and comments that I want to make on as well. First of all, as it relates to Labrador, I talked about some of the short-term benefits. I talked about some of the activity that is ongoing. I was getting into talking about the long-term benefits.

Mr. Chair, first of all, there are a number of groups in Labrador who feel they have not been consulted appropriately. One of those was Nunatsiavut. The President of the Nunatsiavut Government in Northern Labrador and Central Labrador expressed concerns. They expressed concerns, Mr. Chair.

Mr. Chair, her concerns were dealing with the environmental panel review that was completed. In fact, they indicated what exactly their concerns were with the level of mercury that might be in the water, the level of mercury that could get into the fish, and what the impact was going to be for the people in Nunatsiavut –



**MR. MCGRATH:** (Inaudible).

**MS JONES:** Whom the Minister of Labrador Affairs should have enough respect to listen to their concerns, I say to the member, instead of sitting there yelling back and forth across the floor. Obviously, the President of Nunatsiavut feels very seriously about this in representing the views of her constituency and of the people of the Nunatsiavut Government.

All they asked, Mr. Chair, was for government to consult with them, to talk to them, and it did not happen. Instead, government tried to bring them into the whole façade they had going in the lobby of Confederation Building, but not bringing them into the project to deal with them in a proper manner and deal with their concerns in a proper manner.

The other group, Mr. Chair, is NunatuKavut Community Council – now led by the former Member of Parliament for Labrador, the new president – who has been out there saying they have a legitimate claim. In addition to that, they have legitimate concerns, Mr. Chair, real concerns about what is going to happen in the land claim area they have made claim to in that area. They have serious concerns about that.

They have a land claim that reaches right down through from Lake Melville, from Muskrat Falls, and to the Southern Coast of Labrador, right down there. In fact, Mr. Chair, that is where the entire transmission for the project is going to be built. Do they deserve to be consulted with or do they deserve to be ignored? This is my issue, Mr. Chair.

It is not always about agreeing with the views and the perspectives of everyone else. No, Mr. Chair, it is about respecting the views and perspectives of others and trying to address them and listening to them, giving them an ear to be heard. That is the problem here, is this government – even the media, even the people in Twitter are all alluding to it. This is a government, Mr. Chair, that if you disagree with them they do not want to hear you. If you have a concern, they do not want to hear it.

Now, Mr. Chair, that is what the people are saying out there tonight on the news. They are saying it on Twitter. That is all you can read and hear. They are doing that because every single time a person, either they stand in this House or they stand outside of the House and they ask a question with regard to this project or anything else the government does, the government goes into an attack mode, Mr. Chair. Hurling insults, condemning people, and ignoring people. That is what they have been doing. There is no need of it, absolutely no need of it.

It is okay to have people disagree with you. It is okay for you to disagree with other people, but if you actually talk to each other, if you hear what those dissenting views are maybe it can do something to strengthen what you are about to undertake. Maybe it can do something to benefit the people of this Province a little bit more. Isn't that what governments are suppose to do? That has been my understanding.

Well, Mr. Chair, those are a couple of the groups in Labrador. In recent days we have seen a number of things occur. We saw three gentlemen, elders, who were stopped from walking the land in Labrador – because the land is now being occupied as part of the Muskrat Falls Project – although it was traditional hunting and trapping grounds for these individuals, of which I know all of them. My colleague from Torngat Mountains knows them. The Member for Burin – Placentia West knows some of them. I know the Member for Labrador West does not know any of them; anyway, Mr. Chair, having said that, they are only one group.

Then we had the gentleman who was out with an axe, taking an axe to a pole. Now, Mr. Chair, that is frustration that causes a person to do that. It is frustration. It is the fact that they are not being heard. I know this individual. I have known him my whole life. In fact, his sister sits on your Rural Secretariat. Other members of his family you have appointed to a number of boards. You all know who they are.

**CHAIR:** I remind the hon. member her time is up.

The hon. the Minister of Natural Resources.

**SOME HON. MEMBERS:** Hear, hear!

**MR. KENNEDY:** Thank you, Mr. Chair.

When we look at Bill 61, one of the things that Bill 61 does is it outlines the process by which we will ensure that a revenue stream is generated and can satisfy the requirement for the loan guarantee which, as we keep saying, is worth \$1 billion to the ratepayers of this Province and will go back directly into electricity rates.

The member opposite has been talking a couple of times today about the process. She has talked about how the government attacks people and how secret the government is.

What we are doing here with section 5.1 of the act, Mr. Chair, we are simply directing the PUB that they have to include Muskrat Falls costs. They can look at other rates on the Island and then come up with the final rate. That is what we did last week. With the generation rate in Labrador we – and they were all in agreement with that – directed the PUB to include the generation rate as it would be given to them. It seems to me it is okay to do it on one piece of legislation that relates to industrial rates in Labrador but in the other pieces of legislation, well, you have to be more careful. I am not quite sure of the logic.

I really want to talk about 5.2 because we could have done that. We could have exempted the project. Of course, we have the best example of the exemption of a project with the Lower Churchill Project in 2002. Reading from the Order in Council of the Liberal government at the time: Under the authority of section 5.2 – the same act that we are dealing with here today – of the Electrical Power Control Act, the Lieutenant-Governor in Council hereby exempts activities of Newfoundland and Labrador Hydro associated with the Labrador Hydro project.

They exempted it from the PUB even looking at it. The PUB had no involvement with the exemption. We could have done that. As I said earlier today, under 5.1, as is, we could have gone in and simply slid it through and no one probably would have noticed, but that is not the way we are operating here. With Muskrat Falls, we want people to know what is going on.

There have been intense and extensive debates since November, 2010. It has been two years. As the Minister of Finance said recently, it is time to move on. It is time to make a decision, and that decision has been made. We sanctioned the project and we will proceed. We have the federal loan guarantee which is worth significant amounts of money to the Province, being in the range of \$1 billion.

Let's look again, let's go back. When you talk about the information that is here in this project, let's go back to what that Liberal government in 2000 was going to do. I cannot remember whether the Member for Cartwright – L'Anse au Clair was a Cabinet minister at the time, but she was part of the government that decided they were exempting their project from the PUB even looking at it in any way – exempting it, taking it totally outside. If you want to talk about secretive, that is as secretive as it gets, not what we are doing here.

Let's come back to how that has been viewed and let's look at the way that it was stopped. What happened is two directors on the Board of Newfoundland and Labrador Hydro decided they were not going to be part of that process. We had Mr. MacDonald, who I referred to earlier today, and his words were that the Lower Churchill Project of the Liberal government of 2002, 2000 was much worse than Smallwood's legacy.

The details of that deal are still not known today, Mr. Chair. We still today do not know the details of what took place. According to Mr. MacDonald, who did know it, it is much worse than Smallwood's legacy. He went on to talk about, Mr. MacDonald, in an interview he gave recently, that the Premier "had severely miscalculated what they were giving up to Quebec." In other words, Quebec could have owned the project.

The Newfoundland and Labrador Government at the time was going to give away the Lower Churchill to make \$100 million a year. There was no engineering done as compared to 50 per cent of the engineering that has been done with Muskrat Falls, Mr. Chair. They did not know the cost of overruns. Essentially, if the overruns were more than \$100 million, or any amount of overruns, were borne completely by the people of Newfoundland and

Labrador. Essentially, what Mr. MacDonald said is they had no money to pay that. So Quebec would have owned it all, lock, stock and barrel. That is basically what he said in relation to the 2002 deal.

He made three points; he said the Premier and the company "had severely miscalculated what they were giving up to Quebec. 2) Newfoundland and Labrador were on the tab for what MacDonald described as 'every nickel over and above the original cost of the project'", and 3) – and this is the member opposite – not enough power was set aside for Labrador's needs.

Here we have the member tonight standing up defending Labrador and their needs, whereas we are the ones who are making sure there is power available for mining developments, industrial developments in Labrador. Yet, there was not enough power set aside for Labrador's needs.

Mr. MacDonald was described as being bewildered when he said, "our own negotiators didn't even ask the question what Quebec was getting, and that's just ridiculous". He went on to say that the Premier of the time "hadn't even read the contract!"

What I am saying to the members opposite who were there in the government, stand up and tell us that you read the contract. Stand up and tell us that you knew what went on at the time. You cannot do it because you did not see it. You were going to sign on –

**MR. JOYCE:** A point of order.

**CHAIR:** A point of order, the hon. the Member for Bay of Islands.

**MR. JOYCE:** I will stand up and say I read the contract and I knew exactly what was going on. The information that Mr. MacDonald presented to you, as you are presenting from Mr. MacDonald, is inaccurate. I can assure you that.

**CHAIR:** Thank you.

There is no point of order.

The hon. the Minister of Natural Resources.

**MR. KENNEDY:** Then what happened, Mr. Chair, the interviewer said to Mr. MacDonald, he looked at him animatedly and said: "he didn't even read the deal!"

What went on is we had a situation where there was no information in the public, where had it been exempted pursuant to section 5.2 of the Electrical Power Control Act – we have a situation where there was no information available to the public. It appears no information was available to the members of the Cabinet that we are aware of, and at the end of the day, what Mr. MacDonald said: it was a giveaway worse than Smallwood's legacy.

Compare that to what we have done here. Everything has been put forward, Mr. Chair. The information is out there in the public. We have had the studies done. We have put it all out there. We have looked at various options, Mr. Chair, and what we have come back with at the end of the day is a comparison of the various projects. We will as a government, and we are making sure through our current Minister of Government Services representing our minister for Labrador and our Member for Lake Melville, we are making sure, unlike the Liberal government at the time, that there is power available for industrial development in Labrador.

**SOME HON. MEMBERS:** Hear, hear!

**MR. KENNEDY:** I can only tell you what Mr. MacDonald said. I am quoting from his words. I can only tell you what he said. He was the Chairman of Newfoundland and Labrador Hydro at the time. He said he got a call that he had to do the deal. We have done the deal, here it is, and now we need you to sign.

Now, that is the way they operate, as compared to the way we have operated for the last two years in laying everything out there, allowing for public debate, ensuring that there is debate in this House of Assembly, putting out reports, having experts involved and essentially looking at everything, quite to the point today where we are coming forward with a piece of legislation that we did not need to in terms of section 5.1. We could have directed the PUB under 5.1 as it stood, but for greater certainty we decided we were going to include section 5.1 here.

We specifically refer to Muskrat Falls. What we have is a situation where our government has been prudent. We have acted reasonably and we have acted in the public interest. We did not try to slide a deal through like the Liberal government of the time.

Again, according to Mr. MacDonald, and that is all – I was not there. There is no information out there. In fact, Mr. Vic Young, the Commissioner of Our Place in Canada, writes about this and he talks about what took place in 2002.

The Member for Cartwright – L'Anse au Clair earlier today said there was no deal. Mr. MacDonald said there was a deal in principle. He got a call. They were ready to sign. If I remember correctly, they had videos made, Premier. I think they might have had a big party planned. I think they did.

"In the fall of 2002," – Mr. Young, Sister Davis, and former Judge Igloliorte write – "Newfoundland and Labrador and Quebec were nearing the end of negotiations to develop the Gull Island project. While no deal was concluded, and little detailed information on the negotiations was provided, there were many concerns expressed by the public. In particular, one of the main concerns related to possible financing was that Hydro-Quebec would be the financial backer of the project." As opposed to us going to the banks, going to the markets, dealing arm's-length in a relationship where we would negotiate the terms.

"The concern, at its most fundamental level," – Mr. Young wrote – "was that if Hydro-Quebec would be both the major purchaser of power and the major lender of the project, Newfoundland and Labrador therefore would be negotiating from a position of significant weakness."

Mr. Young went on to state, "Such a potential imbalance in negotiating power was offensive to many Newfoundlanders and Labradorians, particularly given the history and outcomes of the Churchill Falls development. In the view of the Commission, proceeding in this manner in the future would be a recipe for..." disaster.

That is why we have not proceeded that way, and we have proceeded the way we have.

Thank you, Mr. Chair.

**SOME HON. MEMBERS:** Hear, hear!

**CHAIR:** The hon. the Member for Cartwright – L'Anse au Clair.

**MS JONES:** Thank you, Mr. Chair.

I do not expect much more from the minister than what I have just heard, Mr. Chair. They are certainly not prepared to talk about their own deal that they have on the table.

Mr. Chair, we seen what this member was all about in the House of Assembly already today, and the rest of the Province seen it on the 6:00 o'clock news this evening. I do not need to be reminding anyone of that event and what is being said from the minister opposite.

Mr. Chair, he talks about trying to slide other deals through. Well, what I can say, Mr. Chair, I do not know if there was a deal. I never, ever seen a deal, I say to the member opposite. I say to the Premier, never, ever seen a deal.

**SOME HON. MEMBERS:** Oh, oh!

**MS JONES:** No, I never. My colleague from the Bay of Islands says he did. I have never seen a deal, and I do not mind saying that. I do not mind saying that. What I will say is that nothing that we did was ever rammed through the House of Assembly like you are ramming this legislation through here this evening, Mr. Chair.

Now, people in this House of Assembly, I said last night, what is wrong with going home, coming back January 2, sitting in the House of Assembly for a week debating a couple of pieces of legislation, sitting here for two weeks or three weeks in February - in January? No, no, Mr. Chair, the government has to do this tonight, tomorrow, and the next night. Yes, Mr. Chair, that is what you call ramming legislation through the House of Assembly, I say to the member opposite.

He talks about the big party, but the only party on Muskrat Falls was the one the Premier had out in the foyer a couple of nights ago, the tea party. That was the only party on Muskrat Falls I have ever seen in the Province. Let me tell you my story about the party on Muskrat Falls and the irony behind this. I mentioned it last night in the House. Some members were here. I am going to mention it again because it upsets me – it upsets me a lot, actually, Mr. Chair.

On Monday, Mr. Chair, I was in Labrador. I was up in my district doing my work. I did not get out on Sunday. I got up Monday morning. I drove over the gravel roads to get down to Quebec so I could get an airplane to St. John's because I have no airports in my district that fly that size of plane into St. John's. Mr. Chair, I drove down to Quebec. The other option was to drive to Goose Bay but the road was too bad and I could not do that. So I drove down to Blanc-Sablon.

On the way down, Mr. Chair –

**MS SULLIVAN:** (Inaudible).

**MS JONES:** I say to the Member for Grand Falls: You can get up and talk about how long you had to wait to get here when I get finished.

Mr. Chair, I had to drive down. On the way down, I stopped to meet some constituents of mine with regard to some issues. One of the groups I stopped to meet with were parents of children who wanted to play minor hockey – absolutely, children who wanted to play minor hockey. Guess what? They could not. Do you know why they could not, Mr. Chair? They could not because they could not afford the electricity to put the ice in the arena in L'Anse-au-Loup. Those are the facts. That is the truth.

Here we were with the big government in St. John's getting ready to sanction a project on hydro development, the second-largest hydro development project in our history, in the heartland of Labrador, and the children in the Labrador area could not skate on the hockey rink because they could not afford the electricity to put the ice in the arena.

Guess where they were going? They were going across the border to Quebec, to the arena. They were bringing their children with their skates on their backs over the border so they could go skating, Mr. Chair. That is what was happening. The Premier can laugh as she likes. In fact, she should be too ashamed to even look at me while I am telling this story – absolutely, Mr. Chair.

Those children deserve to have the opportunity to play hockey like everyone else. Those children deserve to be able to put the ice in their arena. Guess what I did? I sent off the e-mail when I was sitting there in the meeting to Nalcor. Guess what response I got back? We will look at it in the New Year. We will see if we can do anything for you in the New Year. Mr. Chair, I have the e-mail there now, I say to the Premier; I would be happy to share it with anyone who wants to see it.

In the meantime, Mr. Chair, I get on the plane, I fly to St. John's, and I walk across the concrete parking lot to the big, mighty Confederation Building. I walk up the steps and come in the door and here is the Premier, all the Cabinet, and all the caucus eating cake on Muskrat Falls, Mr. Chair. Cutting the cake and eating it on the Muskrat



Falls Project when I just left the very people who should be getting the benefits from this project and are getting nothing.

You can laugh, I say to the Member for Labrador West and I say to the Premier. You can sit there and you can laugh, but there is nothing funny about it. There is absolutely nothing funny about a situation like that. Do you know something? Do you know what that feels like as a Labradorian? Do you know what that feels like when you have to look at your constituents who believe that they should be getting something more from this project? They tell you they cannot go skating because the electricity costs to their arena are so high that they cannot afford to pay the light bill.

Mr. Chair, I told them to put the ice in the arena. Yes, I did. I told them to put the ice in the arena and we will have to figure out a way to deal with it after. If we have to bake cookies, Mr. Chair, if we have to do whatever, our children will not be left out because this government chooses to leave them out. Our children will not be left out because this government chooses to leave them out. No, no, we will find a way, Mr. Chair. We will find a way, and those parents will find a way – just like they always find a way, I say to you, Premier.

They will do whatever it takes to ensure that their children have the opportunity to go and play hockey. Do you want to know who they are? There are over forty of them, I say to the minister, who has to go across the border to Quebec – over forty of them right now. There are actually ninety of them who want to play hockey. Now, how sad is that?

I cannot believe, Mr. Chair, that the government does not even have the decency and the respect for those people to listen to their issue and to listen to what is happening without giggling and laughing and making fun, as I saw the Premier doing here tonight.

In fact, Mr. Chair, it makes me even angrier as I sit here and talk about it and see the expressions from the other side of the House. I think it is absolutely ridiculous. People are not asking for a lot, but they are not asking, Mr. Chair, to have their lands taken, to have their resources plundered, and have nothing back. To be sitting there while people in Nova Scotia are going to get cheap power and people in the Eastern Seaboard and people everywhere else, Mr. Chair, who are willing to buy the power from the government are going to get cheap power, and the transmission lines are going to go over their heads and they are going to put their children in a car with their skates and they are going to bring them over the border to play hockey because they cannot afford the electricity in their own arena.

There is something wrong with that. There is something fundamentally wrong with that. The irony that I could not believe was that it all happened on the same day that this government was holding a party in St. John's to celebrate the Muskrat Falls Project. It all happened on the same day.

Now, Mr. Chair, that was the thing that I found the most disturbing and distressing yesterday. What I found the most disturbing and distressing today was the Premier's attitude in mocking the whole incident, as I stood in my place as the MHA and outlined that situation. A real leader, Mr. Chair, would be saying: Who are these parents? Who are these children? We will talk to them. We will do what we can to try and help them out, but no, they just laugh at it.

**CHAIR (Cross):** Order, please!

I remind the member her time is expired.

The hon. the Minister of Transportation and Works.

**SOME HON. MEMBERS:** Hear, hear!

**MR. DAVIS:** Thank you, Mr. Chair.

I am glad to have an opportunity again to speak to this very important piece of legislation and to speak to some of the comments actually coming from members opposite, because it is quite interesting when you listen to the information that is being provided. I know the Member for Cartwright – L'Anse au Clair just put on quite a demonstration for the people at home I am sure. She was waving her arms; she was singing it all out.

I was listening very carefully, because it was not long ago when the Member for Bay of Islands rose here in his place. He was a former backbencher. He called a point of order to make a point, that: Yes, I read a contract. I read the contract. I got up and said I read the contract. He knows what was in the contract, and he was a backbencher.

What is really interesting here, Mr. Chair, is that the Member for Cartwright – L'Anse au Clair, who was a member of the Cabinet, never, ever saw it.

**SOME HON. MEMBERS:** Hear, hear!

**MR. JOYCE:** A point of order, Mr. Chair.

**CHAIR:** A point of order, the hon. the Member for Bay of Islands.

**MR. JOYCE:** Once again, the minister should get the information accurate.

At the time, Mr. Chair, I was Parliamentary Assistant to the Premier, and I was involved in a lot of meetings. As I said, there were a lot of meetings and I was involved with some of the meetings, unlike the Parliamentary Assistant to the Premier this summer, the Member for Humber West who sat there when she threatened the people from Corner Brook about the hospital, it was \$600 million, that you will not get the hospital.

I sit in on the meetings. I look and see what is going on, and I have no problem voicing my opinion when there is a bit of information going into the deal, but when you say something make sure it is accurate.

**SOME HON. MEMBERS:** Oh, oh!

**CHAIR:** Order, please!

**MR. JOYCE:** That is all I say, make sure it is accurate. Don't stoop because the Premier walks over and gives you a note.

**CHAIR:** Order, please!

There is no point of order.

The hon. the Minister of Transportation.

**MS JONES:** A point of order, Mr. Chair.

**CHAIR:** A point of order, the hon. the Member for Cartwright – L'Anse au Clair.

**MS JONES:** When my colleague, the Member for Bay of Islands, was making the point of order the Premier looked across and said that he was lying. It is unparliamentary and I ask that she withdraw the comment.

**CHAIR:** The hon. the Premier.

**PREMIER DUNDERDALE:** Thank you, Mr. Chair.

I was not looking that way at all. I was looking in the opposite direction, but if they feel there is any remark that I made that was unparliamentary, Mr. Chair, I withdraw it.

**CHAIR:** There is no point of order.

The Minister of Transportation.

**MR. DAVIS:** Thank you, Mr. Chair.

I am going to try and use my time as best I can, because I suspect there may be further interruptions before I get too far along.

I would like to thank the Member for Bay of Islands for getting up and removing all doubt. That is what the Member for Bay of Islands just did, he removed all doubt. He was not a member of Cabinet. He just confirmed that for us here in the House of Assembly. He was not a member of Cabinet and should never have had access to such a document if he was not a member of Cabinet.

Even though he says he was an assistant, a Parliamentary Assistant to the Premier, it should not have given him access to such a document, Mr. Chair, is what I say to this House of Assembly. He should never have had access to it.

The former Cabinet minister, the Member for Cartwright – L'Anse au Clair, says there was no contract. I do not know how they are going to operate as a party or as a group over there.

**MS JONES:** A point of order, Mr. Chair.

**MR. DAVIS:** I said it would not be long, Mr. Chair.

**CHAIR:** Order, please!

The Opposition House Leader, on a point of order.

**MS JONES:** Yes, words are very important.

I did not say there was not a contract. I said I did not see a contract. Whether there was one, I don't know. I did not see it. Get it right.

**CHAIR:** Order, please!

There is no point of order.

The Minister of Transportation and Works.

**MR. DAVIS:** Mr. Chair, I am some glad – maybe they should take a few minutes to get their story together.

Now, a Cabinet minister of the government of the day on a very important matter, Mr. Chair, the Lower Churchill Project – a very important matter. These people have been here for days talking about how important this matter is. They have been talking about how important it is and we know how important it is. That is why we have done so much work on this project, Mr. Chair. She now rises in her place and says she was a Cabinet minister and never saw the contract. There might have been one, maybe there was, maybe there was not. She never saw it, but a parliamentary assistant said they did see it.

Mr. Chair, that is the kind of leadership we were led under back in those days. You talk about openness, you talk about secretive. How secretive is that, when a Cabinet minister did not see the document and a backbencher did see the document?

That is what is trying to make the case to the people of Newfoundland and Labrador here today, Mr. Chair. Those are the people who are saying: listen to us, this is so important, we are rushing this through, we have to do all our work. Mr. Chair, I am going to tell you, we have our work done. We have done our work, more than we can say for these people over there, Mr. Chair.

**SOME HON. MEMBERS:** Hear, hear!

**MR. DAVIS:** Mr. Chair, I am going to tell you, this is a good project for Newfoundland and Labrador.

**SOME HON. MEMBERS:** Hear, hear!

**MR. DAVIS:** Unlike the previous attempts by previous governments. Government after government after government have tried to open the Lower Churchill, the resources of the Lower Churchill for the people of Newfoundland and Labrador, and they could not get it done, Mr. Chair. Yet, the Member for Cartwright – L'Anse au Clair talks about the big party she came in the other night. Well, we had a lot to celebrate here on Monday. The people of Newfoundland and Labrador had a lot to celebrate, Mr. Chair.

**SOME HON. MEMBERS:** Hear, hear!

**MR. DAVIS:** Back in those days there was a celebration planned too, because they thought they had the deal done. They thought they had the deal done, Mr. Chair. What did they do? They went off to Labrador to do the big celebration. They spent \$2 million, going to do the big celebration, going to do the big announcement under the Premier of the day. I am not sure if it is parliamentary to name the sixth Premier of the day who happened to be Premier at the time, but he was the Premier at the time. He used to be a former MP; he was the Premier of the day.

Two million dollars they spent, and went off to Labrador to do a big party. Guess what? They could not pull the trigger, Mr. Chair. They forgot to do the consultations with the Aboriginal people, the Innu people of Labrador, Mr. Chair.

**SOME HON. MEMBERS:** Hear, hear!

**MR. DAVIS:** That is what they forgot to do. The Aboriginal people in Labrador were not going to let it happen. They did not let it happen because they did not do their consultation, Mr. Chair. That is what happened back then. That is what happened back in the late-1990s. That is what happened back then when they tried to develop the Lower Churchill, and they could not get it done, Mr. Chair.

What we have done, Mr. Chair, we picked up and we went to the people at Nalcor. The fine, talented Newfoundlanders and Labradorians who work day in and day out, daytime, nighttime, weekends, they have done it for a number of years. They have worked really hard in the last two years to get this deal done. They worked really hard.

The government, two years ago announced we are going to work on this project. We brought it forward and we started doing the work on it, and there is a lot of work to do here to make this happen. There is a lot of work to make this happen, and we are getting the job done, Mr. Chair. That is what is happening.

Under our Premier, who has led us and led the charge to get this deal done, Mr. Chair, I tell you, Newfoundland and Labrador today is a better place and it is going to be a better place when the water flows through the dam.

**SOME HON. MEMBERS:** Hear, hear!

**MR. DAVIS:** Mr. Chair, this is a big project. I am going to say, it is a big project. I am going to tell you, it is not the people here in this room that are going to benefit from this project. It is our children and our grandchildren who will benefit from this project.

I mentioned earlier today, this past summer when I was on a personal trip – I took a few days off. I was down in the United States and I took the time to travel out to the Hoover Dam, because I wanted to see the Hoover Dam myself. I wanted to go there. I wanted to understand it and I wanted to see it. It is a huge, wondrous project. It is a huge, wondrous piece of engineering. That was built in the 1930s, built eighty years ago and continues to produce power today. It continues to produce power and revenue today.

The technologies used in the Hoover Dam in the 1930s and the Upper Churchill, is the same technology that is going to be used in the Lower Churchill. The same technology will be used in Muskrat Falls, because it is time-tested, proven, green, clean energy, Mr. Chair. That is what it is.

It is going to create the stability of our Province for our children and for our grandchildren, and for the decades to come. This will be the cornerstone of the turning of our economy in Newfoundland and Labrador. Instead of being reliant on the offshore oil and gas – which we have done very well on, we have done very well on oil and gas, but we know it is not going to last forever.

When the Member for Cartwright – L'Anse au Clair talks about children who cannot afford to skate, yes, we know that, and we are working to fix that. I tell you what we are not going to do. We are not going to tell them to do it now and figure out how we are going to pay for it later, like she did with those children up in Labrador: Go put it on anyway and we will figure out some other way to pay for it. Because that is how they ran government, and they almost ran government into the ground.

We are not going to let that happen as long as we are in government. We are going to plan, we are going to make Newfoundland and Labrador the best it can be for our people who are here today, and for the people who are going to come for the generations to come.

Thank you, Mr. Chair.

**SOME HON. MEMBERS:** Hear, hear!

**CHAIR:** The hon. the Leader of the Third Party.

**MS MICHAEL:** Thank you, Mr. Chair.

Mr. Chair, we are here tonight, on December 19, discussing two bills that deal with one of the most important, most expensive projects this Province has ever been involved in. It has only been about two-and-a-half days since these documents were put in our hands. So to the best of my ability, since Monday, I have read, extremely carefully, Bill 60. I have also read, extremely carefully, Bill 61.

I have read and reread the loan guarantee, which we have had before now. I have read and reread Appendix 1 of the loan guarantee, which deals with the commitments of the Newfoundland and Labrador Crown that are commitments that have to be met in order for the loan guarantee to go ahead. I have also read the sanction agreement that was signed between this government and Emera, which we did not even know about until we got that on Tuesday.

I have read every document that I can see that relates to our being here tonight, and nowhere in any of those documents – there are dates, there are timelines, there are deadlines, but nowhere in any of those documents do I find a date or a timeline that says that we had to receive the bills that we received this week, that we have to get those passed this week. This government is holding a threat over our heads with regard to having to be in this House and trying to get the public to think that it is our fault that we are here, when this government has controlled the process from beginning to end.

I have a very direct question, Mr. Chair. I would like the government to tell me: Where are the deadlines that made it so imperative for them to bring those bills in this week and to force what is happening in this House this week? When I have no doubt whatsoever that it could have been done in January, no doubt, or they could have done it earlier on, but I want to know: Where are the deadlines?

What is the imperative – we are even told that with regard to the sanction agreement that was signed the other night, even with regard to that, we were told by a senior official from Nalcor in the briefing that we had yesterday – it seems years ago since we had it, but it was only yesterday morning, two hours before we got to discuss the bills. We were even told then that Emera itself had not planned on sanctioning until after the UARB, the Utility and



Review Board in Nova Scotia, had gone through the process of looking at their application and ruling on it. In actual fact, there is no reason why that timeline should not have been kept for Emera. They could have done it.

Why did this government make all of that happen the other night? Why are we here? I want them to point out to me and to the public of this Province the deadlines, the dates, that are telling them we have to be here tonight and this week, because I cannot find them.

**CHAIR:** The hon. the Member for Cartwright – L'Anse au Clair.

**MS JONES:** Thank you, Mr. Chair.

I want to finish where I left off. Mr. Chair, I listened to the member, the Minister of Transportation and Works, as he was just standing up on his feet. He talked about a number of things. One of the things he talked about –

**PREMIER DUNDERDALE:** (Inaudible).

**MS JONES:** I am sorry, Mr. Chair; I did not hear the comments by the Premier. If she wants to stand up and say something, I would be happy to sit down and give her a few minutes. I have no problem giving the Premier a couple of minutes, absolutely. Get up; tell us what you were saying.

**CHAIR:** The hon. the Premier.

**SOME HON. MEMBERS:** Hear, hear!

**PREMIER DUNDERDALE:** Thank you, Mr. Chair.

Mr. Chair, it is my pleasure to get up and talk about the Muskrat Falls Project – one of the finest things to happen in Newfoundland and Labrador in a very, very long time.

**SOME HON. MEMBERS:** Hear, hear!

**PREMIER DUNDERDALE:** Mr. Chair, a legacy for the people at Nalcor, for the people at Newfoundland and Labrador Hydro who worked on this project for over thirty years. To see the culmination of all of that hard work, Mr. Chair, to see us finally being able to move beyond the angst of the Upper Churchill contract. An Upper Churchill contract where we still feel the pain and where we will always endeavour within the parameters of the law that is available to us, Mr. Chair, to right that wrong.

Mr. Chair, we cannot concentrate all our energy there; we have to move on. It is imperative that we move on. Lost time on this project – we are working in Labrador, Mr. Chair. This project needs to move ahead. This is not sunny climates of the south. If we delay this project for another six months, eight months, it will cost ratepayers more because those kinds of delays cost money.

Mr. Chair, I am proud of Nalcor, proud of the work they have done, that has been validated by experts from all over the world and all over the country.

**SOME HON. MEMBERS:** Hear, hear!

**PREMIER DUNDERDALE:** I am proud of the transparency and accountability of this government. Yes, Mr. Chair, we could have rammed an exemption through without ever saying a word to anybody, because the Liberal Administration back in 2000 to 2003 did the enabling legislation, for their own purposes, that would have allowed that to happen.

Mr. Chair, it is scandalous when you hear the House Leader of the Opposition stand and talk about a few cookies and tea at the end of a stellar announcement, when they spent \$2 million in Labrador on a contract to announce to do a news conference, Mr. Chair, and were stopped. Stopped, why? Because they did not negotiate with Aboriginal people.

This government, daily, has to listen to accusations from the other side of the House about being secretive, about not being transparent and not being accountable. Within the last twenty minutes, Mr. Chair, we have had the Member for the Bay of Islands stand and say, in contradiction to what Dean MacDonald said, the Chair of Newfoundland and Labrador Hydro, I saw the contract.

The MHA, the backbencher for the Bay of Islands, he saw the contract, Mr. Chair.

**MR. JOYCE:** A point of order.

**CHAIR:** The hon. the Member for Bay of Island, on a point of order.

**MR. JOYCE:** I hate to interrupt the Premier because I do respect the Premier and the position, but when she talks about the \$2 million spent on Labrador, I was not even elected when you are talking about that. I was not even elected. You have to know that.

The Member for Cartwright – L'Anse au Clair was an Independent. I was not even elected when you are talking about that deal, Mr. Chair. You have to know which deal you are talking about.

**CHAIR:** Order, please!

There is no point of order.

The hon. the Premier.

**PREMIER DUNDERDALE:** That is the kind of dialogue that comes out of the Opposition Party all the time. We had the House Leader today talk about her motivation for political life came when she walked in the streets protesting the sale of Newfoundland and Labrador Hydro. She was so incensed by it, Mr. Chair, that she ran to be a candidate for the Liberal Party who was trying to do it. This is the kind of foolishness that goes on here every day, Mr. Chair.

The contradictions – we have a member of the backbench who stands up and says: I saw the contract. The contract did exist. I saw it. I read it. Then, we have his colleague, who was a Cabinet minister at the time, say: I do not know if there was a contract. I never saw it.

Mr. Chair, if you want to talk about accountability and transparency, you are not going to find it in any of that. That is the foolishness that goes on in this House on a daily basis in this filibuster. It does not serve the interests of the people of Newfoundland and Labrador.

Mr. Chair, I am happy to stay here. I will stay here for as long as it takes to answer sensible questions. I am even doing the best to answer the nonsensical ones. Mr. Chair, if there are ways they can put forward that would help enhance the work that is going on around Muskrat Falls, then let us hear it. Let us hear it.

No benefits for Labrador, Mr. Chair? Incredible benefits for the Innu people, who are Labradorians as far as I know, Mr. Chair. The House Leader seems to differentiate on a regular basis between Labradorians and our Aboriginal people. They are one and the same, are they not, Mr. Chair? They are one and the same. There are huge benefits to the Innu. There are huge benefits to other Labradorians who have contractual agreements, have enterprises with the Innu people.

Mr. Chair, developing Muskrat Falls enables industrial development in Labrador. Over \$15 billion potential investment in Labrador in mining alone, Mr. Chair, causing hundreds of thousands of jobs to be created. What a wonderful place to be living. Labrador is always a wonderful place to be, but how incredible to be there at this time, Mr. Chair.

**SOME HON. MEMBERS:** Hear, hear!

**PREMIER DUNDERDALE:** All of this activity can happen because of the development of Muskrat Falls. It is a good thing. It is a good thing for Newfoundland and Labrador. It is a good thing for the Province. We do not mind. Members opposite who represent that area of our Province have a responsibility to advocate, but, Mr. Chair, you support things because they are good.

Again, accusations flying across the floor as to how we got the loan guarantee, and did you promise that to get this. The only horse-trading that has gone on in this House of Assembly is by the Member for Cartwright – L'Anse au Clair. She was prepared to support a project, that by most of her comments she makes here in the House of Assembly is a bad project, but she was prepared to support a bad project for benefits for people in her district.

I cannot imagine under what circumstance anybody else in this House of Assembly would agree to such a circumstance, would make that kind of a deal with the devil, Mr. Chair. Not on this side of the House. Not on this side of the House, Mr. Chair. We are going to do what is right for the people of the Province. There is alignment here. There has been a sharing of information here.

Mr. Chair, we saw here today and yesterday a perfect example. They talk about the bills that were only made available to them yesterday morning. They got the bills yesterday morning and they got a briefing yesterday morning. The Liberals put out a news release condemning the government because Emera could expropriate land.

We got a grilling in Question Period where they were accusing us of letting Emera expropriate land. They went to a scrum where they talked about Emera expropriating land and somewhere yesterday afternoon they finally read the bill and realized that Emera could not expropriate land. Now, Mr. Chair, that is what we have to deal with here on a daily basis.

My recommendation, Mr. Chair –

**MR. JOYCE:** A point of order, Mr. Chair.

**CHAIR:** A point of order, the hon. the Member for Bay of Islands.

**MR. JOYCE:** Once again, Mr. Chair, I hate to interrupt the Premier because I do respect the Premier and her position, but that is what we were informed at the briefing. Once you get the bill at 11:00 o'clock and you have to walk in at 11:30 that is what we were informed. Once we found out – when the minister informed us yesterday –

**CHAIR:** Order, please!

There is no point of order.

The hon. the Premier.

**PREMIER DUNDERDALE:** Mr. Chair, they did not have time to read the bill but they had time to do a news release. They had time to write questions for Question Period. They had time to do a scrum and then another two hours or so passed before that, before they finally get around to reading the bill.

Mr. Chair, that is absolutely reprehensible. It speaks to the level of debate that we have to contend with.

**MR. BENNETT:** A point of order, Mr. Chair.

**CHAIR:** A point of order, the hon. the Member for St. Barbe.

**MR. BENNETT:** The Premier says that Emera cannot expropriate land, and while that may be correct today, after Bill 60 is rammed through this Legislature with this majority, Emera is –

**CHAIR:** There is no point of order.

The hon. the Premier.

**PREMIER DUNDERDALE:** Mr. Chair, we are prepared to stand here, to ask questions. Mr. Chair, there is no ramming through. They have started the filibuster and they are going to end the filibuster. As long as they are here in the House of Assembly, government members will be here to debate this important bill, Mr. Chair.

**SOME HON. MEMBERS:** Hear, hear!

**CHAIR:** The hon. the Minister of Tourism.

**MR. FRENCH:** Thank you, Mr. Chair.

It is certainly good to stand up, following the Premier, to say a few words about what has been happening over the last couple of days, Mr. Chair, where we have been debating a couple of bills as it relates to Muskrat Falls. In particular, now we are debating Bill 61, which is a significant piece of work that has to be done to develop.

We have kind of gotten off track when we started talking a little bit about history, Mr. Chair. I think it is important to remind hon. members opposite exactly what happened, because many of them were here. If they were not here, they were working for political jobs of the Premier of the day; in particular, the Member for Bay of Islands who made a career. I take my hat off to him because I worked in politics myself. So you are plugged in and you know what is on the go, Mr. Chair.

As well, Mr. Chair, the member over there now who keeps chirping when we are speaking, she was here since a long time. She has been here, so it is a job to hide things from her. I have to give her credit; she knows what is on the go. It is a job to fool her, Mr. Chair.

I could not help tonight, when I was sizing it all up, the Member for Bay of Islands had read an agreement. He had agreement between Roger Grimes, who was the Premier of the day, and Bernard Landry, who was the Premier of Quebec. He read the deal. You have to understand this now, Mr. Chair. He read a piece of work that two of them had negotiated together. Now, Mr. Chair, the other member from Southern Labrador, we will say, she was in Cabinet at the time. She did not read the deal. She does not know anything about the deal.

Now, Mr. Chair, it comes to mind, it all comes back to a house in Conception Harbour. Apparently, when all of this was going down and they were getting right ready to go to the big announcement, the racket broke out within the Liberal caucus. It was all over the development of the Lower Churchill. What they decided to do, one of the other Cabinet ministers at the time towed them all up to Conception Harbour clear of the media. They did not want any media around. There were a couple of sharp media, in the meantime, who were out parked in the driveway and watched them all lined up, one after the other, walking into the house –

**MR. JOYCE:** A point of order.

**CHAIR:** Order, please!

A point of order, the hon. the Member for Bay of Islands.

**MR. JOYCE:** I do not want to interrupt the minister, but that was the Voisey's Bay deal where we went up to Long Harbour and we discussed it in the house. It was the Voisey's Bay deal. You have to get your facts straight.

**SOME HON. MEMBERS:** Oh, oh!

**CHAIR:** Order, please!

There is no point of order.

**MR. JOYCE:** You have to get your facts straight.

**CHAIR:** There is no point of order.

The hon. the Minister.

**MR. FRENCH:** I will come back to the Long Harbour deal, Mr. Chair. This has nothing to do with Long Harbour. This was Bernard Landry's deal with Roger Grimes, Mr. Chair. Now, Tobin was down there in a fur coat before that and they had not consulted with anyone. I am going back a few more years now.

Anyway, Mr. Chair, they all hordes up in this house, and I know the gentleman's name. I am not going to mention it. There is no need, certainly. He is a former Cabinet minister. Up in Conception Harbour, Mr. Chair, they all get in the house and they order in food. Some say they had a few nips too, but I do not know that. I am not sure of that, Mr. Chair, but I know they brought in grub for a fact because there were a couple of wise reporters hid out.

We are talking about arenas. The whole Cabinet is shipped to Conception Harbour in a big, old fancy house, eating the best of grub, the biggest kinds of cakes and everything, working out their issues. We had backbenchers who knew everything about the deal and we had Cabinet ministers who knew nothing about the deal. They did not know it existed.

**SOME HON. MEMBERS:** Hear, hear!

**MR. FRENCH:** You have to understand, Mr. Chair, that is not the way this government operates. This is the kind of stuff that was run by the slack of your pants at that time, Mr. Chair, and the reason they were hove out, en masse, and this government was elected at the time. It is very, very important.

Then, Mr. Chair, in all of this, they decided they were having a leadership recently. Who should they recruit? None other than the former Chair of the Board of Hydro, who, when this secret deal was on the go and they were all up in Conception Harbour, was doing interviews in St. John's getting ready to give it all up. This is how foolish the deal was.

Mr. Chair, no, it certainly was not wedding cake. He did not sign on for half by eating the cake, I can tell you that. Mr. Chair, you have to understand now you have the Quebec Premier, Bernard Landry, and Roger Grimes all huddled up, they had the big deal, and half the crowd knew about it. The Member for Bay of Islands knew all about it. The Cabinet minister for Cartwright – L'Anse au Clair knew nothing about it, apparently. Mr. Chair, this is how foolish this has gotten, you understand.

Mr. Chair, it is hard to believe that they were saying at the time that the Grimes deal – some of the critics today, some of the people opposite, will say that the Grimes deal at the time was better than the deal we have today. How ironic. I mean, how ironic. Half of them did not even know it was on the go. They all fell out about it. They had to go to Conception Harbour to try to straighten it out, down by the water, Mr. Chair. They could not even straighten it out looking at the nice calm water up there – a beautiful place Conception Harbour is, in the meantime.

Mr. Chair, according to the gentleman who was going to be their leader, was out to the Liberal Convention, big hospitality suites, the delegates lining up, having a few nips – they were lining up one after another. I think he fell out with the crowd opposite. They could not, quite again – typical, Mr. Chair, running everything by the slack of their drawers, could not get it right, and so he told them. He told them up front: This thing that Grimes had worked out was crazy. The financing of the project, Mr. Chair, alone – there were several points that he pointed out that I think is important to mention today and certainly makes sense when you talk about what we have done, this government and this Premier and this Cabinet has done, and this caucus has done with bringing this deal to the people of the Province.

Sometimes the Third Party goes down the road: the hardship we are doing on people of this Province. Mr. Chair, quite the contrary, why we are doing this is to protect the people of the Province. We know and we have proven time and time again. Our own experts have been supported by other experts, who have been supported by other experts, Mr. Chair, to prove that, no doubt, we do need the power. Even the crowd opposite will admit to that. I even heard the Leader of the Opposition say yes, he agrees, we need the power. Mr. Chair, it is the least-cost option, and that is what this is all about. It is about protecting the people of Newfoundland and Labrador, and nothing more, Mr. Chair.



There is no one at Nalcor, no one – and I can speak for them freely and I know they would appreciate me saying it. There is no one in this government, Mr. Chair, who has any reason who would promote this deal if we did not think it was for the benefit of the people of this Province – absolutely no reason.

**SOME HON. MEMBERS:** Hear, hear!

**MR. FRENCH:** Mr. Chair, like I said, there were a number of reasons at the time – my time is winding down. There are a couple of points that I would like to point out.

We are talking about the filibuster – and this is what the media and everybody is hyped up on now; this is a filibuster. The reason this filibuster is on the go, apparently, is they did not get the bills in time. They do not know what is in the bills. As the Premier just outlined, that is a story in itself too if they knew what was in the bill or if they did not. They are standing up saying one thing, doing media scrums, putting out press releases, calling Open Line, and then getting up in the House and apologizing for what they said, Mr. Chair, because they had not read the bill.

Aside from all that, we will put that to one side. We will plant that for one minute. The filibuster – a month ago on CBC with David Cochrane what should they do but say we will filibuster. Yes sir, we are filibustering. The Leader of the Opposition, Leader of the Third – we do not care; we are filibustering. Mr. Chair, they had not even seen the bill, but they were filibustering. This is how foolish this has gotten. They announced the filibuster –

**MS MICHAEL:** A point of order.

**CHAIR (Littlejohn):** The hon. the Member for Signal Hill – Quidi Vidi, on a point of order.

**MS MICHAEL:** Since the member has decided to quote something that was said On Point with David Cochrane, I would like to point out that I know what I said was we will decide when we see the bills whether or not we will filibuster. If we see it and decide we need to, we shall. That is what I said.

**CHAIR:** Thank you.

There is no point of order.

Just before the hon. member starts, I want to remind both sides and all hon. members we need a little bit of relevance to this conversation. I am going to ask that we come back relevant to the bill.

Thank you.

The hon. the Minister of Tourism, Culture and Recreation.

**MR. FRENCH:** Thank you, Mr. Chair.

I agree; I certainly will come back to the NDP at a later date, sometime later in the evening, Mr. Chair. I think it is important to point out that this bill that we are debating here now, Bill 61, the plan for a filibuster was on months ago. They did not even know what was in the bill and they were planning a filibuster.

Mr. Chair, over the years in this House, filibustering is rare, but to plan it months in advance through a media outlet is absolutely ludicrous. When you see people out there in TV land out listening to media today, this is why we are here today.

This project is sanctioned. This has nothing to do with – this is moving on, Mr. Chair. This is a done deal. This has nothing to do with this bill. They planned a filibuster months in advance. It is absolutely no point whatsoever. This is all about politics and not about Muskrat Falls, Mr. Chair. Something that we are very, very proud of and looking forward to.

**CHAIR:** Your time is up, hon. minister.

**SOME HON. MEMBERS:** Hear, hear!

**CHAIR:** The hon. the Member for Cartwright – L'Anse au Clair.

**MS JONES:** Thank you, Mr. Chair.

I am happy to respond to some of the comments made by the Premier and by the Minister of Tourism who just spoke. First of all, I want to talk about the story that he told, great story, interesting story, he just got the wrong deal, Mr. Chair – had absolutely nothing to do with the Lower Churchill, I say to the member. It had all to do with Voisey's Bay. So you go back and check your dates, Mr. Chair, and you will know exactly that you were completely wrong – wrong information again being put out in the House of Assembly.

Mr. Chair, lots of great stories in the closets too –

**MR. FRENCH:** A point of order.

**CHAIR:** The hon. the Minister of Tourism, Culture and Recreation, on a point of order.

**MR. FRENCH:** I usually do not do this, but I think it is important that I get up, because they continually like to interrupt us when we are up having our word. Mr. Chair, I do not know how many secret deals they have had over time, and I apologize if the secret deal that happened in Conception Harbour is different than a secret deal they made somewhere else.

**CHAIR:** There is no point of order.

The hon. the Member for Cartwright – L'Anse au Clair.

**MS JONES:** Thank you, Mr. Chair.

I am going to tell you all about secret deals. I have hundreds of documents over here that are completely redacted by the government opposite, if you want to talk about secret deals. Anyway, Mr. Chair, let us talk about some of the skeletons in the closet of the members opposite, because I have two volumes of blunders by the Conservative government opposite, most of them led by the Premier. We will get into all of that before the night is over.

So let us start with some of the first pieces: the Raw Material Sharing. They were going to bring that legislation into the House of Assembly too – just like the deal we have here tonight, just like this bill, Mr. Chair, just like Bill 61.

**SOME HON. MEMBERS:** Oh, oh!

**MS JONES:** Oh, it is as relevant, Sir, as the party that went on down in Conception Harbour, I say to the members opposite.

Now, Mr. Chair, when they brought that bill into the House of Assembly, they brought it in and they were going to ram it through, just like Bill 61. We do not care, under the cloak of darkness – the fishermen were in the galleries everywhere, throwing jellybeans at the members opposite, throwing jellybeans at the Minister of Fisheries.

**CHAIR:** I know we have been here a long time, all members, and I know that we are probably going to be here for much longer, but I ask we come back and we take reflection and we come back and we speak to clause 1 of Bill 61, which we are debating. I think it is time that we focus back on the debate and the issue at hand. I ask all members to be respectful of that, and to be relevant to the bill.

I thank you for your consideration.

**MS JONES:** Thank you very much, Mr. Chair.

I just wanted to point out to the government members opposite that we all remember the night we got the message from Houston and the silver bullet was coming. Mr. Chair, it was either Mr. Manning who was going to be kicked out of the caucus or the former Premier was leaving because the bullet was coming from Houston. Mr. Chair, if you want to talk about huddled in Conception Harbour let's talk about huddles in the PC Party boardroom because that is where all of this happened.

Then, Mr. Chair, they talk about having dissent because one member in a government saw information that another member might have seen. There are members opposite, Mr. Chair, who do not see legislation until it hits the House, here on the Table of the House. Backbenchers over there, I will not name them, but they have told me time and time again about information and legislation being brought to the floor of the House and they do not even see it before it gets here.

They are all laughing because they know it is true, Mr. Chair. They all know it is true, and it is happening all the time.

In fact, Mr. Chair, they were so misled as a government, when they brought in FPI they all got up and supported to expropriate FPI to give it to OCI. Now all the plants are closed down. They all stood up and voted for it, except the Premier of the day, the former Premier. He stood up and voted against it. Now, Mr. Chair, if you want to talk about division and dissension in a government that is what you call division in a government.

Look at Bill 61 now –

**CHAIR:** I remind the hon. member of what I just asked.

I remind the hon. member, I have given you some leeway. I remind the hon. member, please.

**MS JONES:** Thank you very much, Mr. Chair.

I would like to get to Bill 61 now, but it is hard to get there when you see so many decisions this government has made that are crumbling down around their ears. We have to be very careful that we do not, through Bill 61, give this government the power to make another huge blunder that I do not want to have to add to the two volumes I already have. I do not want to add it.

In one of these volumes, Mr. Chair, there is a paper mill that is costing us hundreds of millions of dollars. I do not want that to happen in Bill 61, I say to the members opposite. You can get up and hoot and haw all you like, but you have a wonderful history yourselves of the last ten years in this Province, Mr. Chair, two volumes in fact.

Now, Mr. Chair, in addition to that, the Premier when she was on her feet talked about the fact she was so proud of a number of things. One of the things she was so proud of with regard to this bill was the transparency – yes, Mr. Chair, the transparency in the government. She was so proud of that.

Mr. Chair, every single piece of information that we have gone forward to get from this government we received nothing back only black pages. Every single thing redacted by the government opposite. Where is the transparency, I say, in all of that? Is that the proudest moment that you could come up with? Mr. Chair, this is the same government under Bill 29 brought in the secrecy act so that under Bill 61 we would not be able to obtain any of the information with regard to Muskrat Falls.

Mr. Chair, let's look at all the other secrecy acts of the government. I have a whole list of them here. Most of them go right on back to Nalcor, absolutely. In fact, Mr. Chair, the first secrecy piece goes back to when they created a corporation and they restricted every single aspect of it that they could. They created the most secret entity in government through Nalcor. In fact, Mr. Chair, it now spends millions and billions of taxpayers' money with no accountability to the ratepayers or to the taxpayers of this Province. Who created that, Mr. Chair? Tell me who created it. It was the government opposite.

If you want to talk about other secret legislation, Mr. Chair, to protect Muskrat Falls, to protect other big expenditures inside of the government, there have been all kinds. There have been secret agreements and secret deals; the secret deal with OCI that they do not want to give anyone since 2007. If you want to talk about your hallmark of transparency, it is shrouded with secrecy, I say to the Premier.

Right now, today, we are writing cheques the same as if we were writing blank cheques and sending them over to Nalcor with no transparency or disclosure to the people of the Province. Because the government opposite passed every single piece of legislation they could to forbid it, to stop it from happening. That is not fair.

What they want to do tonight with Bill 61 is they want to take away the power of the Public Utilities Board in this Province to set hydro rates. They want to make the decision at the big round table on the eleventh floor, Mr. Chair, in their Cabinet meeting and say what they are going to charge the people of this Province for power and then they are going to call up the Public Utilities Board and they are going to tell them what to bill the families of Newfoundland and Labrador. That is what this is all about, Mr. Chair. That is why we are here tonight right before Christmas.

It is so urgent, Mr. Chair, that they have control over what people in this Province are going to pay for electricity that they cannot even wait and come back in January and do it. It is so important. They would not be able to sleep, Mr. Chair, which is ridiculous in my mind, absolutely ridiculous.

So do not stand over there in your place and talk about transparency when you are the most secretive government ever in the history of this Province. There is legislation there that backs up everything that I am saying. There has never been legislation like this, Mr. Chair, ever before in the Province.

**CHAIR:** The hon. Member for Terra Nova.

**SOME HON. MEMBERS:** Hear, hear!

**CHAIR:** Before the hon. member starts his remarks, I am going to remind hon. members once again, we are debating clause 1 of Bill 61, Muskrat Falls. I will remind you of the title if I need to. Can we come back to the debate that is the debate at hand?

**MR. S. COLLINS:** Thank you, Mr. Chair.

It would be my pleasure actually. I have been here now for a number of hours. I guess we started some time ago. It is still, technically, Tuesday. Even though for everybody in the real world it is Wednesday.

We are here discussing Bill 61 tonight, but the thing is we are discussing it. That is the strangest thing about all this, we are here in a filibuster – for those out in the public, I think, Mr. Chair, it is very relevant, to allow the people to know what exactly is happening with the House today and the procedure.

We are discussing Bill 61. We have discussed Bill 60. We have discussed Bill 53 previously and we will continue to do so, but we are here today and we have been for the last number of hours, not only ourselves, not only the members of the House of Assembly, but the Table staff, people who work in Hansard, the folks who work in the Broadcast Centre, the Pages. We are all here for hours upon hours discussing these bills.

What worries me and what concerns me and what really, really upsets me to tell you the truth, is we are here discussing it but the members across the way are not here to discuss it. We have talked about RMS. We have talked about fisheries, we have talked about Abitibi. We are not talking to the bill.

We can stay here, and the Premier has stated unequivocally, we will stay here as long as this takes and we are prepared to do so. We will answer questions. We will debate Bill 61, Bill 60, Bill 53, whatever the Opposition wishes, but let's focus on that. Let's take us out of it. We are paid, and we are paid quite well, to be in this House of Assembly, as are others, but let's just take into account that we have all of these people here, as I have said, the people who work at the Table, the people in the Broadcast Centre and Hansard, who are here over Christmas – over

Christmas. I am a parent of a young child and I am here away from my family to hear this foolishness of just absolute non-relevance coming across the way, and it upsets me. It does.

I tell you, I was speaking to constituents today and they have asked me. They asked me about Bill 61 and they asked me about Bill 60: What exactly is it all about? I had a chat with them and they said: Do you know what? That sounds really simple and straightforward. What is the issue? Why are you in the House of Assembly over Christmas? Politics – politics, Mr. Chair, grandstanding, petty politics.

What I took out of this whole thing, out of discussing this, and there are good things to come about –

**MS JONES:** A point of order, Mr. Chair.

**CHAIR:** A point of order, the hon. the Member for Cartwright – L'Anse au Clair.

**MS JONES:** Yes, Mr. Chair, just for the record, the government always has the prerogative to withdraw any bills and call them at a later date. We are all prepared to let the member go home for Christmas, come back in January, and debate the bills. There is no need for the member to be upset.

**CHAIR:** There is no point of order.

The hon. the Member for Terra Nova.

**MR. S. COLLINS:** I take exception to that because I have been here while she is waiting to debate and have not got up from the other side. I can stay here until Christmas. I can stay here past New Years, but if you are not going to discuss the relevance, why are we here?

Now, the only thing I have learned today is very interesting. I think it is relevant in the grand scheme of things. We understand how the current government operates versus how the former Administration operated.

Mr. Chair, as you may know, I am Parliamentary Secretary of a department but I do not have access to Cabinet documents. Then I see the Member for Bay of Islands get up and he read all of these Cabinet documents that his minister did not even read. How foolish, how absolutely foolish.

**MR. JOYCE:** A point of order, Mr. Chair.

**CHAIR:** A point of order, the hon. the Member for Bay of Islands.

**MR. JOYCE:** I understand what you are trying to say, but I challenge anybody to show me in this House where I said I read a Cabinet document. I have no problem saying what I said, but that is not what I said. That is not what I said. Mr. Chair, I have no problem. I just ask that if you want to speak and say that is what I said, but I did not read a Cabinet document. I did not, no.

**CHAIR:** There is no point of order.

The hon. the Member for Terra Nova.

**MR. S. COLLINS:** Thank you, Mr. Chair.

We just spent the last minute talking about semantics. Whether it is a Cabinet Paper, whether it is something that is secretive to Cabinet, or whatever the case, it is dealing with Cabinet. The fact of the matter is the Cabinet minister, who is from Labrador of all places, did not have access to it and she is here telling us our deal is bad. She did not even know what her deal was. I can guarantee you the people of the Province knew how bad the deal was.

**MS JONES:** A point of order, Mr. Chair.

**CHAIR:** A point of order, the hon. the Member for Cartwright – L'Anse au Clair.



**MS JONES:** Thank you, Mr. Chair.

The Member for Terra Nova is leading the House to believe there was a Cabinet document. I would ask him to table it if there was, Mr. Chair, and to show us because I certainly never seen one. I would like to know if he has one and I would ask him to table it. If not, Mr. Chair, I ask him to speak of what he knows and not what he thinks he knows.

**CHAIR:** There is no point of order.

The hon. the Member for Terra Nova.

**MR. S. COLLINS:** Thank you, Mr. Chair.

I have all the (inaudible) because I too did not read the contract, as the Member for Cartwright – L'Anse Clair did not as well.

I can tell you who did read it. Dean MacDonald read it and he was not comfortable with it. That is who backed out. It is kind of funny that they are crucifying the man tonight but he was their saviour a couple of months ago until he had his dinner meeting out in CBS and said that he had a light of epiphany and he was not going to be running for them. How things change, Mr. Chair.

Anyhow, Mr. Chair, as I have said, it is great to be here to discuss Bill 60 and 61, in particular 61. Mr. Chair, this is all legislation that has been given so much due diligence. This is not something that was just sprung on us overnight. This is something that we had seen coming. This is something that we have been discussing now for days.

Obviously, I am very comfortable with the legislation and I think all members on this side, and I would argue to guess some of the members across the way are also. I have heard comments over the last number of hours, the ones that were relevant from those who did wish to debate the motion. I look across the way to the Member for St. John's East. He has brought forward some very good concerns to this, as have others.

Let's keep this relevant, let's talk about it. We are here to debate something. I am away from my family to debate something. I am here to hear what the Opposition has to say, what real concerns they have, what questions they have. I will stay here as long as it takes but again, I ask – and I am being very sincere now, Mr. Chair. I ask the Opposition, keep it relevant. This is being broadcast across the Province. People are seeing this for what it is an absolute farce of democracy.

Mr. Chair, what is being accomplished here? If we are going to be here, and I am happy to be here, let's discuss what is at hand. Let's not talk about RMS and throwing jellybeans. How foolish, how absolutely foolish. It is disgusting.

With that, Mr. Chair, I do not want – because I am here, again to hear the concerns from the members across the way. I am going to take my chair; I am going to take my seat. I am going to give up the last three minutes I have.

I am not here, Mr. Chair, because I have concerns. I am here because apparently they have concerns. I would be more than happy to hear those concerns. I would be more than happy to hear ministers stand on their feet and address their concerns, as has been done.

I sat here last night and I watched the Minister of Natural Resources go through – I think he stood on his feet for about three hours. Brilliant, the man has forgotten more about Muskrat Falls than the Opposition has ever known – brilliant. I spoke to constituents this morning while I went home for a couple of hours nap. Before I went to sleep I spoke and he said: Do you know what? When he stood on his feet and spoke, everything was made clear.

There is no secrecy here. This is so straightforward. This is the piece that the Opposition has latched onto and as was brought up a little while ago, they said months ago they were going to filibuster this. They are not filibustering

on the content; they are filibustering on petty politics. How shameful over Christmas. I am embarrassed, I am absolutely embarrassed.

With that, Mr. Chair, I will take my seat, and I look forward to some relevant comments.

**CHAIR:** The hon. the Member for St. John's East.

**SOME HON. MEMBERS:** Hear, hear!

**MR. MURPHY:** Thank you very much, Mr. Chair.

I can only say, at last. I have an awful lot of things to put in the book, whenever I retire from the political scene.

Mr. Chair, I would like to bring it back to relevance. I would like to bring it back to some relevance having to do with Bill 61. I would like to bring it back to pretty much three simple questions on the part of what I believe my party is trying to bring forward to the government and the questions that we want to have government answer.

We have always said as a party that we would back Muskrat Falls if it was environmentally sound, if it was economically feasible, and if it was going to be affordable to the taxpayers of the Province and the ratepayers of the Province. Our point right now, my point right now is that I really have not heard the answers. I have not heard the concrete answers.

When it comes to environmentally sound, I have not heard the government address the problem of mercury, other than to hear the Environment Minister say something about having to strike a balance with the environment. That was it. That was the answer to the potential of ruining a food supply in Lake Melville.

We need to have a solid answer, Mr. Chair, when it comes to the release of mercury –

**SOME HON. MEMBERS:** Oh, oh!

**CHAIR:** Order, please!

**MR. MURPHY:** - and the ruining of a food supply, which I believe – I do not know about the rest of the party, but I believe that actually ruining a food supply in Lake Melville is irresponsible on our part if we were to go ahead and back that.

Answer the question about silting, for example, and mercury that is going to result from rotting vegetation when the dam goes up. Give us a satisfactory answer, and a good answer to the people of Labrador who are going to be affected. Give us the food security. The food safety issue here has to be looked at and it is being ignored. We are going to be putting up a dam which is possibly going to ruin a lake which already has some sort of a level of mercury that is being caused in it now by the Upper Churchill. There is your environment piece. I will only touch on that. I can go on a whole lot more when it comes to the environment.

Economically feasible, this is a very volatile world that is happening right now. The volatility in there in the US and the dynamics of the North American market particularly has to be answered. The questions there have to be answered. We still have not heard the answers as regard –

**MR. O'BRIEN:** (Inaudible).

**MR. MURPHY:** I understand the Minister of Municipal Affairs has his own views, but please, we just listened to you for an hour-and-a-half, both parties going at it, without any relevance to Bill 61. So I will carry on.

When it comes to economically feasible, we have not had a solid answer about government's analysis of its own numbers when it comes to running social programs. We have not been given the security of thought that some of these social programs we are dealing with: health, transportation, and Municipal Affairs – are we still going to see

growth in their budgets so proper programming can continue in the face of having to pay for Muskrat Falls if Muskrat Falls happens to not make it for a few years?

I say to the Finance Minister: If the analysis is there from all of the departments that are there that are going to be affected – because we know the people of Newfoundland and Labrador, their services are going to be affected as well. They have a right to know their government is going to be able to respond if the Muskrat Falls Project happens to fall into some sort of a crisis mode where the government's funds are going to be left short for some reason. They have to be given the security and the knowledge to know that a senior is going to be able to afford their electricity or that their seniors' benefit is still going to go up to match the increases to the energy markets that are probably going to be happening out there.

We have not seen the analysis of the effect, for example, of what is going to be happening in the US Northeast and how that is going to affect one of the hopes that government has, that they are going to be able to sell off excess electricity into the US markets in order to help pay for this project and to sustain government programming and funding. Where was the answer to that? What happens? They have not answered the what-if. The simple what-if question is still out there.

The people of Newfoundland and Labrador are also asking the question: What if they cannot sell the electricity? Look at it under sixty-one, I say to the Finance Minister. It is a take-or-pay arrangement right now they are looking at – take it or pay for it. If we do not use it, does the taxpayer of the Province still have to pay for it? Does the ratepayer still have to pay for it? So far the answer is yes. We have not gotten the security.

Again, we are back to people's financial security and government's financial security in the knowledge that all of this is going to be able to fly. Has it met the means test? Has government done any means test when it comes to the simple economics of this? Who was the company, for example, that did the means test to make sure the Province is still going to have a positive bottom line and is not going to incur any more debt?

I will ask another question when it comes to the Province's financial security, because we know we have a loan guarantee. Mr. Chair, just while I was up there on supper break I read a story about rate increases that are possibly going to start increasing in 2013. I can understand the government's concern with that. The interest rate is going to be a very important component of the loan guarantee.

Do we favour a loan guarantee? Absolutely, why wouldn't we if it is going to save the taxpayers of the Province \$1 billion. Would we support it – for example, we know over the next couple of years that there is going to be some sort of an increase to interest rates and they are not going to stay at the bottom forever. I do not care what anybody says, but you are not going to get a loan guarantee that is going to be able to cover everything off forever while the project is on the go.

Interest rates are still going to go up and the bankers are still going to want their piece of the pie. There is no doubt about that. We have not gotten the security from government to know that if interest rates increase – and usually I think the standard is one point over prime and that is pretty much the loan guarantee.

What happens if interest rates start climbing? Where is the analysis that government has done to show that they are still going to be able to have a solvent project and that the people of Newfoundland and Labrador are still going to be able to pay for it? I have not heard it. In spite of the questions being asked and in spite of the people of Newfoundland and Labrador wondering – and we cannot get scrutiny done through the Public Utilities Board to see if the Public Utilities Board can even put it through a means test to see if it is going to survive.

The last thing I will talk about – or no, as a matter of fact I will still talk about affordability; I have about two minutes left there. At the end of the day, we still do not have a guarantee under the take-or-pay regime that is being set up here if the taxpayer of Newfoundland and Labrador is going to have their electricity bills have to help pay for Muskrat Falls.

We know from the Minister of Natural Resources, for example, he can get up and he can say that it is going to be 20.3 cents to Soldiers Pond or whatever the price he says. What is that price going to be, for example, if the

Newfoundland and Labrador consumer only uses 28 per cent and the other 12 per cent have to be paid for? Perhaps the minister, in what he is working at here in trying to sell the Muskrat deal, can get up the next time around and answer the simple question. We put it forward; those are questions that we want to get answered about that.

The last thing now – and I was talking about the volatility of the US markets particularly. It came through and it struck a bell with me. In this particular case maybe it so obvious that it smacked me in the face after the interview happened. The Minister of Natural Resources was interviewed by David Cochrane and he tagged him with a couple of questions. He talked about the closed energy market here in the Province, and the Minister of Natural Resources said it is interesting that the argument could be put forward not so long ago, yada, yada, yada.

So he goes on, the next question, a big part of building the link is the potential of getting into the US market – which is something that they are hoping to do. Surely reciprocity laws would mean that if we were selling to the US, we would have to allow the US to sell to us, free trade, NAFTA. Here is his answer: Under the Open Access Tariff laws, FERC, there could be an argument, but we will deal with that if it happens.

Mr. Chair, we need an answer from this government if we have the future potential to be facing up with some sort of a court action, a NAFTA court action that this government did not look at. So I am going to sit down here, now – my time is out – and I want to hear some answers as regards to the questions I put forward. If they can answer them satisfactorily and give us the security in knowing that all of these have good, solid answers, put it on paper, give it to the people of Newfoundland and Labrador –

**CHAIR:** Your speaking time has run out, hon. member.

**MR. MURPHY:** – and we will agree to it, Mr. Chair.

Thank you very much.

**CHAIR:** The hon. the Minister of Child, Youth and Family Services.

**SOME HON. MEMBERS:** Hear, hear!

**MS JOHNSON:** Thank you, Mr. Chair.

After three days of debate in this House, it is nice to finally see that we are going to have a debate on policy issues around Muskrat Falls. I have not seen that yet from the Liberal members opposite. It is nice to finally see it come from the member of the NDP. He specifically said that he had some questions that he would like to have answered, and I would like to take this opportunity to provide you with those answers.

You said that you would support Muskrat Falls if it was environmentally sound, and if it was economically sound, Mr. Chair, and specifically around the environment the member had some concerns around methylmercury. Mr. Chair, I can speak to that in great detail for you, if you would like, but just tops of the trees.

When you are dealing with hydro projects, methylmercury is something that goes hand in hand with hydro projects. You can look at any hydro projects across the country, around the world. The environmental assessment process takes into account the social impacts, the economic impacts, and the biophysical impacts, Mr. Chair. We weigh out all three of those, and at the end of the day a decision is made to proceed as to what is best for the people of the Province.

You can never eliminate some of these impacts. The purpose of the environmental assessment process is to mitigate for the impacts, minimize the impacts. It is very difficult, in a lot of cases, to eliminate. The mitigation for methylmercury – which you said we have done nothing on. That is not the case. The Minister of Environment and Conservation has spoken to it several times in this House. He did say in Question Period that there would be monitoring, and that is the mitigation that is put in place for methylmercury. You monitor and then, should there need to be some consumptive advisories, that is the mitigation that is put into place, Mr. Chair.

When speaking about the environment, he failed to speak about the million tons of greenhouse gases that we can reduce by eliminating the Holyrood plant. If you are concerned about an environmentally sound project and when you weigh out all of the environmental benefits or impacts, there is no greater benefit to this Province, particularly to the people of Holyrood, than eliminating that environmental nightmare, which I understand is very close to your backyard, Mr. Chair. One million tons of greenhouse gases we could wipe off the Province by just doing this Muskrat Falls Project. That is equivalent to taking over 300,000 cars off the road, eliminating all of that oil burning pollutant that goes into the atmosphere, Mr. Chair.

From an environmental perspective, it is nice to see that we did have the discussion on that. I hope that will bring some ease to the member opposite and we can move on with some further questions on Muskrat Falls and stick to the debate, as the Member of Terra Nova had said, because we are here to debate Muskrat Falls. We are here to debate, specifically tonight, Bill 61 and Bill 60.

The second issue that the member raised is whether or not the project is economically sound and he talked about selling into the markets into the US. Mr. Chair, we are a Conservative government and when the projections were done for this project, they were done very, very conservatively. We did not take into account the revenue that would be received from those markets into the US; and to mix economical with environmental, we did not take into account the carbon tax benefits that we would receive in the future by eliminating Holyrood, Mr. Chair. These are, what I would say, gravy; this is money on top of the \$2.4 billion difference and the least-cost option, Mr. Chair.

When you talk about financial assessments and have we done our own financial assessment, not only have we done our own financial assessment, not only have experts done financial assessments, we have had bond rating companies look at this, we have had the federal government look at this who have said – Prime Minister Harper has said himself there is zero risk for this. We have had banks look at this, Mr. Chair. You talk about interest rates increasing. Interest rates would increase no matter what project you are doing. We are talking about a long time span here. We cannot, not do something because of what interest rates might do.

To try and keep us – and I seem to think the vision opposite is to keep us isolated as a Province. We want to open our horizons, expand into the US, expand into Nova Scotia, to the Mainland, and not remain isolated. You talk about wind. Well, without that connection to the grid, then there is no wind. We are limited to what we have today.

Mr. Chair, those are two of the questions; I really welcome that. It is great to see the policy discussion here. On the issue of Muskrat Falls, when you talk about revenue, in 2017 I think it is about \$15 million we expect after the debt is paid down. Expand that over the life of the project, \$20 billion at a minimum. We are not even talking about the jobs, the spinoffs, the hotel rooms, the excess power, and the carbon taxes – \$20 billion. So when you are wondering whether or not we are going to be able to pay for this, I am wondering how we are going to spend all the money in thirty years' time for our future generations, Mr. Chair.

When it comes to Muskrat Falls, this Province has vision. Time and time I say: Destiny does not happen by chance, it happens by choice. Our choice for the people of this Province is Muskrat Falls, Mr. Chair.

Thank you.

**SOME HON. MEMBERS:** Hear, hear!

**CHAIR:** The hon. the Member for Signal Hill – Quidi Vidi.

**MS MICHAEL:** Thank you, Mr. Chair.

I am really interested that the minister has responded to the question with regard to finances and the economic analysis. She talked about yes, they have done it and yes, this person has looked at it, and that group has looked at it. I would like this government to give us the details of the economic analysis, because that is the kind of information that we have been asking for and we do not have.



They expect everybody, and I mean everybody, to take their word. This is the kind of stuff that was asked for by the environmental assessment panel, this is the kind of thing that the Public Utility Board said they needed to make their analysis, and this is the kind of thing we are looking for to be able to do our analysis from an economic perspective.

I raised, earlier today, the issue of the impact on government of rates going up and the impact on government of higher electricity rates just for government buildings, just for government running itself. I asked questions today about has government looked at the impact of rates going up on low-income people, how much more money is going to have to go into subsidies for low-income people. Whether they are people who are on income assistance or whether they are seniors who are on fixed incomes, anybody who is at the lower end of the financial scale who are on fixed incomes are going to end up needing more help, Mr. Chair.

Have they done an analysis of that? How are government programs going to be impacted by this project and by electrical rates going up? That is the kind of analysis that I would like to see the details of, and government has not given those details. They did not give them to the environmental assessment panel. They did not have them to the Public Utilities Board. Apparently, they must have given them to the people that they hired to work for them, but if they want us to determine that this is economically good for the people of the Province who are going to have to carry this and they are going to have to carry it in more ways than one – and I have said that before and I am repeating it because I am responding to the minister.

People are going to be carrying the debt in more ways than one. They are going to be carrying it through the rates that they are going to have to pay for electricity. They are going to carry it also through the economic weight that the government is going to have to carry, as it tries to deliver the programs for people. If we start getting cutbacks in programs – and I fear that will happen because of the news of the big deficit Budget we are going to have this year and the continuance of deficit Budgets – this is an impact on people.

When we are looking at economic analysis, we are not just looking at the big macroeconomic picture of the project; we are also looking at the economic analysis of how people are impacted. This government has not yet given us the documentation to show us that kind of analysis. I am requesting those kinds of papers and that kind of analysis that we can look at.

Thank you.

**CHAIR:** The hon. the Minister of Municipal Affairs.

**SOME HON. MEMBERS:** Hear, hear!

**MR. O'BRIEN:** Thank you, Mr. Chair.

It is a pleasure to rise in my place in the House and talk to Bill 61. It is an important bill. I am so happy (inaudible) the speech that the hon. Member for Terra Nova had a dramatic affect in regard to the Opposition and their focus that finally now we are on the bill itself. It is not a political grandstanding exercise, and we are actually where we want to be. We will get through this now; I firmly believe it. They will be convinced in regard to the viability of this project and the effect that this project is going to have on this Province and our children's children for a long, long time to come.

People speak about this project, Mr. Chair, for fifty years or so, but what we are talking about is 100 years. Those turbines, with maintenance and whatnot, will continue to spin. It does not cost a whole lot to spin them, because it is water. It is our resources, it is a renewable resource, and it is a renewable economy that we are moving to, which is so, so important. That will address some of the issues that the hon. Member for St. John's East had referenced. Not every time, but sometimes he gets up and he asks about municipalities and where they are and how we are going to address their issues if Muskrat Falls runs into an issue or whatever it may be.

It is the same way really that we addressed those issues in the past. I bring us back to 2003. When we took government in 2003, I remember the former Premier addressing the people of Newfoundland and Labrador just

prior to Christmas. When we did our analysis of the financial situation of the Province, we found that particularly we were bankrupt.

Then we moved forward and we put a plan in place. One of those plans was to address the issue surrounding infrastructure in municipalities. Since then, Mr. Chair, in 2008 to now, we have actually invested well over \$700 million in infrastructure investments right throughout the Province.

This bill here, Bill 61, is at a point now that we have to get this done because we have to get out to the markets to get the lowest-cost financing in regard to this project. That is all this bill is about, absolutely. All I have heard now for about twenty-two hours or so is nothing but politics until probably ten minutes ago. That is unfortunate, because it is Christmas.

**AN HON. MEMBER:** (Inaudible).

**MR. O'BRIEN:** Absolutely, not from you. I am actually complimenting the Third Party because I have seen a lot of politics go on here, including St. John's East, absolutely.

Now, in the meantime, in regard to the Leader of the Third Party, she keeps mentioning the financial analysis. I say to the Leader of the Third Party, what she should have done over the past period of time instead of sitting on her behind, she should have been asking the bonding agencies –

**MS MICHAEL:** A point of order, Mr. Chair.

**CHAIR:** A point of order, the hon. the Member for Signal Hill – Quidi Vidi.

**MS MICHAEL:** (Inaudible).

**CHAIR:** I would ask the member to withdraw his remark.

**MR. O'BRIEN:** Mr. Chair, I withdraw the remark, but I think everybody has to sit in some type of a fashion in whatever they do. At least I do, anyway.

**MS MICHAEL:** A point of order, Mr. Chair.

**CHAIR:** A point of order, the hon. the Member for Signal Hill – Quidi Vidi.

**MS MICHAEL:** I think it should be an unequivocal retraction of the statement, Mr. Chair.

**CHAIR:** I would ask the member to withdraw his comment unequivocally, please.

**MR. O'BRIEN:** I withdraw it, Mr. Chair.

Instead of wasting time, Mr. Chair, what the hon. member should have been doing was do exactly what we did, and that is go out to the bonding agencies and speak to the federal government in regard to their analysis. The federal government cannot share that. I do not know, that is up to them. That is their call if they want to share that analysis.

For the Prime Minister of Canada, who has the whole nation in his responsibility, to say up in Labrador there was not one bit of risk to Canadians in regard to the loan guarantee on this project, it is unbelievable. That speaks for itself. That absolutely speaks for itself, to the analysis and the business case surrounding this particular project.

I will put it in words to the hon. Member for St. John's East. He used to – and no disrespect, just to put it in perspective if I can get my head around this. When the business that he was in previous to his current career – and I think you can have a decent career with regard to politics because I think he has the heart of Newfoundland and Labrador in the right place as he forges his way through.

When a person goes out in a business, such as he was in, and they drive around the City of St. John's looking for a fare, well that cost money. Each and every time those wheels, those tires spins on the pavement, every revolution, there is a cost to that. It costs money. That is called calculated risk under a business deal. I am simplifying it, because that is a calculated risk. He or she is driving a particular vehicle that they are in and hoping – they are going to invest the money that causes the tires to turn and revolve, they are hoping that will actually result in a fare. That fare then, number one, takes care of the cost and, number two, provides a profit.

That is exactly, in a simplistic way, how a business deal and business analysis works. That is essentially, in a more detailed way – and this is huge. I am not trying to downplay the importance and the size of this project but the people who have actually analyzed this deal and people who have put the deal together, our own experts in Newfoundland and Labrador and in Nalcor that have put this deal together, I am quite proud of. Then you have the people in the federal government, in the Department of Finance. Then you have people in the bonding agencies that are looking at it and saying what they have been saying in regard to this being a triple A-type project.

Then having banks that are – not falling over themselves, no, absolutely not. I do not want to put that on the floor of the House either, but they are there. They are lined up. Each and every one of them wants to finance this deal because, the simple reason is, is that they do a calculated risk assessment as well. When they do that calculated risk assessment they firmly see that this is a good investment. Yes, they will make a profit off it, and which they should.

I have stood in the House of Assembly on many, many occasions and I have always said and I have given speeches to the construction industry, to the engineering industry, to the architectural industry, and that kind of thing that this government likes to see businesses make a profit. We do, because that is what makes the economy grow. That is the way you invest in Newfoundlanders and Labradorians, providing opportunities for work. That is progress, and that is certainly seen in the vibrant economy we have here today. What you do is all calculated risk.

So, when you get these kinds of agencies looking at a project the size of the Muskrat Falls Project and coming to all the same conclusions, well that brings a total level of comfort to me, as a Newfoundlander and Labradorian, first and foremost, second, as an MHA for Gander – which I take that responsibility very seriously – and then as a minister who sits at that table for the last number of years, since 2005. That brings a confidence to me, and you rely on these people.

I was going to say to the hon. Member for St. John's East this morning, listen, it is fine enough to ask the questions to an expert such as Ed Martin, but it is another thing to think that the numbers coming from somewhere else, just because they are said or written or whatever it is, brings into question Ed Martin's or the great people of Nalcor's work in question. That is the kind of thing that we have gotten in the past.

I am glad to see the Member for St. John's East ask some good, specific questions. I am glad that we are off the political thing. Now I can see a light at the end of the tunnel for the people of Newfoundland and Labrador as we move this project forward. Hopefully, at the end of the day – what I dream of or hope for is that we all can see the wisdom of this big project and the benefit that it will have to this Province and our children's children, and the people who are going to come after us.

That is what this is all about. It is taking our rightful place in Canada, moving from a non-renewable economy to a renewable, and then making sure that we have an economy, our own economy, and our future is secure forevermore.

Thank you, Mr. Chair.

**SOME HON. MEMBERS:** Hear, hear!

**CHAIR:** The hon. the Member for St. Barbe.

**MR. BENNETT:** Thank you, Mr. Chair.

(Inaudible) and a couple of the assumptions that I am going to rely on were provided in the briefing. One is the benefit of the interest rate spread that we expect to save to the federal loan guarantee, which I understand to be around 2 per cent, and approximately 70-30 debt to equity ratio.

Now, Mr. Chair, this is not a very complicated deal financially. The numbers are big but it is not complicated. For people who may be watching from home, if you take \$1 million instead of \$10 billion – and I am using \$10 billion because it is a good round number; we will get back to the overruns next time around. If you take \$1 million and add four zeros, you get \$10 billion. So, it is relatively straightforward.

If you wanted to have a business deal, if you wanted to buy a business or buy even a rental property at \$1 million, if your interest rate was 6 per cent and you were going to borrow all the money and pay it off over fifty year, you would pay approximately \$4,166 a month. That is your payment. So you say: Well, I cannot afford \$4,166 a month for fifty years. That is a bit long. It is just too steep. So what would I do next?

Well, Mr. Chair, what you would do next is if you really wanted to do the deal, you would round up whatever cash you could and you would put that cash down so you would not have to borrow so much. If you were to search around and take pretty much all the money you could find, you could afford to put into the deal, you might take the kids' education savings plan, you might take your own personal savings, you might take your Registered Retirement Savings Plan, maybe cash it out and pay the tax, put down \$300,000, that is 30 per cent down.

Now you are left with a \$700,000 mortgage or a \$7 billion debt obligation, which I understand will be financed maybe through long-time hydro bonds. That payment then would drop to around \$3,180 a month. You would have to pay \$3,180 a month for the next fifty years. You might say: That is still pretty steep. I want to buy that asset, but \$3,180 a month is too much money for me to really be able to deal with. How is the next best way to get the payment down?

Mr. Chair, one good way to get the payment down is to go to a rich relative – a parent, uncle, kid, maybe a kid who is working in Fort McMurray with lots of cash and say: Will you guarantee this deal for me, because if you will guarantee this deal for me, I can save 2 per cent. My interest on the loan then will be 4 per cent over the long term, over fifty years, instead of 6 per cent.

Mr. Chair, if you could get the down payment to 30 per cent or \$3 billion or in the person's individual case, \$300,000, and you owed \$700,000 or \$7 billion in this case, and if you could get the interest rate down to 4 per cent, now you would have to pay \$2,300 a month for the next fifty years. Well, \$2,300 a month for the next fifty years is probably a little bit steep, but how do you get around that? How do you guarantee that you can pay that money for the next fifty years?

Well, what you do is you find somebody who can enter into a fifty-year lease with you and who will guarantee to pay you for the benefit of that project or deal for the next fifty years. You go to somebody, you have a Nalcor deal, you go to the consumers of this Province, you go to whomever you can identify, and you, in this case, introduce a bill in the Legislature, but you lock them into a lease for the next fifty years.

In fact, the expropriation bill we are going to look at contemplates 2075. That will be a sixty-three year deal and a sixty-three year expropriation for that real estate that actually supports the 1,100-kilometre-long line. You say to somebody: Well, I have this deal for you. You have to pay. You have no choice but pay \$2,330 a month. At the end of it all, I own the asset, but you tie the person in to pay for that.

Mr. Chair, the problem for the consumers in this Province is that will be our hydro rates. Those will be our electricity rates that will be necessary to pay for this deal. We do not know how much it will be, but it may be fourteen, fifteen, twenty, or twenty-five cents a kilowatt, but that is how we are going to pay for this deal over the long term.

It is no different, Mr. Chair, than if you wanted to buy a \$1 million revenue property, pay it on 30 per cent of your own money, get somebody else who is stronger than you financially to guarantee the mortgage, tie somebody in

with a lease for the next fifty years, put them back to back and one pays for the other one. I am sure the Minister of Finance can easily tell you that is pretty much how the deal works.

This is relatively creative financing. It is expensive financing, but it will make the deal go. Let us say you did not really have complete confidence in the deal, if you were afraid. Well, what if I get into this, things go back, I cannot complete, and maybe the economy really goes down into the toilet in three years, five years, or ten years? What do I do next? If you do not have complete confidence in the deal, then you enter into non-recourse financing. This proposal, as it was briefed to us, is going to depend on non-recourse financing.

What does non-recourse financing mean? It means that if you borrow money for a home or any other asset, you guarantee the mortgage, your signature is on it, and somebody forecloses on it because you lose the asset. If you lose the asset, then the bank forecloses. They take your asset and they cannot come after you for the shortfall.

Mr. Chair, the situation we have here is the government does not have complete confidence in this deal. They are afraid if the deal goes sour, if the deal goes down, the government is not standing behind the deal completely because they are seeking to put in place non-recourse financing. The only recourse will be on the assets, so that means that the asset is being pledged to the lenders without the people of the Province having to back it up.

Mr. Chair, what that says to me is that if this deal goes bad any time in the next twenty, thirty, forty or fifty years, we could lose the whole project. The lender would foreclose on the project, whoever the lender happens to be. Or if the guarantor has to make good on it, because the guarantee is there and the guarantor is the Government of Canada for \$6.3 billion, they could say the Government of Newfoundland and Labrador really could not make this fly, really the electricity was too expensive, really the markets were no good. They could not manage their own finances like in the 1930s and they have left themselves in a bit of a jam. We have to bail them out. We are carrying the guarantee.

Mr. Chair, any time that you sign on a guarantee it is a given that if you guarantee the debt, you can also call on the asset if you have to make good on the guarantee. So, the Government of Canada has no risk whatsoever because if for any reason we come into a default, if we cannot carry it off, if we cannot swing it for however long this deal owes money, that the Government of Canada has financed, then the Government of Canada can move into place, can pay off our obligations. They can assume our Muskrat Falls deal. That then becomes an asset of the Government of Canada, instead of an asset of the people of Newfoundland and Labrador, and we are left not much better off than we were with the Upper Churchill.

We lost an opportunity with the Upper Churchill. In this case, we are putting in a lot of money and we are taking a very substantial risk. We have put together this financing package. We are going to put down 30 per cent, more or less. This is the money that we saw set aside in the Budget this year, over \$600 million into Nalcor. This is the additional funds that we will put into it.

The federal government is going to guarantee the loan, which is a great thing. It does not work out to \$1 billion like the Premier says. It is far less than \$1 billion. A 2 per cent spread on \$10 million for fifty years would be \$1 billion, but the loan is paid down over that period of time so it cannot possibly be more than a \$500 million benefit – nevertheless, a good benefit.

We are forcing on the people high-energy rates for a long period of time with a non-recourse loan guaranteed by the Government of Canada. If we have a default, the Government of Canada will own Muskrat Falls and we will not.

Thank you, Mr. Chair.

**CHAIR (Cross):** The Chair recognizes the hon. the Minister of Finance.

**SOME HON. MEMBERS:** Hear, hear!



**MR. MARSHALL:** Mr. Chair, I am delighted, as my colleague is, that the debate is now focusing on the bill, and I think the people watching this will be appreciative of that.

Mr. Chair, earlier this evening I outlined the project, what was the Muskrat Falls Project and what were the costs of the various components of that project. We said the Muskrat Falls generation facility was \$2.9 billion, the Labrador transmission assets would be another \$700 million, for a total of \$3.6 billion. The debt-equity ratio for that would be 65 per cent debt and 35 per cent equity, which would mean the proponent of Muskrat Falls, which would be a subsidiary of Nalcor called MF Company. They will develop that and they will borrow the money.

The money will be guaranteed by the Government of Canada and the financing will be nonrecourse to Nalcor and to the other subsidiaries of Nalcor. This means in the unlikely event there is ever a default on that borrowing the banks will be unable to come against Nalcor. They will be unable to come against the assets of Nalcor Oil and Gas, Nalcor CF(L)Co, or Nalcor Bay Bulls, and they will not be able to come against the Province and the people of Newfoundland and Labrador, or Hydro.

As the hon. member said, in the unlikely event of a default, what will happen is the project will end up going to, probably, the Government of Canada. The Government of Canada will then operate the facility or sell the facility to someone else who will operate the facility.

Mr. Chair, the Labrador-Island Link is \$2.6 billion, and the debt-equity ratio there is 75 per cent debt and 25 per cent equity. The debt will be borrowed by LIL Company and Emera will be a partner with them in that. Emera has a piece of that action. That was granted to Emera in return for Emera agreeing to provide to Nalcor access rights from New Brunswick into the United States. So any export power that Muskrat Falls will develop can go and be sold for the first time around Quebec into the United States of America.

Mr. Chair, as I said the debt part will be borrowed by the proponents and guaranteed by the Bank of Canada, which means the borrowing will take place at triple-A rates, interest rates that the Government of Canada has. This will have the effect of saving the people of this Province approximately \$1 billion in interest charges because they will not have to borrow at the credit rating of the Newfoundland Government. That is the debt piece.

With the equity piece, the equity will be provided by the Government of Newfoundland and Labrador. That money will be provided through either cash on hand or through borrowing undertaken by the Government of Newfoundland and Labrador. It will depend on our cash flow at the time that we have to put monies in. It could be cash, it could be borrowing. That is our equity contribution and that is the part that will be at risk to the people of the Province.

When those out there, members of groups who say that this project will bankrupt the people of Newfoundland and Labrador, but to bankrupt the Government of Newfoundland and Labrador, those arguments are patently false because that cannot happen. This government has paid down \$4 billion in net debt. This government is no longer on equalization. This government has run surpluses in the past and this government's financial position is strong.

Mr. Chair, in terms of the other economic benefits to the project, first of all there is the impact on the residents' electricity bills. From 2016 to 2030, if Muskrat Falls is not existing electricity rates for the average ratepayer would increase by 38 per cent or approximately, as the Minister of Natural Resources has told us, \$82 per month over the same period. From 2016 to 2030, with Muskrat Falls the electricity rates for the average taxpayer will increase by only 18 per cent, or approximately \$38 per month. Without Muskrat Falls the increase in electricity rates will be double for the average ratepayer.

By going with the Muskrat Falls Project – what hon. members keep forgetting is that if we do not do something rates are going up even more. If we do not do something the people of this Province are going to be paying even more. Muskrat Falls is the solution to those high rates. Muskrat Falls is how we stabilize those rates for the future, for future generations. Yes, when a hydroelectric project or any electricity project is constructed the people who use the power pay for it. That is how they have always worked.

Mr. Chair, in the early days those projects were undertaken by the private sector. They were undertaken by people who were in it to make money. They were shareholders looking for a return on their investment, and they were monopolies. So the Public Utilities Board, or regulators, came into existence to ensure that the monopolies would not gouge the ratepayer, they would not gouge the people.

The regulator would provide that the proponent, or the person building the electricity project, would get enough rates from the ratepayers, the people who use electricity, to cover the cost of the construction, to cover the cost of financing, to cover the operation costs. There is a guaranteed rate of return put on top of that. It is not a bad business.

I know of people who were in that business, people who owned former Newfoundland Light and Power Company many years ago. I think there is a man by the name of Murphy who was involved. He was one of the original proponents or promoters of the light and power company who sold out later on.

Remember, there is a guaranteed rate of return on a very large investment. How do people who are in that business, people like Izaak Walton Killam who has children's hospitals named after him in Nova Scotia, who has given buildings to universities – obviously the people who were in that business made a lot of money.

What we are doing here, Mr. Chair, what we are doing with this project is that this project is going to be owned by the people of Newfoundland and Labrador, and that is the difference. The project is for us. The project is not designed for export. The project was to meet the needs of the people of Newfoundland and Labrador, and the people of Newfoundland and Labrador will get the benefit. They will get the benefit of lower rates than any of the other alternatives.

If we do not do anything and we continue to simply burn oil, we will burn more in oil at a cost that is more than the cost of building Muskrat Falls. It makes no sense to burn oil. It makes no sense environmentally to burn fossil fuels to make electricity. It makes no sense economically to burn oil to provide electricity. At the end of fifty years, what do you have to show for it? Nothing. Instead, the rates will be lower and we will build a facility that will provide electricity at stable rates to the people of the Province for over 100 years by making clean hydroelectricity.

In addition to that, that project is cheaper to the people of the Province. Even if the power is not used here on the Island, even if the river runs to the sea and we do not produce the power, the rates will still be cheaper with Muskrat Falls than by burning oil electricity. There is your choice. Burn oil; import the oil from foreign countries and burn it, or create our own electricity. Control our own electricity through a hydroelectric project.

As I have said over and over here, hydroelectricity projects that we have been building in this Province for over 100 years. The technology is simple, the technology is straightforward, and the people in this Province who work at places like Nalcor, who have worked for the power corporation before Nalcor, and people who work at Newfoundland Light and Power know what they are doing.

Mr. Chair, this will allow us to get off our dependence of oil. It will meet the needs of the Island. It will meet the needs of the people of Labrador, the potential mining industry. It will allow us to export our surplus power. It is environmentally friendly. We shut down the plant at Holyrood.

It will give us a reliable source of power owned and controlled by Newfoundlanders and Labradorians rather than relying on foreigner's supply of oil. We will be connected for the first time to the national grid. We can import oil in emergencies. We can export oil to the Maritimes and the United States but most of all, we will provide low stable rates to the people of Newfoundland and Labrador, and that is the very essence of this project.

**SOME HON. MEMBERS:** Hear, hear!

**CHAIR:** The Chair recognizes the Member for St. Barbe.

**MR. BENNETT:** Thank you, Mr. Chair.

Hopefully, the Minister of Finance will confirm what I think he just said. That in the unlikely event of a default, the Government of Canada can take over the Muskrat Falls Project and either run it or have somebody else run it for us. That means we are not completely out of the woods on that particular issue.

Mr. Chair, I would like to use the next segment to discuss Manitoba Hydro's performance, particularly with the Wuskwatim project, because we are depending so heavily on what they are telling us that this is a good project. I have serious reservations about depending on their recommendations.

The Wuskwatim project is a project in Manitoba, not far from Winnipeg, and it is a relatively small hydroelectric development. As everybody here by now knows, you generate electricity either by water falling from gravity either by height of the land or size of the dam. In Muskrat Falls it is not very high but it is very large.

In Wuskwatim, a native band, a Cree Band wanted to be able to develop a hydroelectric opportunity that they had on their land, on their reserve, and their project was around 200 megawatts. Their project was around a quarter the size of the Muskrat Falls hydro development. With a relatively small or smaller hydroelectric development, they had dealings and engaged Manitoba Hydro to develop Wuskwatim for them. It is a tiny, tiny reservoir, but it has a fair degree of elevation.

Mr. Chair, the forecast cost for that project was \$900 million. So it was less than \$1 billion – \$0.9 billion. Before they entered into that project, this native band, a Cree band, had the foresight to have a referendum. They had a referendum before they went any further. A referendum has been mentioned here in this Province; however, I do not think we will be having a referendum. They had a referendum and they voted yes, we want to do the Wuskwatim hydroelectric development.

The project went ahead. The experts at Manitoba Hydro then put together that project. It was for hydroelectric power for sale. They delivered that little project at 85 per cent over budget. Mr. Chair, that small hydroelectric development was 85 per cent over budget.

The entire report is available on-line. Any hon. members can print it off. It is 150 to 200 pages long. It is a lot of detail. There is no getting around the outcome; they were 85 per cent over budget.

Our government is now relying on one of its experts as Manitoba Hydro incorporated. That project, in addition to being 85 per cent over budget, has run into some really serious difficulties with selling the hydroelectric power. It is pretty much a stone around their necks.

By the same comparison, if we were to give the absolute benefit of the doubt to Manitoba Hydro, if we looked at the first estimate we heard on Muskrat Falls, which was not \$7.5 billion but \$6.2 billion, if we say our baseline is \$6.2 billion, and if we apply the 85 per cent overrun that Manitoba Hydro experienced at the Wuskwatim hydroelectric development, Muskrat Falls will come in at \$11.47 billion. It will be \$11.5 billion if they are as successful in their forecast for Muskrat as they were in their performance at Wuskwatim in their own Province, Mr. Chair. That gives me some real concerns about relying on the forecasting and the expertise of Manitoba Hydro incorporated.

I have no further commentary on that particular point, Mr. Chair.

Thank you.

**CHAIR:** I recognize the hon. the Member for Signal Hill – Quidi Vidi.

**MS MICHAEL:** Thank you very much, Mr. Chair.

I just want to make a few comments in response to some of the things the Minister of Finance said; especially when he talked about the rates for Muskrat Falls and the fact they are the lowest of all of the alternatives. It is an example of the kind of statement that gets made without us being given the proof for the statement that is made.

It is my belief, especially based on recommendations from the environmental assessment panel, that we have not looked adequately at all possible alternatives. Things are changing so quickly that statements that may have been made a year ago or two years ago are going to change radically as time goes on, which is one of the reasons why I have always said that Muskrat Falls should have been slowed down to look more in-depth at the alternative things that could be happening – as the environmental assessment panel said, and as they recommended.

I want to refer to what is happening in Manitoba right now. I am referring to an article by Tim Sale, and Tim is the former Minister of Energy and Minister Responsible for Manitoba Hydro. It is interesting what they are finding in Manitoba. He refers to the fact that for many years Manitoba Hydro really fought against wind power. They were so used to hydroelectric, that is what they used and they fought against it.

According to Tim Sale, who was the Minister, as I said, of Energy and Responsible for Manitoba Hydro, the provincial government literally had to force Manitoba Hydro to look at wind energy. Manitoba Hydro really did start doing that. As he says, there were no rational reasons for the resistance because they had a perfect situation in Manitoba where the wind energy could actually be stored in their dams, because they have a lot of dams. The wind energy can be stored by slowing down the flow of water – then you store the wind energy.

The point I want to make from this is that notion of wind with smaller hydroelectric dams is something that is working in many, many places. Certainly, all of Canada has a – most of Canada is a good place for wind energy. I think Newfoundland and Labrador is a good place for wind energy as well.

I do not believe we took the time to look in-depth at the kind of thing that is happening in Manitoba; like this thing they have found in Manitoba with regard to wind energy. The point I want to make, and it is the heading of the article, is that right now in Manitoba wind energy is cheaper than new hydro dams. This is the kind of thing I am concerned about, that technology is changing. Our world is changing around energy, and we are rushing into something that I think is something from the past. This heading really got me: Wind energy now is cheaper than new hydro dams in Manitoba.

When I hear the Minister of Finance make his statement, it could be at some point, when looking at the only two options that Nalcor has put out publicly, his statement was correct. I think that in a bigger picture, if a broader analysis had been done and the kind of thing that is being talked about in this article – which by the way is in the *Winnipeg Free Press*; it was published today for anyone who is interested. When I look at the findings there in Manitoba, this is the kind of thing that has not happened here. We have not had this broader analysis done; or if it has been done, we have not been given the information –one or the other – but I do not think that the broader analysis has been done.

It is one of the reasons why I hesitate so much with regard to the project that we have been presented with, because I do not believe that we have looked at all of the alternatives and I do not believe that we can make that statement that we know right now at this moment that the rates that we will have to pay for energy for Muskrat Falls is the cheapest of all other alternatives that might have been looked at, that could have been looked at.

That is what bothers me, and that is a real concrete reason for my concern about the economics of this project, both from the perspective of the macroeconomics as well as from the perspective of the impact on the people that the Minister of Finance was talking about, the people of the Province, who yes own it, but bear the heavy burden of every cent of it as well.

Thank you, Mr. Chair.

**CHAIR:** The Chair recognizes the hon. the Member for Mount Pearl North.

**SOME HON. MEMBERS:** Hear, hear!

**MR. KENT:** Thank you, Mr. Chair.

I just need to make a few comments in speaking to Bill 61 now that we are in Committee. I think it is an appropriate time to remind members about Bill 61.

We have dealt with Bill 53; it has been passed through third reading. We still have Bill 60 and Bill 61 to deal with. Right now we are in Committee of the Whole discussing Bill 61, An Act to Amend the Electrical Power Control Act, 1994, the Energy Corporation Act and The Hydro Corporation Act, 2007.

I am really pleased, Mr. Chair, in the last half an hour or so that we have gotten back to where the focus of this debate needs to be. We are here in this House for an important process. These are vital pieces of legislation. We have sanctioned a project that is truly a game changer for Newfoundland and Labrador that is going to allow us to reach our goal of becoming the energy warehouse that we know we can be, Mr. Chair.

For that reason, it is important to get on with it. We are here because we want to answer whatever questions need to be answered, particularly on these specific pieces of legislation that we are actually here to talk about. I hope that the focus for the rest of our time, however long that is – and it has been quite a journey so far. I hope that our focus will truly be on the legislation in question.

Let's get on with this. We have sanctioned the project. There is no turning back. We have made the bold decision. We have been elected to make bold decisions. We have been elected to provide leadership and that is exactly what we intend to continue to do, Mr. Chair.

In terms of the comments from the Leader of the New Democratic Party, I would like to make a few remarks on what she just said. In response, I hear the Leader of the Third Party suggest that we need to slow down because we have not looked at the alternatives, because we need to look at other technologies, et cetera.

I take the point, but I take grave exception to the point, Mr. Chair. The folks at Nalcor, the world-class expertise that we have engaged, the folks within the Department of Natural Resources, they are on top of technology all the time, Mr. Chair.

For years, people have been trying to develop tidal power. In fact, I would hope that the Leader of the New Democratic Party is aware that we have our own wind-hydrogen project, Mr. Chair. In Ramea, we have a project that is all about new technology. That is just one example. We have explored all the possible alternatives. We have spent millions of dollars doing research on all of the alternatives and we are embracing new technology wherever possible.

Wind-hydrogen –

**SOME HON. MEMBERS:** Oh, oh!

**MR. KENT:** Mr. Chair, I know I am being heckled and yelled at by the Member for Signal Hill – Quidi Vidi and unfortunately the Member for St. John's East, who has been rather well behaved for the most part during this debate. His language has certainly been appropriate.

The wind-hydrogen project in Ramea is new technology and the magic of that, Mr. Chair, is that it has the potential to connect communities that would otherwise be isolated.

The folks at Nalcor, the folks at the Department of Natural Resources, the expertise that we have engaged to implement the Energy Plan that is going to set a bold, new future for Newfoundland and Labrador, they are focused on new technology. Do not believe for a second that they are not, Mr. Chair.

We are spending millions of dollars every year on research and design, Mr. Chair, but the Leader of the Third Party would have you believe that we are not interesting in new technology, that Nalcor is not interested in new technology. I assure you, Mr. Chair, nothing could be further from reality.

In fact, I have been in this House now for five years and I have witnessed Ministerial Statements on new technology when it comes to meeting the energy needs of this Province. I have seen educational videos developed



by Nalcor, developed by the Department of Natural Resources, to inform the public and to inform decision makers about the potential that exists for new energy. We have consulted with world-class expertise to guide our decisions when it comes to meeting our future energy needs. People like Wood Mackenzie and Ziff Energy; these are the types of people who have informed the process. It has been a long process. It has been a process that is involved an incredible amount of public debate.

I ask the Leader of the New Democratic Party to tell this hon. House what technologies she is talking about. What is it she wants us to study more? What is it she wants to look at that we have not looked at to date? Mr. Chair, it takes years to develop and to plan for and to build a hydroelectric development. These things do not just happen overnight.

We are all convinced on this side of the House – now I realize that the host of VOCM Open Line and a few of the folks opposite may not be convinced that we need power in the future, Mr. Chair, but the folks on this side of the House, based on all of the information available to us, are quite convinced that as soon as early as 2017, if not sooner, we need power to meet our energy needs in this Province.

If that is the case, we cannot wait until 2015 to decide hey, maybe let's build some generation facilities. These things take years to plan for. If we want to put hydroelectric generation infrastructure in place, we cannot wait any longer. We need more power by 2017, and countless studies have been prepared. We have invested millions of dollars to ensure that we do all the necessary due diligence to make sure that we make the right decisions and responsible decisions that are going to impact our future.

Systemic change, Mr. Chair, takes an incredible amount of time. That is what we are talking about here. We have consulted with the best expertise available to us, yet the Leader of the New Democratic Party has the nerve to stand in this House tonight, Mr. Chair, during this debate and suggest that there is still not enough information available.

I have sat in this House, Mr. Chair, and watched the Minister of Natural Resources table fifteen or twenty boxes of information on this project, one after another, and I am not sure that she has taken the time to read any of that information based on some of the comments I am hearing here over the course of the last number of days.

**AN HON. MEMBER:** Eddie read it.

**MR. KENT:** I do not doubt the Member for Bay of Islands read it.

I know that our Natural Resources Minister, since we have been engaged in this debate on this bill and Bill 61 as well, has tabled a number of reports once again, Mr. Chair, seventeen reports just last night; last night being Tuesday, today being Tuesday, and tomorrow being Tuesday. The information continues to flow, but the information is not a whole lot of good and there is no point continuing to provide information if the hon. member opposite is not going to read it. Mr. Chair, there is lots of information available.

We know we have made the big, bold decision to chart a new course for the future of Newfoundland and Labrador. It is the right decision. There is an endless amount of research available. For that reason, there is no need whatsoever to continue to delay from the real issues we need to be talking about.

I do not know if anybody opposite missed this, but we have sanctioned the project. We have two important pieces of legislation that are necessary to pass. Let us talk about the specifics. Let us hear your concerns. If you have legitimate questions that need to be answered, I can assure you the Premier, who is sitting here with us and the Minister of Natural Resources who is sitting here with us, are quite prepared to answer your questions as are other members of this hon. House. We are not prepared to stall and play the kind of political games we are witnessing here, Mr. Chair.

I have heard the Leader of the Third Party continue to say we control the process. Mr. Chair, we have a compelling mandate from the people of Newfoundland and Labrador to lead, and that is what our Premier is doing, that is what our Minister of Natural Resources is doing, that is what this government is doing, and that is what we are going to continue to do.

I support Bill 61. We are in Committee. We had an informed debate during second reading. Let us talk about the specifics of the clauses and then let us get on with this because that is what we are here to do. That is what we were elected to do, Mr. Chair.

Thank you.

**SOME HON. MEMBERS:** Hear, hear!

**CHAIR:** The Chair recognizes the hon. the Member for St. Barbe.

**MR. BENNETT:** Thank you, Mr. Chair.

I am glad the last member referenced 2017 because that is the date I would like to reference as well. Since he selected it, it is good enough with me. I would like to talk about other options than Muskrat Falls, what we are looking at right now and, in particular, the 2041 option.

It is not adequate in my view that the Opposition simply opposes. It is not adequate the Opposition simply criticizes. For the Opposition to be a credible alternative to this government in three years' time, or less than three years' time, it is incumbent on us to say: What would you do? It is fair ball for the government to say: What would you do? If you do not like what we are going to do, what would you do?

Mr. Chair, this is what I would do individually, personally as an MHA, what I will be pushing in my caucus for us to do is I would backfill from 2017 to 2041. By that I say we would build into the requirement, we would do what I believe a responsible utility would do to meet the need as the need grows, as the need arises.

First of all starting with three small hydroelectric projects that are available in this Province, we know that there are three. I was for a long time aware of the Portland Creek opportunity because it is only fifteen or twenty kilometres away from where I live. I first heard of the others by the previous Natural Resources Minister who is now the Premier. Quite frankly, I heard her discussing this on radio three or four years ago before Muskrat Falls was discussed. To me, it made eminently good sense. I think at this point we have been sideswiped by Muskrat Falls.

Clearly, if we were to proceed and to backfill from now to 2041 when the Upper Churchill reverts to us, first of all we need to get to work on the three small hydroelectric projects that are available for us to do. This would provide us with clean, low-cost power which is already on the Island, that we do not need to build a big line down from Labrador in order to develop and bring that hydroelectric power to us.

Something else that it would do for us is that it would provide steady employment; it would provide employment on an ongoing basis. At this point our economy is doing well. Granted, we are doing well because of oil revenues and we are doing well because of a mobile workforce that works away and unfortunately has to work away and lives here. If instead of a huge development or a very large development like Muskrat Falls –

**MS JOHNSON:** (Inaudible).

**MR. BENNETT:** Mr. Chair, the Member for Trinity – Bay de Verde would like to say something. If she has a point to raise, I would like to give her the opportunity to do so.

**MS JOHNSON:** (Inaudible).

**MR. BENNETT:** I see she is so eager to know what I would say. The answer is yes, to some degree, and I will get to that. It is a question as to what would you do with the Holyrood thermal electric generating facility, which Muskrat Falls will also keep in place for back up because we need it. It is not going anywhere anyway.

If we develop the three small hydroelectric opportunities, then this means that we can have steady employment for a number of years. Instead of rushing in to a big demand for labour and supplies, we would be able to grow our economy over a steadier rate of growth.

Mr. Chair, what I would also propose is we should adopt conservation measures, whatever conservation measures we are able to do. If in the development of Muskrat Falls, if we have a take or pay – if we have to pay for it whether we use it or whether we do not use it that is a disincentive to conserve electricity. We are paying for it anyway; we may as well use it. That is very wasteful in my view. We should be conserving and this is more consistent with a clean planet rather than a dirty planet.

Mr. Chair, we also can and, in my view, should backfill using wood pellets. We should be using and could be using wood pellets for heating in our large buildings. I understood from a few years ago that this government's anticipated or proposed energy policy would have seen us convert large buildings such as government buildings, the university, hospitals, and maybe even this building into facilities that burnt wood pellets. The wood pellets would be the pellets that would be produced at Roddickton which is currently closed down.

This would make the Roddickton plant viable, the \$10 million, or \$11 million, or \$12 million that we have gone there, which is lying dormant. The Minister of Natural Resources said that as recently as last week he had discussions with a proponent, but the proponent would be able to be more successful if we were, to a large degree, his market. If we were to use those wood pellets for the hospital in St. Anthony, for Grenfell College, for Eastern Health, for any major large building that would consume large quantities of wood pellets, this would be clean, sustainable power.

This would also be good for the woods industry. This would keep 300 to 400 people employed, people in the sawmilling industry, because the pellet business uses up the waste wood from the sawmill industry which can use no more than 50 per cent of its wood that they cut.

We also should use wind power. Mr. Chair, I understand the Minister of Natural Resources to say wind power is not reliable; it does not blow all of the time. Well, clearly he is right. It does not blow all of the time and it is not completely reliable all of the time; however, with a large enough grid on this Island, from St. Anthony to Port aux Basques, to Bonavista, to Cape Race, all over the Northeast Coast, if we had a large enough grid, 80 per cent to 90 per cent of the time the wind is blowing somewhere at a marketable level in this Province and we could be harnessing the wind that we have been subjected to for all of these years. We could be building wind turbines, which would generate employment in rural Newfoundland and Labrador.

Then, the hon. Member for Trinity – Bay de Verde asked what about Holyrood. I say yes, we could clean up Holyrood, and we should clean up Holyrood, which we are going to do anyway, and use it for backup because we are going to use it for backup for Muskrat Falls in any event.

Now, Mr. Chair, if we were to pursue all of those options this would deliver us from 2017 to 2041 and then we would be in a position to be able to access the Upper Churchill power. The Upper Churchill power then would not require us to build a new dam it simply would mean a line, and over 5,000 megawatts of power, of which we own 65 per cent, will come to us. We will have approximately 3,500 megawatts, which is four times as much as Muskrat Falls, and the dam is already built. We could use that for development of industry in Labrador. We could use it for low-cost power on the Island.

The problem, Mr. Chair, is that the government is so fixated on Muskrat Falls that it refuses to look at any other alternatives. The situation is if the only tool that a person had is a hammer and every problem looks like a nail, you take the hammer and you go around and you hammer on everything that you can because that is the only option you have. The only tool that you have is Muskrat, so every solution must come back to Muskrat. That, in my view, is not providing an opportunity for other alternatives to be properly vetted.

The Member for Mount Pearl North, who spoke previously, said we are not afraid to make a bold move forward. Now I agree with him, we should not be afraid to make a bold move forward. We should make bold moves forward; however, we should not make rash moves forward.

We should not rashly rush into something without having it properly vetted because then it becomes a foolhardy move forward. It results in a financial debacle for the people of this Province. I believe that Muskrat Falls with the cost of energy for the next twenty to twenty-five or thirty years, until inflation catches up with us all over again, is

going to be absolutely punishing on the people of this Province, the low income and the fixed income people and the small businesses who are going to be – they are going to have their intermediate term future sacrificed and they are going to be absolutely pressed up against the wall.

Because we are going to subject them to outrageously high electric prices, they are going to have to forgo other opportunities. Their light bill will be high, paying for Muskrat Falls, so we do not lose it to the federal government, our guarantor. This is going to be opportunities lost. There were opportunities lost in the Upper Churchill because we had a deal that did not provide for any escalator. We are now embarking on the other side of the equation, which says: no, it is not an opportunity lost because we did not do something. Now it is going to be an opportunity lost because we are going to subject the people of this Province with a hugely expensive hydroelectric facility that has to be paid for on their backs through their monthly light bill.

Thank you, Mr. Chair.

**CHAIR:** The Chair recognizes the hon. Minister of Finance, President of Treasury Board.

**MR. MARSHALL:** Thank you, Mr. Chair.

The hon. Member for St. Barbe said the government is only fixated on Muskrat Falls and therefore did not look at any other alternatives. I think we have pretty much looked at every other alternative that was out there. We do not care where the power comes from as long as it is the cheapest power for the people of the Province. We have made that clear from day one. If we have to fly to the moon to get the power and bring it back, if that is the cheapest option, then we will do that.

Muskrat Falls, based on the experts at Nalcor, and based on the experts they got to confirm the work that they had done, or to challenge the work they had done, have indicated that Muskrat Falls is the cheapest option. That is the only reason that Muskrat Falls is the selected option. This project is for us. It is for the people in Newfoundland and Labrador. It is not like Churchill Falls, Churchill Falls was for export. Gull Island, when it is done, will be done for export. It will be done to sell.

It is like Churchill Falls, it is a private company. They had private shareholders in it, famous companies, Rio Tinto, English Electric Company, but they wanted to make money for their shareholders. That was fair enough. They were given a concession to do that. They were given a concession by the government of Premier Smallwood. Their problem was that they originally thought they could get the power through Quebec into New York, where there were bustling markets, very robust markets, but they could not do that.

Quebec insisted on buying the power at the border at one price. That way they could transmit it through their Province and then resell it at a much higher price at the New York border, and we all know the consequences of that contract. Every school child on the Island and in Labrador knows the story of the infamous Churchill Falls contract and how the revenge of geography prevented us from getting our power into the markets without having to sell it to Hydro-Quebec at, what has turned out to be, a ridiculously low, low price.

Mr. Chair, when I was in the position of Attorney General and Minister of Justice, we commenced an action in the courts of Quebec asking for fairness with that contract. There have been a number of attempts in the past. A number of court actions have taken place in the past that were unsuccessful, but this one, there have been some new developments coming out of Civil Law. As has been said here, the contract is interpreted in accordance with the law of Quebec, which is based on the Civil Law system.

There were some interesting developments that came originally out of the Civil Law of Germany and influenced French Civil Law, and now it in turn would have an influence on Quebec Civil Law. We engaged counsel in Quebec, and they have commenced the action. We are asking that the court order Hydro-Quebec to pay us more money under the terms of the contract.

We will not get the power back. It is very unlikely we would get the power back, but we are asking that the terms of the contract be renegotiated so that we would receive more funds. If Hydro-Quebec does not renegotiate the

contract, we have asked the court to determine the terms of the contract so that we will get more funds. Unfortunately, there is a remote possibility, but it is very unlikely that any power would come back to the Province.

I talked earlier – we talked about the financing and we talked about the debt-equity ratio and the fact that the debt part would be borrowed by subsidiaries of Nalcor and Emera. They would be primarily liable for the debt without recourse to Nalcor or to Nalcor's other subsidiary companies, such as the companies that hold the oil and gas assets, the companies that hold the hydro assets. They would not be able to come after the Province of Newfoundland, unless the Province of Newfoundland elected to make payments.

The idea was to keep it all separate so that the only thing at risk from the Province's point of view would be its equity investment. The equity investment would be taken from cash on hand or it could very well be borrowed, depending on the financial circumstances of the Province at the time.

What I want to emphasize is that what the credit rating agencies look at, what the banks look at and what the economic commentators look at, they look at a concept called net debt. Not borrowings, not debt, not unfunded pension liabilities, they look at net debt. What they do to calculate net debt – and you can see the definition contained, for example, in the report of the Auditor General. You can see it in the annual report of the Comptroller General of the Province. They define net debt.

Net debt is defined as all the borrowings of the Province, all the liabilities of the Province, unfunded pension liabilities. Then they subtract from that number two things of importance. They subtract our financial assets, and that would be our cash or assets we have that can be very quickly converted into cash, like accounts receivable, possibly loans receivable, and they deduct our investment in government business enterprises.

Every year in our financial statements you will see government business enterprises earning income, which is part of the income of the Province. There are only two major ones that we have to pay attention to. One is the Liquor Corporation, and one is Nalcor. Nalcor earns income on the oil and gas investment. You remember a number of years ago the Province purchased interest in some oil fields, and that was a matter of contention. Should the government invest in oil fields?

Well, should the government invest in liquor corporations? I saw someone on TV the other day, the Executive Director of the Board of Trade, saying: Does government really need to be in the liquor business? Government makes a lot of money by being in the liquor business. It is a monopoly. It is revenue that comes into the government that government puts into consolidated revenue and spends it for the people of the Province on schools, on hospitals, and on the good things government does.

Nalcor will earn profits from its investment in the oil and gas companies. They can pay a dividend, unless the Province says keep the dividend and reinvest it. That revenue will come into the Province as well. I have heard the Opposition House Leader. Unless she has changed her position, she has always been opposed to the idea of government buying a piece of an oil field. Yet money comes in, money goes out. The people who own oil fields do very, very well – as do people who own hydroelectric facilities, I might add.

Mr. Chair, the definition of net debt from our total debt, from our borrowings, from our accounts payable, and from any mortgages we have, you will deduct our financial assets and you will deduct the value of our investment in the Liquor Corporation and in Nalcor. If we take out a loan – if the Province takes out a loan – to finance our equity investment in the hydroelectric facility known as the Muskrat Falls development, we will have on one side of our balance sheet a liability for that loan. On the other side of the loan, we will have the ownership of shares in Muskrat Falls. We will own the project so that the value of the project will offset the amount of the loan. The net increase in your net debt is zero.

It is like if someone takes out a loan or a mortgage loan, let us say to buy a duplex as an example. Let us assume there are a couple of tenants in the duplex. You take out the mortgage. Well, the mortgage is debt. It is a borrowing. Offsetting that debt on the asset side of the balance sheet is that you have this duplex. If the duplex is worth the amount of the loan, your net debt is zero. Of course, if you own a duplex and you have it rented or you have it



leased, you have revenue coming in. If you have good rents that rent will go and pay down the mortgage you took out.

If it is a good property, the value of the property can go up. The amount of the loan, if it is an investment, the interest on the loan could be tax deductible. That is called good debt, because you are buying an asset that is kicking off cash flow.

Muskrat Falls will be an asset that will offset the value of any debt we take out and the revenue coming in from it will be enough to pay down our debt, to service the debt we took out to buy the investment, and provide us with, in nominal terms, \$20 billion over the fifty-year life of the project. That is a good and wise investment for the people of Newfoundland. It does not increase our debt and brings us in money that will diversify our revenue stream for when the oil and gas is gone.

Thank you, Mr. Chair.

**SOME HON. MEMBERS:** Hear, hear!

**CHAIR:** The Chair recognizes the Member for St. John's South.

**MR. OSBORNE:** Thank you, Mr. Chair.

Mr. Chair, it is a pleasure for me to speak to Bill 61. I know we are debating clause 1. I voted in favour of the private member's resolution to support this project and I outlined earlier today, about 9:00 this morning when I spoke on it, some of the reasons for that.

One of the reasons, the primary reason really, is the fact that I am elected to represent the constituents that have elected me to do so. Mr. Chair, most of those constituents that I have spoken to have supported this project – not all of them. Most have supported the project – some, very strongly and some, soft support. There were constituents that were softly against it and constituents that were very strongly against it, but overall the vast majority of those that I spoke with all shared a common concern. That was: What are the rates going to be?

While I supported the project, I still have concerns. I outlined some of the benefits that I saw in the project based on feedback that I have gotten from my constituents earlier today, and I outlined some of the drawbacks. Now we are debating Bill 61 and I know I am confined to the bill. Before the Chair stands and asks me to stay to the bill, I will say that I realize I need to stay to the bill.

Mr. Chair, this bill ensures that the provincial government can set electricity rates. In other words, they will ensure that the people of this Province, through their electricity bills, pay for the project. That is essentially what this bill does, one of the main components of this bill, to ensure that the project is viable. There is no doubt that the project will be viable. This bill will ensure that the ratepayers in this Province pay for the project, so it has to be viable.

Mr. Chair, even though the ratepayers in this Province will only get 40 per cent of the energy generated by Muskrat Falls, they are paying for 100 per cent of the project. There is no doubt that the excess energy that goes to the mainland will find a buyer because government, or Nalcor, will sell it at whatever rate they have to sell –

**AN HON. MEMBER:** A point of order.

**CHAIR (Littlejohn):** A point of order –

**AN HON. MEMBER:** (Inaudible).

**CHAIR:** That is right, no it cannot.

The Member for St. John's South.

**MR. OSBORNE:** Thank you, Mr. Chair.

**MR. MCGRATH:** A point of order.

**CHAIR:** The Minister of Service Newfoundland and Labrador, on a point of order.

**MR. MCGRATH:** I just want to point out that the Member for St. John's South just segregated the people of this Province. He made a comment that the people of this Province are only getting 40 per cent of the revenue from the Muskrat Falls Project. This is the Province of Newfoundland and Labrador. Forty per cent of that power is also going to Labrador which makes 80 per cent.

**SOME HON. MEMBERS:** Hear, hear!

**CHAIR:** There is no point of order.

The hon. the Member for St. John's South.

**MR. OSBORNE:** Mr. Chair, I have my time. The Member for Labrador West also has his time.

**SOME HON. MEMBERS:** Oh, oh!

**CHAIR:** Order, please!

**MR. OSBORNE:** I ask that he respect my time to speak.

Mr. Chair, as I understand the project as it was proposed and put to the people of the Province, 40 per cent of the energy will be available to the people of the Province, 20 per cent goes to Emera, and the rest of it is available for sale. Whether it is sold to industrial users in Labrador, whether it is sold in Nova Scotia or New Brunswick, the reality is that the people of the Province are getting, as ratepayers, 40 per cent of the energy, 20 per cent goes to Emera, and 20 per cent is available for sale. That is correct –

**MS JONES:** Absolutely.

**MR. OSBORNE:** Absolutely, I say to the Member for Cartwright – L'Anse au Clair. So it is a very silly interruption by the Member for Lab West.

Mr. Chair, I will get back to my point that the people of this Province will get 40 per cent of the energy, the ratepayers of the Province will get 40 per cent of the energy, yet they are paying 100 per cent of the cost of the project.

That raises concerns for a couple of reasons I say, Mr. Chair. If only 35 per cent of the energy is used by ratepayers in this Province, they still pay for 100 per cent of the project, which means that each and every ratepayer will pay even more on their electricity bill. Not only do we have to be concerned about cost overruns, but we also have to be concerned about the projected energy demand put forward by the project.

There are multiple concerns with this project. All of the excess power that could potentially be sold, Mr. Chair, has already, under this project – all of the excess energy that could be sold is already paid for by the ratepayers of this Province. They are paying 100 per cent of the cost of this project.

The Province and Nalcor will sell 40 per cent to either industrial users in Labrador, or to Nova Scotians, or New Brunswickers or wherever they can sell it. They are selling that power twice; once to the ratepayers in this Province, and once on the open market.

**MS JONES:** Yes, you supported it. What are you talking about? You (inaudible) for it, you supported it.

**MR. OSBORNE:** I say to the Member for Cartwright – L'Anse au Clair, overall I supported it in part because the constituents in my district, most of them supported the project. Mr. Chair, the excess power – and I have contended this right from the start, that the excess power that is sold on the open market, wherever it is sold, the revenue from

that power should go back to the ratepayers. The rates, Mr. Chair – and I do not mean to go back to the ratepayers through schools being built or through roads being built, but so that they see it on their utility bills. They are already paying for the excess power.

**MS JONES:** (Inaudible).

**MR. OSBORNE:** I say to the Member for Cartwright – L'Anse au Clair, it is bad enough to be interrupted from the other side but from our own side is twice as bad.

**SOME HON. MEMBERS:** Oh, oh!

**CHAIR:** Order, please!

**MR. OSBORNE:** I will say to the Member for Cartwright – L'Anse au Clair, any government in the future can change that to ensure that ratepayers get the benefit of the sale of the excess power. If the crowd opposite does not do it, at some point when one of the groups on this side of the House gets there, we will make sure it is done.

Mr. Chair, as I have said, I have supported the project but I am not sure I am going to support Bill 61. Bill 61, Mr. Chair, has a number of conditions in there that will guarantee Nalcor as a monopoly. It will guarantee that the only people who can sell power in this Province or energy, or electricity are Nalcor. It will guarantee that retailers of energy in this Province have no choice but to buy that power from Nalcor. It will guarantee, Mr. Chair, that industry in this Province can no longer build a windmill.

I remember a couple of years ago industry in this Province being able to build green energy, windmills or solar or whatever the case may be, to generate energy for their own use and whatever was excess could be sold into the grid. Under this bill, that will not happen any more. An industrial user in this Province is forced to buy from Nalcor. They cannot build a windmill any more, not under this bill. Not under this bill, Mr. Chair.

It also puts very tight restrictions on the Public Utilities Board. It ensures that the Public Utilities Board have to follow directives of the provincial government. Very, very tightly outlined, follow the directives of the provincial government, and any outcome, any decision of the Public Utilities Board is essentially the decision that government is going to give them because of how tightly constrained they are in determining what they are set out to determine.

There really is no oversight by the Public Utilities Board. It is a smoke screen. Government are saying there is oversight but there will not be oversight by the Public Utilities Board. There will not be oversight by the Public Utilities Board with this piece of legislation, Mr. Chair.

I do have concerns with this piece of legislation. I had concerns with the project but, again, I am elected to represent the people who have elected me, and the majority of people I have spoken to in my district support the project. All the way along I have had concerns with rates. We can remedy that.

**CHAIR:** Thank you, member.

The hon. member's time is up.

**MR. OSBORNE:** I will stand to speak again.

Thank you.

**CHAIR:** The hon. the Member for Cartwright – L'Anse au Clair.

**MS JONES:** Thank you, Mr. Chair.

I am happy to stand and speak to this bill, a very important bill.

Mr. Chair, I listened to the Member for St. John's South and I certainly can understand why he would have supported what he did a few days ago and get up and make the speech that he just made.

Mr. Chair, one of the huge concerns with regard to Bill 61, and the Minister of Finance knows this, is what the ratepayers in this Province are going to pay at the end of the day. I think that is a question that is really concerning for all of us. Now members opposite say they have a tremendous level of comfort in knowing that the ratepayers will get a fair return. Mr. Chair, I do not have that same level of comfort and I am going to tell you why I do not have that level of comfort.

First of all, Mr. Chair, the first section in this bill talks about who will set the rates for electricity in this Province. The rates will be set by the Government of Newfoundland and Labrador, not through the Public Utilities Act, not through the Public Utilities Board which is governed by a statute of this Legislature. No, Mr. Chair, that process will no longer apply in Newfoundland and Labrador. Instead, the Premier and the Cabinet – one of the Cabinet ministers just got up and could not even get the power composition right in terms of who was getting how much power, but they are the people who are going to make the decision with regard to the rates for people in this Province.

That is what they are asking us to support tonight. Now, that may not be too bad if we were not asked to support a few other things along with it. Let's talk about what some of the other things are because this is all about the financing of the Muskrat Falls Project, a project that went from \$6.2 billion when it was announced less than two years ago when the numbers came down, to where it is today, getting closer to \$9 billion today; yet, we do not even have all the final numbers and we are not building in where the overruns are going to be. We know there are going to be overruns, Mr. Chair.

The Premier talked earlier about doing work in Labrador and we are into cold climates, we are into snow and ice and everything else, absolutely. The Town of Happy Valley – Goose Bay went \$25 million over on a small project to do sewage treatment because of the environment in which they are trying to do work, the challenges they have and the delays that are often caused.

We are here, Mr. Chair, doing a small reno job on Confederation Building that was supposed to be less than \$30 million. Today, it is \$50 million. That is the kind of price increases we are seeing on contracts today.

Look at Long Harbour out there, Mr. Chair, which has increased right now, I think by 60 per cent over what was originally intended for that project to be, and we are dealing with a project in Muskrat Falls that has a very small percentage of cost overruns built into it. What happens if it goes over the \$8.7 billion, closer to \$9 billion that we are currently looking at? That could potentially happen, and it could happen in a couple of ways. Overruns is one. There are other ways as well.

What about if Emera – whom I do not agree with being a part of the project from the outset. What about Emera defaults, Mr. Chair, on their agreement and does not build the Maritime Link? We already know they have trouble meeting the equity-to-debt ratio in raising the finances for the project. We know, Mr. Chair, the government already had to put in \$25 million in order to make them more favourable to the markets and get their financing.

In addition to that, we already know that Emera has until early 2014 to decide if they are going to move forward with that Maritime Link. If they do not, that cost then may be incorporated into the ratepayers of Newfoundland and Labrador.

What the Minister of Finance has told us when he stood tonight is that under the terms of the agreement – which we went through with Nalcor in a briefing and since then I have had an opportunity to go down through it. Under the terms of that agreement if the Emera backs out before 2014, when they are supposed to have their final piece together in the early days, then the Government of Newfoundland and Labrador, or Nalcor, or its subsidiary has five years to find a way to address that infrastructure – absolutely. That is because the loan guarantee from the federal government is conditional upon it.

Mr. Chair, it is as broad as it is long. The loan guarantee from the federal government will save us \$1 billion.

**AN HON. MEMBER:** (Inaudible).

**MS JONES:** Mr. Chair, I am talking about the bill that we have before us and the deal. I am not talking about 2002 or 1992. Anyway, Mr. Chair, as it is right now the government, under the terms of the agreement through Nalcor, will have five years to find a solution.

If they do not find a solution, Mr. Chair, the loan guarantee is not available to them. I even had a Nalcor individual look at me and say: Well, in five years we will have it built anyway. Mr. Chair, that is notwithstanding the terms of the agreement that they signed in the federal loan guarantee. You have to remember that.

The loan guarantee will save \$1 billion on this project. The Maritime Link will cost \$1.3 billion, in today's dollars, to build with no cost overruns. Mr. Chair, it is as broad as it is long. Because if Emera defaults, have we really sold anything? No, we have not.

In fact, we have increased our costs again, and we have to bring that cost back and bring it to bear on the ratepayers in the Province. That is the terms of the agreement that we have signed onto – but guess what? What Nalcor told us, Mr. Chair, is that they may be able to recover some of their cost. They know they will not be able to sell all of the power, but they might be able to recover some of the cost, up to 260 megawatts, because they will be able to put a line to sell that power at the border to Emera, and buy it at the other end of the Quebec border from Emera again, so they will not have to deal with Quebec, and then they will sell it into the US.

Now, Mr. Chair, if the Maritime Link does not go, that is the other option that the government is currently looking at. That option only gives us the capacity to be able to transmit 220 megawatts of power, not the 800 megawatts that we are talking about developing. Mr. Chair, out of that composition of power – I will explain it to the Member for Labrador West – because what the composition of power is, is this: 40 per cent of the power that will be generated at Muskrat Falls will be transmitted to the Island to Soldiers Pond on what is called the Labrador-Island Link, LIL. Mr. Chair, the other 20 per cent of the power will be sold to Emera and will be transported on what is called the Maritime Link.

Then, there will be 40 per cent of the power that will be there to be sold in the spot market. So, you have 40 per cent coming to the Island, and the customers of Newfoundland and Labrador, although they are only going to get 40 per cent of the power, they are only going to use 40 per cent of the power, Mr. Chair, they are going to pay for the full 100 per cent of the power and the full cost of Muskrat Falls.

What we have said to the government, Mr. Chair, is: Listen, if you are going to develop 100 per cent of the power, you are going to sell 100 per cent of the power, why not use it to pay for 100 per cent of the project? Why not do that? Now, is that too simple to make sense? In doing that, Mr. Chair, you would bring the rates of electricity down substantially for the people of Newfoundland and Labrador – absolutely you would. If you did not, I would say to the Minister of Finance, it means that your project is not profitable, and you claim, Sir, that it is. You stood in your place and you did say that.

In saying that, Mr. Chair, it means the 40 per cent of the power that goes into the spot market and the 20 per cent that is going to Emera is all bringing dividends to the Province. Those dividends should go to offset the full cost of generating 100 per cent of the power so the ratepayers in this Province get a fair price and a fair deal, Mr. Chair.

**CHAIR:** The hon. the Minister of Health and Community Services.

**SOME HON. MEMBERS:** Hear, hear!

**MS SULLIVAN:** Mr. Chair, I am so happy to get up and speak to the bill. I am also really happy to note that for the first time in a couple of days the Opposition House Leader has been speaking to the bill. It is really refreshing to see and I am really happy she took the time to do that tonight. For a couple of days we have heard all kinds of things. We have heard her talking about RMS. I have heard her talking about Abitibi Consolidated. I have heard her talking about all kinds of issues, Mr. Chair, that really did not relate.



So I am really happy we do have that opportunity to stand here tonight and speak to Bill 61, because it is a very important piece of work. It is a piece of work that is going to enable us to move on with the project that has been sanctioned, the project of Muskrat Falls. I thank her for having led this part of that debate anyway by being on task and talking about the bill.

Mr. Chair, the speaker previous for St. John's South was up and I frankly do not know where he was going or what it was he was talking about. I am not sure if he was speaking to the project or not because my understanding is the last time he stood and spoke to the project when he stood in this House is that he voted for it. If you listen to him tonight, it seems like he has changed his mind again. I wonder where he will be tomorrow, Mr. Chair.

It is interesting times that happen in the House, sometimes, and we all know we can get tired from time to time. Those of us on this side of the House know what it is we have voted for, Mr. Chair. We know what it is we have sanctioned. What we have sanctioned is a future for the people of Newfoundland and Labrador through Muskrat Falls. What we have looked at, Mr. Chair, is opportunity. We understand where opportunity exists. Mr. Chair, this bill, Bill 61, is going to be part of what enables us to see this particular work through to its end.

**SOME HON. MEMBERS:** Oh, oh!

**CHAIR:** Order, please!

**MS SULLIVAN:** Thank you, Mr. Chair.

It was getting really hard to hear in here, Mr. Chair. I could hardly hear myself.

This enabling piece of legislation, Mr. Chair, will really make a difference. What it does is it allows us to go to the markets as we need to do, and it allows us to arrange for the financing that we need to move this project forward, Mr. Chair. We need to do that. We need to make sure that we protect the assets we have, and that we will have through Nalcor and through the project that we are going to be doing. We need to make sure that we give certainty to the lenders as we go there. This piece of legislation will help us to do precisely that.

That is why it is so important that we sit here, we take our time to work through it, as we have been doing clause by clause. It is my understanding that we have been – how many hours at this now? Six, seven hours and we are still clause one. That is okay, Mr. Chair, because we have said from the get-go that we will take whatever time is needed to work through this.

Mr. Chair, we need to make that point clearly understood, whatever time they need for this bill we are prepared to give. I know they did not get it on the first go around yesterday when they were in to the briefing sessions and looking at the bill. I understand they had some difficulties. They did manage to get some press releases out, Mr. Chair. They did manage to do some Tweeting with regard to it. They did not really get the chance to read the bill in its entirety but they seem to be there now. I am really happy about that, and the fact that we can speak to it here tonight.

Mr. Chair, one of the things we are going to try to do through this particular bill is that we are going to look for funding. We are going to be looking for what is called non-recourse funding, Mr. Chair. For the sake of people at home who are following this particular debate, when we are talking about non-recourse funding, we are indicating that only the assets that are pledged as security for the loans.

The only assets that will be pledged will be the assets of the project itself. That is what is going to secure the funding for this project for us, Mr. Chair. Not any other assets of Nalcor, not any other assets of government. The only assets pledged as security for the loans are the project assets themselves. It is a very important concept as we work forward and try to secure this loan. Mr. Chair, this is called non-recourse borrowing.

Mr. Chair, it is similar to if you went out to buy a car, for example, then it is only the car that you are going to be looking to put up as the security. That is the only thing that is going to be at risk, Mr. Chair, as you are trying to finance.

Mr. Chair, as we move forward, then we are going to try to find a way to put this legislation in place and to see to it that we can provide that kind of security to the lender as we try to take a look at moving the project ahead. The legislative amendments that are part of this particular bill, Bill 61, deal very clearly with revenue certainty, with ratepayer protection, with borrowing authority, with Crown assets and so on. There are a number of different aspects to the bill, several pages to the bill. I understand people here now have had a chance to take a look at all of the bill and understand it from those particular perspectives.

Mr. Chair, I think it was the Member for St. John's South who made reference to the PUB – I should be careful, I am not sure if it was him or if it was the Opposition House Leader, who talked about the PUB and where it was making some reference to whether or not the PUB would be able to set the rates. Mr. Chair, very clearly, the answer to that is yes. The PUB still will be setting the electricity rates for the people of Newfoundland and Labrador. They will continue to regulate those rates. They will assess the utilities capital, the other costs to determine the utilities revenue requirements and rates.

Mr. Chair, that is clearly there in the regulations that are set out there. Mr. Chair, that it is, but they will take direction in terms of making sure that all of the costs of the project are included. That is the only piece that is any different at all. The actual setting of the rates, the regulation of the rates is still a role that is there for the PUB to do. There really is nothing there at all.

The PUB simply has to accept all the costs of Muskrat Falls, and that is not unusual. That was done with Granite Lake, I believe, as well. I am looking to the Minister of Finance, but I understand that is something that is fairly normal. That is something that was done before, Mr. Chair. We will direct them to include all of the costs of Muskrat Falls.

Mr. Chair, one of the things that people have to get their heads around is whether or not we want to continue to put money into multinational companies around the world, or whether or not we want to invest in Newfoundland and Labrador, because that is very clearly what we are looking at here. That is the essence of the debate around this. We know we need the power. We know this is the least-cost option for us.

We want to look to the future and we want to say, how is it that we are going to invest? Are we putting money into the pocket of multinationals or do we believe in Newfoundlanders and Labradorians? I know very clearly that on this side of the House we stood when Division was called and we said we believe in Newfoundland and Labrador. We believe in a future for Newfoundland and Labrador, and we know where we want to invest it. We know in whom we want to invest, Mr. Chair. Our decision was very clear around that. It is a decision for the future. It is a decision around vision.

Now that the project is sanctioned and we have our federal loan guarantee, we need to go and arrange the rest of the financing for this project, Mr. Chair. Time is money, Mr. Chair. We do not need to wait on this. We are here to do this job and we are going to stay here until we get this job done. That is very clearly what we have set out to do here.

We have two pieces of enabling legislation. We will move forward. We will continue to debate those pieces of legislation because that is what we said to the people of Newfoundland and Labrador that we would do. We said we would investigate.

I hear talk on the other side of the House sometimes about the fact that they do not have enough information. They do not know if we have made available to them enough information so that a decision can be made. Mr. Chair, if they have read even one-third of the information that has been produced around this project they would have a wealth of information upon which to make their decision.

I watched last night when the Minister of Natural Resources spoke. He spoke here absolutely, eloquently last night for two hours and forty minutes. He talked about this project from one side of it to the other side of it, Mr. Chair. It was a brilliant presentation that he had given. He tabled, in the course of that particular presentation, seventeen different documents in terms of information gathered, research put together, and expert opinions.

Mr. Chair, it was not very long ago that I saw people rolling in here with some fourteen or fifteen boxes of information around this project.

**AN HON. MEMBER:** What did they do with that, I wonder?

**MS SULLIVAN:** Mr. Chair, I do not know what they did with that, I say to my hon. colleague behind. I really do not know what they did with it but I am pretty sure it was not read. That is a little disconcerting to me at the same time as I hear people say they cannot make a decision because they do not have enough information. It baffles me.

Mr. Chair, when they talk about experts and they need more experts, how many experts do they need? Why is it they could not go and get their own in the first place? That is another piece that I fail to understand.

Mr. Chair, our confidence comes from the experts that we have at Nalcor. Our confidence comes to us from the people at Navigant, from MHI, from Ziff Energy, from the bond rating agencies, from Wood Mackenzie, from Dr. Wade Locke, the federal government, the Board of Trade, business leaders, and on and on it goes. We have lots of information here. We are ready to move forward. We have sanctioned this project. Now we need the enabling legislation, Mr. Chair. We are prepared to stay here and answer the questions and continue debate.

Thank you, Mr. Chair.

**SOME HON. MEMBERS:** Hear, hear!

**CHAIR:** The hon. the Member for Cartwright – L'Anse au Clair.

**MS JONES:** Thank you, Mr. Chair.

It is a pleasure to speak to that section of the bill with regard to the financing and the assets. I think the member raised a very good point, and the Minister of Finance raised it earlier in the debate.

When they talked about the financing and any default on that, they talked about the fact that all of the other assets of Nalcor, Newfoundland and Labrador Hydro are all protected, that the only assets we are dealing with here are the assets of Muskrat Falls. Mr. Chair, let's talk about what the assets of Muskrat Falls are, what is included in the assets of Muskrat Falls. It is a very extensive list, I might add, but I will try to keep it as brief as I possibly can.

Mr. Chair, one of the things included is the new hydroelectric plant that is going to be constructed at Muskrat Falls and the Churchill River and all the associated facilities including the intake structures, the penstock, the powerhouse, the dams, and the spillways. That is one piece of the infrastructure that could be taken.

The other one, Mr. Chair, in the case of default, which we hope does not happen by the way, is the new HVDC transmission line. As the minister knows, when you are negotiating contracts you are also always negotiating from the perspective of negativity, what can go wrong. That is the way contracts are. When you debate contracts, I say to the minister, you also know that you debate them from that perspective because that is how you know if they are strong enough to stand the test. Isn't that right, Mr. Chair? Absolutely, I knew he would agree with me.

It is true, Mr. Chair, but all contracts are done that way. Even in negotiations, you always look at what could go wrong. If it goes wrong, how do we remedy it and how do we fix it. Well, it is no different when you debate it, Mr. Chair.

So let's talk about that. If there is a default and we lose the assets, here is what we lose. We lose the new hydroelectric plant. We lose the HVDC transmission line and all the related components to be constructed between Muskrat Falls and the Churchill River and Soldiers Pond. Then there is a whole list of stuff that goes along with that; I am not going to get into that.

Then there is the transmission facility that will be constructed between the Muskrat Falls hydroelectric plant and the Churchill River and the generating plant located at Churchill Falls. Then the fourth piece is the transmission

facility to be constructed by Emera between the Island portion of Newfoundland and Labrador and Cape Breton in Nova Scotia, and there is a whole list of stuff contained in that.

Mr. Chair, that is what is in question if there could be a default. Let me tell you, what is interesting about all of this is that in the long clause 2, it also states –and I am going to read this for the record – Cabinet has the ability to designate any activities, agreements and amendments to be included or excluded as part of the Muskrat Falls Project.

So, although the government is telling us today that no other assets will be included, it will be these four main components of assets that are part of the Muskrat Falls Project. They are saying that all the other assets will be protected that belong to the people of the Province through Nalcor, through Newfoundland and Labrador Hydro and other subsidiaries.

Mr. Chair, the bill leaves this open, and I would like for the minister to explain to me why this is left open. It leaves it open to say that the Cabinet will have the ability to include or exclude any other amendments, activities or agreements to be a part of the Muskrat Falls Project.

Mr. Chair, the fact that they can add more to this project is a little bit worrisome. Mr. Chair, I think it might have to do with the non-exhaustive clause in the guaranteed loan document. That is what I am thinking, Mr. Chair. I am thinking that it has to do with the fact that the following is a non-exhaustive list of events of defaults in respect of each project for the purposes, Mr. Chair, of the federal loan guarantee.

**AN HON. MEMBER:** What clause are you talking about?

**MS JONES:** I am talking about clause 4.4 in the federal loan guarantee. Mr. Chair, I would like to get some explanation. What I am thinking is that the non-exhaustive clause in the federal loan guarantee is what is leaving this open in the legislation for the government to be able to add any other assets, agreements, make any other amendments to include other things as part of the Muskrat Falls Project.

Mr. Chair, that being the case, we are not actually seeing the full picture. If that is the case, we are not actually seeing the full picture. We do not know what that non-exhaustive list – because non-exhaustive to me means never-ending, always be able to add, it could be any particular thing.

We are leaving the legislation pretty wide open. I would like to get an explanation of it and an interpretation as to what it means. Mr. Chair, I will tell you the reason for that. It is all right for the government to stand today and say oh well, it is there because we have to put it there to meet the terms of the agreement in the federal loan guarantee, but we are not going to add anything else, we have already outlined everything that we are going to include.

The reality is, Mr. Chair, when these things are placed there, they are placed there for other governments to govern on there as well, not just the members who are sitting in the seats today. They are there for future governments for the next fifty years in this Province. We need to make sure that there is protection. We need to make sure, Mr. Chair, there is not an opportunity under this for another government to come in to add different amendments, activities, and agreements under this section that could cause us to lose other assets in the case of default.

Now, I know what the government is going to say: That is not a big issue and you do not need to worry about default because under Bill 61 we are going to guarantee there never is default. We are going to give ourselves the power and the ability to claw back whatever money we need to pay for this project from the ratepayers of Newfoundland and Labrador.

They are going to say the member does not need to be worried about default, does not need to be worried about the non-exhaustive clause in the federal loan guarantee, and does not need to be worried about any of these things because under Bill 61 we will now have the power to collect all the money we will need to pay for this project. We will collect it from ratepayers, whether that is industry, business, or homeowners. We will make sure we put the rates high enough, Mr. Chair, to collect the money we need. We will never have to worry about default and we will never have to worry about having to lose the assets to the Government of Canada in this case.

Mr. Chair, I can honestly tell you deep down I want this to work and I want this project to be successful. I know this is not going to be stopped. It is going to happen. Because it is going to happen, we want it to work and we want it to be successful. In the absence of that happening, everybody suffers in this Province for generations to come. Now, it will not stop us from pointing out and asking questions with regard to the bill.

That section in particular I am glad the member brought up because it is in clause 1 and we are debating clause 1. Now is a good time to get a response to that section under the federal loan guarantee and whether it applies with regard to this section of the bill.

**CHAIR:** The hon. the Minister of Natural Resources.

**MR. KENNEDY:** Thank you, Mr. Chair.

Mr. Chair, I am going to talk for a few minutes about the federal loan guarantee, the process by which the federal loan guarantee was entered into, and also what it means.

First, I think it is important for everyone to recognize that this loan guarantee is not a document that was put together over a period of days. Serious discussion started probably around March or April of last year, where they were based on Decision Gate 2 numbers. My officials – my Deputy Minister, along with other officials from Nalcor – travelled to Ottawa pretty well on a weekly basis. I could tell you actually, how often, but it was pretty well on a weekly basis where there were meetings and discussions on the federal loan guarantee.

The Minister of Finance can certainly speak to the effect of a loan guarantee, but in my understanding, in common terms, Mr. Chair, is that you guarantee something that if there is a default you pay. That is basically the way it would work if my son or daughter was going to buy a car and I said I will guarantee the car, then if there is default I am liable.

What happens here is that – it was a frustrating process at times, because I can assure you the Government of Canada did not treat this as a simple guarantee. They applied a very robust economic analysis, Mr. Chair, which at times was frustrating because they wanted so much detail. They wanted to make sure the people of this country were not going to be on the hook. So the best way they could do that was to make sure nothing went wrong.

This economic analysis went on for months, Mr. Chair. They had financial advisors, the government had financial advisors, they had financial advisors – and I forget the name of the company, but they certainly had individuals. The discussions were high-level discussions between Nalcor, Emera, Department of Natural Resources, and NRCan, in terms of up to the Deputy Minister level in Natural Resources Canada.

Then we got to the summer where the Decision Gate 3 numbers were required, and they said they needed the Decision Gate numbers to do their final discussions. So, the Decision Gate 3 numbers were provided to them. You remember the Premier talked about that at one point. Again, it was a very slow process. The loan guarantee was not slowed down, Mr. Chair, as a result of any reluctance on the part of the federal government to honour their commitment, but they wanted to make sure.

Now, at the same time as this is going on, Nalcor and the Department of Natural Resources are meeting with bond rating agencies. The bond rating agencies wanted to see the revenue stream. They wanted to see capital costs. They wanted to make sure there was enough revenue generated to be able to justify providing the credit rating looked for, but also to justify the loan guarantee. These are going on in parallel, Mr. Chair, and the bond rating agencies – again, it is commercially sensitive information. As much as I would like to tell the people of this Province how positively the bond rating agencies look at this project, I cannot get into it because of that sensitivity.

Then when we get to the last couple of weeks of the loan guarantee there are a couple of issues. A big one is sanction, because what is happening in Nova Scotia, Emera is planning to sanction after their regulatory board hearing, from what I understand. We want to look at sanctioning earlier because we are ready to go. We have to make a decision in our Province. We have been ongoing long enough.



What happens is that we get to the point where now we are down to a couple of issues, one of them being the definition of sanction. Sanction being, in this case, that there had to be an agreement or sanction between Emera and Nalcor. Once that was reached, we had the federal loan guarantee. The loan guarantee – and the Minister of Finance may be able to speak to that. He will speak to some very basic terms in the commercial arrangements.

In this particular case, schedule A then outlines the revenue stream that has to be generated, or has to be guaranteed. That is all there. The Leader of the NDP talked about that. The documents are there. They have been provided, again, to these companies and to the federal government.

The robust economic analysis, Mr. Chair, established for the federal government to the point where the Prime Minister of Canada said that he felt – in the scrum in Happy Valley-Goose Bay – there was minimal risk. In fact, he went on to say zero risk, in his opinion, to the people of Canada. That is where the revenue stream and that is where the commitment to do what we are doing with the legislation comes from. In order to obtain \$1 billion for the people of this Province, this is a requirement of the loan guarantee.

When you look at the loan guarantee itself, it starts out with the preamble, definition of the project, the guarantor. The proponents, very significantly, are Nalcor and Emera, but that brings the Government of Newfoundland and Labrador involved, obviously, because we are the shareholder. It talks about borrowers and lenders.

Section 2 in transactions is important, but we get to section 3 which deals with the federal loan guarantee terms. Mr. Chair, as I talked about earlier, unlike the previous deal on the Lower Churchill we have released everything. The loan guarantee was released in a couple of days of it being finalized.

You look at the guarantee of the debt up to \$6.3 billion talking about the Muskrat Falls, the Labrador Transmission Asset, the term and the debt-equity ratio. It is all outlined in there. Then there has to be, the terms and conditions shall be those commonly used. The importance I think, as the Minister of Finance has talked about before, is that Canada's AAA rating will result in a significantly lower rate of interest. I do not know the exact amount but I have been told it could range anywhere from 1.5 per cent to 2.5 per cent which on \$4 billion is a lot of money. The terms of the loan guarantee, the term is thirty-five years, forty years; the amortization profile.

Then we get to the important section of the loan guarantee, or the conditions precedent. We have list A and list B. I understand, Mr. Chair, that list B are standard commercial requirements under any major contract. There does not appear to be any difficulty with meeting those.

Then we get to the federal loan guarantee conditions precedent. They are outlined from (i) to (x) under list A. The certainty of financing is required to get the loan guarantee, but the certainty of financing is going to be required in a project like this in any event. The revenue streams have been developed; the debt, the cost, the operation and maintenance.

That is how, Mr. Chair, we end up with being able to project the rates as we have done in the rates paper or the electrical rates forecasting which was released. Because I think, as I stated last night, when you look at the cost or the average monthly bill, the number that is there is inclusive of capital cost, operating and maintenance, and very significantly, debt servicing, the return on equity, the interest during construction, and there may be one or two others things. That rate is all inclusive.

The loan guarantee reduces that rate. The loan guarantee has resulted in reducing the cost of the power going from the sixteen point three to the fifteen point one, the twenty-three to twenty point one. So the loan guarantee is very significant, but the loan guarantee in this case is more than simply we save \$1 billion, that is very important, but the recognition by the Government of Canada after going through a very strenuous and robust, economic analysis, this is a good project. Does anyone think that the Prime Minister and the Government of Canada would be signing on to a deal which left open the possibility that the taxpayer of Canada would be liable for \$5 billion? Not a chance.

Now, we are looking thirty years out. There has to be a revenue stream. The revenue stream is based on 40 per cent, but the member opposite knows there will be some – whether or not all of the mining, and I hope all of the mining

companies in Labrador come to fruition, but we know some of them will. We know there are spot markets available, which we could sell some of the power. There will be other revenues generated.

We will then with Emera, with the Maritime Link – and I will talk a little bit later, perhaps in my next session on the sanction agreement. We know, Mr. Chair, that we get access on the Maritime Link whereby we can transmit – I guess however you get power to market – for less than \$10 a megawatt hour. We are getting it on the link, which we will own after thirty-five years. We are getting it through Nova Scotia, through New Brunswick. If the spot market rate – and again, I have heard Mr. Martin talk about this – can range from \$25 to \$100 based on time of day, time of year, air conditioning, heating, then there is profit built in.

Our preference – and we have indicated we are not interested in power purchase agreements – we want that power to go to Labrador. That is why I am having a little difficulty understanding the Opposition House Leader. I thought she would be supportive of a bill, which we are trying to bring power to Labrador and increase industrial expansion there. That is basically the financial loan guarantee, Mr. Chair, and after, when I speak again, and the Minister of Finance may speak about it, I will speak about the sanction agreement.

Thank you.

**CHAIR:** The hon. the Member for St. John's East.

**MR. MURPHY:** Thank you very much, Mr. Chair, for another opportunity to speak to Bill 61.

Just listening to the Natural Resources Minister talking about the loan guarantee – and indeed, that in itself is an interesting document. Whenever I am looking at the loan guarantee document, I always come back to the thought of what Mr. Harper said when he issued the loan guarantee: There is zero per cent risk to Canadians. For some reason, it always stuck with me when we talk about some risk.

While the Canadian government and the taxpayers have a guarantee here that they are not going to lose anything by this – because if we end up seeing a situation where the government here defaults, of course they end up taking the assets and that is the end of that. They gain something, indeed. With a loss to the Province – and quite a heavy loss, not only financially but when it comes to the Province's morale and its stature that I believe is top-notch. Something would happen if we did lose the falls and that is a big worry for me.

I want to talk a little bit about calculated risk. The Minister of Municipal Affairs was also up talking about calculated risk. Yes, we all take calculated risks. If we walk into the kitchen, we take a calculated risk; we could slip and break our ankle or anything. Everything has a calculated risk.

The thing that I made note of here, the consumer or the ratepayer is locked in here and has no other choice but to have a 40 per cent block of power that it may not use all of, what the banks have here is something that is marketable and something that they could bank on. In my mind, that is not marketable to the consumer or the taxpayer who has to pay for it in the end.

On one hand, we have the possibility of the taxpayer of Canada being covered – fine and dandy. We have the banks, the financiers of this project, that are going to be well looked after, no doubt – great, fine and dandy. When it comes to the ratepayers, there is no guarantee of a security. There is no guarantee for them about the costs of the project not being handed down to them.

That is the part that I am still quizzical about. What kind of a future they are going to have if they are going to have a future that is going to have a percentage of that power left over and that 40 per cent block. I will still put that out to the hon. the Finance Minister and the Minister of Natural Resources. Either way, one of them can try to answer the question: What happens – for example, I used the example earlier – if out of that 40 per cent block, and we have to pay for 100 per cent of the project, we only use 28 per cent of that power? What happens with the other 12 per cent? We still have to pay for that because they have to recoup the cost somewhere.

My thoughts are always coming back to the risk. The Natural Resources Minister as well, when he was talking, talked about the need to get rid of Holyrood. Yes, we have been talking about that all day. Yes, there is a need to get rid of Holyrood. At the same time as that, talking about the references to oil prices and everything and what we can do to mitigate that particular risk and talking about the PIRA projections.

What I wanted to make note of here is that while PIRA is saying that prices are going to be fairly steady out to 2025, when it comes to oil prices, and we know that under the Muskrat Falls Project scheme that we are going to have to put up with Holyrood until the year 2020 when it is finally taken off line, we are still going to have to pay for oil prices up until 2020, but we cannot really see the definitive evidence – besides the rate of inflation that might be ranging about 1 per cent, right around where it is to now.

Mr. Chair, I keep looking at the oil number and something keeps ringing with me with it that if oil prices are not going to increase under the PIRA scheme – and again, there are other reports out there about what is going to happen with the price of oil, the possibility of collapse and everything – we are still talking about prices that are not going to be passed on to the consumer here too in any kind of immeasurable increase.

I wanted to bring that point forward too, particularly when it comes to that. Of course, again, I have reflected on Leonardo Maugeri's report that is talking about the worldwide boom in oil. Indeed, he has some interesting theories when it comes to the price of oil and how it may affect us.

I just wanted to come forth with those couple of points. I want to thank the Chair for the time. I have just one more thought, if I may: The hon. Member for Mount Pearl North talked about the technologies that Nalcor was working on. God love the employees at Nalcor. I know they have been handed a lot of work. No doubt they are working hard for the Province, or at least trying to make this project work for the Province. One of the technologies we were told about, too, was a combined wind and hydrogen project they are doing in Ramea that is on the go right now.

At the same time that project is on the go, they are about two years away, when I got a briefing on it, from perfecting that technology. That is something that is marketable to the world, not just to the people of Newfoundland and Labrador. That means money in the bank if Nalcor happens to go out, get a patent on that, and sell that worldwide.

I just wanted to make the government aware that if it is the case, that two years down the road Nalcor would perfect that technology, they could probably generate electricity for almost nothing. They would be able to take the hydrogen gas from wind generation, mix it all together into burning at the same time, and it would have zero capital cost.

Mr. Chair, I know there are implications to that one. Should we be holding off for another couple of years to see if Nalcor is going to perfect that technology? I will leave that thought with everybody for the evening.

Thank you very much, Mr. Chair.

**CHAIR:** The hon. the Member for Torngat Mountains.

**MR. EDMUNDS:** Thank you, Mr. Chair.

It is certainly a pleasure to rise to talk to this legislation. I heard the Member for Mount Pearl North talk about debate and that we are getting back to it. I also heard the Minister of Finance and the Minister of Health talk about getting back to debate and that it is good to see. The Member for Mount Pearl North made reference to the Minister of Finance and the Minister of Natural Resources in terms of taking the lead on this legislation to answer questions.

Going back to legislative debate, Mr. Chair, what I saw this morning and what I saw on the news again this evening leaves a lot to be desired in terms of a debate. Having said that, Mr. Chair, legislative debate is the primary essence of democracy and it needs to happen prior to the implementation of laws.

I think, Mr. Chair, this is why this provincial legislation model was designed, to allow for debate on legislation that will impact the people of our Province. I believe that, and it is one of the reasons why I am here. I do not think it is about being wrong or not in agreement with those who propose the legislation. It is about having input. As representatives of the people, Mr. Chair, that is our mandate. We were given that mandate quite clear by the very fact that we are here.

I heard the Minister of Child, Youth and Family Services talk about the environment. I am going to make another attempt at what I wanted to say this morning in regard to environmental impacts. This legislation, Mr. Chair, it either impacts or it is impacted by some fourteen or more pieces of current legislation. Mr. Chair, as we go down, we see how legislation evolves.

Throughout the course of this fall sitting, Mr. Chair, and the session last spring, we have seen legislation come forward, existing legislation to be amended. The reason I say that, Mr. Chair, is because we are about to enter into an agreement that will last fifty years with a clear mandate that you have to buy the power. The reason for that, Mr. Chair, is to protect the Muskrat Falls Project once it is up and running. It leaves options for new sources of energy that could be delivered cheaper off the table to the people of this Province. You can use it as its own source or you can export it, but you cannot use it in the Province.

Mr. Chair, what I want to get to right now are the environmental issues around the development site, Muskrat Falls and Holyrood. Just to talk a little bit about Holyrood, Mr. Chair, we are all aware of the sad state. They are burning fossil fuels. There are emissions that are damaging to the economy. We all want to see that part of our Province cleaned up, and I agree with that, Mr. Chair. I would like to see fossil fuels removed from all sites in the Province.

In the community of Nain, Mr. Chair, as we speak, they have three generators that will run on diesel fuel. One of those generators is out of commission right now, and the other one is crippling along. In a three-phase system of power delivery, you have one generator that the people in that community can depend on. The shipping season is closed. We are coming into the cold months of the winter, Mr. Chair. We talk about environmental impacts, in Labrador we are talking about our very safety.

When you look at Nalcor's position, Mr. Chair, and this government's position on Muskrat Falls, is that there will be no environmental impacts downriver from the Muskrat Falls dam. Now, Mr. Chair, every dam that has been built in this world that we live in there has been environmental impacts downriver. The simple reason for that is because when the land is flooded, mercury is released, and mercury goes downstream, Mr. Chair, and certainly it brings methyl mercury with it.

Look at the project in James Bay, Mr. Chair –

**SOME HON. MEMBERS:** Oh, oh!

**CHAIR:** Order, please!

**MR. EDMUNDS:** Look at the project in James Bay, Mr. Chair, and you talk to anyone of the Inuit who live up there, they are saying the benefits to the James Bay Agreement are wonderful but the environmental impacts that they have to live with have a much deeper impact. If you look downriver from Muskrat Falls, Mr. Chair – and I keep going back to Lake Melville because of the position that this government and Nalcor has taken, where there will be no environmental impacts downriver.

Studies have shown there are environmental impacts from the Upper Churchill. Mr. Chair, mercury levels have risen in Lake Melville because of a project that is some 500 kilometres away from Lake Melville. This proposed project is on the doorstep of Lake Melville itself.

Now, Mr. Chair, the reason I bring up this issue is because there are people who are concerned with this. You take Mr. Dennis Burden, who stood his ground and was arrested. You take people like Mr. Ken Mesher, Jim and John Learning, Mr. Chair, who stood up to make a statement because of the environmental impacts that will come, they were arrested. There are concerns, Mr. Chair, which is why I bring these issues forward.

The reason for the debate and the clarification that I would like to see is: Why would this government and Nalcor maintain that there will be no environmental impacts and fail to consult? I can safely say they failed to consult, Mr. Chair, because I have two press releases from the Nunatsiavut Government that have Labrador Inuit lands, and they also have Inuit who live in Lake Melville. They came out last month and said that this government did not consult, there will be impacts. The response from this government is we have, and we have moved on.

Mr. Chair, I know my time is getting short. I would like to come back and revisit this, but there was another press release just yesterday, Mr. Chair, on the heels of the sanctioning of this project, where the Premier publicly said they had consulted with Aboriginal peoples and made reference to the Nunatsiavut Government. I think that is the reason why the President of the Nunatsiavut Government came out with a press release saying: no, this did not happen, and there should be consultation.

If you look at the negotiations between this government, the federal government, and the Innu Nation, Mr. Chair, the result is the coming New Dawn Agreement. That came from consultation. The government did consult. I am proud the Innu have a good agreement, in principle, in place, Mr. Chair. I will be happy for the Innu once they have final agreement, but, Mr. Chair, that is one group.

The other two groups that will be impacted, Mr. Chair, are the Nunatukavut from Southern Labrador and the Nunatsiavut Government that I will speak to again. They have negotiated conditions that are implemented in a binding agreement which says that this government has a duty that it shall, not should, shall consult. Until this happens, this government still has an obligation to consult with the areas that will be impacted. That very condition is outlined in the term sheet for the loan guarantee, Mr. Chair.

I am looking forward to when consultation will take place.

Thank you.

**CHAIR:** The hon. the Minister of Finance.

**SOME HON. MEMBERS:** Hear, hear!

**MR. MARSHALL:** Thank you, Mr. Chair.

It is a pleasure to be able to get up again and say a few words in response to some of the comments made by my colleagues opposite. Mr. Chair, I have said a number of times that the priority for the government in doing this project was to find a project that would provide electricity to the people of the Province at the lowest possible cost. That was the objective. I have said over and over that the difference between this project and the Upper Churchill – the Upper Churchill was being done by a group of promoters who were trying to earn a profit for their shareholders.

That is not the objective here. The objective when we started off was because of the fact that hydro rates were going up anyway when we have a lot of hydroelectric facilities in the Province. The question is: Why? Why, when we pass legislation to take the 8 per cent sales tax off electricity, were people concerned? Because on the other end, Hydro were seeking rate increases. We would read in the paper from time to time that Hydro was seeking rate increases.

At the one point we are trying to lower the cost of electricity to the people of the Province, on the other side the rates were going up. When we looked into that as I said earlier, the problem is Holyrood. The problem is the Holyrood facility which makes electricity by burning oil. That is the most expensive of all the projects in Newfoundland and Labrador. The one that produces electricity at the highest cost is the Holyrood facility and it is because of the increase in the cost of oil.

As I said when Holyrood was first commissioned in the 1970s, oil was \$3 a barrel; today, it is \$88 or \$87 a barrel. Therefore, the predictions of what the future is going to be – and again, no one can predict the future with accuracy. The one thing that PIRA and the experts tell us is that in the short term you do not know. In the short term, oil is very volatile; in the long term, it is going to go up. Where it went from \$3 a barrel back in the 1970s to \$88 or \$87



today, over the long term it is going up again, with a lot of volatility in the short term. That is what he said: In the long term, it is going up; in the short term, nobody knows.

Mr. Chair, if we believe that oil is going to rise and is going to continue to go up based on the basic principles of supply and demand, then we have to get off oil. That is what is driving up the price of electricity for the people of the Province. We look for a project that will provide cheaper hydroelectricity rates to the people of the Province.

What I have heard from members opposite is that they attack Muskrat Falls. They look for every possible criticism that there could be about Muskrat Falls. There is nothing wrong with that. It is good to have the discussion and it is good to have the debate, but they are not offering us another alternative. If they are wrong –

**AN HON. MEMBER:** (Inaudible).

**MR. MARSHALL:** I will deal with waiting until 1941. I will deal with that in the next ten minutes because that is an interesting discussion as well.

What the heck are we going to do if they are wrong and oil is at \$200? What are we going to do then? So we looked for the cheapest one and the one that gives the cheapest rates to the people of the Province was Muskrat Falls. Muskrat Falls, on the Island, only needed 40 per cent of the power.

In other words, 60 per cent of the power was not even required and would run down the river and not be produced. In spite of that fact, the fact of the matter is that project still meant cheaper electricity prices to the people of the Island of Newfoundland. It was still cheaper even if you could say 60 per cent of the power is going down the river. Is that not right, Minister of Natural Resources?

**MR. KENNEDY:** That is right.

**MR. MARSHALL:** That is why Muskrat Falls was the choice.

The other option, of course, is to do what is called the Island-Isolated Option, which mean we refurbish Holyrood and which means we do some hydro projects on the Island. I think there are three of them, but they only amount in total to 77 megawatts of power. We could do some wind, as I said earlier, but you have to make sure the wind is backed up. If you do that, that is the option. That is the other option, but the cost to the people would be even more than Muskrat Falls.

What it comes down to is we pay the money out to the oil companies and we pay the money out to foreign corporations, to Venezuela, Russia, and wherever the oil is coming from. Isn't it better to take that and put that into a project, a hydroelectric project, that we own, that the people of the Island will own, that they will control, and will provide them with power and electricity at a cheaper cost? I do not understand the problem with that. That is even with 60 per cent of the power going down the river, with the water going down the river not being used to make power because the people on the Island will only need 40 per cent.

Now let us take the next step. The next step is that the Island needs even more power. The Minister of Natural Resources has talked about the computers, the iPads, and talked about the big homes that are being built, another record this year, homes, industrial facilities and commercial facilities. The demand is going up. So what are we going to do if we do not do Muskrat? We are going to burn more oil. Instead of getting 31 per cent of our power from Holyrood, we are going to take even more from Holyrood. We are going to burn more oil. It is madness. It does not make any sense.

Then Emera comes along and said how about building a link to Nova Scotia and selling us some of the power. The deal that was entered into was that Emera said they would build a link for 1 terawatt hour of power, 20 per cent of the power.

**MR. KENNEDY:** Twenty per cent of the cost.

**MR. MARSHALL:** For 20 per cent of the cost.

The power will go to Nova Scotia. We will not have to pay them cash. We will pay them power, which would otherwise go down the river. So, we are going to give it to Nova Scotia, we are going to buy the Maritime Link, we will own it in thirty-five years; but the key is that by giving them that power, not only will we ultimately buy the Maritime Link at one-thirty-fifth every year but it will give us a priority right to ship the other 40 per cent, if need be, to monetize that 40 per cent instead of letting the power go down the river, by sending it down the Maritime Link and selling it in Atlantic Canada in the spot markets of Atlantic Canada.

It is like a fisherman who catches five boatloads of fish – five terawatt hours in Muskrat Falls – and if he can sell two of them in Newfoundland and Labrador and there is no market for the other three. So, the choice is dump it in the water and get nothing for it, get zero for it. Then, someone comes along and says: Look, I will build a boat and take your other three bags of fish. I will take them over to Nova Scotia and there is a market there. The price may not be the same as you got in Newfoundland and Labrador, but there is no more market in Newfoundland and Labrador. At least if you get it to Nova Scotia, you will get something for it.

It is not that their price is lower than what we are paying in Newfoundland. It is a difference between what we get in Nova Scotia, or what we get when we put it on a train in Nova Scotia and got it to New Brunswick, or what we would get if we take it down to New York. Getting that, versus zero – dumping it in the water. That is the difference here. That is the real issue here. We either let the water run to the sea and get zero for it, or we get it down through the Maritime Link into Atlantic Canada, sell it in to Nova Scotia, or New Brunswick, or Maine, or New England and get something for it.

The prime reason for doing it is to get lower prices for the people of the Island. That was the first reason. Secondly, we have the mining industry in Quebec. Dr. Locke has told us about that. They are going to need power as well.

Now there is no need to send it down the link to New England if it is needed in Labrador. We would prefer to use it in Labrador. We would prefer to use it in Newfoundland, on the Island of Newfoundland. That would be the preferred choice.

The part we are not using, rather than let the river run to the sea and let the power go down the river as it were, at least we can now monetize it. We can send it down the link and get money for it. That is why this is a great project and that is why I do not understand why you are not offering us an alternative to that.

Thank you, Mr. Chair.

**CHAIR:** The hon. the Member for Signal Hill – Quidi Vidi.

**MS MICHAEL:** Thank you very much, Mr. Chair.

The Minister of Finance asks us about alternatives, and when we put out alternatives they do not get listened to. What I have said earlier tonight is that there are many alternatives out there just in our own country that could be looked at, that should be looked at, and that have not been looked at. My concern is the narrowness of what was done by Nalcor.

Looking at the potential, for example, of wind power with hydroelectricity and looking at also the potential of our pilot project on Ramea to see how that will play out; these are some of the alternatives that have not been studied. Looking at the use of biomass has not been studied. Looking at the use of tidal – which is really being looked at over in Nova Scotia and New Brunswick – has not been looked at.

I have said before, and I will say again, what we needed was starting at a different point. It was we need energy on the Island. What are the various ways in which we could get there, in a broad range, not in the narrow range that was done, and have that as an open consultation and an open discussion? That was not done. The vision was not a vision of going as wide as possible. It was saying right from the beginning Muskrat Falls, and let's make it work. That is my problem.

The minister knows as well as everybody else, the government is the body that has the capacity to do that broad study. I have to repeat it because the minister has repeated. We have major groups, such as the Joint Environmental Assessment Panel and the Public Utilities Board who said – the EA Panel in particular – that alternatives were not studied, not in the way that meant a comprehensive study of alternatives. That needed to be done. They actually said it needed to be done.

The studies that were done in a short period of time in this past year, which we have looked at and studied – and which people who have a lot more knowledge than I do have looked at it and studied – were not comprehensive studies. They were not part of a full package of how different pieces could fit together. The government has not done that kind of thing. It is not for me to outline how all of that works. It is to put it out there and say let's look at it. Let's get people together to look at it and to make it happen.

I can name people, Mr. Chair, for example, Tom Adams who is an expert in electricity, a recognized expert in electricity; Dr. Gordon Weil who is an expert when it comes to electricity, when it comes to power. These people are pooh-poohed by the government. What can we do?

We have people out there who are recognized worldwide and this government says no, they do not know what they are talking about. We are just helpless, Mr. Chair. We are absolutely helpless because government refuses to recognize expertise beyond the people that they have used. They have made their decision, they knew what they wanted, and that is all they are concerned about.

This is the issue that we are dealing with and this is the issue that I cannot seem to get the minister to understand, or maybe he does and it does not matter. Maybe that is the problem. Maybe he does and it does not matter. It does not matter to them that the experts who are out there, one that I mentioned earlier this evening – and I do not think the Minister of Natural Resources was here – Tim Sale, who is the former Minister of Natural Resources and the Minister Responsible for Manitoba Hydro. The article that I talked about here tonight with regard to the interplay of wind and hydroelectricity and how in Manitoba right now wind is cheaper than hydroelectricity.

The options are out there and they have not been studied. I do not know how often we can say that, but this government has made its option now and I am absolutely concerned about what this is going to look like. I want to know from the minister, what happens if in 2017 the market in the US is not there, that all of the new things that are happening in the US come to play and there isn't a market for that 40 per cent that is left?

In 2017 you may have one more mine operating up in Labrador West but you are not going to have a full display of mines. Not according to the analysis that was done by Dr. Locke. Some are sure, some are in place now. Some are over a short term and then you have a whole load over a long term, that are nowhere near knowing whether or not they are going to come through.

What happens in 2017 if you do not have that market in the south? What happens if you do not have adequate mining in Labrador West? What happens to that 40 per cent? What is their contingency plan? What happens is part of what the minister said. That power will be wasted, yet the ratepayers in Newfoundland and Labrador – he used Muskrat Falls power – will be paying for it through their rates. The people of the Province will be paying for it through their rates. The money will not be there.

What is the contingency plan? What if that continues beyond 2017, which I suspect it will? What is the contingency plan? This is what we do not have. Putting all the eggs in the basket of Muskrat Falls, and as I said already in this House, making that the Energy Plan for the Province is very disturbing because we no longer are going to have serious consideration of energy conservation, because it will not serve the purpose of Muskrat Falls, it will not serve the purpose of Nalcor, and it will not serve the users either.

If people try to conserve energy, and we have a big energy conservation move in the Province, what would happen is we would have fewer people, or the amount of electricity being used from Muskrat Falls would fall and the rates would go up. It is not even going to serve the people even having their minds on energy conservation. It will not even mean anything.

This is the kind of thing that I put forward. They are questions, and the answers I get back from government are not concrete. I have never heard a contingency plan, what if. The only what if is what is in the loan guarantee, which is the rates have to make sure that all the costs are being covered from day one, from the first cent right through to the fifty years.

If in 2017 we do not have that market in the south, and in 2017 there is not enough mining going on in Labrador to use up all of it, what will happen is the rates are going to be more than the 15.5 that they have in their famous calculator; a calculator we still do not have a breakdown of what was included to come to that rate in that calculator.

What is the contingency plan? Can they – and I do not think they can – can this government commit to the people of this Province an amount of money for the starting point in 2017? I would say, Mr. Chair, they cannot because there are too many variables. If nothing else, I would like to see the minister at least admit that to the people of the Province, that there are too many variables to be able to say what the rate is going to be in 2017, or 2025, or 2035, or 2040. They cannot say what the rate is going to be.

I leave the minister with those thoughts and questions that are embedded in that, Mr. Chair.

Thank you.

**CHAIR:** The hon. the Minister of Natural Resources.

**MR. KENNEDY:** Yes, thank you, Mr. Chair.

The first point raised by the Leader of the NDP is one that answers the question, why we have not developed Gull Island at present. If all of the mining projects were to proceed and all of the projected growth was to take place on the Island, then certainly Gull Island would be the way to go. However, the difficulty with that is we do not know that they are all going to proceed.

However, just look at the fact that in 2017 there is no export markets, 2017 there are no mining companies. The world is falling apart, prosperity in Newfoundland and Labrador has diminished. Let's just assume it for a second. It is a false assumption; let's assume that for a second. We still have to pay electricity bills and Muskrat Falls is still the cheaper power.

In order to put this in perspective I again have to come back, as I spoke about last night, Mr. Chair, I have to come back to that most basic question: Do we need the power? If we do not need the power, we do not need to do anything. I have not heard anyone say we do not need the power. Has anyone? I have not heard anyone say that. I have not heard anyone say we do not need the power. Let's look at why we need the power. Let's apply a bit of common sense here. Let's look at the issues of what is taking place in our Province.

Mr. Chair, let's look at some numbers. Although numbers can lie, I do not think that these numbers do. Fact one, a very basic fact, electricity demand is linked to strong economic growth. Our GDP has doubled. That is based on a resource-based economy. So GDP is a notoriously inaccurate measure in one way, but our personal disposal income has increased by 56 per cent since 2002.

Housing starts are 50 per cent higher in the last decade, 28,800 new homes were built in Newfoundland and Labrador from 2002 to 2011. That is an average of 2,800 homes. Since 2006, we have averaged over 3,000 homes, with 3,600 in 2010. Eighty-five per cent of new homes have electric heat. They are single-family dwellings, they are bigger, and they have electric heat. Even though there has been a decrease in population, we have 18,600 more residential customers on the Island that we had in 2006. The reason for that is simple.

Mr. Chair, what it is, is we do not have, like when I grew up, ten people living in a home. We have families of four or five people living in a home – they are bigger. Look at the homes that are being built, not only in St. John's, Mr. Chair, but look at your District of Port de Grave and look at my District of Carbonear – Harbour Grace and you will see the size of the homes and the families that are moving into them.

Since 2002, residential demand is up 16 per cent and commercial demand is up 10 per cent. GDP, households, and commercial industrial developments are expected to increase over the next twenty years. That makes sense.

We have Vale Inco, which will require power. We have Hebron, which will be coming on stream in 2017. We have Husky looking to build a wellhead platform. We have an economy that will continue to be vibrant and an economy that will continue to be robust. There is no reason to think that personal disposable income will decrease. We have people flying off to Alberta and bringing their money back here.

We then have the latest provincial load forecast, which was reviewed by Manitoba Hydro International. There was a specific chapter on load forecasting. They accepted that what Newfoundland and Labrador Hydro had predicted was correct, although they felt it was conservative. We have, in 2012, a peak in this Province required of 1,581 megawatts. A peak demand required for that coldest day in the winter where you have to have enough energy.

In 2020, that peak will be 1,766 megawatts, or close to 200 megawatts more. In 2030, that peak will be 1,942 megawatts, almost 400 megawatts more. These are the PUB-applied standards. They look at them. By 2015 we will be challenged to meet peak demand in the winter months and post-2019 there will simply not be enough energy.

Now, we have talked about the fact that we have had two mills closed. If you look at these two mills that have closed, they allow for going into the system approximately – I am trying to get the number – 182 megawatts. The closure of the mills in Stephenville and Grand Falls-Windsor and the reduction in Corner Brook led to 182 megawatts being available on the market to go into the grid. By 2011, 40 per cent, or 76 megawatts has been utilized. By 2014 it is expected that all of that power will now be into the grid. So we need power. That is the first thing, Muskrat Falls, we need power.

I accept what the member opposite is saying, that in changing economic times, in an issue where we have China, there are fluctuations but for – I say to the Opposition House Leader, you can help me with this if you like, but to say that there is not going to be any of those mines developed in Labrador? I think that is an overly pessimistic view. That is the doom and gloom view that you perpetuate, that you and your party perpetuate continuously. At least with the Liberal Party, they come forward with – I do not agree with what the Member for St. Barbe had to say.

**MS MICHAEL:** A point of order, Mr. Chair.

**CHAIR:** A point of order, the hon. the Member for Signal Hill – Quidi Vidi.

**MS MICHAEL:** (Inaudible) I am asking that he quote me correctly. I did not say 'none' of the mines. I said the ones that are there will be there. There are a few that are in the short-term in the analysis but there is a whole load in the long-term that are very iffy. That is what I said.

**CHAIR:** There is no point of order.

Minister.

**MR. KENNEDY:** What we have, Mr. Chair, even though I do not agree with what the Member for St. Barbe said, he put forward a proposition. He outlines why he thinks that can happen, and that is fair enough. That is what debate is. We are looking at – but it is not what we hear from the NDP. Do you know what the worst part is? They want this to fail. They want Muskrat Falls to fail. It is beyond me why one group of people, one party in this Province would want the Province to fail. I simply cannot understand it.

The Liberals are asking questions, again, I do not agree with a lot of the questions but I do not hear that level of pessimism. I do not hear that doom and gloom, we want you to fail. We want to be right. Mr. Chair, that is simply a perpetuation of the myths that our people have lived by for many years, that we live on a rock where we cannot control our own destiny and that others will control it for us. Well if that is the way your party operates, good for you, and we will see what happens when 2015 comes along.



Now, Mr. Chair, we need power. What are the options? We have to do something. We all agree, except for the NDP, we have to do something. The doom and gloom party, the D and G party agree that – they will just say we do not have to do anything. We will just conserve energy. We will break out the bricks again, I guess.

Now we have to look at doing something. We have done significant analysis. For the member opposite, it is shameful for you to say that reports have not been provided. It is misleading to the people of this Province, but it is the way you operate and we are getting used to it now. Your righteous indignation has become boring and the way you approach things is boring. The cynicism that is displayed is unbelievable.

We need power. What are we going to do? We have examined them all. We have examined – the Member for St. Barbe – 2041. We do not think we can get there. We think we need power. We know we need power before that. If you look at the CPW chart, the cumulative present worth, an interconnected island, Muskrat Falls, whatever way you look at it, is \$2.4 billion cheaper, but it based on 40 per cent of the power.

Now, I am going to be an optimist, I think that we are going to see mines develop in Labrador West because the companies there are committed to developing these mines. I am convinced that Grand River Ironsands is going to develop. I am convinced that we are going to see Voisey's Bay go underground and there will be uranium mining. Will it all take place over a couple of year period? I cannot guarantee that. Will they all develop? I cannot guarantee that, but to stand up in this House, as the leader of the doom and gloom party has said tonight, and say that there will be no mining development in Labrador is simply a shocking statement that belies her true intentions, which is that Muskrat Falls must fail at all cost.

What we have not seen here from them is the alternative. What is the alternative? We have examined wind. They asked for large-scale wind. We examined it. We looked at large-scale wind with thermal. We look at large-scale wind with battery. We did not do it ourselves. We hired people who are independent of us to go out and do these reports.

At the end of the day, the Island portion of the Province needs power. We would be quite happy if all of the other power went to Labrador and developed Labrador mining. We would be very happy if we could develop Gull Island, but right now we are trying to be prudent and cautious, and ensure that we develop the right project first. That is Muskrat Falls.

**SOME HON. MEMBERS:** Hear, hear!

**CHAIR:** The hon. the Leader of the Third Party.

**MS MICHAEL:** Thank you very much, Mr. Chair.

I want to point out to the minister that what is lacking is the way in which they did analysis. If you were going to do a full energy plan you do not look at one thing by itself, and look at that one thing by itself in relationship to Muskrat Falls.

Forget Muskrat Falls. If they had in the beginning said, what does an energy plan look like? What are all the pieces that could fit together in that? It could be hydroelectricity along with wind, along with biomass, and then you would get a full analysis. You do not say: here is Muskrat Falls. How does wind power look like in comparison to Muskrat Falls? How does something else look all by itself, natural gas in relationship to Muskrat Falls? That is not the way you do it. That is the way they did it but that is not the kind of analysis that was required.

If the minister were to read carefully the recommendation in the joint panel's report, they wanted a full Energy Plan that would show the interplay of all alternatives. For the record, I just want to make that statement.

Thank you, Mr. Chair.

**CHAIR (Cross):** I recognize the hon. the Minister of Child, Youth and Family Services.

**SOME HON. MEMBERS:** Hear, hear!

**MS JOHNSON:** Thank you, Mr. Chair.

I will be brief. The member just spoke then for about two minutes and I just thought I would respond very quickly to that, Mr. Chair. I see time and time again in this House how our Newfoundland and Labrador homegrown experts continue to be called into question, Mr. Chair.

Does the member opposite, does the Leader of the Third Party actually believe that these experts who could go anywhere in this world making far more money than they are making here – does she honestly think that they did not have a comprehensive overview of the options, that they looked at them one by one, Mr. Chair? It is just absolutely absurd.

I get the sense, Mr. Chair – and the Minister of Natural Resources just talked about the pessimistic view. When I did an economics course, I remember the professor at the time talking about the economy and how you build the economy, and optimism helps to build the economy. If you want to keep your mining companies away, you have the pessimistic attitude that the Leader of the Third Party opposite has, Mr. Chair.

I think what would make her happier is if we brought in somebody from away, from outside of the Province to review the different options that might be available. Maybe then that would satisfy her, although I seem to doubt that would work either, Mr. Chair.

I have great respect for Ed Martin and Gilbert Bennett. If you go to Dalhousie University where Gilbert graduated from and you look at the trophies on the wall and the plaques on the wall, he has won every single award that that university can give out when it comes to engineering, Mr. Chair. They have done a thorough job. They have looked at all of the options.

They, and us as a government, have come up with a least-cost option that is in the best interests of the people of this Province. You can question that, you can question them, you can question the project, you can question the people, Mr. Chair, but we are going to do what is right by the people of Newfoundland and Labrador. We support our experts, we support our people, and we are going to look out for Newfoundlanders and Labradorians first.

Thank you, Mr. Chair.

**SOME HON. MEMBERS:** Hear, hear!

**CHAIR:** The Chair recognizes the Official Opposition House Leader.

**MS JONES:** Thank you, Mr. Chair.

I want to speak to the sections under Bill 61 that leads us to bring forward this legislation that we are debating here tonight. Mr. Chair, before I get into that I want to pick up on the debate that has been ongoing with regard to providing power for the mining industry in Labrador.

I think that anyone in this Province today who do not see that mining is one of the future industries for this Province over the next 100, 150 years, Mr. Chair, is not seeing the full picture. We have to do everything in our power to ensure that we capitalize on those opportunities, not just in giving them the power infrastructure but the other infrastructure that will be required to develop those industries, Mr. Chair, and I am all for it. If Gull Island could be brought on stream in this Province, and we could find the outlet and the market to export that power and allow for it to be used for industry in Labrador, that would be the right solution for the future.

Now, Mr. Chair, I think there is tremendous opportunity – no, I do not think it, I know there is tremendous opportunity with mining in Labrador, but that opportunity will only be realized if the companies have full partners with the people of the Province – meaning their government – in ensuring that the appropriate infrastructure is available. I believe that Voisey's Bay will go underground, Mr. Chair. The only way they will not go underground will be determined either by market or a government that does not hold them accountable to the agreements that have been put in place. That would be the only way.

In the case, Mr. Chair, of the other mining industries, like uranium mining, I believe we will see uranium mining in Labrador. I absolutely do. I believe, Mr. Chair, that in the years to come you will see a transmission line that will go from Lake Melville to the North Coast of Labrador. I do believe that, Mr. Chair, because I think the Province will come to a point when they will finally realize that the future for the entire Province of Newfoundland and Labrador rests in the resource development of Labrador and the infrastructure will have to be provided.

Mr. Chair, Bill 61, why are we debating it? We are debating Bill 61, Mr. Chair – why is it even here? Because the government signed on to it in the loan guarantee. That is why we are here, Mr. Chair.

When the government went hat in hand to Stephen Harper and the federal government to look for the financing for the project, they had to meet certain conditions. We have talked about some of them already. We talked about the condition of doing the partnership with Nova Scotia and Emera. That was one piece of it. Another piece of it, Mr. Chair, is Bill 61. Let me explain that. In the terms of the loan guarantee agreement, there were certain conditions that had to be met. One of those conditions was to enact legislation and the "execution of formal agreements between the NL Crown and Nalcor (or related entities), which put into legally binding effect the commitments made by the NL Crown as outlined in Schedule 'A', both the legislation and the agreements being to the Guarantor's satisfaction." Then it goes on to say that the same regulatory framework for the Province of Nova Scotia.

Schedule A, Mr. Chair, is where we have to look to really find what that is all about. What that is all about, Mr. Chair, is a couple of things. One, it has to "Provide the base level and contingent equity support that will be required by Nalcor to support successful achievement of in-service for MF, the LTA and the LIL, in cases with or without the participation of Emera." Now, I talked about that today, Mr. Chair. That was one piece of it I talked about today.

Basically, what this means is if Emera does not meet the terms of the agreement on the Maritime Transmission Link, then Nalcor has to give that certainty. They have to ensure they pick up that piece of the infrastructure. That is the reason why all of that was written in the sanction agreement and the terms and conditions were built around it in the sanction agreement because it was a requirement of the loan guarantee. I talked about that today, and I will talk about it again in a lot more detail, but I want to get to this other piece.

The other piece the government signed onto with the feds to get this loan guarantee was that they would "Ensure that, upon MF achieving in-service, the regulated rates for Newfoundland and Labrador Hydro ('NLH') will allow it to collect sufficient revenue in each year to enable NLH to recover those amounts incurred for the purchase and delivery of energy from MF, including those costs incurred by the Newfoundland and Labrador Hydro pursuant to any applicable power purchase agreement ('PPA') between NLH and the relevant Nalcor subsidiary or entity controlled by Nalcor that will provide for a recovery of costs over the term of the" agreement.

Then it goes on to a whole lot of other things that I will not get into right now, but let me talk to that piece, that clause. That particular clause in the term sheet is what caused the government to have to bring forward Bill 61. I do not know how many members in this House of Assembly realize that. When they signed on with the Government of Canada to get the loan guarantee, they had to make certain commitments.

One of those commitments, Mr. Chair, is they would put in legislation the ability to ensure that the ratepayers in Newfoundland and Labrador covered the cost of the Muskrat Falls Project, including the generation, the transmission, and the delivery of power on an annual basis year over year, Mr. Chair. That was the reason why they had no other choice.

They talk about other clauses that were there that they might have been able to use, but they know, Mr. Chair, the only thing that they could do to guarantee that was to bring in this bill and make the changes that they are making under the various electrical acts of the Province. It was a part of their negotiation with the Government of Canada and that was the only way that they could get this particular term sheet.

Mr. Chair, there are two very important points here and both of them go back to the term sheet signed with the Government of Canada. Mr. Chair, we got the loan guarantee. We only got it because of Nova Scotia and Emera,

but in getting it we had to sign on to a whole lot of other conditions, and the public needs to know that in order to get this. This was no great gift to the people of Newfoundland and Labrador – no great gift. We had to give up, Mr. Chair, a number of things and make a number of commitments in order to get this loan guarantee.

One of those commitments was to ensure that the Maritime Transmission Link would be constructed with or without Emera at the end of the day. However, Mr. Chair, if Emera does not meet the terms and conditions as they signed to in the sanction agreement, they will be penalized \$60 million as a result of it.

We will pay half the penalty for them. We have already agreed that because we are loaded with money and we have so much of it. We have already agreed, Mr. Chair, as part of sanctioning that we would pay \$30 million of the \$60 million penalty that Emera could foreseeably be left with as a result of this, if they do not deliver on what they have signed onto as part of that agreement.

**CHAIR:** Order, please!

I remind the member that her time has expired.

The Chair recognizes the hon. the Minister of Intergovernmental and Aboriginal Affairs.

**SOME HON. MEMBERS:** Hear, hear!

**MR. F. COLLINS:** Thank you, Mr. Chair.

(Inaudible) particularly after listening to the promoters of Armageddon from the Third Party. Mr. Chair, my bewilderment continues with the Third Party. We have heard it this morning from the what-ifs. It is not that I disagree with what they say; it is just that I do not know what they say.

I just listened to the leader of the party and she raised about fifteen what-ifs. She raises an impossible scenario of trying to deal with every possible situation that ever exists in the world. What if the sky is falling – the sky is falling all the time with her.

I looked at the Minister of Natural Resources when she was giving out her master plan for an Energy Plan and the look of bewilderment on the face of the Minister of Natural Resources because he was in the same boat I was. What in the name of God is she talking about? What is she talking about? I am just befuddled, Mr. Chair.

When the Member for Cartwright – L'Anse au Clair stood up and spoke so positive about all the great things that were going to happen in Labrador –

**SOME HON. MEMBERS:** Hear, hear!

**MR. F. COLLINS:** – it lifted me somewhat from the depths of despair I was in after listening to the Leader of the Third Party.

Mr. Chair, I want to speak to Bill 61. If our task here in this House is to somehow respond to the questions raised by the Third Party, if our task is to satisfy the Third Party, if that is the only way we are going to get out of this House, Mr. Chair, my pension will be vested long before that, I can tell you.

**SOME HON. MEMBERS:** Hear, hear!

**MR. F. COLLINS:** It is just unfathomable. I have no idea (inaudible).

Mr. Chair, the Minister of Natural Resources mentioned last night the pieces of the puzzle that are left to do. A big piece of the puzzle that is left to do is to put the financing together for this project. Putting the financing together for this project, that is one of the biggest puzzles left.

Nalcor has to go to the lenders now, as soon as they can. We have sanction. So we have to put the amending legislation in place to let Nalcor do its job. Mr. Chair, what a great little piece of persuasion they have in their back pocket, when they go to the lenders with a financial guarantee from the federal government shoved in their back pocket. A federal loan guarantee, what a position to be in when they go to see the lenders.

Mr. Chair, the lenders want to see that this project is going to be paid off, that the debt is going to be paid, the project costs are going to be paid, and so does the federal government. Mr. Chair, the federal government, in providing this loan guarantee, did not just provide it because we asked for it. They did not just provide it because we wanted it. They did – as the minister mentioned earlier – a considerable, robust financial analysis of this project. Why would they not? Why would they stick the Government of Canada, the people of Canada with a \$5 billion debt without doing a robust analysis?

Talk about independent analysis of the project, Manitoba Hydro and all the others – the federal government, with their own financial experts, have analyzed this project. They looked at it and said no-brainer. It is no cost to the people of Canada. Granted, the taxpayers are paying for it, but there are other provincial revenues, unlike what the Third Party might think, from mining companies and from the spot markets and so on. The federal government have looked on this as a great project, as a nation builder, at no risk to Canadians. Mr. Chair, they did not do that without a robust financial analysis.

Mr. Chair, we have to ensure a revenue stream. No lender is going to come to the table without a revenue stream in place, and no federal loan guarantee is going to be given us without a revenue stream in place. Mr. Chair, that is the purpose of this piece of legislation.

**SOME HON. MEMBERS:** Oh, oh!

**CHAIR:** Order, please!

**MR. F. COLLINS:** At the end of the day, as the Minister of Finance has pointed out so eloquently, we will own it. It will give dividends back to the Province. It will pay for itself. It will put us to a renewable resource-based economy, and get away from the non-renewable based economy. There are no downers in this project. I do not know why the Third Party cannot see it.

The fact that the federal government has sanctioned this is huge. I do not think the people of this Province really understand or appreciate how huge this is, that the federal Government of Canada guarantees a \$5 billion project. That shows the confidence that the Government of Canada has in this project.

We need legislative amendments, Mr. Chair. That is why we have this bill. We need legislative amendments to ensure the revenue stream is in place and that Nalcor can go to the lenders and get this project on the road.

**AN HON. MEMBER:** He had his hearing aid turned down.

**MR. F. COLLINS:** I am going to get some hearing aids for the Third Party to see if it will help them.

Mr. Chair, we have been criticized for taking the PUB out as far as oversight. We are not taking the PUB out from oversight of this project. We are just giving them further direction. We are making sure they are going to include project costs so we can guarantee a revenue stream. We have to have certainty. Lenders need certainty. Federal guarantees need certainty. The PUB will continue, Mr. Chair, to set the rates for this Province, but we have given them some direction to make sure they include project costs in determining rates.

Mr. Chair, for the first time in my life, when we were discussing this policy I found out about non-recourse funding. I am wondering how many people in this Province knew about non-recourse funding, because I certainly did not. I must confess, I do not have a great knowledge of high finances but I certainly did not know anything about non-recourse funding. Obviously, it is the best financing structure we can get.



The only assets up for collateral are the assets of this project. Mr. Chair, to further reduce liability on this government, in this act Nalcor is not recognized as an agent of the Crown and neither is Hydro, another reason to eliminate liability on this government.

Mr. Chair, these amendments are necessary. Bill 61 is necessary. I do not know where the Third Party is coming from. I do not know what rationale is behind their reasoning. I do not know what they intend to do. Mr. Chair, it is time to move on, approve this bill, and get this over with.

Thank you, Mr. Chair.

**SOME HON. MEMBERS:** Hear, hear!

**CHAIR:** The Chair recognizes the hon. the Member for St. Barbe.

**MR. BENNETT:** Thank you, Mr. Chair.

I would like to spend my next ten minutes talking about default, demand, and the price of kilowatts for the next fifteen or twenty years – in the next ten minutes, not for the next fifteen or twenty years.

Mr. Chair, every time I hear a minister say, based on what the experts tell us, it makes me shiver. When they say based on what the experts tell us, it means they do not really know themselves. They do not really have confidence in the numbers but they have a perfect excuse, a perfect escape if the expert is wrong. If the expert is wrong then the obvious fallback position for the minister is to say: well, this is what the experts told us, so you cannot really blame me.

Of course, so far this year we have seen the biggest blunder probably in the last few decades based on what an expert told us, and that was in PIRA's blunder 2012 for forecasting the price of oil. They forecast at \$124 a barrel and now it is adjusted to \$109, so \$15 a barrel shortfall. That \$20 a barrel on the budget, that little blunder cost us \$300 million.

Our deficit is \$300 million higher than was forecast, if the oil had actually been at \$124. Now if you take the \$300 million and if you take the \$660 million set aside for Nalcor, that would be \$960 million. In fact, we really could be having a surplus of a couple of hundred million dollars instead of a deficit of \$750 million.

Tonight's debate has been useful to me in a number of areas. One important area is the government has acknowledged, through the Minister of Finance, that if Nalcor defaults on the loan, the guarantee is applied and the feds get the Muskrat Falls Project. It is quite clear. If we default, the loan guarantee is in place, the feds are entitled to realize on the guarantee. They will recover the Muskrat Falls Project.

The Minister of Finance said that they can operate it themselves or get somebody else to operate it. The assets include the dam, generator, power line and, of course, the Maritime Link, which we get back in thirty-five years, but if we default we do not get it back. The feds will get it by virtue of the loan guarantee. They can operate it or they can sell it.

Well, a natural party to acquire Muskrat Falls from the feds would be Hydro-Quebec. Why wouldn't the feds say to Hydro-Quebec, well you already have more hydroelectric experience and dealings in Eastern North America than anybody else? So, if we default, there is a reasonable chance that Hydro-Quebec could end up getting the Muskrat Falls Project.

Furthermore, thanks to the Minister of Natural Resources, we know that we use around 1,600 megawatts right now, and by 2030 we will go to around 2,000 megawatts. That is an increase of around 25 per cent over that period of time. Not much more than 1 per cent per year. I would have used 1 per cent per year because that is actually what we have experienced over the last twenty or thirty years.

Based on that forecast provided by the Minister of Natural Resources, our requirement for growth is around 25 megawatts a year; 25 megawatts is the Portland Creek Project. Portland Creek will cover one year of growth.

Twenty-five megawatts is a wind farm on the South Coast which we already know we have, so that will cover one year. There are a couple of other available hydroelectric developments that we could have that will cover each a year and then we would need to move into either conservation, more wind farms in different parts of the Province, and then use Holyrood for backup.

Mr. Chair, one figure that we are being given, we are being told that if we do not do Muskrat Falls the cost of electricity is going to skyrocket in any event. I do not agree with the assessment that is being made. I think that it is, in essence, setting up a straw man or in today's terminology a straw person to knock that down that debate and say it is going to be really high.

Let us say that Bunker C is \$90 a barrel, and the Minister of Finance just confirmed that it is around \$87 or \$88 a barrel. I would use \$90. That is maybe a round number. Of the hydroelectric power that we use today, approximately 65 per cent of our electricity is from existing hydroelectric developments that have been done mostly post-Confederation. That leaves approximately 35 per cent of our electricity requirements coming from the Holyrood thermal generator.

If we have a 65-25 split we have approximately – well, on a light bill in ordinary terms if a person had an electricity bill let us say of \$1,000 a year – that may be low for some people and may be high for others. If we had an electric bill of \$1,000 a year and 65 per cent of it is based on hydroelectric power and 35 per cent based on oil fired, then \$650 worth of that is based on already existing hydroelectric developments, 35 per cent based on Holyrood.

On that basis, Mr. Chair, if Bunker C goes up 300 per cent, it goes up to \$270 a barrel, then your light bill will go from \$1,000 to \$1,700. Bunker C if it goes up 300 per cent from \$90 a barrel today to \$270 a barrel in maybe fifteen or twenty years, who knows when, then your electric bill goes from \$1,000 to \$1,700.

Mr. Chair, to me, that does not seem like a really catastrophic increase in price. If you compare that to how much it will go up with Muskrat Falls – with Muskrat Falls we know that the cost of electricity is going to go up maybe twenty cents, maybe more than twenty cents. The problem with the escalated cost, with the cost of Muskrat Falls, is that that price is going to be ramped up fairly quickly if Muskrat Falls gets done in the next three or four or five years.

Of course, Nalcor will have exclusivity in producing and selling electricity in the Province. If they have exclusivity and the PUB is being frozen out of the transaction, they can pretty much charge whatever they want. In fact, they can begin to escalate prices even before Muskrat Falls is complete. They can begin to escalate prices earlier than we would have had to have prices escalated in order to save money.

Even if they do not do that and Muskrat Falls is completed in four or five or six years' time, even on time and on budget, the Muskrat Falls cost increase will drive up the cost of a person's light bill by as much probably as we would have if we did not do Muskrat. If we did not do Muskrat over the next fifteen to twenty years and your light bill went up by 70 per cent, well the Muskrat Falls hydroelectric project is going to drive up the cost of your electricity by that much probably in the next five years.

The only advantage to having Muskrat over the long term is that thirty or forty years from now inflation will have had time to catch up. What do we do in the interim? Mr. Chair, the people who are going to be punished the most for our foray into doing a hydroelectric development, Muskrat Falls, will be the people who are on fixed income, small businesses, people who have high electricity demands right now. They will pay an enormous premium because they will be the ones paying for Muskrat Falls.

Mr. Chair, you can see by the very bill that we are debating right now, the Electrical Power Control Act giving Nalcor the absolute right to be the only producer and supplier of hydroelectric power for the Province. That eliminates competition. It means that if there is another competitor with a really good idea or with modern technology in three, four, five or ten years' time, they will be shut out of the equation.

Our people in this Province will be saddled with Muskrat Falls for forty or fifty or more years and the very legislation that we are debating right now, this eliminates competition in the production and sale of hydroelectric

power in this Province. Mr. Chair, I think that is unfair to the people, it is unfair to the consumers, and it is very self-serving for the proponents of Muskrat Falls, and in particular, for the government to be proposing Muskrat Falls at this time and in this manner.

Thank you, Mr. Chair. I have no further comments.

**CHAIR:** The hon. the Member for Bay of Islands.

**MR. JOYCE:** I have a few words on Bill 61, the Muskrat Falls bill.

Mr. Chair, I am just going to ask a few questions of the government and just see if we get some information to help with the debate. I will just put everything in perspective.

We will produce the power; Newfoundlanders and Labradorians will produce the power. Forty per cent of the power produced will be used here in Newfoundland and Labrador. That is what all the people in this Province are being told. Twenty per cent of the power will be given to Emera; the other 40 per cent will be sold on the spot market. That is what we are all being told here in the Province of Newfoundland and Labrador.

That is 100 per cent of the power paid by the ratepayers here in Newfoundland and Labrador. That is what we are all being told, and this is why we need the guaranteed rate. Because of the federal loan guarantee, 100 per cent of the power has to be paid by the ratepayers here in the Province.

Mr. Chair, just assume we sell 40 per cent of the power on the spot market or to Nova Scotia, and that there is a certain amount of revenue from this 40 per cent. I am just putting this into kind of a box here to say I am assuming all the information I am saying so far is correct, to ensure that we get some answers.

The question I will ask – and I hear the Minister of Natural Resources and the Minister of Finance and others standing up – what will the price be for the spot market? What will the price be for the spot market? When we sell the power, can anybody in the government tell me what the price will be when we sell electricity on the spot market? I cannot get an answer. How much are we going to sell it to Nova Scotia for?

I heard the Minister of Finance earlier standing up and saying that it is just like fish – if you bring it to Nova Scotia, it is better to sell it in Nova Scotia than just to have it in Newfoundland and not sell it. My question is: How much are we selling it for? Can anybody in the government opposite tell me how much we are selling the power for? That is the first question, Mr. Chair.

The second question is: How much profit will we make if we sell it to Nova Scotia, if it is 100 per cent profit because the ratepayers are paying for it all? I do not know how they are going to set up the debt if there are any cost overruns for the Maritime Link. How much profit will be from that? That is a legitimate question that someone should ask.

The other question I would ask, Mr. Chair, and I ask anybody opposite, the Minister of Finance or the Minister of Natural Resources. Anybody opposite can answer it. What will the ratepayers, the people of Newfoundland and Labrador, pay per kilowatt? Now, Mr. Chair, that is a legitimate question. If you were going out and purchasing a car, you would say: What are my payments? You would know how much your payments are and you would be able to spread it out. If someone was going to supply you a car, you would know what your payments were.

I have asked on several occasions – I have asked on many occasions – what will the ratepayers be paying? No one can tell me. Mr. Chair, absolutely no one has answered that question here, from anybody on the government side. That is the type of question that is very pertinent to every householder and Newfoundlander in Newfoundland and Labrador. That is the question a lot of seniors, a lot of people on fixed income, and a lot of people on middle income are asking: How much will I be paying?

It is the easiest thing in the world to say: Well, you are going to pay more if we do not do Muskrat Falls. We are going to pay more if you do not do Muskrat Falls, but, Mr. Chair, that does not tell us how much we are going to be

paying. That does not tell us the rate. It is a very legitimate question, and no one can answer it. When you cannot answer the question, my other thing is: Why are you saying we are going to pay more if we do not do Muskrat Falls if you do not want it is going to cost us to do Muskrat Falls per household? It is logical.

If you are out buying two cars, Mr. Chair, you know what one payment is and if it is going to increase. You are saying: Well, if you do not buy that car, if you buy this one here, it is going to be cheaper. Well, how much? We do not know, but we know if you buy that one it is going to be cheaper than if you do not buy that one. It just does not make sense. If you want to talk about the bill itself, I feel these are legitimate questions. These are very legitimate questions, Mr. Chair.

To tie all of this in, the Minister of Finance stood in this House yesterday, I believe it was – who I have a lot of respect for, I have a lot of respect for the Minister of Finance – and said: In 2017, we will have a profit of \$120 million, by 2020 we will have another X amount of profit, by 2025 we are going to have X number of profit, in the millions. He said by the life of the term we are going to end up with billions of dollars.

My question, Mr. Chair, and it is a very legitimate question – if we are going to have \$120 million profit in 2017 when we flick our switch, my question is, what are you going to charge the ratepayers in the Province to get that profit? If the ratepayers are paying this 100 per cent, we have no markets for the other 40 per cent, how much are you going to charge the ratepayers? We already came to the conclusion that the ratepayers are paying it by 100 per cent. Mr. Chair, I think that is a legitimate question. What are the ratepayers going to pay if you are going to have \$120 million?

Anybody here who ran a business, anybody here who operated a business, there is a revenue chart of what funds should be coming in. I ask the Minister of Finance – and I think it is a very legitimate question, Mr. Chair. I ask the Minister of Finance to table the revenue chart that he has, that he is out promoting and saying it is going to be \$120 million profit in 2017.

I think that is a legitimate question, Mr. Chair. If the Minister of Finance could stand up and say by 2017 when we flick the switch we are going to have \$120 million, by 2020 it is going to be up to \$150 million or \$180 million, it is a legitimate question. If you want to have a very informed and a very educated debate, table that flow chart.

I bet you, Mr. Chair, as sure as I am here, we will never see it. Do you know why? There is no such thing as a flow chart that they have. Because if they had a flow chart with the revenues and the expenses and at the end of the day the revenue says: okay, the Province is going to be \$120 million, I say table it. In that flow chart it will say how much you are charging per household here in the Province of Newfoundland and Labrador. It is common sense. It is basic business, Mr. Chair, that if you are going to project a profit, you have to show where the profit is going to be.

Mr. Chair, there is only one way I can conceive that, in 2017 or 2018 whenever the project is complete, the Minister of Finance at the time is going to turn around and say: okay, we need \$120 million, that is what I committed to. Ratepayers of the Province, here is what we are going to have to charge you. It is hard luck, but here is what we are going to have to charge you. That is the only way I can see it.

I hear a lot of members opposite want to talk about an educated and informed debate, and I agree, I agree. I give the Member for Terra Nova a lot of credit tonight for bringing this back and getting it focused. I have to give you credit.

**SOME HON. MEMBERS:** Hear, hear!

**MR. JOYCE:** The last five minutes of your speech set the tone here. I just want to acknowledge that the Member for Terra Nova did that, and congratulations for doing that.

Mr. Chair, I know there are members over there saying do not clap. There are certain people over there telling everybody do not clap, do not say anything when I am up speaking. That is fine. I have no problem with that. I have no problem with that, Mr. Chair.

I just recognize that the Member for Terra Nova, the Member for Mount Pearl North, for recognizing that I recognized the Member for Terra Nova, even though they have been informed not to acknowledge anything. That is fine, Mr. Chair.

I ask the Minister of Finance to table the flow chart. Mr. Chair, if you want an informed debate here, table the flow chart so that we can say here is what each Newfoundlander and Labradorian – and you may get a bit of support for Muskrat Falls, from people who are not supporting it now.

Thank you, Mr. Chair.

**CHAIR:** The hon. the Member for The Straits – White Bay North.

**MR. MITCHELMORE:** Thank you, Mr. Chair, for the opportunity to speak to clause 1 of the bill that we are debating here tonight, the Electrical Power Control Act.

One thing is the Minister of Natural Resources had stated earlier in debate, come back to the hypothetical question of: Do we need the power? That is a very open, blanket question of, do we need the power? Because it is critical, everybody needs power. The question should be: How much power do we need?

When it comes to looking at Muskrat Falls power for the ratepayers, especially those of the Island, as to what we are looking at, it has been proven or it has been said many times by this government that we only need 40 per cent of Muskrat Falls' power. The project is 824 megawatts. That means the Island only needs 325 or 330 megawatts of power. Yet, for 40 per cent of the power we have to pay 100 per cent of the cost of the project.

The assets, when it comes to looking at building all of this transmission, putting in the asset, it is going to be a significant expense. This bill particularly talks about how you need the revenue stream that is based on 40 per cent in a captive marketplace.

Government, when they initially started this Lower Churchill, was looking at developing Gull Island and Muskrat Falls and hitting the export markets. Mr. Chair, somewhere along the way the export markets have soured. They are just not there any more. I do not understand why we are looking at going to Nova Scotia with 20 per cent of the power and 40 per cent now seems to be the option for Labrador mining. Yet the Minister of Natural Resources had said earlier that all of Muskrat Falls could be used and more for the mining companies if they were needed.

I look at this and say: For the ratepayer of the Province, the taxpayer, and the people who pay for electricity bills have to bear the cost. It is an excessive cost to look at nearly an \$8 billion project right now, not counting any of the cost overruns.

There is the option, and I spoke about this earlier, the other alternatives to meet the isolated Island. When government initially put forward this project, they put forward two options. They asked for the least cost between the two to cover 824 megawatts of power. That is an interconnected route or an isolated Island.

After a significant amount of pressure, they have developed a number of reports. The reports look at replacing 824 megawatts of power, the same as what Muskrat Falls would be producing, which is not really fair if you look at the fact that the Island only needs 324 megawatts. Those ratepayers should only have to pay for projects that would cover that cost.

There are alternatives, whether they are in looking to displace Holyrood, looking at cogeneration, and looking at things like wood pellets, to convert that plant. They are doing it in Ontario. A number of their fire-burning thermal generating stations are being converted. That is not something we are looking at, despite putting investments into biomass. We look at what we have done in a waste strategy in this Province when it comes to combustible waste for combustion, shrimp shells, and things like that. There are biomass options that could provide a significant amount of energy and look at stimulating the economy, Mr. Chair.



We have other options that can be significantly cheaper, but government seems to want the ratepayer, the taxpayer, and the people of the Province to pay for a project that is more than the power they need. Instead of looking at options to meet the Island demand, they want to go with this expensive project versus – let's look at Labrador specifically itself and the potential for industrialization and advancing all of these mines. In many cases – and I have listed a number – where they go from twelve, thirty, fifty, even more, they could be 100 years or more extracting ore and various minerals from Labrador. There is a real potential – it has been indicated that power is needed there.

If we break down the cost of developing Muskrat Falls for Labrador versus having to do an interconnected Island route and all the transmission in those costs, it would be significantly lower looking at developing a Muskrat Falls Project for Labrador and going with industry, the players that are there, and seeing what they are willing to put in for the cost and eliminating the interconnected Island route and all of this transmission, eliminating the expenditures of having to expropriate land and to go through all of that process, all those capital expenditures, billions of dollars could be saved.

We could use the equity that we have right now, the cash on hand, to look at developing a Muskrat Falls project specifically for Labrador, specifically for industrial development, at a much lower cost. Putting the dam up in Labrador and transmission would be billions of dollars cheaper than adding an interconnected Island route for 325 megawatts of power, which can last fifty or 100 years and pay significantly in other benefits and other forms and for the electricity.

The route we are doing, we are really just splitting up the pieces of pie by allowing so much to go to the ratepayer, but they have to pay 100 per cent of the cost and then so much to go to Nova Scotia for a cable where we do not know if we are going to be able to sell any of the export market there. If we sign on some of this power, the remaining part for industrial power in Labrador, there still needs to be transmission build. There are so many other costs that are not even considered here, Mr. Chair.

It seems like government really has made a folly in this in really meeting energy needs. It seems, at all costs, they are willing to put the ratepayer, the people of the Province, at the hook to get Stephen Harper's loan guarantee to save \$1 billion, which they can save billions more if they looked at the isolated Island to meet 325 megawatts of power and then looking at a Muskrat Falls Project or maybe even the Gull Island Project, if mining is of that nature and that potential, to look at doing that.

Then, it is not saying that down the road should something change in the energy markets that we cannot look at putting transmission either through Quebec or through Nova Scotia down the road and look at a regional project and a loan guarantee.

This is a time where there is a lot of uncertainty in the markets, a lot of going in and taking on this much debt to do a project where we only need 325 megawatts of power for the people of the Province. This seems absurd to be doing it at this time in this place. Government has continuously changed its plan, its Energy Plan, and where it needs to focus.

This bill is locking us in for fifty years. It is being very restrictive in anything looking at alternative technologies that are in play to really meeting energy needs, whether it is on a small scale or whether it is on a large scale. There are so many other options out there. This, Mr. Chair, is very regressive; it is not progressive at all. I would expect something more from this government. I am certainly not seeing it here.

You would expect bills of expropriation and moving forward in countries that have dictators and dictatorships, but you would not see it in European countries, you would not see things like this happening. I would look at what they are doing in Germany in terms of demand-side management, building smart homes, looking at are offsetting some of their CO<sup>2</sup> emissions by investing in other countries around the world.

There are so many other options when we look at how we can meet it. We have not seen the revenues, how the equity is coming back, the rate of return from the Minister of Finance or the Minister of Natural Resources – they have not tabled that documentation, Mr. Chair.

Engineers love flow charts. I used to work at the Association of Professional Engineers, Geologists and Geophysicists. Speaking to a number of engineers, I am surprised we are not seeing more information on this. You can look at building a project and justify it by any means with the right experts and the right consultants, but is it in the best interests of Newfoundlanders and Labradorians? Right now this Muskrat Falls Project at nearly \$8 billion or more is not in the best interests of Newfoundlanders and Labradorians.

It can be if it is done correctly. It needs a second look to really meet the needs, so I will have a chance to speak again.

**CHAIR:** I recognize the hon. the Leader of the Opposition.

**MR. BALL:** Thank you, Mr. Chair.

I want to speak for a few minutes to Bill 61. I really want to talk a little bit tonight about – the Minister of Intergovernmental Affairs just made some comments around the financing of the Muskrat Falls Project. My mind went back to November 2010 when the term sheet was first announced. We had a major celebration at the time and we talked about, obviously, the development of the Lower Churchill and the Muskrat Falls portion. This was something, as we all know, had been talked about for a number of years.

The minister when he was speaking talked about the so-called robust analysis of the project. Quite frankly, Mr. Chair, whatever analysis you did on this in terms of the financing it really did not matter. People use the words, for instance, no-brainer and that they came back with some sort of report saying that this project in itself was a no-brainer when it came to financing.

When you get that kind of response, you have to look around and say: Why is it a no-brainer? What makes this project so easy to sell to the lending agencies? We understand now, with sanctioning done and with the appropriate legislation we are discussing here today, Bill 61 and, of course, in time Bill 60, that these are the last two pieces of legislation required to take this project and satisfy the loan guarantee so you can go out and actually access funding.

Mr. Chair, we use the words no-brainer. What makes this a no-brainer? It is quite simple. It is one of the things required by the federal government in this particular case and it is clearly outlined in the federal loan guarantee that was signed between the two proponents here, Nalcor and Emera. It is a no-brainer simply because you have a guaranteed revenue stream. That guaranteed revenue stream is from one group of people. It is actually by the people, the ratepayers, right here on the Island portion of Newfoundland and Labrador. This revenue stream is what essentially makes this project a no-brainer by the words that were used by the Minister of Intergovernmental and Aboriginal Affairs.

It is quite simple that if you have the right as a government to control your revenue stream and put in legislation, which this Bill 61 does, what it does is it guarantees through a power purchase agreement that you have no choice. This is exactly what you are going to pay for the power regardless of the cost. Regardless of what other options you have available to you over the next fifty years, this is the rate you are going to pay.

Essentially it is a no-brainer. There was no need for a robust analysis of this project by anybody. They did not need to look at it. All you needed was the ability to be able to say: As a customer, this is what you are going to pay and this is what you are going to pay for fifty years, regardless of the cost, regardless of what options you have, and regardless of what options you will have in the next fifty years. This is what you are going to pay, we are going to guarantee a revenue stream, and we are going to do it simple because the federal loan guarantee between the two proponents suggests this.

So, Mr. Chair, this is essentially, when people refer to Bill 61 and with Nalcor and the subsidiaries of Nalcor – keep in mind that this will be Nalcor, through its subsidiaries that will be put in place as the owners of this project. They will actually have the right to go and charge the ratepayers of this Province the cost recovery, based on the rate of return, without any PUB – the Public Utilities Board, which was, I might add, established in 1949, just after Confederation as a Province.

The analysis here is really insignificant. Once you guarantee the revenue stream, any financing institution out there would look at this deal. Why wouldn't they? If you can say here is your loan and we are going to guarantee a revenue stream for the life of the loan, why wouldn't you?

It is quite simple, because everybody needs electricity. Any resident of the Province needs electricity. If you are going to carry on a business within the Province, you are going to need electricity. Your residential customers, your commercial customers, and your industrial customers, you will need to use electricity. You need this to carry on your household activities or to do business in the Province.

So, if you can set the rate and really not give the customer any choice, you have a monopoly in this particular case for fifty years, well indeed it is a no-brainer. Not simply because the project is any stronger than anything else – that is another way that you can actually review this report. I would argue if the project, in its merit, was as strong as that, well it would stand on its own two feet. Again, that is for another discussion.

Simply to say that this is a no-brainer and that we would have a number of financial institutions out there that are looking at this is not because of the nature of the project, not because it makes it any different, it is about this particular legislation here, Bill 61, that guarantees a revenue stream for the life of this project, through a power purchase agreement that will be put in place by the subsidiaries of Nalcor, the Muskrat Falls Project, and the customer, in this case, Newfoundland Hydro, and then, of course, us as ratepayers within the Province.

So, the strength of the project, the revenue stream of the project, is quite simple, Mr. Chair. It is simply because it is supported by a power purchase agreement, which indeed is supported by a monopoly within the Province. This causes concern.

As a matter of fact, I have been asked over the last few days a number of questions what this all means. There are really two things when you look at what makes a business competitive. If there is no competition within your business, well typically we use regulation. This is what happens; this is the whole idea behind the Public Utilities Board. It is the regulation, lack of competition that kind of keeps the prices in check for the consumers – in this particular case, the ratepayers of our Province.

Here what we have, we have kind of the best of both worlds. We are given the monopoly in the energy world and we remove the regulation in this particular case. Mr. Chair, the no-brainer aspect of this deal in terms of financing is simply because we have a power purchase agreement. We have a monopoly in place by Bill 61. Bill 61 really will not give the customer the choice. The removal of the Public Utilities Board in providing the oversight into the power rates in this particular case is really now removed.

**SOME HON. MEMBERS:** Oh, oh!

**CHAIR (Littlejohn):** Order, please!

**MR. BALL:** The fact that you can go out, you can generate, and you can get a loan based on all of this is not because of the simple robust analysis of the project. It is simply because we have a guaranteed revenue stream that is put in place as a requirement of the federal loan guarantee. This is what makes this particular project easy to finance simply because the monopoly is in place, the guaranteed revenue stream for the life of the debt is supported by the ratepayers of this Province. They really have no say into this, Mr. Chair.

In this particular case, I would argue that when the Minister of Intergovernmental Affairs or even whatever minister gets up and argues the fact that the robust analysis that was done by the federal government is something that supports the project, I would argue that. It is quite simple. If the monopoly was removed, would they still feel the same way? The obvious answer to that question is no, they would not. If the power purchase agreement was removed, would they still feel the same way, Mr. Chair? To me, they would not.

I think the financial institutions that look at a project like the Muskrat Falls development without those two key components in place, those certainties in place that it is often referred to, they would feel different about this. What makes this project strong by the definition of the federal government is the fact that it is supported by a guaranteed

revenue stream which comes from the ratepayers of this Province in a monopoly situation, which is really quite different from what we are historically used to, Mr. Chair.

I see the clock is running down now. I am just about finished my ten minutes for this time, but I am sure I will have lots of opportunity over the next few hours to speak more about this. I will get back to some of this. Indeed, I will finish up by saying this project is supported by a revenue stream in a monopoly situation by a power purchase agreement. This is what makes this project financially viable, Mr. Chair, not the fact of the robust analysis that has been done by the federal government and other financing institutions, but simply because of a monopoly and a power purchase agreement.

Thank you, Mr. Chair.

**CHAIR:** The hon. the Member for St. John's Centre.

**MS ROGERS:** Thank you, Mr. Chair.

I am happy to stand and speak once again to Bill 61, An Act To Amend The Electrical Power Control Act, 1994, The Energy Corporation Act and The Hydro Corporation Act, 2007.

I wanted to respond to a few issues that were raised by the Minister of Natural Resources. Also, I have some questions for the government in terms of how they mandated the work for Nalcor in terms of looking at what would establish the best Energy Plan for the whole Province, Mr. Chair, and not just limiting it to one option.

It is kind of interesting. We are in exciting times. We know we need power. Everybody knows that. That is not debatable. That is not even worth talking about. We all know we need power. How much power do we need, when do we need that power, and what is the best way to generate that power? It is about money, it is about the environment, and it is about our needs. It is a multifaceted question and problem that needs creative solutions. It is an exciting time we are in.

We know we cannot continue with Holyrood as it is. We all know that. There is no dispute there. With the rapid technological development we have in power generation and in conservation, it is a very exciting time. It is an exciting time for Newfoundland and Labrador. We want to be part of that technological revolution. We want to part of state of the art. We want to be part of the best practices, both in conservation practices, the best practices around conservation, and we want to be part of the very latest, best practices and technological revolution in power generation.

Mr. Chair, what is kind of interesting is even some of the mining companies that are setting up in Labrador are also looking at some of the new technological developments in power generation. We know one of the mines has just commissioned a whole study on wind generation for their own purposes, which is perhaps a little more progressive than even we are doing as a Province, which is a little bit unfortunate. One would hope that we as a people of Newfoundland and Labrador, led by this government would be on the cutting edge, because we are at a time where we can make decisions. We were at a time where we could make decisions, where we could make decisions that were creative, that were meaningful.

A question that I have for the government, Mr. Chair, is what exactly was the task given to Mr. Ed Martin and Nalcor? What was their task? Was their task to look at the whole range of options, or, in fact, was their task simply to make Muskrat Falls work? Was that the task that was given? If so, that seems to be the path that was followed, to simply make Muskrat work.

Mr. Chair, I cannot help but want to speak about what is happening worldwide and in best practices in energy generation and in conservation. I had the chance, perhaps about twelve or fourteen hours ago, to speak about the work of Amory Lovins who is a world-renowned expert on energy generation and on conservation. He says we are at the cusp of an energy revolution that has two facets to it. One is about new ways of saving electricity; and two, new ways of making it differently.

That is where I would like to see our Province go, Mr. Chair, to be able to be part of this wave of technological revolution, of creativity, and of innovation. The interesting thing, Mr. Chair, is that this is no longer fringe activity. This is activity where corporations are investing hundreds of billions of dollars. It is not something that is out there on the fringe. Even the corporate world is acknowledging this as the way to go, not the great big dams.

I would like to refer to two pieces of information that came out just today alone, December 19. This is from a *Reuters* news report from December 19, which is today. "Hess picks SNC-Lavalin, Skanska to build Newark, NJ, power plant... Units of oil company Hess Corp and a private equity firm" – so, again, this is private enterprise, they are really careful about where they put their money – "Energy Investors Funds" – this is a private equity firm – "picked construction companies SNC-Lavalin Group Inc of Canada" – who our Province happens to be dancing with, with the Muskrat Falls Project – "and Skanska AB of Sweden to build a power plant in New Jersey."

The facility they are building is called the Newark Energy Center, and it "is a 655-megawatt natural gas-fired combined cycle power plant expected to enter service in 2015." That is going to come on-line in 2015; 655 megawatts of power will be on-line in 2015.

Now, here is the interesting thing, Mr. Chair. This plant is going to be fired by natural gas. This plant will cost, not \$1 billion, not \$2 billion, not even \$3 billion, Mr. Chair. Do you know what this plant is going to cost to produce 655 megawatts of natural gas-fired combined cycle? The leaders here, the people who are doing this are SNC-Lavalin who we are dancing with. Do you know what this is going to cost? Seven hundred and fifty million dollars, not even \$1 billion – not even \$1 billion to produce 655 megawatts of power. That is what SNC-Lavalin is doing with Newark.

What are they doing with us? What are we doing? We are going to be going to \$9 billion, \$10 billion, \$11 billion with cost overruns, and maybe even \$12 billion for 820 megawatts of power – damming a huge, beautiful river. That is what we are doing, Mr. Chair. We do not even know what the rate of electricity is going to be for the ratepayer.

**AN HON. MEMBER:** Shocking.

**MS ROGERS:** It is shocking.

Now, SNC-Lavalin, the company that we are dancing with, do you know what they are saying in this release? It says "...that it would provide the engineering, procurement, startup and commissioning services, while Skanska" – of Sweden – "is responsible for construction and site management. The plant will use General Electric Co's F class gas turbines." That is just one project that is happening. They are going to be able to have that onboard by 2015. Isn't that amazing – the cost, the time frame, and what they are going to be able to do.

There is something else happening that is in Manitoba. This project that is happening in Manitoba – and this was just released in a news release today as well – has something to do with Manitoba Hydro International, another one of our Muskrat Falls dancing partners. We have a dancing partner with SNC-Lavalin and now our other dancing partner with Manitoba Hydro International.

**AN HON. MEMBER:** We will have to do the foxtrot for the Muskrat.

**MS ROGERS:** Who knows, it is a Muskrat mumbo-jumbo – the tango.

A few Manitobans – Mr. Chair, I only have twenty-nine seconds left so I would like to say I am going to save this piece of information. I know that the folks there across the floor are really waiting to hear what this project is about that is with our other dancing partner. Our two dancing partners who we thought were doing very well with us, they have some other gigs on the go. I am going to tell you about them the next time I stand up.

Thank you very much, Mr. Chair.

**CHAIR:** The hon. the Member for Lake Melville.



**SOME HON. MEMBERS:** Hear, hear!

**MR. RUSSELL:** (Inaudible) – oh, good to see the microphone on there. I would just love to get up here, Mr. Chair, if I can and say a few words about some of the positive things in relation to Muskrat Falls that are happening.

We spent a lot of time talking about Bill 60 and Bill 61, and we talked about the land rights, what has to happen with expropriation. We have also talked about what we need in order to get the right financial arrangement in place for the project. That is all well and good and we have heard the back and forth. We have been depressed and then we have been energized and motivated by this side, Mr. Chair.

I would just like to say what is going on in my district about this project, Mr. Chair. We have people who are genuinely excited about what is coming. People understand that we have an opportunity before us now, Mr. Chair, to transform Labrador, to transform our Province, to set our direction for the next 100 years where we are going to go. People are getting an opportunity to come home, Mr. Chair.

I am going to quote my good friend. I will use his nickname; his name is Boog. When Boog asked me about Muskrat Falls, Boog looks at me and he says: Keith, is she going to go? I said: My buddy, I hope so. Boog raises his hands to the sky and Boog said: She got to go – she got to go. I am going to look into the camera and I am going to say to Boog tonight: Hey Boog, she is going to go. We are on the way, absolutely.

**SOME HON. MEMBERS:** Hear, hear!

**MR. RUSSELL:** Let me tell you where Boog was coming from. Boog loves his family. He loves having a life where his extended family is all around him and he loves being out on the land fishing and hunting in Labrador. Boog is going to get a chance to go home, Mr. Chair, and a build a home in Labrador back in Happy Valley-Goose Bay.

He is going to get to raise his kids around their grandparents and all the aunts and uncles. Boog comes from a big family and that family is famous, the famous Chaisson family, not only for things like hunting and fishing but their concrete work – their legendary concrete work. A company that is now going to have ample opportunity to thrive and grow, and have the next generation of Chaissons come up through that company so they can have access to opportunities.

The spinoff, that indirect benefit we were all talking about earlier from Muskrat Falls, this is a direct example of that, Mr. Chair. What you are going to see is all these little bits of piecework that are going to be farmed out to the smaller companies. You are going to see some big work in terms of the engineering efforts. You are going to see carpenters. You are going to see masonry done. You are going to see electricians all get a little piece of the pie, Mr. Chair.

What are they going to do? They are going to up the quality of their own lives. They are going to have higher levels of disposable income to go out there, to have vacations, to engage in recreation with their family, to be able to shop, and avail of the amenities in our communities, which, by the way, are going to grow as well. We are going to have more to offer. We are going to attract more people. It is just going to be one big circle, if you will, that is going to continue to grow.

Once we get to a point where we have that transparent published industrial rate and once we have the correct legislation in order to get this thing moving, we are going to start to see it is going to have that cascade effect I referred to, that exponential growth. You are going to see other companies come in and do the same thing, Mr. Chair. What you are going to see is everybody is going to get a chance.

If you look at the literature that comes out from this government – from this visionary government, Mr. Chair – about where we are headed, it simply says one thing when it comes to employment. Specifically, this is what I like about it when it comes in relation to my constituents and the people in my district. If you want a job, you are going to have one. You are going to be presented with obvious avenues. We are going to rollout the carpet, if you will,

Mr. Chair, about where you can go with your career. You want to go CNA, you want to get into a career where you want to take a course that happens to match up with something that is going on with the projects with industrial development in Labrador, you are going to have that available to you.

If you want to be the scholar, Mr. Chair – and I tell you what, I will bring it right home to you. I think my son is probably going to be a tradesman; he is probably going to be an excellent welder, an electrician, a carpenter, something like that. I think my daughter is going to be a scholar, Mr. Chair, and there is going to be room for everybody, in terms of what is happening in Labrador. Not only do you need these tradespeople, Mr. Chair, but you also need the people who are going to be the pencil pushers, if you will, the people who are going to be running stuff in the office, too. I think I have one of each in my family, and I am very happy about that, Mr. Chair, absolutely.

**SOME HON. MEMBERS:** Hear, hear!

**MR. RUSSELL:** The bottom line here is it is about opportunity. We can sit here and we can listen to people from across the way talk about, oh my God, we are going to have a published, competitive, electrical industrial rate for companies here, and how could this possibly be a good thing. Oh my God, that just blows my mind. How could it not be a good thing in terms of: one, becoming competitive with Quebec; two, actually getting to a place where we are not leaving money on the table and we are further diversifying our revenue streams as a government and as a Province for the people of Newfoundland and Labrador, Mr. Chair? It blows my mind, some of the stuff.

You look at what is happening across the way – and I am not going to get into that because I want to be positive, but I just want to send you a message: You do not have the market cornered on environmental and social conscience here; you just do not have that. They make statements as if to say that our PC government, the Government of Newfoundland and Labrador, does not care about things like environmental sustainability and the people, Mr. Chair, and we certainly do.

I tell you what; I come from an Aboriginal background, Mr. Chair. I come from a close-knit community. That is what we are all about. That is why I am over here. I am happy to be part of this government, Mr. Chair. If you look at things, what is going on right now, we have a huge Aboriginal contingent in the Lake Melville area. Yes, there are always going to be some people who are against the project. There are always going to be some that are adamant that it go ahead.

I tell you what, the one thing that this government does is it lets everybody have ample opportunity to be consulted. We engage the people, we let them know that their opinion matters, we want to hear what they have to say – in a lot of cases, the resources, financial, it may be, Mr. Chair – but we are willing to make ourselves available and take the time to sit down and to hear what everybody has to say.

We had our announcement about sanction of this project, Mr. Chair, and I have to say, when I walked up to my Innu friends who were out here in the lobby of this great Confederation Building, and we had hugs all around, they understood what this means, not only to the Innu people and the Tshash Petapen New Dawn Agreement, but they understand what it means to the Province, Mr. Chair, and they understand what it means in terms of what is going to happen with the partnerships that are going to occur, what is going to happen with the community enhancements that are also going to be another important, indirect benefit in terms of the companies and the government, and the prosperity. I will dear say it, affluence that is going to start to take place in Labrador, Mr. Chair, particularly in my District of Lake Melville.

They understand what this means. Yes, nobody is saying that everything is perfect in Labrador. Yes, we certainly know we do have some issues with housing. The markets are shifting a little bit because there is a boom on the way. Prosperity brings with it issues, Mr. Chair, no doubt about it. We are ready to take that on, we are ready to work with our Aboriginal groups, our housing groups, our municipal groups, our government departments, Mr. Chair, in order to make sure that when this prosperity comes and we start to experience all of the benefits of the project, that we understand that in this prosperity is another opportunity to address some of the social concerns we have.

You talk about women's shelters, you talk about housing initiatives, you talk about Poverty Reduction Strategies, and you talk about recreation in our communities for our youth, Mr. Chair. Whether you are in Aboriginal communities or not, this project is going to be able to influence the outcomes of some of the issues that we have right now. I tell you what; this is what I am looking forward to the most.

Not only will we see people working, we see prosperity and we see people make that shift, that jump in plateaus, Mr. Chair, about where their life is right now and where they could be with gainful employment – not just the smaller jobs either but a true career path, Mr. Chair, where they can see themselves walking up steps and making the jump between successive levels into management.

We are not only talking about the construction of this project, Mr. Chair, we are also talking about obvious avenues of opportunity that occur with many, many, many different companies and many different types of industrial development, whether it be iron ore, whether it be nickel, whether it is still back with the hydroelectric generation. Mr. Chair, there is also something beautiful on the way afterwards; after Muskrat Falls and I hope that is Gull.

I will just use my last few seconds saying this, the people in my district, Mr. Chair, are excited. The people in my district know what is coming. The people in my district, Mr. Chair, are not unlike my buddy Boog who heard about this project and said: Was it going to go Russell, because it got to go.

Thank you, Mr. Chair.

**SOME HON. MEMBERS:** Hear, hear!

**CHAIR:** The hon. the Member for Cartwright – L'Anse au Clair.

**MS JONES:** Thank you, Mr. Chair.

I never heard one thing there that had anything to do with Bill 61, the sanction agreement, the loan guarantee, the bill, or the legislative changes we are dealing with. All I heard was about – who? – Boog, Mr. Chair. The new expert on Muskrat Falls is Boog, I say to the members opposite. That is what I got from that.

The other thing I noticed, Mr. Chair, is the Member for Lake Melville gets to speak under the cloak of darkness after midnight in the House of Assembly. So that was really interesting. Mr. Chair, I want to get back to talking about the bill because there are some important pieces to this that we started to debate before we got sidetracked with the Member for Lake Melville.

Mr. Chair, a number of these particular pieces are going to be essential. My colleague, the Member for Humber Valley, talked about the load forecasting of Nalcor. You have to realize, this entire project is built based upon what their demand forecast is for the next number of years. What they fail to point out is they have not gotten the load forecast predictions right, I do not think, in the last – I have to look at the chart here now. Certainly not in the last twelve years, Mr. Chair, have they been able to forecast the loads in the right way, yet they are claiming they can forecast them appropriately in the years to come.

Mr. Chair, the legislative change we are dealing with tonight is being introduced by the government opposite simply because of the loan guarantee they signed. I do not know how many members in the House even realize that, but it is all about the loan guarantee they signed with the Government of Canada. Under that loan guarantee, in order to get financial close on the Muskrat Falls Project, they need to be able to guarantee to the Government of Canada certain things. One of those things they need to be able to guarantee, Mr. Chair, is that they can recover the money they will spend on the Muskrat Falls Project. Mr. Chair, that is the reason –

**SOME HON. MEMBERS:** Oh, oh!

**CHAIR:** Order, please!

**MS JONES:** All of this is outlined, Mr. Chair, in schedule A of the loan guarantee. The conditions that were there were also outlined in the term sheet that was signed as part of the sanctioning agreement with Emera. All the clauses are there, we will be going through that clause by clause somewhere between now and New Years.

Mr. Chair, in addition to that, those are the reasons why we have Bill 61. One of those reasons, Mr. Chair, is because in the loan guarantee that the government signed, they gave unconditional guarantee that the regulated rates for Newfoundland and Labrador Hydro will allow them to collect sufficient revenue each year to recover the amounts that they would use to purchase and deliver energy from Muskrat Falls.

Mr. Chair, even though the ratepayers in Newfoundland and Labrador will only see 40 per cent of the power from Muskrat Falls because the other 20 per cent will go to Emera in Nova Scotia, and the other 40 per cent will be sold in the spot market to wherever the demand is. We know there are no power purchase agreements on that 40 percent. The other 40 per cent that comes to the Island, that will have to pay for the full 100 per cent of the cost of the project, which as we know it today to be nearly \$9 billion.

Those numbers will change, we know they will change. We will make that prediction today. We only hope they do not change too much, unless they are changing downward as opposed to upward. We would not want to see this project going so far over budget, Mr. Chair, that it would cause the ratepayers in this Province to see their electricity rates skyrocketing so high that on the fixed incomes that many people have to depend upon, they would not be able to pay it.

Mr. Chair, I do not know what Boog thinks of all of that. I do not know if Boog actually read the loan guarantee documents or if he was at the celebration in Goose Bay. Maybe he was in the truck with the Member for Lake Melville trying to get through the picket line. I never thought about that. Maybe he was in the truck with the Member for Lake Melville trying to get through the picket line to get to the big announcement, Mr. Chair, on the loan guarantee. I do not know if they read it or not, because the member did not mention it when he stood up. In that agreement, Mr. Chair, what they are requiring, they are actually requiring that the people in the Province pay for the full cost of the project.

For an example, right now, a part of this project is going to be incurred by Emera. It is called the Maritime Link. That project is estimated today between \$1.3 billion and \$1.5 billion. If Emera decides that they are not going to do this project, for a number of reasons – there is a whole list of them in there, in fact, in the sanctioning agreement that would lead you to believe why Emera may not be able to do this deal. So, Mr. Chair, if for some reason they cannot do it, then the government, through Nalcor, has five years to come up with another option to do that. One of those options is to build it ourselves. That means we incur the extra cost, extra debt, extra overruns, that could be associated with that project as well.

Mr. Chair, if we do not do that, what are our other options to continue to secure the loan guarantee? There are not very many, and that is where we run into some of the problems, Mr. Chair. That is where the real challenge is going to be for us. That is why we have said to the government, the power purchase agreements that you do, any excess revenues that you make – because we know that the minister is already predicting that there will be revenue generation by 2018 on this project that could be up to \$150 million annually, starting in 2018.

That being the case, Mr. Chair, why not fix all the worries that people have out there in their mind today and say that you will use those revenues from the spot market sales, the profits that you are going to generate by 2018, and put it towards the ratepayers of the Province?

Now, Mr. Chair, then we would be looking at a completely different deal than we are looking at today, absolutely. The deal we are looking at today is asking the people of this Province to pay 100 per cent of the cost of the Muskrat Falls Project, which has, by the way, an unlimited, no cap, financing agreement attached to it, under Bill 61.

So, Mr. Chair, they are asking the people of the Province to sign on to that and pay 100 per cent of the cost of the project, while Nalcor and its subsidiaries in 2018 alone will start putting anywhere from \$120 to \$150 million in profits and revenues into their bank account. That is not fair, Mr. Chair. That is why we are here tonight. This is what it all boils down to at the end of the day.

That could be easily fixed by the government opposite standing up and saying that this project will be paid for through 100 per cent of the revenues on 100 per cent of the sales, not 100 per cent paid by 40 per cent of the people.

That is fundamentally wrong. There is no need for Nalcor to be putting the profits from the sale on the spot market into their bank account, while the people in the Province have to dig deeper to take it out of their own bank account to pay the bills.

**CHAIR:** The hon. the Member for St. John's Centre.

**MS ROGERS:** Thank you very much, Mr. Chair.

I am very happy to get up again and to speak to Bill 61, An Act to Amend the Electrical Power Control Act, 1994, the Energy Corporation Act and the Hydro Corporation Act, 2007. Mr. Chair, when I last left off I was speaking about our second dancing partner. The second dancing partner that we have with Muskrat Falls and that would be Manitoba Hydro International.

I told the folks here this evening that I would talk about the new project that they are involved with, but I was not able to get to it because I had run out of time. I imagine people were holding their breaths; they just could not wait to hear about this one. Now everybody can breathe easy and I will tell you a little bit about this one.

This article was just released by the *Winnipeg Free Press*. The title is: Wind energy is cheaper than new hydro dams.

What we are about to embark on, Mr. Chair, is a new hydro dam. Manitoba Hydro International, who is working on this specific project, who is dancing with us in the Muskrat Falls Project, knows that wind energy is cheaper than new hydro dams.

Mr. Chair, I would like to just point out a few items here in this particular article, "Few Manitobans know wind energy is now cheaper than power from big new dams." Mr. Chair, that is what we are about to embark on. We are about to embark on a big new dam. "Hydro is buying power from the St. Leon wind farm for less than seven cents a kilowatt hour, and from St. Joseph at about the same rate."

Manitoba Hydro International, in fact, is buying now power from wind farms at a cheaper rate than from the big new dams. Yet it was Manitoba Hydro International who is encouraging us with our Muskrat Falls dam project.

"Power from Wuskwatim" – which is their new dam that has gone way over budget and has taken way longer to build – "is estimated to cost at least nine cents, and some estimates are higher." They know that the power from their great big new dam, which is way over budget and way over schedule, is much higher than the power they are going to get from their wind farms, all in the same province. Again, this is a big consulting firm that has been working with us on Muskrat Falls.

Again, Mr. Chair, I am going to keep asking this question: Exactly what was the task given to Mr. Ed Martin and Nalcor in terms of looking at the power generation needs for our Province? Was it how can we make Muskrat Falls work, or was it open-ended? Was it really looking at how can we start to really address our current and our future power generating needs for the whole Province of Newfoundland and Labrador and for all of the different aspects, whether it is industrial, commercial or domestic use? What was the task given? I would love to know that. I would love to know what the concrete task was. What were the parameters of that task?

I would like to point out a few more things about this wonderful project and this wonderful article from the *Winnipeg Free Press* that was just published December 19, which is today, Mr. Chair. "Manitoba has one of the best wind resources on the continent," – I bet you that could be said about Newfoundland and Labrador as well – "and there are proposed projects across southern Manitoba for literally thousands of megawatts of new power." That is a lot more than Muskrat Falls – thousands of megawatts – not hundreds, but thousands. "A number have all their environmental impact studies done, and are 'shovel-ready.'"



They are getting ready. Manitoba Hydro International is getting ready for these wind farms. How great is that? This is a new technology. This is bringing us into the modernization of power generation.

Now, this is what I found most interesting in this particular article, this is the crux of it. I think this is the crux of it for us in Newfoundland and Labrador. I think this is very telling. "For many years, however, Hydro fought very strenuously to not have to build or buy wind power." Now, isn't that kind of interesting? It seems to me that might be what is happening here in our Province as well.

However, the provincial government of Manitoba literally had to force Hydro, who is our dancing partner, Manitoba Hydro, our dancing partner with Muskrat Falls. "The provincial government literally had to force Hydro into the wind business." Isn't that interesting?

This dancing partner had so much resistance to wind they actually had to be forced to consider wind power. I cannot help but wonder if that is where we are right now in looking at our energy needs; where we the Province of Newfoundland and Labrador are right now in looking at our energy needs.

It goes on to say, "There are simply no rational reasons available to support this resistance..." I have not heard any rational reasons from across the floor to support the resistance that we seem to be experiencing here in our Province at looking at alternative, modern, progressive, state-of-the-art ways of generating power for this Province. There has not been any rational reason for failing to go in that direction, "...especially in Manitoba's case, because wind energy when not needed can be 'stored'..."

That would bring me to this wonderful research work that has been done by Amory Lovins, who is a consultant in the US, where he is saying there are all kinds of smart grids now. There are new changing ways of storing energy from wind farms so that there is not an interruption, and we have smart grids. Smart grids can predict when there is going to be stoppage, when there is going to be shortage.

I would like to go on a little bit further. This article then goes on to say, instead of building –

**MR. KENT:** (Inaudible).

**MS ROGERS:** Mr. Chair, the hon. Member for Mount Pearl North seems to want to be singing a song. I do not know if he wants an accompaniment, but I thought maybe he might be interested in this groundbreaking research and energy-generating projects that are happening in our very own country. They are happening with the very consulting firms that are working with our Province, Manitoba Hydro International. Imagine that, they are going where we are not going. They are going in the more technological areas than we as a Province are going.

They go on to say this, Mr. Chair, "Instead of building massive new 'bet-the-farm' dams in the north..." – they are going to stop that. They know that is old technology. They know it is too expensive, that it is not environmentally sound. They know there are better ways of handling their generation needs. "Instead of building massive new 'bet-the-farm' dams in the north, why not build more wind generation as we need it in the south?"

This is a plan. This is a real energy plan for the Province of Manitoba, unlike the Energy Plan that we do not have in Newfoundland and Labrador. We have Muskrat Falls. We do not have a comprehensive Energy Plan, which is unfortunate. It is a shame, actually. It is a shame that this government is not taking leadership and leading the Province into this area of fantastic technological revolution and innovation that we can be part of, because we do have the smarts.

The other part about this, the other part about looking at energy generation this way – Mr. Chair, I am not going to be able to finish this, my time is running out. I have more to say about this and I look forward to when I can get up and talk about this again because this is exciting stuff.

Thank you very much, Mr. Chair.

**SOME HON. MEMBERS:** Hear, hear!

**CHAIR (Cross):** The hon. the Member for St. Barbe.

**MR. BENNETT:** Mr. Chair, we hear about all the good news stories for Muskrat Falls, the hope for people who will do really well by Muskrat. There is no doubt about that, some people will do very well by Muskrat Falls. Many people in the Province are doing very well today without Muskrat Falls.

There is no doubt that the Province is doing well, and many people are benefiting. Mr. Chair, for the people who are not doing very well in the Province – and there is a small number of people who are not doing very well. Those who are not doing well are really doing very poorly.

Mr. Chair, I am going to describe an individual in my district, actually who lives in the Town of Trout River. I will not tell you her name, although I am sure she would like me to because she is very political. She is an eighty-seven-year-old lady who has been retired for a very long time. She has been widowed for maybe as many as twenty years. She has two sons who are now seniors living away. They are also in poor health.

Her source of income is Old Age Security and Guaranteed Income Supplement. She has no significant savings. Her sole source of heat is electricity. The sole source of heat in her little home is electricity. She lives alone. She is independent. She follows the news. She follows politics. She might even be up watching us tonight. She attends socials like many elderly people. She is in good health and fit. She goes to church and card games. She is a real delight to be around. Dwight knows her well.

**MR. BALL:** I do.

**MR. BENNETT:** She was Dwight's constituent. The types of questions she will ask you, she flies the red colours and always has. She will ask you questions like: Who is that Tory who ran against Squires? Good grief, how long ago was that? So that is awhile ago.

Every fall she gets out the sheets of plastic and she divides off the rooms in her house like people used to do in years gone by because it costs a lot of money to heat your home. It costs a lot of money for her to heat her home and she is on a very limited income. She divides off the rooms in her home so she can afford to heat the rest, continue to buy groceries, and look after herself. This leaves her with a bedroom, a bathroom, and a kitchen.

She is quite content doing that. She does not mind at all. She would like to have the living room because it is a nice living room. If you go there, the living room door is there and plastic is all taped up over it. You do not go in there. There is a spare bedroom. If you do not have a place to stay she would probably invite you stay and turn up the heat and use the spare bedroom. She does not use that one. Spring comes and she can afford her light bill again. For that light bill she can take the plastic off the doorways and she has her home back.

With Muskrat Falls rates, she might not be able to live in her home any more. Her electricity bills may be high enough with the jump that we are going to experience in the first five or six years – if she lives that long. At eighty-seven years of age, I suppose at some point they say you do not buy green bananas any more. You just go with the ones that are already ripe. She is in pretty good health and there is no reason to assume she would not live for quite another period of time.

There is no seniors' housing in Trout River. I think the Chair probably knows Trout River very well, knows the town and probably knows the lady. She is about this tall. She would make the member from down on the South Coast look like a giant – a nice lady.

There is no seniors' housing in Trout River that means she will have to move. If she cannot afford to live in her home any more because of the electricity prices, she may move to Deer Lake or may move to Corner Brook. This is really unnecessary, if she is literally frozen out because of electricity prices. What this also does is it places an additional burden on affordable housing that other people might well have needed if she did not need to go there because of the cost of living.

Now, Mr. Chair, I believe that a reasoned humane approach if we are to proceed with Muskrat Falls – and there is little doubt at the end of the day that the government will do Muskrat Falls. Then a reasoned approach, in my view, would be to provide some sort of a subsidy to lower income people, whether they be the elderly or just people who are struggling. Prosperity always leaves some people behind.

Some people have difficulty to compete in the workforce for a whole variety of reasons, but if there were some sort of a subsidy provided that would protect them from sky-high electricity rates, maybe even over the first fifteen or twenty years of Muskrat Falls until inflation catches up with what will be the price, then this would seem to be a reasonable approach for the government to consider through Nalcor and say: We need to protect the people who are not doing very well in our Province from the high cost of electricity.

Mr. Chair, not everybody is doing really well with Muskrat Falls, and this is one individual who is not doing well. Although we have had lots of talk about great times and highest median incomes we have had, right now we rate up there with other provinces like Alberta and so on, but if you are not one of the people who is doing well, than you are doing very poorly. If prosperity has passed you by with the rounds of prosperity we have experienced through the oil revenue, then clearly Muskrat Falls would make it much more difficult for you. This should be a consideration for this government to consider.

We are looking at giving Nalcor the right to be the exclusive supplier and marketer. Nalcor is going to be energy Newfoundland and Labrador, first, last and only. The reason for doing that is to be able to generate enough revenue so the creditors of Nalcor are satisfied that Nalcor can generate enough revenue through the electric bills, even from people like this, so the interest rates can be paid, the loan can be paid off, and the plan is a success.

The plan may well be a success generally and it may well be a success for most people, but for individuals who are pretty much living on the edge and people who are disadvantaged – and not only elderly people. We have people who are disabled. Some are living alone. Some are living with elderly parents. We have some people who are just not competitive in the workforce. For reasons that are beyond their control, they are not able to take advantage of the newfound prosperity we have received.

It seems to me that nothing in this bill pays any attention to the people who are being left behind and who are disadvantaged. I think it is a serious shortcoming in the bill. It really should be considered.

I know this would lessen the revenue and would make the overall package less competitive financially. However, the people on the other end of the spectrum who can well afford to pay the higher rates we will face probably would not object to paying just a little bit more to subsidize a very small segment of our population, which might only be 2 per cent, 3 per cent, or 5 per cent of the people we see around us who can barely afford electricity rates now. Clearly, they will not be able to afford electricity rates after Muskrat Falls becomes fait accompli.

Mr. Chair, I have no more comments on that particular point right now.

Thank you very much.

**CHAIR:** The Chair recognizes the hon. the Member for The Straits – White Bay North.

**MR. MITCHELMORE:** Thank you, Mr. Chair, for the opportunity to speak once again to the bill, An Act To Amend The Electrical Power Control Act, 1994, The Energy Corporation Act and The Hydro Corporation Act, 2007, clause 1 in respect to the Muskrat Falls Project.

As I talked about in my last discussion, it was around the need for power; what has been proven for the Island option and what we actually need as 324 megawatts.

My colleague previously for St. John's Centre had talked about how there are other options, especially recently, that are more cost efficient, where Hess Energy is looking at SNC-Lavalin and Skanska to build a power plant for \$750 million, 655 megawatts. A significant amount of energy more than what the Muskrat Falls Project in

Newfoundland and Labrador is going to cost. She also had talked a lot about the wind potential in Manitoba that Manitoba Hydro had to be basically forced into looking at as an alternative that is cheaper and very viable.

I want to go back and look at what started this whole matter of Muskrat Falls. Originally, we saw this government come out with what it called in 2007 its Energy Plan. For a visionary document less than five years after the release, a lot has really changed in the marketplace overall. We are seeing news releases come every day about how different provinces, different jurisdictions are meeting power demand and power supply.

In the Energy Plan that was produced in 2007, it was based on the Lower Churchill, which includes Gull Island and Muskrat Falls. It was over 3,000 megawatts of power. That was pegged at the time to be about \$6 billion to \$8 billion to do the entire project, 3,000 megawatts of power. Ten times what the need is for the Island. Now we are seeing the smaller project of Muskrat Falls, 824 megawatts being pegged at the same price as what both projects were. You can see where cost overruns can come into play and how expensive when you look at planning these projects.

Mr. Chair, the original document talked about how the cornerstone of getting into the marketplace for electricity is the Atlantic Provinces, the Eastern Seaboard of the US. It says in the intro of the Energy Plan, "In a time when energy supply and demand are key international issues, we have taken an approach that will harness our resources in a responsible manner, while positioning our province as a key energy player – particularly in the North American market."

We are seeing that a lot has changed with shale oil, the gas revolution in the United States, what they are doing when it comes to looking at meeting their own energy needs and maybe becoming an exporter of oil in the very near future. We see this as being part of the Energy Plan. There were so many other things talked about in an Energy Plan, yet there were no clear timelines or how we were going to get there, or look at other options.

My colleague from St. John's Centre had talked about wind and how new technologies are allowing windmills to become of better scale to get more energy from them. The Canadian Wind Energy Atlas indicates how much wind resources we have.

**SOME HON. MEMBERS:** Oh, oh!

**CHAIR:** Order, please!

**MR. MITCHELMORE:** We have some of the best wind resources in North America, yet less than 3 per cent of our energy in the Province right now is derived from wind power. The plan I talked about, how we were going to focus on, even get into fabricating and created jobs for producing parts for windmills and looking at the scale. That has all since been basically abandoned because all the focus, and all the cost, and all the taxpayers' money to get 324 megawatts of power for the Island, needs to be paid for at their expense for Muskrat Falls. This is a highly expensive project, and there are other alternatives to meet the Island demand.

If you look at what I have talked about for pellets, pellet heating is taking off. It has taken off in Europe where people, at a residential level, buy their bag of pellets and heat their home. There is so much potential on a commercial scale to develop this. I gave an example in BC where stadiums and recreation centres are doing this to bring down costs. How we could be lowering the cost of hospital heating, of this government building – the Confederation Building here – how we could be looking at all publicly administered buildings and heating them by pellets. So that brings down our overall cost, and that money then can be put into social programming, how it can be used to help reduce cost of health care and other expenditures.

There is a significant conference taking place in Quebec on wood pellet heating in February and March, and it is sold out. It is to talk about all the potentials and the players as to where we are going. Just in October, at the end of October 31, Pinnacle Renewable Energy Group is pouring the first concrete for storage silos that marks the construction of a pellet export terminal in Prince Rupert.

They are investing \$42 million in a pellet operation that is going to be able to create a significant amount, 1,000 tons of pellets per hours – 1,000 tons per hour; that is a significant amount of energy that can be produced. That is 24,000 tons per day, and they have the storage capabilities. With that much energy going into the marketplace, what you could use to displace Holyrood, you would not need to invest in Muskrat Falls at this point for the Island need. You could meet it just with biomass, and you could save a significant amount of money.

If you wanted to look at Muskrat Falls power, I suggest that you go the route of looking at it as an isolated Labrador option for that power if the mining demands are so high. Use money that is on hand to develop the project on a joint venture basis with the mining companies over a fifty-year to 100-year basis, depending on the scale of their exploration.

With the transmission that would need to run to the mines, the cost would be lower. It would save taxpayers billions of dollars that we would not require at that point, doing it in phases, Stephen Harper's loan guarantee, and give up other concessions across for Newfoundland and Labrador to do this project. It really is at an expense to the taxpayer. Stephen Harper's loan guarantee is not going to save the taxpayers \$1 billion. It is going to end up costing us more than that by doing all of the transmission that would have to be on the Island when we can meet our energy needs in other forms for the Isolated Island option, I say.

There are so many other options when we look at it beyond wind and when we look at where we can go with gas cogeneration. I believe the Member for St. John's East had talked about that earlier. When we talk about where we can go with peat farming, when we talk about tidal energy, when we talk about small-scale wind, solar power, when we talk about micro hydro, there are so many ways to meet our energy needs.

If we put all of our eggs in the Muskrat Falls basket and depend on Stephen Harper's loan guarantee, then we are really putting us at a greater risk of putting so much taxpayer money that would be spent in the economy overall, local economy and in many parts rural communities, that are no longer able to be spent because they need to go in energy bills. If you have to spend money in energy bills, you cannot spend it at the grocery store and you cannot spend it to help create jobs in communities.

This is going to be a regressive piece of legislation that is going to end up putting electricity rates up. It is going to take money out of people's pockets. This is not a good piece of legislation, what we see as taking advantage of the people of Newfoundland and Labrador and forcing them to buy power from Newfoundland and Labrador Hydro at a higher rate. Government is bent on moving forward on a project that is 824 megawatts of power when they only need 324 megawatts to meet Island needs.

They do not have any long-term contracts. There is no export market. There are no long-term power purchase agreements there to ease the burden to the taxpayer. I say to members who represent rural districts in the Province: This is certainly going to cost their constituents, every one of them, money out of the pocket as well as people on the Avalon and the urban centres.

I will take my seat right now, but I have a lot more to say on this issue.

Thank you, Mr. Chair.

**SOME HON. MEMBERS:** Hear, hear!

**CHAIR:** The Chair recognizes the Member for Burgeo – La Poile.

**SOME HON. MEMBERS:** Hear, hear!

**MR. A. PARSONS:** Thank you, Mr. Chair.

I have to say that the Member for The Straits – White Bay North has certainly made it hard; that is a tough act to follow there. He has everybody revved up, but I am going to lull you right back into sleep here now shortly.

**MR. KENT:** (Inaudible).



**MR. A. PARSONS:** I say to the Member for Mount Pearl North: I could talk about windmills because one of the things that I have been blessed to have in my district, particularly in the community of Ramea, is a Nalcor projects where they do have the wind towers. It is something that in my many trips to Ramea, both before the election of October 2012 when I was running then after that just getting a chance to see what is there, it is absolutely amazing when you see it close up, just to see the size of it.

I think regardless of how you feel about this project and this particular piece of legislation, nobody can doubt that these are good projects and hopefully they work. They are going to be necessary down the road, and I think they are part of the Energy Plan as well.

When you are in the community of Ramea there is a place to say there, where most people who come in stay, called The Four Winds; it is a beautiful bed and breakfast. The people working for Nalcor would be coming across, the people working on the project stayed there as well, so when I stayed there I had an opportunity to talk them and talk about the science of the project and how it works. The big issue is not the transformation from the wind power into the hydrogen, but it is the storage capacity, how do we store that much energy. Again, it is a good project. I believe there might also be some private capacity there as well and, obviously, wind power is something that is going to work.

I know there has been significant debate over: Is there enough wind power to replace Muskrat Falls? What I say, Mr. Chair, is that at this point the government has sanctioned Muskrat Falls, this is going ahead no matter what you think of it, but what we can do is talk about the enabling legislation that government has introduced and that is necessary in order to make this project work.

Both of them are pieces of legislation – one of them, the expropriation, has been a little more up my alley because it talks about a lot of the standard legal aspects that I am used to discussing. Just the significant number of pieces of legislation that we see brought up in that, again which is something that I am used to, but I look at the legislative changes to enable Muskrat Falls Project financing.

We talk about what is in the legislation versus what is in the briefing. The first section in the briefing says why amend. So why are we amending? This is an amendment to previously existing legislation, I believe, and it says the amendments also provide protection to the ratepayer. I do not generally agree with that assertion because they do not provide protection to the ratepayer. They provide protection to Nalcor to ensure the revenue stream necessary to pay this project off. That is why we are putting this in place.

One of the things that it does is take the PUB out of the process, because the PUB could possibly put a halt to that. The PUB does not necessarily have to agree with an application to raise electricity prices. What happens here is we need to solidify that revenue stream and we cannot stop that, because if that happens then there may possibly be a default on the loan. If we have a default, then what happens is that the assets can –

**AN HON. MEMBER:** The ratepayer pays more.

**MR. A. PARSONS:** The ratepayer pays more but what happens, more importantly, is the assets will be transferred to the federal government and the federal government takes over the program. That is a significant concern here.

We all know the legislation must be in place before Nalcor can advance the lending process in early 2013. That is why we are here at 1:37 a.m. on – I do not know if this is Tuesday or Wednesday. I think legislatively it is Tuesday, but I think in human years it might be Thursday now.

Mr. Chair, we are talking about clause 1. Clause 1 gives us a significant amount of latitude to have a general debate over the entire piece of legislation. What I did earlier was I talked about the Muskrat Falls Project and talked about the fact that it is a very large definition; it is two-and-a-half pages long. It contains a lot more than just that dam up in Labrador.

We talked about all the other aspects, including parts that are in my district in Cape Ray, and the Maritime Link going from Cape Ray over to Nova Scotia and then connecting into those North American markets that we have

heard talked about. I do not know if any power will ever go there because I have not seen any purchase agreements yet. We all know about the cheap availability of other forms of electricity available to the New England States.

One of the things – and I am just going to touch on this right now, Mr. Chair, but I will come back to it – that is in the legislation is section 14.1, which is the exclusive right. This is a section where there is particular concern going around, not just in this House of Assembly but out in the general public. Exclusive right is just another term for monopoly.

What we have here is a government instated monopoly on power for the next fifty years in this Province. That presents a concern because whenever you have a monopoly, a monopoly does not always spell good things for the people who fall under that monopoly. In this case, the people who fall under that monopoly are the citizens of Newfoundland and Labrador, the taxpayers of Newfoundland and Labrador.

We have always had a monopoly in this Province. That has been there. The trade off to get in that monopoly was there had to be an independent appointed regulator who would ensure the provider had to provide the cheapest possible rates so that we had a reliable service and we were not being gouged or overcharged for the electricity.

What happens in this case is that there are two aspects. There is the monopoly that is being put in place and enforced for the next number of years. There are a lot of things here that – we cannot develop other sources. The second part is that the Public Utilities Board is removed from the equation, and that has a significant concern for people.

Now, what we do is we have Cabinet there. It says that – I have some notes here and I will find them. I am sure I am going to have plenty of opportunity at many other occasions to discuss some of the concerns. Actually, I have a big, wide chart here. There are a lot of notes here.

Sometimes by being here in a filibuster, what you do is you get yourself enough time to have people go through the legislation. We hammer through it. What that allows us to do is compare the clauses in the new bill and then the clauses in the original bill. What you can do is compare them and say: What did it say and what is it saying now? That is one of the things that have been very interesting here. It looks good because it is on large paper, but unfortunately the print is still small. So, it is difficult to read.

What I am going to do is I am going to refer to this chart as we continue on through the morning and into the coming days as we talk about the clauses. I look at the Electrical Power Control Act and the Churchill Falls (Labrador) Corporation Limited (Lease) Act. I have another chart here somewhere. I have charts coming out everywhere, similar to those government reports that were getting tossed around on the Table. I think the Minister of Natural Resources said he could barely lift them all now, there were so many reports that government put out.

What we are doing is we are producing charts here now and there are soon going to be so many charts that I am going to have to get a wheelbarrow to carry them out here into the House, Mr. Chair. We are happy to share these, though. This is not just for everybody. We are not going to hold off on these. There is no ATIPP request necessary, no redactions in here. These are things that can be shared with absolutely everybody. We are free to pass this out. What we are doing is we are comparing the original bill and we are comparing the new bill, and we talk about clause 1.

I see my time is running out. I know that I have the full attention of the House here. I cannot wait as I continue into Tuesday again. It is like the movie *Groundhog Day* here. Every day we wake up and it is still Tuesday and we are still talking about Muskrat Falls. I say I have nothing better to do than sit here and make sure that the people know what is going to happen to it.

Thank you, Mr. Chair. I am going to take my seat.

**CHAIR (Pollard):** The Chair recognizes the hon. the Member for The Straits – White Bay North.

**MR. MITCHELMORE:** Thank you, Mr. Chair, for the opportunity once again to speak to the bill, An Act To Amend The Electrical Power Control Act, 1994, The Energy Corporation Act And The Hydro Corporation Act, 2007.

I was talking about energy diversification and looking at the Muskrat Falls Project as it seeks financing and costs. When we explored alternatives and what government did in its reports, we have to look at all of the alternatives, all of the options and not look at it in just a small scale of our own Province and look at things in a vacuum. It is very important to see what is happening throughout the rest of Canada, for example, when it comes to looking at things such as small-scale wind and large-scale wind.

Recent growth in Canada owes its provincial and federal policy measures to encourage wind development. It says, "It is crucial that the government creates a level playing field for wind energy so that it can compete with conventional energy." We have to create that level playing field, Mr. Chair. I do not think this government is giving it due consideration when we look at what is happening in other provinces and where we are, even some of the partners that were going in to deal with this Muskrat Falls Project.

We go to Nova Scotia and we look at their energy reliance. In Nova Scotia, only 12 per cent of their electricity comes from its renewable sources, so things like hydro power or other renewable forms, wind primarily. If we look at where Nova Scotia is today, their current capacity when it comes to wind, they have 321.7 megawatts of wind. They do not have the same amount of hydro power as we have on the Island when it comes to the adept resources in Bay d'Espoir, Granite Canal, looking at what Deer Lake and the Kruger plant has, and when it comes to all of these things. We have to really look at that and say: Well, how come Nova Scotia can have 321 megawatts of wind and we can only have 54 megawatts of wind in Newfoundland and Labrador?

We look at what other provinces are doing, Mr. Chair. Alberta has a current capacity of over 1,100 megawatts of wind. The oil-rich Alberta is focusing on diversifying its economy in wind and doing it on a large scale. By 2015, Mr. Chair, they are going to have over 7,000 megawatts of wind. That is leaps and bounds more than the 824 megawatts Newfoundland is going to do to spend billions of dollars of the consumers' money, the people who pay electricity bills in this Province.

They cannot tell you how much, Mr. Chair. This government really cannot tell you how much you, I, or anyone who pays electricity bills are actually going to be pay for their rate because it depends on the cost of the project. If the cost overruns are going to be higher, it is going to be quite expensive.

The Minister of Finance has said the cost to get electricity to Soldiers Pond from Muskrat Falls power is going to be twenty cents-plus a kilowatt hour. That is significant, Mr. Chair – quite significant – compared to what people are paying now. Look at the cost of what you are paying now and what it is going to be to get to Soldiers Pond. That is quite expensive. A blended rate can bring it down to fifteen cents, but it is still too high.

I will tell you why it is too high, Mr. Chair. Quebec right now has 1,247.4 megawatts of wind power. They have that much wind power right now, a lot of it in the Gaspé area. Newfoundland and Labrador has some of the best, untapped wind resources in the country. Quebec is looking at between now and 2015 they are going to add another 2,000 megawatts of wind to their power. Two thousand megawatts is the same as Gull Island, which we are not doing because we cannot afford to do it obviously. We do not have access to markets to sell that power at a rate that is competitive.

Our rates for Muskrat Falls are not competitive – they are not competitive – and we are forcing the people in Newfoundland and Labrador to pay higher-than-needed power bills to pay for this project to get 325 megawatts of power. It is absurd, Mr. Chair – this is absurd. I am going to back this up.

**SOME HON. MEMBERS:** Oh, oh!

**CHAIR:** Order, please!

**MR. MITCHELMORE:** Thank you, Mr. Chair, for the protection there and restoring order in the House.

Quebec is looking at between 2011 and 2015, like I said, adding more power, the equivalent basically of what Gull Island would be – that we are not doing because we either cannot afford to do it, it is not feasible, or we do not have the market.

Do you know what the cost of that energy is going to be? The cost of that energy, that 2,000 megawatts of energy, of wind power that Quebec is going to do, is going to be 10.5 cents a kilowatt hour – 10.5 cents. That is half of what it is going to be to get our own Muskrat Falls power to Soldier's Pond. We are incurring all this capital expenditure that we do not need to meet our power demands for the Island portion of the Province. There are other alternatives. This rate that Quebec is looking at for the wind power is highly competitive. Our rates are not highly competitive, Mr. Chair. They are not.

If we took this project to the private marketplace and took it to any boardroom table, it would be laughed at, it would be dismissed, it would be ridiculed – as it should be by the politicians in this House of Assembly, the legislators. If we are doing due diligence and any of us are listening to the constituents for looking at the overall cost of this project and what it is going to mean to pay for 824 megawatts of power, this is going to be one of the most expensive projects that we are doing, the timing is not right, it has been looked at for forty years, and it can be looked at again. Right now energy markets have changed, you are looking at where we are going, where other provinces are going, for wind.

To make the statement that we cannot add more wind – because the government has no intention of adding more wind. Right now, we have a current capacity of 54.7 megawatts. Where are we going to be in 2015? We will be at 54.7 megawatts. Do you know why? It is because Nalcor has to give approval for this.

I have had my constituents in the Town of St. Anthony, the Town of Englee, looking at and wanting to do wind, to do wind power and take advantage of the resources that are there on the Great Northern Peninsula. The answer is just blowing in the wind, basically, Mr. Chair. We could do small-scale, five, ten megawatts –

**SOME HON. MEMBERS:** Oh, oh!

**CHAIR:** Order, please!

**MR. MITCHELMORE:** – and do you know what was said? The Minister of Finance and Nalcor –

**SOME HON. MEMBERS:** Oh, oh!

**CHAIR:** Order, please!

**MR. MITCHELMORE:** I would ask if the Member for St. John's North wants to sing *Blowing in the Wind* and continue to disrupt the House –

**AN HON. MEMBER:** Mount Pearl North.

**MR. MITCHELMORE:** Mount Pearl North, sorry – so that I cannot continue my debate and make relevant points, I ask him to –

**CHAIR:** Thank you.

I recognize the Member for The Straits – White Bay North.

**MR. MITCHELMORE:** Thank you, Mr. Chair.

We are looking at where we are and where the potential is for power, but Nalcor said no. At the time when they wanted to put forward a proposal for small-scale wind of five, ten megawatts of power, which can displace a significant amount of homes and take them off the grid, or allow municipalities to have more energy self-sufficiency, do you know what Newfoundland and Labrador Hydro at the time said? They said: Oh, we cannot add

more wind because we have excess power. It would just mean spilling excess power over the dam, so we are not going to add more capacity.

We could not do wind then, but now we are adding Muskrat Falls. We do not even have anywhere to sell this power to, when every other province across Canada is investing significantly in wind: British Columbia, Manitoba. We look at Ontario where it is looking at doubling its megawatts of wind from 2,000 to 4,500 by 2015. They are looking at doing a variety of things.

In Newfoundland and Labrador no, we need to live in a vacuum, Mr. Chair. We can only do one thing and be locked in to this agreement of hydro projects. Hydro projects can pay off and they pay off over the long term. We are not looking at the short-term and medium-term solutions of finding good energy efficiency, meeting alternative means. For 325 megawatts of power, Mr. Chair, to charge the ratepayers \$7 billion, this is a bit ridiculous. It is a bit absurd.

I will take my seat right now and I will allow another member to make some comments. I have much more to say on this. I really think we need to look at, truly, where the Energy Plan is, where we need to go. The answer is not just Muskrat Falls, based on the proposal that is put forward.

**SOME HON. MEMBERS:** Oh, oh!

**CHAIR:** Order, please!

**MR. MITCHELMORE:** Like I said, for many parts of the Province the answer is just blowing in the wind, Mr. Chair. I will take my seat.

**CHAIR:** Order, please!

The Chair recognizes the Leader of the Official Opposition.

**MR. BALL:** Thank you, Mr. Chair.

About an hour or so ago, I spoke about the financing contract and about how this particular project being an easy project to finance simply based on a power purchase agreement. When we have looked back over the last two years and the number of reports that have been done about the Muskrat Falls Project, one of the very basic questions that have always been asked – and this, of course, is about demand.

Mr. Chair, we have been always saying quite quickly: Is there a demand? If there is, how do you satisfy that demand? The demand that I am talking about here tonight would be the extra demand that we need for power, not the replacement of Holyrood for this particular argument, but indeed what is it that we need on the Island for the energy capacity for the Island, and how do we plan to fulfill that demand? So really, the argument has been put forth by government that the Muskrat Falls Project, in this particular case, is the way to go. That is the solution for the demand.

When you look at it, Nalcor in this particular case have hired experts, so-called experts – one, of course, being Manitoba Hydro – to come in and look at the demand we would see as we would do our forecasting over the next fifty years. The argument has always been, for the last number of years, yes, there will be demand and the best way to satisfy that demand would be, in this particular case, the lowest-cost option of the two options, the Isolated Island Option and the interconnected option. That would be Muskrat Falls.

One of the things when you look at it, you have to look back at where we were in our history. How did we get to where we are today? One of the exhibits at the Public Utilities Board back in February and March, was an exhibit that I always find very interesting, it is exhibit 103. This is indeed a public document, but it has not had a whole lot of discussion. I have mentioned and referred to it a number of times now in the House.

If you look at exhibit 103, what it does is – as we have known for a number of years. Forecasting demand on electricity is nothing new in the Province. This is something we have been doing for many, many years. In actual



fact, I went back as far as the 1970s to see how many times we have been correct in our forecast as we looked into the future. Quite frankly, we have not done a real good job.

I know we have previous educators sitting opposite, now government members, if you had to correct a test and given the degree of variability and probability, well I can tell you right now that the results would not be great. This goes back for many, many years.

As a matter of fact, this is a Nalcor document. It is exhibit 103 that was put to the Public Utilities Board back in February and March. It goes right back to 2001. So, you ask yourself: In 2001, what did they forecast for 2010? The numbers are small, so I have to put on my glasses.

In 2001, they forecasted for 2010 to be 1,741 megawatts of power. In 2001, they did a twenty-year forecast. In 2010, they said 1,741 megawatts of power. Well, when you look at what we actually used in 2010, it was 1,478 megawatts of power. So we missed the forecast in the ten years.

If you look at 2002, we used 1,602 megawatts and we were estimated to use 1,592. So, that is not so bad. The point I am trying to make here is when you look at the ten-year forecasting we consistently miss that. When you look at the eleven years, we have missed it ten times out of the eleven. We actually over forecasted ten times out of eleven.

I think we need to be accurate and we need to make sure we get the correct information out there. The forecast in 2011 was 1,756 and we actually used 1,778. That was the one year of the eleven years that we underestimated where we would be on our forecast. It is on that premise I believe that we have now taken that number and we have extrapolated it to be fifty years down the road. When you look back at our thirty-year history and say: How accurate have we been on our forecast? We learn a lot from our history. When we look at the actual numbers, we have not really done a great job in the forecasting.

I raise this simply because it is extremely important. One of the basic premises on this whole argument about Muskrat Falls, the development and the associated risk that goes with this, is: Do we believe there will be a demand and how will we satisfy the demand? We also know, as a Province – the residents of our Province have been very creative.

There has been a move to electricity, there is no question. I think we are in the 85 per cent or 86 per cent range of new housing starts will use electric heat. In particular, what we are using is the old traditional-type baseboard heaters. We also know, if you look at the newer models, they are becoming very energy efficient.

Mr. Chair, an hour ago I spoke about the financing. The power purchase agreement in this particular case is what supports this particular project, simply because 100 per cent of the cost is borne by the ratepayer. For this argument and for these ten minutes what I will talk about is the demand and how accurate we have been over the last ten years in forecasting the demand that we use in our Province. I will say based on the numbers – this is not about how we fulfill the capacity, by that I mean the Holyrood Generating Station. What I am talking about is the forecasting.

Nalcor has been very open, as have government by saying we need the power. MHI came in and looked at this. When you look at the ten-year history on demand, the numbers tell us a different story. Looking back, as I said only once in the last eleven years have we underestimated our forecast. Every other year, even though many of those years have been very small, we have underestimated to some degree. As I said, in 2010 it was a forecast of 1,741 and we used 1,478 megawatts of power. Of course, this is all largely due to the fact that we have seen paper mill shutdowns and this affected the industrial users in the Province.

Mr. Chair, simply to say, and quickly to say, yes, looking forward for the next fifty years we will need this, that there will be an increase in the demand. Based on the history, I think we need to take a closer look at the things we can do over the fifty years to mitigate some of the extra demand that we are talking about, and there are a number of options, Mr. Chair.

As I said, this was in exhibit 103. It is there for public viewing. I would encourage all members to take a look at this because this is one of the premises and one of the very foundations of the argument that we have been making

to support the Muskrat Falls Project development, and that is the overall demand in the Province. I am not talking about, as I said earlier, just the capacity to replace Holyrood. That is a different problem, but to speak primarily about the demand and what we will need as we look well into the future, fifty years, I say, Mr. Chair.

Looking back over the last ten or eleven years, you will see that our forecasting really tells somewhat of a different story. I am not here to say that I do not personally believe we will see demand increases in the future. I believe we will, but when you look at what the numbers tell us – and this is in exhibit 103. This was an exhibit that Nalcor presented to the Public Utilities Board, at the hearings there. There were a lot of questions about the demand and the forecasting methodology that was used.

The numbers tell the story. As I said, in ten of the last eleven years we have overestimated the amount of power that we would use. Even though in some years, I will say, they were marginally low, but to simply say we are going to see a huge increase in demand over the years and we cannot put mitigating factors in place or other ways to satisfy that demand by just building this multi-billion dollar project, well, Mr. Chair, I do have some concerns about that.

There are certainly far-reaching financial concerns for me as a resident in the Province right now, in how we deal with this increase in demand based on the forecasting numbers that we have seen over the last ten and eleven years. It may not be as simple as the argument that the government members make from time to time.

Mr. Chair, my time is up, and I thank you for this opportunity.

**CHAIR:** The Chair recognizes the Member for St. John's Centre.

**MS ROGERS:** Thank you very much, Mr. Chair.

I am very happy to speak once again. I am speaking to Bill 61, An Act to Amend the Electrical Power Control Act, 1994, the Energy Corporation Act and the Hydro Corporation Act, 2007. I would like to pick up where I left off in the last time I spoke. I was basically talking a little bit about what is happening with our dancing partners. I am going to recapitulate a little bit. I am going to sum up a little bit of what I did speak about the previous two times I spoke, just to give a context of where I am going now, Mr. Chair.

I have two specific press releases that came out today. One is from *Reuters* and it is about a new energy generation project in Newark, New Jersey. The company that is advising and working with Newark, New Jersey on this energy generation plant is, in fact, SNC-Lavalin Canada. They are partners with us. They are dancing with us in the Muskrat Falls Project.

What they are doing, just to capture what I said the last time I spoke, they are with Hess Corporation and a private equity firm called Energy Investors Funds. They are building a facility called the Newark Energy Center. It is going to generate 655 megawatts of natural gas-fired combined cycle power plants. It is expected to be in service in 2015.

They are going to have 655 megawatts of power, Mr. Chair, and it is only going to cost them, as I said before, not \$3 billion, not \$2 billion, and not \$5 billion, but in fact \$750 million. This is a project that is being done that is being shepherded by SNC-Lavalin Canada, the same people who are working with us on Muskrat Falls, which is going to be \$8 billion, \$9 billion, \$10 billion, or maybe \$12 billion with cost overruns for 820 megawatts of power.

I talked about this particular project with one of our dancing partners. Our other dancing partner, Mr. Chair, is Manitoba Hydro International. They are working on wind energy projects for Manitoba.

**SOME HON. MEMBERS:** Oh, oh!

**MS ROGERS:** Mr. Chair, it is quite interesting that there is a choir across the floor there and they are singing *Lord of the Dance*, which may have absolutely nothing to do with Muskrat Falls, I do not know. It is a little bit hard to –

**SOME HON. MEMBERS:** Oh, oh!

**CHAIR:** Order, please!

**MS ROGERS:** Thank you, Mr. Chair.

Manitoba Hydro International which is one of our partners that has been a consultant and has been advising the Province on the Muskrat Falls Project has now found that wind energy is cheaper than hydro dams. They are investing heavily in wind energy projects for their own province of Manitoba.

One of the things that I found really interesting, I would like to state again, in this press release that I have from the Winnipeg Free Press is that, "For many years, however, Hydro fought very strenuously" –

**MR. KING:** A point of order.

**CHAIR:** I recognize the hon. the Government House Leader, on a point of order.

**MR. KING:** Thank you.

After reading from the document there, I wonder if she could be so kind as to table it for the House since she is reading it verbatim for other members to see.

**MS ROGERS:** Absolutely, Mr. Chair, I would be happy to.

I am doing some quotes, I am not –

**CHAIR:** Order, please!

I recognize the hon. the Member for St. John's Centre.

Thank you.

**SOME HON. MEMBERS:** Hear, hear!

**MS ROGERS:** Thank you very much, Mr. Chair.

I would be happy to table the documents for the House.

**SOME HON. MEMBERS:** Oh, oh!

**CHAIR:** Order, please!

**MS ROGERS:** What they said in this press release was that, "For many years, however, Hydro fought very strenuously to not have to build or buy wind power. The provincial government literally had to force Hydro into the wind business."

I would like to just go further down in their press release because I did not have a chance to get to it the last time I spoke. It said that their strategy of doing more wind farms: "Does this sound unrealistic? It shouldn't, because Hydro itself commissioned an independent study in 2010 on adding up to 1,200 megawatts of wind..." to the grid, to the power sources in Manitoba.

That is an amazing thing, Mr. Chair. In fact, the provincial government had to force Manitoba Hydro to consider wind because they seem to have an addiction to big dams, to big hydroelectric projects. "Such a strategy would invest between \$2.5 billion and \$3 billion in our economy" – that is what it is would invest into the economy – "and unless Hydro decided to own these facilities, would be financed by private sector..."

As I spoke earlier today, I was speaking about the vast amounts of money that private enterprise is investing in alternative energy, in renewable energy sources – over \$100 billion. It is one of the fastest-growing investment areas in the world right now, Mr. Chair. So that should tell us something. If private industry all over the world,

corporations, who they want to make money, so they want to make reasonable financial decisions, if they are investing in this kind of energy generation, we should be taking note of that.

It probably means that there is some success there. I would like to see that our Province, the people of Newfoundland and Labrador, could be on that train as well – on that train of modernization, of creative innovation, of technological innovation, of power generation.

One of the things that they are also saying about their wind projects is that they can be used on as-needed basis. "Clearly, by using wind, geothermal and energy efficiency, we can more than meet our domestic needs and our export agreements. Best of all, we will be positioning Manitoba for a strong, much more diversified energy future." That is what we want for the Province of Newfoundland and Labrador, Mr. Chair. We want that a strong, much more diversified energy future.

I would like to go back a little bit to Mr. Amory Lovins. I spoke about Amory Lovins and the work that he is doing, maybe it was about twelve or fourteen or sixteen hours ago, and there was some resistance from the other side of the floor saying: Oh yes, well, she has done a little bit of research, maybe she googled it. Maybe she did some googling about it.

So, I would like to tell you a little bit about Mr. Amory Lovins, who in fact is talking about integrative design for energy generation – integrative design, meaning looking at a whole energy plan. The energy plan includes conservation, as well as new ways of generating power. He said that we can do forecasted, integrated, and diversified energy plans. That is not what this government has done just yet. We are hoping that the government will look in this area.

So, a little bit about Mr. Lovins before I go a little bit further on some of his theories – he is a sixty-five year-old American consultant, he is an experimental physicist, and he is a 1993 MacArthur Fellow. He has been active at the nexus of energy, resources, environment, development, and security in more than fifty countries – more than fifty countries, Mr. Chair – for thirty-five years, including fourteen years based in England.

This gentlemen who I am talking you about his work and the incredible work he is doing, we are not talking about somebody out on the fringes here. We are talking about a solid, recognized scientist. He is widely considered among the world's leading authorities on energy, especially in efficient use and sustainable supply, and a fertile innovator in integrated design.

There are so many honours that have been bestowed upon Mr. Lovins. I will get back to that again the next time I speak because I am sure the folks here in the House would love to know about his work. Again, he is the leading expert right now in the world and he has some really interesting ideas for us to consider.

**CHAIR:** Order, please!

I remind the member her time has expired.

**MS ROGERS:** Thank you, Mr. Chair.

**CHAIR:** Thank you.

The Chair recognizes the hon. the Member for Lake Melville.

**SOME HON. MEMBERS:** Hear, hear!

**MR. RUSSELL:** (Inaudible) say it is certainly an honour to get up here once again. I was not going to get up so soon, Mr. Chair, but to quote the immortal Popeye, "I can't stands no more".

**SOME HON. MEMBERS:** Hear, hear!

**MR. RUSSELL:** I tell you what is truly shameful here in this House during these proceedings, Mr. Chair. We have sat here day after day now over the last couple of days and we are listening to the Third Party. This is shameful.

They use these proceedings in our hon. House, Mr. Chair, as a means to stick their holier-than-thou fingers into the hearts of people who have a social and environmental conscience in our great Province. We are talking about a project that is prepared to pull millions of tons of toxins and pollutants out of the air, and they are still there using this as an opportunity to put their rhetoric and their spin all over this great project we have on the go right here, Mr. Chair. To me, that is just deplorable.

You can talk about all the wind options you want, but what does that do for Labrador? I am from Labrador. My constituency is in Labrador. I represent Labrador, Mr. Chair, and we have to have something for Labrador –

**CHAIR:** Order, please!

I remind the hon. the member to direct your comments to the Chair, please.

Thank you.

**MR. RUSSELL:** Sorry, Mr. Chair, I certainly will.

I would just like to make a few comments here. We can see the hon. Member for The Straits – White Bay North. He can get up and he can certainly smooch up to Quebec and Nova Scotia. We have heard Ontario and we have heard all of those things. We have heard about the wind scenarios. Ignore what we want to do with our project here. No, they are still going on: Let us spend another up to \$11.86 billion that MHI came back with the wind and the thermal scenario. No, let's go there. No, no let's move to batteries. Let's go up to \$17.4 billion, Mr. Chair, and go into a situation where we can say wind is the answer and we are in this big love fest about wind. That is absolutely absurd in itself.

Speaking of the word absurd, Mr. Chair, we heard the members from across the way talk about how absurd this legislation is and how absurd this project is. Well, the majority of our Province happens to want this project. What are we saying here? Do your comments about absurdity apply to our electorate as well, Mr. Chair?

We have an overwhelming mandate to be here and we are going to be pushing this project through because this is what the Province wants, this is what the Province needs. This is the vision required to get us to the next level. We have heard words like game changer. We have heard words about us becoming an energy super warehouse, Mr. Chair. That is where we are headed. We are not simply going to sit here and be managers of decline, as our great Premier put it, Mr. Chair. We are not prepared to do that.

They will get up here day after day and they will talk about wind energy, but I tell you what, I guarantee you one thing, if we ever went down that road of getting into this big love fest with wind energy, the very first group would be the people from across the way in the Third Party if we had wind energy, they would be getting up: What about the birds running into these big propellers and fans now? They would be telling us now that we have to abandon the project on account of all the birds hitting the blades, Mr. Chair, I guarantee.

We have heard things come from the Third Party, such as we are talking about getting into a situation where we can begin to bring Muskrat Falls on stream, we can then have multiple, multiple different mines be developed within Labrador and really take advantage of the resources we have – we have heard things like: Oh, my goodness, we cannot have a price increase in terms of our industrial rates, Mr. Chair, because that would be a deterrent. Yes, I am pretty sure that the resources will get up and walk out of Labrador right out of the ground, Mr. Chair; I am pretty sure that is going to happen.

We have heard things from the Third Party like: Oh my God, what are we doing? We are going to have Nalcor have a monopoly in terms of distribution of power, Mr. Chair, on the Island. We own Nalcor. I mean, how could you not see that as being a benefit to the people of Newfoundland and Labrador? No, this –



**SOME HON. MEMBERS:** Hear, hear!

**MR. RUSSELL:** Absolutely – do you know what they would say? Instead of having our own Crown corporation have a monopoly and be able to support these projects, control the financing, not only that but the refurbishing of the assets in some of our older places like Churchill Falls, Mr. Chair, they would rather see the money go out to foreign investors. They would rather see us be subject to the whim of the volatility of oil pricing, oil markets. Yes, let's pay off the sheiks, but let's not pay off and benefit our own people in Newfoundland and Labrador. I say that is absolutely ridiculous, Mr. Chair.

I tell you what, we have heard things like how well we are doing and how well our Premier is doing in terms of fiscal management, Mr. Chair. We are certainly up there. We are the envy of this country in the direction we are heading.

**SOME HON. MEMBERS:** Hear, hear!

**MR. RUSSELL:** We can sit here and listen to the Third Party represent their districts, get up, and sit there continuously and praise Quebec, praise Nova Scotia, and praise other outsiders. Have some pride in Newfoundland and Labrador, I say to the Third Party. We are doing things right here. We are the envy of the nation. We are on the right track, Mr. Chair, I can guarantee you that. There is certainly nothing wrong.

I am going to bring this right home right now, Mr. Chair. One of the most important things we have on the go with Muskrat Falls and where we are heading with our Energy Plan is the stabilization of rates. I am going to bring this right to the hon. Member for The Straits – White Bay North, right to his district. My father-in-law, Mr. Chair, lives on the Northern Peninsula. This is a former fisherman who worked his whole life. He did everything he could to raise his family and he did a damn fine job if I may say so myself.

As a widower, Mr. Chair, on the Northern Peninsula right on the water, the single most difficult thing my father-in-law has to do is handle that light bill. It is very expensive, Mr. Chair. We are presenting a path to the people, to people like my father-in-law. We are presenting an option, a route for these people to understand that when we get to a situation here where we have Muskrat Falls on line, we will be able to stabilize these rates. We will not have to let oil pricing, oil markets, and – the one word is right there, Mr. Chair – volatility and we will not have to let the people of Newfoundland and Labrador be subject to that, Mr. Chair. That is what we are doing.

We are having the vision and the foresight in order to take us to the next level, to worry about the next generation coming, and to be able to take care of some of our greatest resources, which happen to be both the youth and our elders. That is the right thing to do. That is what we do over here on this side, Mr. Chair. It is as simple as that.

**SOME HON. MEMBERS:** Hear, hear!

**MR. RUSSELL:** Now, I will not go on and on. I think I have made my point. I will just say it again: It is shameful using this stage in order to push their own agenda and gain political favour by spinning rhetoric. I have no time for it. I am a straight talker and that is the way it is.

**SOME HON. MEMBERS:** Oh, oh!

**CHAIR:** Order, please!

**MR. RUSSELL:** If you are not for Muskrat Falls, Mr. Chair, then you are for pollution. We have already heard them say this: Conservation is the way to go. Here is a little fact for you. Here is a little wake-up call. Conservation alone will not allow us to replace Holyrood. The water is flowing down the Churchill River. Upper Churchill was there. We are going to make this situation right. We are not only going to harness the water once but twice, and hopefully three times with Gull Island.

**SOME HON. MEMBERS:** Hear, hear!

**MR. RUSSELL:** Like I said before, if you are not for Muskrat Falls then you are against prosperity in my mind. If you are not for Muskrat Falls then you are against the development of Labrador. You are against the people in Labrador, Mr. Chair, of jumping to the next level in terms of getting there, in terms of seeing some real developments, some real opportunities, some real indirect benefits and some real infrastructure in Labrador. If you are not for Muskrat Falls then you are against the transformation of our Province into an energy super warehouse, Mr. Chair.

Thank you.

**SOME HON. MEMBERS:** Hear, hear!

**CHAIR:** Order, please!

The Chair recognizes the hon. Member for The Straits – White Bay North.

**MR. MITCHELMORE:** Thank you, Mr. Chair.

I have never heard such a misinterpretation of what I have said and the development and question of my patriotism for Newfoundland and Labrador and what it means to be a proud Newfoundlander and Labradorian here and to actually speak about the flaws of this project of Muskrat Falls.

The member opposite had spoken about his father-in-law. I had visited his father-in-law, and the house and home that he has, as a constituent of mine. I would say an individual who has a large home is going to be looking at paying a higher rate of electricity than what they are paying now. Looking at other options and alternatives for Island demand, I have stated that Quebec is putting 2,000 megawatts of wind power – they are going to sell it at a competitive rate of ten cents, which is less than what we are being charged right now for our monthly bills; yet, getting Muskrat Falls power to the Island, to Soldiers Pond, is going to cost over twenty cents per kilowatt hour right now, not including any of the cost overruns.

That is quite significant, Mr. Chair. I am certainly not opposed to development in Labrador. If anybody has been hearing what I am saying is that this government when it planned, had no intention of sending any of the power to Labrador for industrialization. It was all to go to the export market. That was the premise of the Maritime Link, to send 20 per cent of the power to Nova Scotia and the remaining 40 per cent to export markets across those borders. There is no plan. There was no transmission plan built to bring the power to Labrador mining and to look at that.

I said maybe what we need to do, looking at Muskrat Falls, instead of building 1,100 kilometres of transmission cables through the Province, expropriating land and costing billions of dollars – not saving \$1 billion with Stephen Harper's loan guarantee – we are looking at we could develop Muskrat Falls, maybe, specifically just for Labrador, 824 megawatts of power focusing on industrialization. Using equity dollars that we have, using cash on hand, partnering with the mining companies to create that power, and we would save more money to the taxpayer overall. We would bring in assured revenue. We would have those power purchase agreements.

When this plan was put into place to develop the Lower Churchill, it seemed that you have 3,000 megawatts of power, you are going to get the export market and you are really going to stimulate the economy. The scale of this project, piecing it to the Island, piecing it to Nova Scotia and trying to meet Labrador needs just does not fit, Mr. Chair. It really does not fit, and that is significant.

Going back to the wind piece, because I want to go back there, government when it released its report of cumulative present worth alternatives, when it talked about wind for the Province, it talked about a cost of wind with battery would be \$17.4 billion. Anybody out there would think that this report was the most ridiculous, absurd report ever released to look at doing 824 megawatts of wind, transitioning excess power by battery – by battery.

Government is even laughing at how absurd this report is; the members across the way. This is a joke to look at. This is just a means to say we looked at alternatives but they are not feasible. There are so many means to look at wind, and even looking at wind with thermal.

We do not need 824 megawatts of wind to meet Island needs, we only need 324 megawatts. When we looked at doing the 54 megawatts of power down on the Burin Peninsula, when we looked at that we did not pay a penny for it, we did not have to. The companies put in the capital infrastructure. It was private equity. They saw it as something that could make money.

They did it; they signed power purchase agreements with Nalcor that could take up to 12,000 homes basically off the grid with the energy they are producing on 54 megawatts of power. That is quite significant. Yet, looking at Muskrat Falls, as I said, if you take this – and I did a commerce degree, Mr. Chair, and I have worked with the Association of Professional Engineers, I have worked in past capacities with IBRD, with the Public Utilities Board. With that, I do not see how this project – if I ever took this as a shareholder or ever took it to a boardroom table, it would be laughed off. No shareholder would ever invest in this, Mr. Chair, in the way that it is being sold.

I do not see how all government members across the way see this as being the best option right now to meet the Island capacity and the needs for the Province. On 324 megawatts, we have to pay \$8 billion for it, the taxpayer. When wind is increasing at a capacity across the current –

**MR. HEDDERSON:** (Inaudible) anything in this?

**MR. MITCHELMORE:** If the Minister of Environment and Conservation has something to say, I invite him to speak after I sit down.

**SOME HON. MEMBERS:** Oh, oh!

**CHAIR:** Order, please!

**MR. MITCHELMORE:** He can ask questions and I will gladly get up and answer, Mr. Chair.

**CHAIR:** Order, please!

**MR. MITCHELMORE:** There is currently 6,000 megawatts of wind in the Canadian jurisdiction. By 2015 we are going to get up to 16,000 megawatts. That is 10,000 megawatts of wind across the country that we are going to be adding. It is more competitive than Muskrat Falls power, Mr. Chair.

I have already told the minister, I have already mentioned earlier in my speech about how to look at Holyrood and how to take down the thermal option of burning fossil fuels. Most of our energy in Newfoundland and Labrador is already done by renewables. We have a number of small-scale hydro currently on the Island. We are already over 90 per cent. It is quite significant what we currently have.

If you look at the global pellet consumption marketplace, Canada has 1 per cent of the marketplace. When you look at Europe they have a significant amount, 84 per cent of pellets in what they are doing. They are using 12 million metric tons.

Pellet production is biomass. It is looking at using the waste materials, the sawdust, looking at doing bark and materials that would otherwise go to waste, to make them and pelletize them and put them into a productive use. This is jobs for people in the forest industry in Newfoundland and Labrador that has been in crisis. We have seen mill after mill close. We have seen a crisis at the Krueger mill as well, and with that –

**SOME HON. MEMBERS:** Oh, oh!

**CHAIR:** Order, please!

**MR. MITCHELMORE:** Where are we going with our forest industry in the Province and all those jobs, and the 2 million cubic feet of our forest resource that is in the annual allowable cut? It makes no sense there, Mr. Chair, that we are not pursuing pellets; that we are not.

If you look at where we are in Canada, there are currently 3 million tons of pellets produced. We only need 750,000 tons of pellets to take Holyrood off the marketplace, and there are a lot of untapped pellets. The US are making lots of pellets and shipping to Europe because there is a high demand. We can convert our buildings and lower our demand for electricity, and we will not need Muskrat Falls power. We will not need to spend those billions of dollars, and our electricity rates can be stable and we can have low-cost electricity in Newfoundland and Labrador.

When the timing is right, we can develop Muskrat Falls and Gull Island and other entities, looking at where we can get the industrial power, like other entities do. When we get the agreements in place with the mining companies, when we look at doing other industrialization mechanisms to really ensure that we have a proper, thought out, thorough plan that is going to reduce rates for the people of the Province, not put them up for a period of up to fifty years, Mr. Chair. That is quite concerning to me. I am very concerned for my constituents that their electricity rates are going to go up. You are talking seniors, you are talking low income, you are talking middle income, high income, it does not matter, everybody is affected the same when it comes to their electricity bills. You take that money out of their pockets and you are not going to see car sales be as high as what they are. You are going to see differences in homes and the building market. It is going to have a trickle-down effect in the economy. We have not seen a report to say what increasing the electricity rates to those would be and what it would mean to the overall impact to the economy.

I am certainly not an economist here, but I can certainly see some of the negative implications of spending nearly \$8 billion and putting that at the risk of the ratepayer, the people of the Province, when we only need a small amount of power and there are so many other alternatives, some many other options to meeting our needs.

When this plan was put forward, it was not forward for Muskrat Falls. It was put forward for the Lower Churchill. It was put forward for export market. It was put forward for other alternatives means. Maybe at that time it made sense, but there are some many things that happened since that time and since that announcement that has made changes. There has been a change where we have had to look at justifying: How are we going to make Muskrat Falls work?

The people of the Province see quite clearly that if they only need 325 megawatts of power, then why do they need to pay for the whole nine yards? Why do they need to pay for it all? Because they do, and there is no one disputing that. Even a kid would see that it is wrong to treat people unfairly on this, Mr. Chair.

I see that my talking time has expired and I will get back and present more points on energy here in the Province.

**CHAIR:** The Chair recognizes the hon. the Member for Burgeo – La Poile.

**MR. A. PARSONS:** (Inaudible) to stand up here now. I have been trying to get myself fired up here now to compete with the speeches going on from the government side and from the NDP, but I am probably going to be in the middle there somewhere referencing the legislation. If I see the energy levels go down, I will throw something in just to get you back up there again.

What I want to do is talk about the legislation, and talk about the legislation is what I will try to stick to and maybe my interpretation of what the proposed legislation says.

Again, I am going back to the trusty chart that we had drafted up here where we looked at the old legislation and then we look at the new bill and compare them to see what the differences are. Basically, what I am looking at right now is the Electrical Power Control Act, Part II, where it talks about the exclusive right. That is under section 14.1.

I come back to the fact that exclusive right is another word for the term monopoly. Monopolies are in existence, obviously. We have had one in this Province for a number of years. A monopoly needs to be closely monitored to ensure that the people who are bound by it or live under it are not taken advantage of.

That is why I would look at the application of Part II; I think it stays the same in both the sections here. It says, "This part applies to all contracts for power generated in the province whether the contracts for the power were entered into by producers or retailers before or after the coming into force of this Act."

Now what we have is we have this new clause, this section 14.1, and it says, "Notwithstanding another provision of this Act or another Act, (a) Newfoundland and Labrador Hydro shall have the exclusive right to supply, distribute and sell electrical power or energy to a retailer or an industrial customer in respect of the business or operations of that retailer or industrial customer on the island portion of the province; and (b) a retailer or an industrial customer shall purchase electrical power or energy exclusively from Newfoundland and Labrador Hydro in respect of the business or operations of that retailer or industrial customer on the island portion of the province."

What we are dealing with here is the fact that in order to make this deal work – and the project is sanctioned but we have the two pieces of legislation that have been put in place here, the enabling legislation. Part of this enabling legislation is giving Nalcor or Hydro a fifty-year monopoly on this Province where basically we are bound by what they say and do for the next fifty years.

That is certainly going to take all of us out of this House and there will be a new generation in, and we are all going to be living by this contract which was put in place just so Nalcor can make sure that they have enough money coming in to make sure that they satisfy the loan guarantee. I would say that the problem I have with that is that the protection is put in place for Nalcor, but there is no protection for the ratepayer. That seems quite obvious here.

What we are doing is we have established and ensured a complete monopoly for electricity, power, and energy in this Province. I am worried about this, Mr. Chair, because this is one of the major aspects or components of this. What is happening here is that Nalcor – and I think I heard a comment earlier, a member of the government said Nalcor is not the enemy.

Well, I do not think anybody on this side, certainly nobody in the Official Opposition, has ever said that Nalcor was the enemy. My God, I mean, Nalcor, we own them. They are paid for by the people of this Province. Contrary to how it is spun sometimes – and we all know that that happens in the realm of politics, there is a fair amount of spin put in it. The government would love you to believe that we think Ed Martin and the gentlemen and ladies at Nalcor are incompetent, but we have never said anything like that whatsoever.

I have a high level of respect for Mr. Martin, Mr. Bennett, and all the individuals at Nalcor; but, at the end of the day, Nalcor is doing what they have to. What they are doing is they are approaching this project as a business development, similar to their oil projects. The problem is that in this case the backer is the people. We are paying for this. We are paying for this through rates that are going to be regulated by Cabinet. Those rates can go up or down – they are not going to go down; they will never go down. They are going to go up to make sure that we cover the cost. Part of that cost could be the cost overruns that might ensue from this megaproject.

The other thing here is that generators and marketers in other jurisdictions are not regulated. In other jurisdictions the difference is they do not have the regulation that we have under the PUB, but what they do have is competition. They have healthy competition. They have different means of provision of services, and therefore people can avail of the best cost option for them.

The fact is we hear the term so many times: least-cost option. Over there, the least-cost option is determined by the consumer when they go out and figure out how they want to avail of the service; they have that right. The regulation is not like it is here, but in this case the regulation is being effectively taken away from the PUB as it relates to Muskrat Falls and placed in the hands of Cabinet. Cabinet cannot afford to have the PUB get in the way of rate increases if they become necessary down the road.

For the love of God, I hope that it is not necessary. I would love to be an optimist and say that is not going to be necessary and they are not going to need to raise the rates. Do you know what? I am also a realist. I know that is going to happen, and the fact is there is nothing going to stand in the way of making that happen.

One of the things I was looking at here, we have looked at different reports from different individuals. The fact is that Nalcor, as both the generator and the marketer, is not facing any competition for serving the provincial market. The fact is that the regulator acts as the surrogate, I guess you could say. The regulator ensures there is a check and balance here, but now the check and balance will be placed in the hands of the Cabinet. That is not necessarily always a great thing to have because Cabinet has their prerogative.



As much as they might tell you, I do not think it is always in the best interest of the people. I think in this case it is going to be what is in the best interest of making sure this project goes ahead and that we meet our obligations to our lenders and to the federal government. In doing so, they may have to forego the best interests of the people of the Province to make that happen. Obviously, I do not think that is something they would want to do but it just might be the reality of the deal that has been struck here. The financing and the way it is set up, that is just how it is going to go.

One of the other concerns I have, we have heard a lot of back and forth about the different energy options, alternatives, and the studies on those. I have an opinion, and it is certainly not an expert opinion. I do think there are many other forms of viable energy. Whether they can sustain what we need here in this Province, I do not know. I think down the road they will be incorporated in. I think you need a good mix of different energy alternatives, whether that be solar or wind power, which we have.

I come from a district that has the Wreckhouse. I know full well what wind power can do. I am hoping they can figure out a way to get some towers set up in the Wreckhouse. They might blow off out into the Atlantic Ocean for all I know. I think wind power is a viable alternative. Down the road it needs to be developed. I know they are doing studies on that. Nalcor is doing that.

We talk about shale gas and we talk about the LNG. I do not know; I am not an expert enough to say how it is all going to fit into the puzzle. Hydroelectricity is a necessary part of that, too. We have a great resource up in Labrador. We have been taking advantage of it and we will continue to take advantage of it. Nobody on this part of the Official Opposition doubts that. The fact is the water is going to flow. If the water is going to flow, let's take advantage of it.

We have put forward our concerns with the structure of the deal and how it is all going to work out. We have two different views on that. We have put that forward. At no point have we said development is not a good thing. You want to manage the concerns that come out. There are the environmental concerns. There are the financial concerns. We want to manage that. We have different views. We all know that.

I have twenty seconds left on the clock and I hate breaking into a new topic and being cut off. What I am going to do at this point, Mr. Chair, is I am going to hold on to this for my next time. That will be chapter 3 of the ongoing Tuesday here in the House. I appreciate the opportunity to speak to this.

Thank you, Mr. Chair.

**CHAIR (Verge):** The hon. the Member for St. John's Centre.

**MS ROGERS:** Thank you, Mr. Chair.

I am happy once again to rise and to speak to Bill 61, An Act To Amend The Electrical Power Control Act, 1994, The Energy Corporation Act And The Hydro Corporation Act, 2007.

I would like to basically pick up where I left off the last time I spoke. I was speaking about Mr. Amory Lovins. The reason I would like to continue to speak a little bit about Mr. Amory Lovins is because earlier, a number of hours ago, I spoke about some of his work and some of his findings on new technology for energy conservation and for generation. I wanted to just establish his credentials.

I did start off by saying he is an American consultant and that he is widely considered among the world's leading authorities on energy. A few other points –

**SOME HON. MEMBERS:** Oh, oh!

**MS ROGERS:** Mr. Chair, I am wondering if maybe the folks from across the other side may stop sort of yelling at me. It is a little bit difficult to speak.

**CHAIR:** Order, please!

**MS ROGERS:** More information about Mr. Amory Lovins is that he has eleven honorary doctorates of various US and UK universities. I am just going to pick out a few of his honours, Mr. Chair, because there are so many. There are actually pages and pages of honours that this scientist has received.

Eleven honorary doctorates, "In 1989 he won the Onassis Foundation's first Delphi Prize, one of the world's top environmental awards, for their 'essential contribution towards finding alternative solutions to energy problems.'" That is what we are talking about here, Mr. Chair. We are talking about our energy problems and what are the solutions? What are the solutions to Newfoundland and Labrador's energy problems as we go forward in this incredible time of possibility and opportunity?

A question that I have asked a few times over the last twenty-four hours was: Exactly, what was the task given to Nalcor and Mr. Ed Martin in terms of looking at how to address our energy problems, how to address our energy challenges? I am still hoping that at some point somebody can give me that answer, Mr. Chair. Exactly what was the task?

Was it a wide open task to look at all possibilities, or was it a task specifically to look at Muskrat Falls and how to make that work? What was the initial directive given to Mr. Ed Martin and Nalcor from this government in terms of looking at addressing our energy challenges and our energy problem? I do hope at some point, Mr. Chair, somebody can answer that for me because I think that would be very telling in terms of how we came up with this particular solution.

I would like to tell you a little bit more about Mr. Lovins. That contribution that he won a prize for, the Delphi Prize from the Onassis Foundation "...included the 'end-use/least-cost' redefinition of the energy problem." This is a worldwide prize that he received for coming up with end-use and least-cost, which is what we have been talking about here for months.

What is the least-cost option for providing energy to the people of Newfoundland and Labrador? Mr. Lovins received an award for coming up with "'end-use/least-cost' redefinition of the energy problem... asking what quantity, quality, scale, and source of energy will do each task in the cheapest way."

Mr. Chair, what we have been talking about here too is the different tasks that we have. We have tasks of delivering energy Province-wide, to the Island, to consumers, to the people of Newfoundland and Labrador, to commercial enterprises on the Island, also to industrial customers in Labrador – and to the people of Newfoundland and Labrador. The solution for that, for people all over Labrador, that solution has not been clearly identified in the Muskrat Falls approach, in the Muskrat Falls Project.

This gentleman, his expertise was about that, about asking what is the quantity, quality, scale, and source of energy needed to do each task in the cheapest way. Isn't that what we are talking about here this evening, or this morning as it might be? We are at 2:47 in the morning here.

"This economically based approach first permitted successful foresight in the competitive energy service marketplace." Again, Mr. Chair, we are not talking about somebody who is just doing way off in the fringes, alternative types of energy generation. This was an economically based approach, which is what we have been talking about there, too, the economics of doing the Muskrat Falls Project and the economics in terms of not just doing the project but what it means in the end, what ratepayers across the Province will be paying to have electricity delivered to their homes.

Mr. Lovins has won innumerable awards worldwide for his innovative work. "In 2008 he was named one of America's 24 Best Leaders by *U.S. News & World Report* and Harvard's Kennedy School,..." – we know, Mr. Chair, Harvard's Kennedy School is quite a progressive school and a leader in industry and in commerce – "and received the first Aspen Institute/National Geographic Energy and Environment Award for Individual Thought Leadership." That is what we need here.

Mr. Chair, what we need applied to the project, to the problems, and to the energy challenges we have Province wide is we need thoughtful leadership. I am not so sure that is what has been brought to this project. My concern, again, is: What was the initial request made to Nalcor? What was the initial request made to Mr. Martin?

In 2009, Mr. Lovins received the National Design Award. *Time* named him among the world's 100 most influential people, and *Foreign Policy*, one of the 100 top global thinkers. In 2010, he was Runner-Up for the Zayed Future Energy Prize." This gentleman has incredible credentials, incredible experience, and has done incredible work.

There are pages of the work that he has done, the projects he has done, the consulting that he has done, and all the honours he has received. There are two or three I would like to point out to the hon. members here this evening. "In 2004, he led a Pentagon-cosponsored synthesis of how to eliminate U.S. oil use". Isn't that what we are talking about here today?

How many of the members across the floor have talked about how to eliminate oil use? Mr. Lovins has done this for the US, and he has done it very successfully. He was engaged by the Pentagon to do this. We are not talking about some kind of off-the-grid, flakey, alternative type of energy solutions. We are talking about someone who is economically sound, scientifically sound, and socially sound.

It was "...led by business for profit, and in 2007, became the first member of the Transformation Advisory Council for the Executive Chairman of Ford Motor Company...

"Mr. Lovins has briefed 21 heads of state, given expert testimony in eight countries and 20+ states, delivered thousands of lectures, and written 31 books and more than 450 papers...

"In 1980-81 he served on the U.S. Department of Energy's senior advisory board..." and he has worked with the Department of Defense in the US. This man has such an incredible breadth of experience, one that – wouldn't it be great if we had been able to consult him as well?

Mr. Chair, I see the time is running out. I have a few more things I would like to say about Mr. Lovins when I get up and speak again because then we can look at some of the work and recommendations that he has done.

Thank you very much, Mr. Chair.

**SOME HON. MEMBERS:** Hear, hear!

**CHAIR:** Order, please!

I recognize the hon. the Member for St. Barbe.

**MR. BENNETT:** Mr. Chair, thank you very much.

I would like to spend my next ten-minute segment talking about non-recourse assets and how this deal has been structured to be – there be non-recourse on the debt of the Muskrat Falls Project not to resort back to the Crown.

Mr. Chair, this comes down to principle and the law of agency. In the arrangements that the Muskrat Falls corporations as they are put together, they are not all constituted as yet. They will be constituted over the coming months and maybe the coming few years. This is designed and set up so that there will be no recourse against the Province of Newfoundland and Labrador in the event of a default by the Muskrat Falls Project.

Why is that important? Well, it is important for a number of different reasons. First of all, it is important because it telegraphs to anybody who is watching, that the Province of Newfoundland and Labrador is not actually standing behind this as a principle. The Province of Newfoundland and Labrador does not want to be liable if Muskrat Falls fails.

To put it in more ordinary terms for most people, it would be similar to if a couple of people decided they wanted to get involved in a business – and this could well be a parent and a child, a husband and a wife, two people who are closely related and they would like to become involved in a particular business arrangement or a business, they want to take advantage of the potential for the upside but only expose one of them to the downside, one person could then hold all of the loans, the other person could hold some but maybe not all of the assets. If there is a default, then only the assets that are pledged at the bank or at the lender are grabbed by the creditor to pay off the debt.

In our case in the Muskrat Falls arrangement, what has happened here – or what is proposed to happen because in part it needs this bill to be passed and it also needs Bill 60 to be passed. Bill 60 arranges for the expropriation of various assets that then can be transferred to the proponents. The proponents are Nalcor and its various subsidiaries and affiliates that are set up for this, and Emera and its various subsidiaries and affiliates that are set up for this.

If either Nalcor or these corporations, or Emera and its corporations decide they need certain land or other assets to make the project viable – this would include the 1,100 kilometre long strip of land which is sixty metres wide. It is like the snake that runs from Muskrat Falls to pretty much all the way to St. John's. They advise the expropriating authority, we need to expropriate this land. Then it is expropriated and transferred over to the proponent. In fact, the Province of Newfoundland and Labrador, combined with these two bills, if passed, provide for these two corporations to be able to give direction that land be expropriated. It will then fall back into their control and their ownership.

The federal government has guaranteed, or will guarantee the Muskrat Falls Project to the extent of \$6.3 billion in the guarantee. The only assets the Province says that are exposed are the assets of the project. The assets of the project include the transmission line that runs from Muskrat Falls back up to Churchill Falls, because that has to be connected. Muskrat Falls does not always have water available to generate the electricity that it wants to have. It would include the dam, the generator, the generating station, and it would include the line all the way down. It would include the link across the Strait of Belle Isle, the line down through the Island part, and it would include the Maritime Link. That is what is being exposed.

The nature of the exposure is if the project fails for any one of a variety of reasons, if it fails due to cost overruns, if it fails because there is a catastrophic drop in the price of oil – and our Province is highly dependent on oil – then the federal government steps in with its loan guarantee. Because it has guaranteed the loan, guarantors generally – in this case there is no reason to assume why the federal government would not have the right to realize on that guarantee – they could then seize the assets.

The Minister of Finance confirmed tonight that if the federal government realized on the loan guarantee and seized the assets, either they would operate Muskrat Falls or they could sell it to somebody else and get back their money, or they could hire someone else to operate it on their behalf.

The natural party to operate Muskrat Falls in the event of a default and a seizure would clearly be Hydro-Quebec. Hydro-Quebec controls more generating capability in Eastern Canada than anybody else. They are already well experienced. They have lines. They could take our Muskrat Falls and run it for the benefit of Hydro-Quebec and the people of Quebec.

Quebec is very astute in hydroelectric matters, as we know. Quebec has even arranged that Hydro-Quebec does not contribute to the Province of Quebec in such a way that it would be applicable for equalization. It keeps Quebec in a permanent have-not status so that Quebec can always benefit from Confederation, while at the same time maximizing from all of its hydroelectric capabilities, including the Upper Churchill.

The type of exposure we have here would be maximized by this bill. This bill, if passed – and I think it is reasonable to say ultimately when passed – commits and pledges the consumers of the Province of Newfoundland and Labrador to pay on their light bills or their electricity bills for the debt load that is carried by the Muskrat Falls hydroelectric project. If Muskrat Falls fails and is taken over by somebody else, our ratepayers will be paying that somebody else for the debt that we were unable to make good on.

In essence, if it really went bad, then the ratepayers of this Province could be paying exorbitant rates for electricity to Hydro-Quebec. What a lovely outcome that would be for the people of this Province. That would make the Upper Churchill look like a stroke of genius.

Just in case people think: Oh, this cannot happen, we are too big to fail. I would encourage people to look at the recent economic outcomes and business failures, not only in North America but in the rest of the world. We have had numerous examples in North America where major, major corporations thought they were – and the keyword were – too big to fail. Too big to fail, there is no such thing.

We are really not that big, and this project is really not that big. Enron failed, WorldCom failed, Bear Stearns failed, Lehman Brothers failed, Merrill Lynch failed. They all had to be taken over or assimilated by somebody else. Countrywide mortgages failed.

In this country Nortel failed. Nortel was trading not long ago at \$125-or-so a share and they literally went off the books totally. The Nortel shareholders also invested in Nortel pensions. Nortel employees lost their pensions, their job, and their assets because of the failure of their corporation.

It was only in the last two or three years we saw how well RIM was doing. Research in Motion was a stellar Canadian company worldwide. They produced the things that we all carry around, they produced the Blackberry. Not long ago their shares were at \$125 a share. Within the last few months they have been in the \$5 range and now they are around the \$10 or \$12 range. So, any corporation can fail.

Our government has taken the step of making sure that just in case Muskrat Falls fails, there will be no charge on the assets of the Province other than the assets of the Muskrat Falls Project. That means the creditors cannot reach back and insist that the Province of Newfoundland and Labrador make good on the debt. The federal government instead has stepped into place.

The federal government will make good on the loan guarantee. The federal government, like a parent, paying off on a loan that is guaranteed for a car or a house or whatever, will simply say: I will pay off the debt. I will take the asset. I will get somebody else to run it for me, or I will sell it to someone else to get back my money. If that somebody else is Hydro-Quebec, then we will be paying Hydro-Quebec for many, many years to come, up to 2075.

Thank you, Mr. Chair.

**CHAIR:** I recognize the hon. the Member for The Straits – White Bay North.

**MR. MITCHELMORE:** Thank you, Mr. Chair, for the opportunity once again to speak to An Act To Amend The Electrical Power Control Act, 1994, The Energy Corporation Act And The Hydro Corporation Act, 2007.

It is very critical when we look at what the Muskrat Falls Project is doing, when we take in context to what other provinces and other jurisdictions are doing across the country. They are moving forward with energy plans that look at diversifying their economy, looking at a multitude of projects and different options.

I had only talked about looking at what Quebec is doing when it comes to expanding into smaller-scale hydro. Looking at wind, adding 2,000 megawatts of power by 2015 at a competitive rate, more competitive than what we are paying for electricity right now at ten cents a kilowatt hour. That is quite significant, Mr. Chair. Yet, this government is set on moving forward with an 824 megawatt project when the Island portion of the Province only needs 330 megawatts of power and we do not really have a sale for the excess power. They are trying to find justification for it by looking at industrialization and mining.

I have explained options as to how we can save money. We do not need Stephen Harper's loan guarantee to move forward to look at diversifying our own economy. This legislation, this bill, limits and ties the ratepayer and the consumer and locks them in for fifty years to pay for this project, billions of dollars, without having the option of looking at the other alternatives to produce electricity on a larger scale as opposed to the individual level.



That is quite significant, taking away those options and alternatives, because it really serves no purpose to have an Energy Plan that even considers other options if this legislation is passed. Government is really looking at saying: Well, our 2007 plan really is not there. The only option we have for fifty years is Muskrat Falls.

Why put out an Energy Plan that details options and alternatives when you are locking in and saying: No, the ratepayer has to pay for Muskrat Falls for fifty years and there are really no other alternatives? You are cutting out those other energy options where other provinces are not. They are looking at moving forward.

I talked about Quebec when it took to their wind and to their hydro, but I also have been talking a lot about pellets and pellet plants. If you look at across Canada and even if you look at locally, from the eastern part of Canada and the central part, from Ontario to Newfoundland and Labrador, the Wood Pellet Association of Canada says right now there is the capacity of over 1,059,000 tons of pellets that are in operational plants, with another 195,000 tons coming on stream in Ontario.

If I look at the breakdown of pellet plants and where they are, when I said there are just over 1 million tons – if you look at Quebec, again, they have 582,000 tons of operational pellet plants. They are truly looking at diversifying the economy and looking at being an energy super warehouse.

I mean, looking at our plan and where Quebec is and where we want to be, we are not going to get there with the development of Muskrat Falls by not pursuing other alternatives and other options, with the technologies that are coming on stream, and looking at burdening the ratepayer with such an exorbitant cost. This is not dollars. This is not talking about millions. This is several billions of dollars.

If you look at where Quebec is having almost 600,000 tons of operational – well, this pellet plant from the Wood Pellet Association also lists, in Newfoundland and Labrador, that there is 12,000 tons in Summerford with Cottles Island Lumber Company Limited, and it lists Holson Forest Products in Roddickton with the capacity of 55,000 tons.

Mr. Chair, government made an investment, had lent money to Roddickton, and that plant is not producing pellets, not that 55,000 tons – and it could. It lists seaports, the seaport of Roddickton, and they were focusing on the export market. Yet government is not willing to invest or to lend millions of dollars to develop the port and the facility or the shipping storage containers to look at putting 55,000 tons of pellets into the marketplace, and limiting jobs in my district.

They are looking at not wanting to diversify the economy. They are not wanting to look at putting pellets – the new Corner Brook hospital that is scheduled to be put up could be done and run on pellets, and the payback would be significant. We could convert College of the North Atlantic. We could convert the Health Sciences Centre. The payback would be virtually two to three years to pay back and take a lot of operational cost out of government agencies and entities so that we can save money.

Those are things that are not looked at – looking at the amount of jobs, the benefit, and the resource, another natural resource, pellets are looked at as carbon neutral and everything that is being done with that. Mr. Chair, that is something that I am saying is a real missed alternative. It was not even considered. It was not studied in any of the alternatives in the reports.

The *Canadian Biomass* magazine had highlighted that you could convert Holyrood to wood pellets. It can be done. It can be done at a lower cost than what oil is done right now. Ontario is doing this with their thermal plants. They are doing it, certainly. They are saving money. They are taking off more non-renewables out of the marketplace. Europe is doing this significantly, investing in pellets, and investing in these renewables. What it means to the supply chain – quite significant, Mr. Chair. I cannot believe that the Minister of Environment and Conservation is not a supporter of looking at this.

I want to go back to one other point about the 2011 Joint Review Panel of the Lower Churchill Hydro Project, Mr. Chair. It stated that, "Nalcor presented cash flow analysis and financial statements showing a projected return on equity for the Project as a whole in the order of 14 percent, and projected annual net financial benefits to the

Province..." – now listen to this, Mr. Chair, the "net financial benefits to the Province in the order of \$1.1 billion by 2050."

That is what Nalcor submitted saying that the net benefits were going to be \$1.1 billion. Yet we see a release issued by government saying that the financial revenues now – where we do not even have export markets for this – is going to be over \$20 billion by 2050. Either the government is wrong or Nalcor was wrong when they submitted to the Joint Review Panel saying \$1.1 billion.

Something is significantly wrong here. The Minister of Finance, or the Minister of Natural Resources or someone in government really needs to clear the air and show us how we are going to get \$20 billion from this project. When Nalcor submitted to the Joint Review Panel, they said we are only going to get \$1.1 billion in net financial benefits. That is quite a thing that is talked about.

We have heard the Finance Minister get up many times and talk about net debt versus the actual debt and other factors, looking at things. When we are looking at non-recourse debt, as the Member for St. Barbe had talked about, there is significant risk in looking at doing this. This is something that really needs to be explained before we can look at passing such legislation that is going to captive the market; it is really going to captive.

**SOME HON. MEMBERS:** Oh, oh!

**MR. MITCHELMORE:** Mr. Chair, I am hearing a lot of noise from the other side. They obviously do not like hearing what I am saying. What I am saying is directly written in the Joint Review Panel. Something is not adding up here; \$1.1 billion does not go to \$20 billion overnight when you are selling less power. Nothing has significantly changed, unless the ratepayer of this Province is going to be gouged and gouged and gouged so that the Province can get \$20 billion in revenue over the life of it.

Something really needs to be explained here. I would love for a member of the government to get up and do so and provide a thorough explanation from the Joint Review Panel to the \$20 billion in benefits that we are supposedly getting that is only going to be paid for by the ratepayer. It has to be paid for people who pay electricity bills. It is not being paid by me, Mr. Chair, because I do not have an electricity bill.

**SOME HON. MEMBERS:** Oh, oh!

**CHAIR:** Order, please!

**MR. MITCHELMORE:** The rates can go up as they need to. That is something that I am not paying right now is an electricity bill. Other people have significant electricity rates that they are going to have to be paying. If the government is going to be benefiting \$20 billion surplus from this project, it is going to come from the people of the Province. They are going to be paying for it and they are going to be gouged to do so, Mr. Chair.

I see I do not have any more time left on my clock with this. I will certainly step down now, but I have a number of other things and a number of other concerns. I will get back up and speak to a number of these concerns that have been put out and the information that has been out by this government. There are a lot more questions to be had.

Thank you.

**CHAIR:** Order, please!

The hon. the Minister of Environment and Conservation.

**SOME HON. MEMBERS:** Hear, hear!

**MR. HEDDERSON:** At this hour in the morning, Mr. Chair, sometimes it is better to let sleeping dogs lie. I tell you, I had to get up on my feet. It is incredulous what I am hearing coming across from the Third Party. As a matter of fact, I have some difficulty responding to it because I cannot believe the so-called green party – they are so

green. It is green all right because of naivety. I have been now fourteen years after my own government and a previous Administration to get rid of three stacks out in Holyrood – worked very, very hard.

Not only that, but I did think I had the support of the NDP. I have one of their members who lives right under the stacks. He stood in this House and he said: I cannot wait until the smoke, the dirt, the grime, the pollution, and the particle matters stop coming out of those stacks. He agrees totally. He has a member who is seated back in the backbench, and we can understand why he is in the backbench and not the front because they want to hide him. To get up in this House and tell the world we are going to – I cannot even say it because it might be attributed to me – replace oil with wood pellets.

We have a facility out there that needs to be refurbished. He is talking about money. Do you realize the cost of keeping Holyrood? I do not care what you are burning in it. It could be tires for all I know. Just combustion and going up the stacks will be greenhouse gas emissions as well as particulate matter. Do you think I could square up with my constituents that I would say: Replace the oil with wood? I think you are in dreamland, but dangerous because you believe it.

The member sitting next to you talks about the wonderful things and the wonderful technology out there, and you are talking about Quebec. Do you know why Quebec is in such a good shape so they can develop wind? Do you know why?

Do you know the reserves we have up in Labrador that are sitting dormant in tree reservoirs that are supplying water to the Upper Churchill Falls? That gives Quebec the opportunity to put together whatever alternate forms of energy they want to, because they have the reserves in clean, green energy. Water, and there is nothing more pure and more essential to this world than water. We are beneficiaries of those tree reservoirs as well.

I hear the member talking about the beautiful river, and you are absolutely right. It is one of the most prime resources that we have in this great Province of ours. We are stewards of those resources and we must use them to the maximum. Today, and I think we all would agree, you would never see a hydroelectric project being able to dam up the water that is now dammed up in the Upper Churchill.

Joe Smallwood had the dream back – really it was back in 1949 when he came into Confederation. It was not until the 1960s that he really had a chance to develop it. What a tremendous vision that man had for this Province and what an opportunity he put in place for generations to come.

For a party right now to make light of that tremendous resource is unconscionable to me and to a great many other people. We have an opportunity. Since that plan was put in place subsequent leaders of this Province – and I give due to all of them. Anyone who steps into that Chair let me tell you, I have respect for. Great attempts have been made, not to harness – the mighty Churchill is harnessed and ready for future development.

We, as a government, have found a way. Our Premier has found a way. For five years now she has been on that file, and her tremendous leadership. It is not only leadership but it is courage. That lady has shown tremendous courage. It really irks me to hear barbs coming across the floor and from outside talking about we do not know what we are doing and ‘da-da-da-da’ and touting experts.

You are so proud to talk about Tom someone or George someone: Oh, they have all these qualifications. Oh, my God, they are going to do it all; but I stick to the people who I think and I know are looking after the best interests of this Province. That is Ed Martin.

**SOME HON. MEMBERS:** Hear, hear!

**MR. HEDDERSON:** Gilbert Bennett. I will match up those two with anything that you can throw at us over this way. You can shake your head and say: Oh, no, I have a man, look at the degrees they have and everything. They are not interested in the interests of these people of the Province of Newfoundland and Labrador, let me tell you that.

To get back to the resource and the stewardship; the stewardship, we are responsible. We are going to be able to at least use that water. That water, the mighty Churchill that you are so proud of, we are going to be able to use it because right now it is in the mode for hydro power.

We are going to be able to use it at least twice now with Muskrat Falls and, hopefully, in the very near future three times. You would tell us you can only use it once. Your oil, you can only use it once, but that mighty Churchill you are using it three times and getting the benefit of it. We are going to be the beneficiaries of it, absolutely.

If you are living in a district in the middle of a forest, what is going to be your main concern? We all do it, because if I was in – and I guess a few trees around the Avalon, but not to the extent of the Great Northern Peninsula. It is a fabulous, fabulous forest. It is renewable.

Do not let that cloud your judgment, because we represent our districts. Remember, we have to look at the bigger picture as well. Yes, we would love to do a pellet industry and perhaps do some of it within the Province. Yes, there is demand out there. We are hopeful that we can develop that pellet industry to feed whatever demands are there.

Do not let it cloud your judgment, because you have to understand – and your constituents are really proud of you getting up and talking about it, but do not let it cloud the bigger picture. You have a responsibility; all of us have a responsibility to do what is best in the greatest interest of all Newfoundlanders and Labradorians.

As an elected member here – and I know we have to do our posturing. We do have to do it. There is no doubt about it, but again, stick to the principles of making sure that what we are doing is in the best interest of the people of the Province of Newfoundland and Labrador.

We are continuing with what our first Premier put on our plate. We have a responsibility to make sure that we are getting the most, because we have captured that river, we have turned it into a hydro river. There is nothing going to change that, but let's make sure we are putting that water to its best potential, and that means Muskrat Falls, Gull Island, and Upper Churchill. In 2041 we are going to have almost complete control of it, and our children's, children's children will thank us for it.

So, I would leave it at that, Mr. Chair. Again, I am very proud to be a part of all of this and very interested in hearing what is coming across the floor, but please, temper it with the big picture.

Thank you very much.

**SOME HON. MEMBERS:** Hear, hear!

**CHAIR:** Order, please!

The hon. the Member for The Straits – White Bay North.

**MR. MITCHELMORE:** Thank you, Mr. Chair, for the opportunity to speak once again about the Muskrat Falls Project.

I certainly do believe we need to be stewards of our resources and we have to manage them appropriately, but we cannot lose focus as well of all the other resources that we have.

As the Minister of Environment and Conservation just noted, the vast forestry resource we have and how we are not investing, we are not developing that industry. It is at a standstill. It is being stalled. We have a vast amount of wind also that is renewable. It is not causing any hydrocarbons and things – putting that out there, any possible emissions.

Those are things we need to look at, but this bill is restricting that. As somebody who is looking at conservation and looking at the environment, this is something that is really important. That we consider those alternatives, but the bill is not allowing that because it is being restrictive.

When we look at past premiers, like Joey Smallwood – and I certainly was not even born during his tenure, or would know too much about him. From my knowledge of looking at the Upper Churchill and looking at a number of projects that Joey Smallwood did, he certainly had a vision of where he wanted things to go and where he wanted industrialization. He wanted development and an educated society, and really moving forward, but he did a lot of things in haste and rush. It ended up reflecting poorly and cost us as a society quite a lot. It did. If we rush things, we make poor decisions, and we do not look at all the alternatives in a fair and concise manner we could be setting us back ten, twenty, thirty, or fifty years. That is something that is quite significant.

Mr. Chair, I visited Iceland recently. They have nearly all of the hydro projects and they have geothermal. They have a major falls called Gullfoss and that is as powerful and as mighty or more than what the Niagara Falls are in Canada, and that generates hydroelectricity.

Because of the cultural significance and because of the importance as to what it means to the Icelandic society, they have decided they are going to preserve that. They are going to preserve that river and they are going to explore all their other alternatives to be an energy super warehouse and meet their needs. We are not even willing to be a little bit flexible, look at the other options, look at other things right now, and say maybe Muskrat Falls right now at this time is not the best option to meet our energy needs.

A number of places in the United States have limitations when it comes to hydro power and how much is accepted. They do not all recognize it as green energy or as clean energy. It is quite significant. We would –

**SOME HON. MEMBERS:** Oh, oh!

**CHAIR:** Order, please!

**MR. MITCHELMORE:** Mr. Chair, the Icelandic economy is highly done by geothermal and hydropower. They completely have an ability to heat their homes. They have excess power with geothermal. They are putting them underground, through steam, and they are able to heat the driveways so the snow melts and the sidewalks go. They have excess, surplus power primarily coming from geothermal there to do that for the outdoor heating. We are not as fortunate. We do not have that option. We are not on the tectonic plates there to be able to do that when it comes to energy.

I spoke to a hydrologist who worked at geothermal plants, forty years in engineering, and said when I talked about the Muskrat Falls Project: 824 megawatts of power and to spend that much money is just out of the question. It is not affordable – it is not affordable. When you are talking to these people –

**SOME HON. MEMBERS:** Oh, oh!

**MR. MITCHELMORE:** Mr. Chair, I would like to ask for some protection because there is a lot of heckling coming from the other side of the House.

**SOME HON. MEMBERS:** Oh, oh!

**CHAIR:** Order, please!

The Member for The Straits – White Bay North.

**MR. MITCHELMORE:** Mr. Chair, thank you for that.

Mr. Chair, I am presenting alternatives, ones that are environmentally friendly and they are sustainable. They will take Holyrood and convert, and will be more cost effective. There are other options as well. We are talking a small amount of power and we are looking at the alternatives. Part of the Muskrat Falls Project was looking at alternatives.

I just want to go back saying that you only burn pellets once. Absolutely, you only burn them once. Once they are used, they are gone. You replant trees, tree regenerate; trees take in the carbon that is there. It is being a consistent



constant cycle. It is renewable. We have a sustainable forestry resource that has grown all across Canada and the United States as well. It is not as destructive as other means.

We look at where we could go with biomass. There are 20 million cubic metres that is available in the Canadian marketplace up to 2041. There is capacity to be able to meet our energy needs of the 324 megawatts of power. There are so many other things that are not even considered like demand-side management.

I have spoken to people who work with E.ON in Europe – they are one of the largest groups of energy company consultants and conglomerates – and what they are doing to take nuclear off, and what they are doing in Germany and other areas when it comes to looking at meeting energy needs of the people of European economies. They are looking at things like providing incentives to people, Mr. Chair, when it comes to using things like dryers. If you use your dryers at night, Mr. Chair, you would reduce the consumption. If we deal with the peak demands and where they are, it will reduce the overall need.

If you look as well with wind and wind energy, with the potential that is there and to integrate that with biomass or integrate it with another source, but one of the key things with wind, when peak demand currently is, that is when the wind is primarily blowing. There is very little need for electricity right now because of consumer patterns in the evening time. That makes a difference as well, Mr. Chair.

There are so many other things that have not been considered with Muskrat Falls, yet we want to move forward, this government wants to move forward, and look at the overall energy needs of the Province just with Muskrat Falls, not with other options that are out there and other technologies and putting the ratepayers, locking them into this option for fifty years paying high rates.

Iceland has some of the lowest energy rates around; they pay incredibly low rates. You are talking about just paying twenty or thirty euros to heat a home.

**SOME HON. MEMBERS:** Oh, oh!

**CHAIR:** Order, please!

**MR. MITCHELMORE:** Mr. Chair, if the Member for Port au Port wants to say something, I suggest he get up and make his comments known because I certainly have lots to say for the people.

We are talking about burning and burning product, but look at all the wood stoves that exist and how many people are using wood to heat their homes and areas and how it has been done on the Island for a number of years.

The Member for Cape St. Francis talked about that, how people had cut their wood and a number of people continue to cut wood and buy wood, and that is quite significant. They are still doing it in my district and a number of other areas as well. A lot of people are forced to do it because electricity prices are too expensive right now and electricity prices are going to be even more expensive under Muskrat Falls. Government cannot deny that; they certainly cannot. What is that going to mean if you have to spend \$100 a month, every month, out of your pocket to pay that bill?

Right now, government puts in a home heating rebate of \$250 for the Island and \$500 for Labrador in home heating to displace some of the costs of heating their home. How much more is government going to be willing to put into this program and into subsidization to help offset the cost for people who cannot afford, people who are low income? That is not talked about.

I still have not received an answer about my \$1.1 billion in net benefits that Nalcor said the joint panel was versus the \$50 billion to the Province in the news release. It makes a big difference. Are we just getting \$1.1 billion or are we going to get \$20 billion? How much are the taxpayers going to pay when they get their bill because that is what they really care about?

We need to see more about the rates. We need to know what the rates are going to be. The minister had talked about it is going to be 1.5 per cent to 2 per cent cheaper with this loan guarantee.

**CHAIR:** Order, please!

**MR. MITCHELMORE:** I will speak to this more, Mr. Chair.

Thank you.

**CHAIR:** Order, please!

The hon. the Member for Mount Pearl North.

**SOME HON. MEMBERS:** Hear, hear!

**MR. KENT:** Thank you, Mr. Chair.

Mr. Chair, I am so tired I can hardly hear myself speak, let alone think. Nonetheless, I am getting increasingly frustrated by a debate that is supposed to be about Bill 61. I thought it was time to get up once again and remind particularly the Member for St. John's Centre and the Member for The Straits – White Bay North what we are actually here in this House to do.

What we are debating is financing legislation for Muskrat Falls, Bill 61. I have heard a lot in the last forty-eight hours or so about the Member for The Straits – White Bay North and his adventures in Iceland – Iceland. It is a wonderful country.

There is a bright light in my face, Mr. Chair.

It is a wonderful country. I do not dispute that for a second. I am glad the hon. member has enjoyed his time in Iceland. He talks about some of the geothermal energy opportunities and the geothermal energy in the great country of Iceland. That is fascinating stuff. It really is.

There are flashes going off, Mr. Chair. I think it is unparliamentary, actually.

I love Canada. I have travelled in Canada. I have not been to Iceland. I hope to get there some day. In certain places in Canada there are hot springs. Have any of you been to Banff?

**SOME HON. MEMBERS:** Hear, hear!

**MR. KENT:** Hot springs are wonderful. In Iceland, there are about 600 hot springs, Mr. Chair, which makes the whole geothermal thing work a little bit better than it would work, say, in St. Anthony.

**SOME HON. MEMBERS:** Hear, hear!

**MR. KENT:** No, I am being serious. I would like the hon. member to just explain to us when he gets up, which I am sure he is going to do in about seven minutes, maybe sooner, to tell us a little bit more about his energy plan that involves wood pellets and Icelandic hot springs.

Then on multiple occasions tonight and this morning – it is now morning, I guess.

**AN HON. MEMBER:** It is still Tuesday.

**MR. KENT:** It is still Tuesday, though. That is a good point. That is probably the first thing we can actually agree on here this evening.

Over and over again the Member for St. John's Centre has gotten up and quoted Doc McStuffins. That is great, but we are here to talk about Bill 61.

Bill 61 is about making legislative amendments to the Energy Corporation Act, the Hydro Corporation Act, and the Electrical Power Control Act. That is going to help us advance implementation of the Muskrat Falls Project. While we want to talk about why these changes are necessary and achieving the most desirable financial arrangement possible for the project, the only thing that we are hearing from the New Democratic Party is about trips to Iceland and Doc McStuffins.

Mr. Chair, we really do have a lot of work to do and I hope that we can start talking about the actual bill. These folks are not interested in progress. They are not interested in actually talking about the legislation that is before us. It is really telling. While they want to stand in the way of progress, I just think that we have to get on with this important piece of legislation.

This opportunity before us, Mr. Chair, represents a major paradigm shift in our direction as a Province and a major paradigm shift in terms of our place in this country. We want to manage the development of resources. We want to manage the development of clean energy and green energy. We want to manage the flow of legislation in this House in a responsible way, but the folks opposite, these two in particular, want to talk about Icelandic hot springs and Doc McStuffins.

There are far more pressing issues for us to talk about. We want to manage development of resources. We want to manage the development of clean, green energy and they want to manage decline. They certainly do not want to talk about the legislation that we are here to debate.

Filibustering is wonderful, it is fine. We can do it until the cows come home; however, we should at least talk about the legislation that is before us.

We want to have an open, informed debate. In fact, interestingly enough, the debate on Muskrat Falls has been going on four months in this Province. In fact, the project has now actually been sanctioned, as the hon. member next to me points out.

It is time to get on with this. If you are going to talk about alternatives, talk about legitimate, viable alternatives that make economic sense. We have not seen that yet during this debate.

**AN HON. MEMBER:** (Inaudible).

**MR. KENT:** Now I am hearing reference to mummies from the New Democratic Party. Beyond the nonsense we are hearing tonight, they have not been able to tell us how the project is flawed. They have not been able to even explain why Bill 61 is flawed, Mr. Chair.

In an effort to further cause confusion and disruption in this important legislative process, every now and then when he is not talking about his trips to Iceland and the hot springs, he will say Stephen Harper's loan guarantee. The loan guarantee is going to save this Province \$1 billion, Mr. Chair. It is fine for the hon. member to make light of that, but I think it is a positive step forward for this Province. It is going to allow us to develop a renewable energy resource that is going to meet the needs of this Province for decades, in fact for generations to come.

They have failed to provide alternatives. Instead of providing constructive, positive contributions to the debate on Bill 61, we hear them talking about Iceland, Doc McStuffins, and now mummies – now that the Member for St. John's North has joined in. They can talk all they want about threats, control, fear, secrets and Stephen Harper, but people are not buying it, Mr. Chair. People in this House are not buying it and I do not believe the people of the Province are buying it.

Bill 61 is a sound piece of legislation, and we need to do it now. We need to get the legislation in place before Nalcor can approach potential lenders. That needs to happen early in 2013. That is part of the project schedule.

These amendments are actually designed to facilitate the project's financing structure. We need to be able to clearly demonstrate to lenders that the project is going to generate sufficient revenue to cover costs, including debt repayment. Government needs to take the necessary actions to ensure the project's long-term success.

We do need to get on with this. It is time to stop the foolishness. We have lots of clauses that members could debate. They could propose amendments. They could tell us what they like about the legislation and what they do not like. What they would change, how they would improve it. Instead, we hear them over and over again in ten-minute intervals get up and talk about irrelevant matters that have very little if anything to do with the legislation in question.

Perhaps in the next little while we will hear a few more stories about travels to Iceland, dips in the hot springs, perhaps even Doc McStuffins. I hope we will soon talk about Bill 61 and the legislation that we are here to actually debate.

It feels like days ago – several days ago the Member for The Straits – White Bay North was telling us that Muskrat Falls was too small. It could not possibly meet the energy needs of the Province. Tonight, this morning, we are hearing him say it is too big. Now it is too big.

Geothermal energy, with a vast amount of hot springs in this Province, will be the answer. If we have any questions about their nonexistent energy strategy, we can talk to Harvard graduate Doc McStuffins. It is perplexing, Mr. Chair. I hope soon we will get on with this because we have much to do. There are many clauses in both bills that are worthy of discussion in this House. I hope the foolishness will soon stop.

Thank you, Mr. Chair.

**SOME HON. MEMBERS:** Hear, hear!

**CHAIR:** Order, please!

I recognize the hon. the Leader of the Official Opposition.

**MR. BALL:** Thank you, Mr. Chair.

We have danced around the globe a bit in the last twenty minutes or so. A couple members opposite through the debate tonight mentioned Joey Smallwood, of course, a former Premier. What was interesting to note is that the sanction date of Muskrat Falls is December 17. I am not sure how many people opposite would know but the death of Joey Smallwood was on December 17. His actual birthday would have been on Christmas Eve, born in 1900. That is just a bit of trivia here. I am not sure if it means anything, but just for the Members of the House of Assembly –

**AN HON. MEMBER:** (Inaudible).

**MR. BALL:** It sure does.

I spoke a couple times now tonight, once about the power purchase agreement and the certainty that is included in terms of the financing. Of course, all of this is related to Bill 61 and about the development of the Muskrat Falls Project and how it feeds into the provision of power over the next fifty years.

One of the things that has concerned many of us in some of the questions that have been raised throughout the debate and the discourse we have had concerning the project is about how the financing of this all works. Indeed, what happens if we find ourselves in a situation where we get significant cost overruns?

Mr. Chair, this is actually mentioned in the federal loan guarantee. We need not look much farther than within our own Province and you can see most of the major projects we have had in the Province we have had significant cost overruns. As a matter of fact, Mr. Chair, very few projects actually come in on budget.

When you look at this particular project, you say: What have we done to plan? What have we done to actually mitigate for the cost of overruns on a project the size of this? Why is this a concern? Any time you look at a project that will span five years, span two different provinces, run two undersea cables, an 1,100 kilometre transmission from Labrador in to Newfoundland, under what I would consider to be a very difficult and harsh environment to

work in, and then on top of that you layer in another transmission line from Nova Scotia to Newfoundland – so it is a major project, and there is significant engineering that would be done.

To actually budget for a project like this, can be very challenging. So what have we done? What we have done, this project was designed under what is referred to as a Decision Gate process. In Decision Gate 2, we saw that our commitment to the Muskrat Falls Project was \$5 billion; we then moved into Decision Gate 3 and we saw that, because of extra engineering, the project now became a \$6.2 billion project. That is our share of it. Of course, on top of this we have a \$1.5 billion Maritime Link for a total project cost, capital cost, of \$7.7 billion.

Number one, getting from Decision Gate 2 to Decision Gate 3 there was about an extra \$1.2 billion; most of this has been around things like transmission lines, structures, switchyards, site services and converters, engineering and project management for \$166 million. None of this is related much to what I would consider to be one of the significant cost drivers on a project like this, and a large component, of course, would be just the labour and the logistics in all of this.

Mr. Chair, it raises a concern because if you look, for instance, at Vale right now, they put a budget in place a number of years ago – I think it was around \$2.8 billion – and we now see this project to be around \$4.2 billion. The renovation here on the Confederation Building, for instance, just over a \$30 million budget, is now up in the \$50 million range. We all know where Hebron went when it was first announced to where it is today.

Cost overruns are nothing new in major projects, but it is a concern. In this particular case, when you really drill down and look at the budget, you ask yourself what we have done to make sure that we do not get ourselves into significant trouble here with cost overruns.

On a project the size of this as I said, Mr. Chair, \$7.7 billion, what we see, however, is a \$730 million contingency fund and escalation. When you ask, I guess, the so-called people who actually do the estimating on projects like this, most people would suggest that this would be a very low number, based on the experience and the history that we have had with projects the size of this.

We all know this, because we have seen lots of this in our past when we have run into significant challenges because of cost overruns. I said this is a very difficult environment, hard to access at times when you look at the Great Northern Peninsula, and trying to build a transmission line in this environment can be very difficult.

Now, most people who look at those projects are suggesting that a 20 per cent to 30 per cent range, even that would be an acceptable number, but even a little bit on the low side. We know that the development and the construction of dams, the history, there have been lots of information out there now when you look at the reporting on the actual construction of dams.

We have seen instances where they have been in the 50 per cent range in cost overruns, which is very concerning, because what happens in this particular case – you need to look at what is referred to in the federal loan guarantee, section 4.8, and this is called additional debt. Under this commitment here, the federal loan guarantee will not cover any cost overruns. So what that does is any time, as a Province, that we are responsible for the cost overruns, the federal loan guarantee will not help us. The low interest rates that are discussed in the federal loan guarantee is not, in effect, on the cost overruns and the additional debt that is required to support those construction overruns.

This can actually be a concern for the Province, because this can be a large number. Like I said, the \$730 million contingency that we have in place right now, by many people who actually manage projects of this size – not that we have done a lot of those within our Province. When you look around, globally, you will see that there have been significant projects in this range and it is a challenge to keep those projects on budget. We have seen it, certainly, across the country in many, many cases. You go to Alberta, for instance, where we have done the megaprojects in Alberta around the oil sands. Cost overruns are really something that is really common in large developments.

I want to go back a little bit about this additional debt. There is actually somewhat of a two-pronged effect with this. As a Province, we are responsible for the cost overruns. On this particular project, the Muskrat Falls



Generating Station and the Labrador transmission line, we are responsible for 100 per cent of the cost overruns on this particular part of the project.

On the Maritime Link for instance, the cost overruns, we will share that. Even though for the first thirty-five years of the Maritime Link we will be able to use it, but we will share in the cost overruns with Emera on that transmission line. We will share into that to the tune of 50 per cent based on them taking the first 5 per cent, us taking the next 5 per cent.

Mr. Chair, I think when you look at the federal loan guarantee under section 4.8 where it makes reference to the additional debt that is required here, you need also to look back – and I am not going to have much time to get into this right now and I will return to this. You also need to look back to 4.1, which is the project debt and the debt service coverage ratio, which is a very important piece of this. You will see that this is where the revenues to support the overall project – it gets triggered in there.

There is a formula, even for the dollar for dollar; it could cost us even a little more than the dollar for dollar range. We will probably have to put in a little extra just to keep those financial ratios in place to satisfy the federal loan guarantee. This is something that can be very complicated and very complex during the discussion on this. Mr. Chair, it is something we need to pay a lot of attention to. To correctly manage this over a five-year period can be very difficult.

Mr. Chair, I thank you for the time. My time is out now.

Thank you very much for the opportunity.

**SOME HON. MEMBERS:** Hear, hear!

**CHAIR:** Order, please!

I recognize the Member for Bonavista South.

**SOME HON. MEMBERS:** Hear, hear!

**MR. LITTLE:** Thank you, Mr. Chair, hon. colleagues.

It gives me great pleasure to be able to rise in this House and speak to this important amendment which ties into the future project of Muskrat Falls. A project that I am proud to stand here tonight and support, a project that will be very beneficial to many, many people for years to come, my children and their children. It is going to help our energy program in the future.

I would like to stick to this piece of legislation and the amendment in front of us that will be made to the Energy Corporation, the Hydro Corporation Act, the Electrical Power Control Act, and will help advance implementation of the Muskrat Falls Project.

Some of the changes in electricity legislation are necessary to achieve the most desirable financing arrangements for the project, which is non-recourse borrowing. Non-recourse project finance means the only collateral pledge against the loans are Muskrat Falls Project assets, with no other assets of the provincial government or Nalcor at risk. This is what we are doing here tonight.

I noticed the Opposition parties, and in particular the Third Party, have certainly taken us off track when it comes to what we should be talking about in this Legislature here tonight. We should stick to the amendment. We should have debate back and forth and stick to the facts.

If the Opposition can provide some opportunity for us to look at making amendments to the amendments that are provided, we will certainly take your facts into consideration. To this point, I have not heard very many facts coming from the opposite side of the House.

**SOME HON. MEMBERS:** Hear, hear!

**MR. LITTLE:** I look at this particular project as very important to our energy needs in the future. I have talked to a number of people outside the Province of Newfoundland and Labrador. I tell you, the attitude I am hearing from people outside and the positivity about this project here in Newfoundland and Labrador is remarkable.

We are at a time in our history in Newfoundland and Labrador where our people believe in Newfoundland and Labrador. I cannot understand how the Opposition party can stand in this House and try to debate – try, I say – issues in opposite to what we are trying to do here that is very beneficial for the Province of Newfoundland and Labrador.

I have talked to my son. He is actually at Memorial University. He talks to a lot of people at Memorial as well. Do you know something? The energy coming from our young people in relation to what we are doing with a project such as Muskrat Falls, they are saying it is unbelievable. Continue on course. It is going to be a great value to the future of the Province of Newfoundland and Labrador. Our young people even realize how important this project is.

**SOME HON. MEMBERS:** Hear, hear!

**MR. LITTLE:** Out in my District of Bonavista South, it is a historic fishing district tied into industries, in the tourism industry. People realize how important this project is in relation to job opportunities. That is something we should look at, Mr. Chair. Jobs are very important for the future.

As the member opposite just said, when we look at the Muskrat Falls Project, this is going to provide jobs forever and a day coming from such a project. Because of this project, it is certainly going to open up other developments in Western Labrador and on the Island of Newfoundland and Labrador. We are going to become a hydro project, electricity icon, in my opinion.

People from outside of this Province are looking at this Province of Newfoundland and Labrador. People within the Confederation of Canada and in other countries are looking at Newfoundland and Labrador as a place to set up shop and to create business and employment for the future, to help out some of our younger people and help out the rural parts of Newfoundland and Labrador.

Also, when our oil revenues dry up – and they are going to dry up – we need a renewable energy to replace such a project as this. This is what this project is all about, it is about the future.

**SOME HON. MEMBERS:** Hear, hear!

**MR. LITTLE:** I would like to stand here, hold my head high and commend people – like in Nalcor, people who are doing such an outstanding job, the experts, Ed Martin. Most definitely, I would also like to thank and commend some people in the House of Assembly here. Our Premier in showing leadership, the way she is taking us into the future.

**SOME HON. MEMBERS:** Hear, hear!

**MR. LITTLE:** There is no doubt in my mind that this government – I am so proud to be part of this government. We do have a plan. We do have a vision and it takes us into the future. This is the type of government – the people of Newfoundland and Labrador certainly gave us a resounding, remarkable vote in the last election to continue on and bring forward projects like this into the long term. This is what this government is all about, and we will continue to represent the people and bring projects like this into the future. We will continue to work hard on behalf of the people of Newfoundland and Labrador.

Like I said earlier, this project is a great project. I believe in the project. Also, the people of Newfoundland and Labrador believe in this project. The people that I talked to in the District of Bonavista South, and I have had a number of discussions during the election and after the election, and I am hearing on the streets in the District of Bonavista South: Listen, continue on with the project.

The project is sanctioned. We are going to continue on. This is going to help the Province of Newfoundland and Labrador for years and years and years to come, and this government is making good decisions. We are very confident about this project. The people, the attitudes – I talked to a member sitting next to me here and he talked about the confidence level and the attitudes of the people of the Province of Newfoundland and Labrador. I can tell you, he is spot on. He certainly discussed the issues of how our people, our mindset is changing, our educated people in Newfoundland and Labrador.

The rest of the country, the rest of the world is actually looking at Newfoundland and Labrador as a Province right now. We are an icon – we are an icon in Confederation. Some other provinces would love to have what we have here in Newfoundland and Labrador. There would be no debate in most provinces, like we are debating here tonight, as far as I am concerned. This project would just go right through the Legislature without any issue. I understand that amendments like the one before us, Bill 61, is a very important piece of the process in putting legislation like this in place to make sure that the transition goes through in a positive manner.

As I look around the House, I have noticed how hard the Natural Resources Minister has worked on this particular project. This is not about what we are doing for ourselves; this is about what we are doing for future generations. This is what the people believe in Newfoundland and Labrador. They are commending this government, the government of the day, in relation to continuing on the right track, being a government that has a balanced approach.

If you look at our track record, you can easily see that we have been spending money on infrastructure, and we will continue to spend money on infrastructure because of projects like the Muskrat Falls. It certainly gives us the opportunity in the future for years and years and years to spend money on roads, to spend money on schools, to spend money on hospitals, nursing homes –

**AN HON. MEMBER:** Hospitals?

**MR. LITTLE:** Yes, and I can guarantee you that this government is certainly focused – we can spend money on ferries, like we are doing as a government, and we will continue to do that. That is where the money comes from, in relation to spending, on infrastructure projects that are very important to all residents of the Province of Newfoundland and Labrador.

Without doubt, I can stand in this House, be optimistic to be able to support this piece of legislation that ties into the important project of Muskrat Falls. Thank you very much, Mr. Chair, for giving me the opportunity to speak on behalf of the residents of Bonavista South and to look at what is very beneficial to the Province of Newfoundland and Labrador.

Thank you.

**SOME HON. MEMBERS:** Hear, hear!

**CHAIR (Pollard):** Order, please!

I recognize the Member for St. John's Centre.

**SOME HON. MEMBERS:** Hear, hear!

**MS ROGERS:** Thank you very much, Mr. Chair.

I am happy once again – it is now 4:00 in the morning – now to speak again to this bill. This bill is Bill 61, An Act to Amend the Electrical Power Control Act, 1994, the Energy Corporation Act and the Hydro Corporation Act, 2007.

First off, I know that there are a number of folks here who have been listening very intently to the ongoing story that I have had this evening about alternative energy generation and different experts in that area. I thought I would finish that story for you while I stand this morning.

One of the things, though, I would like to do is that, in fact, I would like to thank Mr. Ed Martin and all the good people at Nalcor.

**SOME HON. MEMBERS:** Hear, hear!

**MS ROGERS:** I would like to thank them. I would like to thank them for their expertise, for their dedication, for their hard work. I would also like to thank all the fantastic people in the Department of Natural Resources who have worked so hard to bring us to this point.

**AN HON. MEMBER:** Including the minister.

**MS ROGERS:** Sure, why not. Why not, let us thank the minister – why not.

**SOME HON. MEMBERS:** Hear, hear!

**MS ROGERS:** What a generous thing to do is to thank –

**AN HON. MEMBER:** The colourful way he describes them.

**MS ROGERS:** Yes, and the amazing consultative way that he has ushered this legislation to the House here by not even consulting the Official Opposition or the Third Party. Perhaps he was too busy to do that. Maybe that was the problem.

What I would like to do is I would like to raise the question once more because, Mr. Chair, I think I have raised this question five times this evening. I think I have raised this question at least five times.

My question once again, just in case, Mr. Chair, somebody may choose to answer it or even considers answering it or maybe even if somebody would consider answering part of it. Or maybe even if someone this evening might say an answer will be coming, we are not sure when but an answer will be coming. Is that a fair question? Or perhaps, in fact, the reason nobody is answering the question is that maybe they do not know the answer, I do not know. I am going to ask it again and see if at some point we will get an answer to this question.

I was wondering: What was the initial mandate and question put to Mr. Ed Martin and the good people at Nalcor to answer our energy challenges and our energy needs? Were they asked to look at all of the possibilities – Mr. Chair, I am asking about initially. A few years ago, were they asked to look at the whole breadth of the issue of energy generation and also the whole issue of energy conservation? Were they asked to look at this in a global way? I do not mean global in terms of the world, but I mean in terms of a concept. Were Mr. Martin and the good people at Nalcor asked to look at how to make Muskrat Falls work? That is my question. Was that their initial task? Was their initial task to simply look at how Muskrat Falls could work, how they could make that work?

I would be interested in the answer to that. I think this is my fifth or sixth time asking it. I am just putting that out there again.

I am going to recap a little bit for you again so you are familiar with the story. What we were looking at were our two dancing partners, SNC-Lavalin – who are the major partners with the Province here in helping to build Muskrat Falls and advise the Province on the engineering aspects of Muskrat Falls and helping to push Muskrat Falls along. I am sure that SNC-Lavalin Canada – we have all heard a lot about them in the news in the past little while. We have all heard quite a bit about them in the news in the past little while, I think, Mr. Chair, probably more than what we want to hear.

There are all kinds of interesting stories about them right now, but we know that they have been the major player in helping to push Newfoundland to the point of doing Muskrat Falls, this multibillion project – which, again, at this point it is seven point something billion, but we suspect, with what is happening around the world in terms of overruns of dams, that we are looking at probably close to \$12 billion, I would say. I am no expert in that area, but when you look at what is happening it is kind of safe to surmise that that is a great possibility.

What this wonderful partner of ours, our dancing partner, SNC-Lavalin, is doing is they are working with Newark, New Jersey and helping to build a 655-megawatt natural gas-fired combined cycle power plant that is going to be ready in 2015. This was only announced yesterday. It is going to be ready in 2015, and it is going to cost not \$5 billion, not \$4 billion, not even \$1 billion, it is going to cost a measly \$750 million for 655 megawatts of power. That was part of the story, there was SNC-Lavalin. The other part of the story was –

**AN HON. MEMBER:** (Inaudible).

**MS ROGERS:** Yes, there is all that. That has to go with it. We know that, absolutely. We cannot forget that. That is an important part of it, we know that.

Then the other part of the story is that Manitoba Hydro International – that is also working closely with us and has been advising the Province, and they have been a dancing partner in this whole Muskrat Falls dance – are seeing that wind energy in effect is cheaper than new hydro dams. It is cheaper than new hydro dams. They are not talking about existing ones; they are talking about new hydro dams. What are we about to embark on?

**AN HON. MEMBER:** (Inaudible).

**MS ROGERS:** Yes, after some consultation with Manitoba Hydro that has been working really close with us and dancing with us. We are about to embark on a big, spanking, brand new hydro dam. We know they know that wind energy is cheaper than new hydro dams.

What they are going to do, in effect, is Manitoba because – the other thing that was quite interesting that they said is, "For many years, however, Hydro fought very strenuously to not have to build or buy wind power. The provincial government literally had to force Hydro into the wind business." I find that amazing, I just find that amazing. What I find very consoling, in fact, is the government in Manitoba did take that leadership and then did push Hydro to look at wind.

We know there are hydro dams in Manitoba, we know that. We know they are having problems with their brand new one in terms of cost overruns and the delay. The cost overruns have been quite enormous. We all know that.

We are kind of in a similar situation. We have this brand spanking new dam on the horizon that is going to give us probably the same kind of problems that Manitoba had with their dam. Probably bigger –

**AN HON. MEMBER:** (Inaudible).

**MS ROGERS:** Yes, maybe. Probably four times as big, but not giving us a whole lot. That is where we are at.

Then what I wanted to do was to talk about again, do we have an overall, overreaching Energy Plan? We were looking at the biography of Mr. Amory Lovins in the United States, and we have learned that he has –

**AN HON. MEMBER:** Is he a dancer?

**MS ROGERS:** No, no, he is not a dancer. He is a physicist –

**AN HON. MEMBER:** (Inaudible).

**MS ROGERS:** Yes, this is Mr. Amory Lovins, chief scientist. I would like to say that we have gone through quite a bit of his bio. I have skipped major parts because there is so much. He has eleven honorary doctorates. He has been named as one of the top 100 thinkers in the world. He is claimed to be surely the most – listen to this now. You are going to want to hear this. This, you are going to want to hear.

Dr. Alvin Weinberg, former Director of Oak Ridge National Laboratory, called Mr. Lovins "surely the most articulate writer on energy in the whole world today" – the whole world. Not just the United States of America, not just North America, the whole world, globally.



**AN HON. MEMBER:** Iceland?

**MS ROGERS:** It includes Iceland, absolutely. It includes every country, the whole world.

Here is the interesting part –

**CHAIR:** Your time has run out.

**MS ROGERS:** Oh, my goodness. Thank you very much, Mr. Chair. I will have to get back to this.

Thank you very much, there is so much more to say.

**SOME HON. MEMBERS:** Hear, hear!

**CHAIR:** Order, please!

I recognize the Member for Mount Pearl South.

**MR. LANE:** It is certainly a pleasure to stand in this hon. House once again and to have a few words.

I do have some commentary which I was planning on getting into a little later when the Leader of the Third Party arrives because it kind of ties into some of the things she has been saying, but I am going to be holding that. I intend on getting up to speak again, as many times as I need to, to make sure we get some of these points out.

**SOME HON. MEMBERS:** Oh, oh!

**CHAIR:** Order, please!

**MR. LANE:** I am sure the members opposite are glad to hear that.

Mr. Chair, I just want to talk about a few things that I have heard, particularly from the Third Party. Let me just say this, while I may fundamentally disagree with a number of the points – not all – that the Official Opposition have made, I really believe, Mr. Chair, I believe that fundamentally speaking –

**MR. KIRBY:** (Inaudible).

**CHAIR:** Order, please!

**MR. LANE:** Thank you, Mr. Chair, for protecting me from the Member for St. John's North. I really appreciate that, Mr. Chair. He has a tendency to do that every time I stand up to speak. I really appreciate your protection.

As I was saying, Mr. Chair, I really believe, as I listened to members opposite, at the end of the day the Official Opposition actually support Muskrat Falls. I honestly do. I believe the Official Opposition supports Muskrat Falls in principle. I believe they understand what we are trying to do. I believe they support what we are trying to do.

I have heard the Member for Burgeo – La Poile on a number of occasions say: As Opposition members, we are not here to oppose for the sake of opposing. I have heard him say that. He is nodding his head, yes, in agreement. He has said that. As the Official Opposition, we are not here to oppose simply for opposing sake. He has said that. I respect that, and I agree with that.

There have been times, I have to say, when they have seen good things and have acknowledged it. I appreciate that. I really believe, as I said, the Official Opposition supports Muskrat Falls. They support what we are trying to do.

I understand they have a role to play. They have a role to play to ask questions. I believe in the final analysis, they realize that Muskrat Falls is the right project for the people of Newfoundland and Labrador. At the end of the day, I believe they are going to support.

I know they have boxed themselves into a little bit of a corner. They are trying to save some face here and do their thing. That is fine. That is all part of the process. At the end of the day, I believe they are going to do the right thing and they are going to support Muskrat Falls because I think they understand that it is a good project.

Now I want to switch over to the other quadrant, if you will. I want to switch over to the other quadrant here.

**MR. KIRBY:** *Star Trek*.

**MR. LANE:** It is interesting, once again, that the Member for St. John's North should reference *Star Trek*. I have to tell you, there has been more than one occasion – and I have said this in this House before – when *Star Trek* has come to my mind.

**MS ROGERS:** (Inaudible).

**MR. LANE:** Exactly, you got it. The Member for St. John's Centre has it. There is one phrase that always comes to mind when I hear some of the members from the NDP up speaking, and she just said it: Kirk to Enterprise, beam me up, Scottie. There are no intelligent life forms down here.

Anyway, the Member for St. John's Centre referenced, as she does, experts. Mr. Chair, the Member for St. John's Centre has asked the question now a number of times. She asked it again when she was just up on her feet. She said: Ed Martin and the folks from Nalcor, what was their mandate in terms of finding a project to meet our energy needs? What was the mandate that they had?

Mr. Chair, I will answer that question, because Mr. Martin has answered that question. Mr. Martin has said from day one that they had to find the low-cost option and the best option to provide for the energy needs for Newfoundland and Labrador. That was their mandate, Mr. Chair – that was their mandate.

Now, the members opposite keeping going back – and it is important that we understand this and the people understand this, and I believe that most people do. Originally, when we got to the DG2 process and the PUB process, yes, there were two options. There was Muskrat Falls and there was the Isolated Island Option, which included, in the isolated option, small hydro and it included wind and so on – the Holyrood option. Those were the two options.

Now, it was not the Government of Newfoundland and Labrador, the Department of Natural Resources, that gave them those two options. Mr. Martin said himself, being experts in the field they looked at all the options. They looked at wind, they looked at natural gas, they looked at solar, tidal, all these things. Mr. Martin said it. They had a checklist of possible energy sources.

I doubt that they looked at hot springs, because as my colleague here for Mount Pearl North said we do not have too many hot springs here in Newfoundland. They did not look at that, I do not imagine. They had a checklist of potential options. The reason, because they were experts in the field themselves – because we do have experts at Nalcor, and I would put them up against experts anywhere. I would certainly put them up against this Doc McLovins or McStuffins or whoever he is, I can guarantee you that. Whoever he is or she is – I am not sure if it is a he or a she.

I would put Ed Martin and their experts, Gilbert Bennett, these people, up against anybody that they can google, because that is really their experts: google. The NDP experts are [www.google.com](http://www.google.com). That is where they are getting their experts from –

**AN HON. MEMBER:** It is .ca.

**MR. LANE:** Or .ca, whatever. I do not google, okay.

Anyway, if it is [google.ca](http://google.ca), that is where they are finding their experts. In the meantime we have experts at Nalcor, Mr. Chair, and those experts at Nalcor made up a list based on their expertise and their contacts in the industry. They started crossing off what they knew was not going to work. At the end of the process after they used their

expertise, Mr. Chair, and crossed off everything they knew would not work, they came up with two options: Muskrat Falls and Isolated Island. Then they did a comprehensive analysis on those two options and as a result they determined that Muskrat Falls was the low-cost option.

We had a number of people out in the public, people like the members opposite and so on, who questioned that, did not believe that, and would not take their word for it. That is fine, that is their right – no problem with it. Simply to satisfy those people who raised issues about natural gas, who raised issues about wind, to satisfy those critics they went out and did additional studies after the fact to say: Do you know what? We ruled them out. We ruled them out from day one. That is why there were only two options on the table when it came forward, because we already ruled them out. If you do not believe us, we will get an outside expert or experts to look at these options and we will start ruling them out. It is not me telling you, it is those people, those independent people.

At the end of the day they went through that process, but nothing changed. Muskrat Falls was still the low-cost option for the people of Newfoundland and Labrador. It is quite that simple. That is the answer. I say to the Member for St. John's Centre: That is the answer.

I know you do not want to hear that answer. I realize you do not want to hear that answer, because you do not want to let the facts get in the way of your fiction. We all know that. I would say to the Member for St. John's Centre, the Member for St. John's North, the Member for The Straits – White Bay North, you can carry on with your fiction –

**AN HON. MEMBER:** What about the Member for St. John's East?

**MR. LANE:** St. John's East, absolutely, and the Leader of the Third Party – you can all get over there and you can carry out your fictitious options that you have here on the table, including your energy plan which is wood pellets. You can go down that road.

I hope you continue to go down that road, actually. The more you go down that road, the more the people of Newfoundland and Labrador hear from you on this, the more that they are going to learn what I already know, and then we will let 2015 decide what happens after that.

Thank you, Mr. Chair.

**SOME HON. MEMBERS:** Hear, hear!

**CHAIR:** Order, please!

I recognize the hon. the Member for Burgeo – La Poile.

**MR. A. PARSONS:** Thank you, Mr. Chair.

It is about time I got a chance to get up here again and speak to Bill 61. It is funny because Bill 61 – I know I have been preaching about how I have not had a chance to look through it thoroughly because I certainly missed the references to *Star Trek*, Doc McStuffins, and Disney Junior. I am going to keep looking in that legislation and I am sure I will find that in there somewhere. That being said, I appreciate the fact that members in all three parties are getting up and speaking to the legislation. That is a great thing.

I would say to the Member of Bonavista South: I enjoyed what you had to say. Somewhere in the distance, the Member for Bay of Islands' ears perked up when you said hospitals are being built. I am not going to speak on behalf of the Member for Bay of Islands. He could do that quite capably and quite ably, but I would say the Member for Bay of Islands is very interested in hearing about this hospital that is being built. He wants to know where it is. He is very interested in that topic. The Member for Bay of Islands will get a chance to speak to that. He is rearing to go to speak and he will get his chance to speak about that, I say. Again, I am interested to see where that hospital is being built. I am looking to hear or see where that hospital is being built.

**SOME HON. MEMBERS:** Oh, oh!

**CHAIR:** Order, please!

**MR. A. PARSONS:** Anyway, if it is being built in Corner Brook I look forward to that, and I hope I can get in that hospital at some point. That hospital is going to service the entire West Coast and the Southwest Coast.

**AN HON. MEMBER:** We are going to put your name on the long-term care unit.

**MR. A. PARSONS:** My name could be on the long-term care unit, and I figure by the time it gets built I might be using the long-term care unit.

I am going to go back to the legislation. I had to go off track there just for a second but that is all part of this because we are all passionate about this project. We are all passionate about the legislation. We are all passionate about debate. That is why members are actually jumping at the chance to get up here. That is good. That is a good thing, I would say. I do not know if that is because it is 4:26 in the morning and it is just a chance to stay awake or not.

What I want to do is go back to where I left off previously in my handy chart we had made where we are comparing the old Bill 61. It is a reference to three pieces of legislation, but the old sections and the new sections that are coming in. What I am referring to is the Electrical Power Control (Amendment) Act, 1994. I am talking about subsection 14.1. That is the subsection that deals with exclusive rights or monopoly. I keep using the term monopoly. We are certainly not talking about the board game, although some could say the consumers are not going to go past go here, but they will have to pay their \$200.

One of the things where I left off here – and this is a concern because the briefing that was given to us by the department talks about ratepayer protection. This is coming right from the briefing notes from the department. Again, it lays it out. There is no hiding the intent of what is being done here. The fact is, in order to satisfy the loan guarantee and in order to enable this project to go ahead they need to pass legislation that is going to make certain things happen.

We have heard the term non-recourse financing. What it goes on to say is: As all Newfoundland and Labrador Hydro costs are ultimately paid by ratepayers, they must receive the equivalent revenue from ratepayers for these contractual obligations. The fact is the ratepayers are paying this.

We have to make sure we get enough out of the ratepayers, which brings us to why this legislation is doing a couple of things. One, which is removing the PUB, because that can be a stymied block or a roadblock to getting it done, number one, and getting it done fast enough. The second part is we talked about the fact that we have a monopoly. What we have to do is ensure that Nalcor or Hydro remains the exclusive provider or monopoly. We cannot allow other forms of generation.

What it is saying here is government is amending legislation to ensure that ratepayers only pay for power that is provided from Muskrat Falls until new supply is needed. Here is the thing; the amendment maintains the customer base. We have to maintain the customer base by ensuring that retailers and industrial electricity users must remain customers of Newfoundland and Labrador Hydro. That is a significant section. That is a significant part.

What it says is you are bound to them for the next fifty years. You cannot go anywhere else. You have no say. You have to pay what is being put on you and Cabinet is going to determine that as it relates to Muskrat Falls power. That is a pretty significant commitment the people are being forced to make to the Province. That is all due to the fact that because all the costs are ultimately paid by ratepayers, they have to make sure the revenue from ratepayers meets the contractual obligations.

We see where this is going. It has been laid out. I do not think government – I have heard from some members that no, no, that is not what we are doing. I do not think there has been any secret, this is what is being done. This is what the department is laying out. It is just a disagreement in principle as to: Is this a good thing for the people of this Province? I have a concern as it relates to monopolies. I have laid that out there. I am putting it out there.

The Member for Mount Pearl South stood up and had his say, which was good. I enjoyed that, but what he said was the Official Opposition support Muskrat Falls. At first he said we support it in principle. It is no secret, I voted against it. I have made clear here tonight and on other occasions, as it relates to development, we all agree it is a necessary thing. The project itself, the process we are undertaking here and the financing is something where we have some concerns and we have expressed those.

This is one of those concerns I am putting out there. It is placing a load that the taxpayers, the ratepayers are going to be bound to and really have no say in. That is a concern, as a ratepayer myself and as the representative for a number of ratepayers in Burgeo – La Poile and ratepayers from across this entire Province. Not just ratepayers now, but ratepayers who are being born right now, and down the road we are going to have new ratepayers coming in because this is a long-term deal. This is a fifty year commitment.

Going back to this, it says: You cannot source power from any entity but Newfoundland and Labrador Hydro. We are excluding them from availing of other sources. I will say, because I like to give both sides of this, I am not going to just stand up and give the one side. Now, that has been done by members. We give the one side. Well, I am going to give both sides. There are exceptions to the exclusivity provisions. I cannot just put out the one side and not talk about the other. It does exclude industrial customers who are currently buying from retailers. They are excluded. They are exempt from this new provision. It does exclude new self-generation in emergency circumstances.

It is not fair for me to get up and say the mill out in Corner Brook, if they need an emergency generator, they cannot go out and get it done or if they had to put up a windmill they cannot do that. That is not saying that. Emergency circumstances will be granted. It is not fair for me to put out something that is less than accurate. I am putting it out here that this is a good part. I do not agree with the section, but I agree that it does have this part in it.

It also grandfathers the existing generation by industrials and retailers. That is a good thing. We do have the grandfather clause here. They will take what is currently in existence and bring it in. That is another exemption. It says: Government has authority to make further exceptions. At least we know the legislation will allow government to change this should they want to.

What I am saying is government will not be able to make further exceptions down the road in my opinion. The reason being is with the cost here that is being paid by ratepayers, and we know the costs are going to go up, at no point do I think the government is going to allow anybody to escape that net. By doing so, they are excluding revenue that I think is going to be necessary to help pay for these costs.

I will probably spend some time later on going into overruns and the possibility of overruns and what that means as it relates to ratepayers but the government in my mind, Nalcor, under this legislation they cannot afford to allow people to escape the net of this. They have to tighten this up because, if you go back to what I said, all costs are ultimately paid by ratepayers. If you exclude a ratepayer, you are eliminating revenue that you need to have.

What I would say – I am running out of time, but I will probably come back to this again when I have an opportunity but I appreciate the opportunity and I will take my seat now, Mr. Chair.

Thank you.

**CHAIR:** Order, please!

I recognize the Member for St. John's North.

**MR. KIRBY:** Thank you, Mr. Chair.

It is certainly an honour for me to get up and say a few more words about the bill. I just want to respond to a few things that have been said. I know the Member for Mount Pearl South was up and I never heard more foolishness before in my life than was spoken when that member was up.



With respect to our position on Muskrat Falls, I just want to say for the benefit of everybody who is gathered here this morning at 4:34, and all my constituents in St. John's North who are home this morning watching this on television or glued to the set paying attention to what is being said here, we have always contended that we support the development of the Lower Churchill and we support a development that is economically feasible, environmentally sustainable, and good for the people of Newfoundland and Labrador.

That has consistently been our position. We have also said that we would want to see an open, thorough process whereby the Public Utilities Board signs off effectively on this by looking at all of the various options that are available.

It is interesting, because we have had some conversation about social media over the course of this session of the Legislature. Someone said to me on Twitter: Well, Dale, what is your position anyways? I said, well I want it to go to the Public Utilities Board. This person said to me: What if the Public Utilities Board said it was okay? What if the Public Utilities Board said it was okay? I said I would honour the recommendation of the Public Utilities Board because it would be very cynical of me to demand a process and if that process turned out to be something other than no, then I would somehow demand something else. Look, there is no reason for me to demand something else. Like I said, we have no ideological opposition to this project. All we are interested in is an open, thorough examination of the facts. That is all we are asking for.

**SOME HON. MEMBERS:** Oh, oh!

**MR. KIRBY:** I listened intently to my colleagues. The Member for Bonavista South got up –

**CHAIR:** Order, please!

I ask the member to direct your comments to the Chair, please.

**MR. KIRBY:** Yes, Mr. Chair, thank you very much.

Mr. Chair, the Member for Bonavista South got up and that member talked about how this will somehow fund hospitals, schools, so on. Right now we have schools that are closing in Hearts Delight and Whitbourne because the Department of Education did not see fit to give enough funds –

**AN HON. MEMBER:** Irrelevant.

**MR. KIRBY:** I am getting to the relevant part.

They did not see fit to give enough funds to the Eastern School District to keep those schools open. It speaks to the fiscal position of the Province right now when we are embarking on this multibillion-dollar project without a complete, thorough, transparent examination of the facts and we are in one of the worst financial positions in terms of deficit than we have ever been.

The government's preferred economist, Dr. Wade Locke, was talking about the Province's financial situation and Muskrat Falls earlier this year. He said to the St. John's *Telegram* with respect to the Province's fiscal situation, "It gets progressively worse as you go out..."

I have a graph here. I will not show it up because we are not allowed to use props. This says: Within ten years, Newfoundland and Labrador could be running annual deficits in excess of \$1.9 billion. That is only slightly less than the amount of money we have in the kitty right now we are planning on dumping into this Muskrat Falls Project. He said, "The next five years, it's manageable" – in the next five years this problem is manageable – "but after that it gets less manageable if we don't start dealing with it now."

What we are doing right now is putting our heads in the sand and we are saying: This problem does not exist. We will take these funds we have in reserve and we will just dump it all in this project and, hopefully, all of these projections, which are almost like fairy tales in my opinion regarding the price of oil, hopefully, they will stay true. Hopefully, there will be no new advances in technology, because we are locking ourselves in for fifty years into

one technology, tying ourselves to that. Hopefully, there will be no advances in technology when it comes to the extraction of natural gas off our shores. Hopefully, those companies will not become interested in that more, and on and on and on.

He says, "There is a serious problem in terms of debt and deficits." People have been lead to believe, by this government's attitude towards spending, that there is an unlimited amount of money available to address all of our needs and wants.

When he was asked about Muskrat Falls, Dr. Locke said: One aspect of the Province's future that does not fit into any of his projections – and if you look at this graph, it basically just goes like that and our debt problem goes like this. The net debt could double within in the next ten years and to \$37.4 billion by 2030. He did not even factor Muskrat Falls into that – that does not factor into that. He said he did not have enough information to include that in his projection. He also has done work for Nalcor, as we know, so it was probably not fitting that he would do that.

This brings me to my point about the bill in that Bill 60 and Bill 61 are intended, we are told, to provide certainty for borrowing and to remove any concerns of lenders. Based on what I just told you, of course they want this situation to exist whereby all of these assets can be taken away in the event of default because things do not look very solid. Lenders are justifiably concerned about where we are going. When you see oil production going out in to the not-to-distant future dropping off – in the interim, yes, there will be a bump, but when you see that sort of fiscal situation existing, of course lenders and the federal government, who are going to be putting up the loan guarantee – of course Stephen Harper wants that sort of situation to exist.

So, in the end, in the absence of another situation, what we have now are Newfoundlanders and Labradorians, ratepayers in this Province, are going to have to pay, to foot the bill, for the entire thing, and there is something really wrong with that. To justify a certain rate of return for this project, people are going to have to pay.

I do a lot of door knocking in my district, and I have seen a lot of the stuff that will raise the hair on the back of your neck already, with power rates as they are. I have seen a lot of very concerning things. The public service pensioners on fixed incomes, seniors on fixed incomes, people on low incomes who are just barely –just barely – scraping to get by, by wearing their winter clothes inside in their homes. We know there are a great many seniors who leave their homes during the day and they go to the Avalon Mall to stay warm, because they cannot afford to heat their homes as it is – and we are talking about driving up the price even further and creating this untenable situation.

So I see my time has run out. I thank you very much, Mr. Chair.

**CHAIR:** Order, please!

I recognize the Member for Cape St. Francis.

**MR. K. PARSONS:** Thank you very much, Mr. Chair.

I did not have much intention to get up, but after I heard the speech that time for the Member for St. John's North, I felt like I had to get up. It really ticks me off, because we look so often at the negative things, everything is negative.

When I look around, I see things that are positive, and I see things that are positive with our young people. I see the opportunities that they are having today that they never had before. I see schools in my district that have the top-notch whiteboards and every technology that you can possibly imagine they have right now, that we are giving them through this government, through investments that this government is making.

I spoke to a teacher one day down in St. Francis of Assisi, twenty-eight years teaching, she said: Mr. Parsons, I have to thank your government. For years we went to the school board and asked for a printer or we asked for a screen, and we could never get paper. We had to tell the students that this had to be done. We only could put out so many sheets a month because we did not have the supplies to be able to do things.

She said I have never seen it before. We have computers. Our children have access to everything you could possibly have to make sure that they have the best opportunity to get the best education and to have the best future that we can provide for them. They have free books. I know there were a lot of parents who looked at it and said: how are we going to – the biggest problem they had in September was to get clothes for their children. Then the biggest problem was that first day of school to figure out how much the books were going to cost, because they could not afford to pay for them. Guess what this government did?

**AN HON. MEMBER:** Paid for them.

**MR. K. PARSONS:** We paid for the books. So the children and parents do not have that stress level on them.

I just listened to the hon. member talk about people going to the malls and things like that. Mr. Chair, we are not saying this is a perfect society, but I am telling you something right now, since 2002 this government has put a lot of investments into the people of Newfoundland and Labrador and this government has made this Province a whole lot better place to live. You might say what –

**SOME HON. MEMBERS:** Hear, hear!

**MR. K. PARSONS:** You might say, what is the relevance to this? I will tell you what the relevance is, Mr. Chair, this project is going to bring revenue to the people of Newfoundland and Labrador. This project is going to put \$20 billion into our revenue.

**AN HON. MEMBER:** How much?

**MR. K. PARSONS:** Twenty billion dollars.

**SOME HON. MEMBERS:** Hear, hear!

**MR. K. PARSONS:** I tell you, when I look at Muskrat Falls, I look at Muskrat Falls in a positive way. I look at what it is going to do for our people. I look at what it is going to do to what is happening around us.

I heard the hon. Minister of Environment, who lives in Holyrood, of what it is going to do for his district. What it is going to do is make his place a whole lot better place for people to live. That is what we are here for, and Muskrat Falls is going to do this.

Muskrat Falls is a revenue generating project. It is going to produce money for our children and for our grandchildren. Not only that, Mr. Chair, it is clean. It is clean energy.

We heard the hon. Member for The Straits, he wants to burn wood. Now I do not know what toxins and everything else is going up into the air when you are burning wood, but there is no way it is as clean as what water is providing downstream.

Mr. Chair, I look at some of the things that Muskrat Falls is going to do for our future, and I look at the people here in Newfoundland and Labrador. Like I said earlier, and the hon. Member for Bonavista South, it is the confidence we have in our own people. We need to have confidence in our people.

I look at one thing. I look at our Premier. I will look at our former premier, Premier Williams. Premier Williams showed confidence. He had to pick out of talent like you would not believe. He had to put in a Minister of Natural Resources. He had to select a person from Cabinet. Who did he select? He selected our Premier, Premier Dunderdale, to be the lead person in Natural Resources for when Hibernia, Hebron, and all of these big projects are generated, and it is the same thing with Muskrat Falls.

Mr. Chair, I look at the people who I work around every day. I look at the caucus members and I look at our Cabinet. I have so much confidence in these people. Day after day I hear questions from across the way about Muskrat Falls. They are good questions. I watched our Premier and I watched the Minister of Natural Resources get

up everyday and answer every question. Every question they asked across the way, they have answered. They stood up and they have not wavered, not one little bit.

I tell you one thing, the Minister of Finance may think the only one who loves him in the Province is Marjorie, but I will tell you something right now, I know the respect that the people in Cape St. Francis have for this government. I know the respect that the people in Cape St. Francis have for the Minister of Finance and for our Premier. These people know this file.

**AN HON. MEMBER:** (Inaudible).

**MR. K. PARSONS:** Listen here, do you know what? I have a lot of confidence in people in Nalcor. I am sick of listening to the other side giving us experts from New York, experts from the States. Let me tell you something, I would put Ed Martin and Gilbert Bennett up against anyone in the world. I show confidence in those gentlemen and I show confidence in Newfoundlanders and Labradorians. I think Newfoundlanders and Labradorians are just as good as or better than anybody else in the world. You can go with all your experts all you want, but I tell you these people know what they are talking about.

Mr. Chair, we are talking about Bill 61. I probably never talked a lot about it earlier. Do you know what? We are going to the lenders. No matter where you go, if I go tomorrow to buy a car, I go to a lender. They need some kind of certainty that I can pay my bills. They have to make sure there is certainty there or they are not going to give me the money. All we are doing here right now is making sure there is money coming in so the bills can be paid for. That is all this bill is doing. It is looking for the certainty to make sure there is money coming in.

If I went tomorrow, like I said, to buy a car, I would rather have the bank say to me: Okay, we are going to take your car. That is all they are doing. They are not going to take the house. They are only going to take the car if I do not make the payments.

This is what it is all for, making sure there is certainty there. Yes, the ratepayers of Newfoundland and Labrador are going to pay for this. We are going to pay for it, but do you know what, Mr. Chair? If we went from 2016 to 2036, twenty years, and we continue to burn oil in Holyrood, we are going to average \$385 million a year at peak production for oil. Over twenty years, that is \$7.7 billion. That is what this project is.

We can take that \$7.7 billion and give it to the oil companies, or we can invest it in our future. We can invest it in an asset that will be there forever and ever. It will be an asset that our children will make revenue off, like I said earlier, \$20 billion – \$20 billion, that is our revenue.

We can go out and probably do Holyrood and make renovations out there, spend a billion dollars in retrofitting the place, burn all the oil, and we can live comfortably. There will be enough energy here to do it, but you know what? At the end, we have nothing.

Once we build Muskrat Falls, we have an asset that is going to be there for years and years to come. It is going to be ours. It is going to be the people of Newfoundland and Labrador's. It is not going to be the oil companies. It is not going to be Saudi Arabia that we are buying the oil from, or wherever we get the oil. It is going to be for our children and for our grandchildren. It is an asset. It is going to be owned by us.

Now, granted, we are going to have to pay for that, but it is like a mortgage. If I have a mortgage, I am going to pay off my mortgage, but when I pay off my mortgage I own my home. If something happens to me, my home is an asset that someday my children or my grandchildren, whatever it is, they will have something. That is the same thing we are doing. That is exactly what we are doing with Muskrat Falls. Like I said earlier, we can go out and continue to pay for oil but at the end of the day we have absolutely nothing – absolutely nothing.

Mr. Chair, it just blows my mind sometimes when I listen to the other side. Now, I have to say, I listened to both parties. One party, I think they agree with the principle of the whole thing. The other party, I do not know where they are coming from, because one gentleman gets up and says we have an energy plan and we kind of agree with

this. The other fellow wants to burn wood pellets. There is someone else, I do not what she – hot springs and whatever.

I tell you one thing, Mr. Chair, to me this is all about getting an asset that we can give to our children so they can have a bright future, and we can continue to do what we have done with the oil industry. We have improved our Province. We have made the people of Newfoundland very, very proud. I think Muskrat Falls, in generations to come, is going to make them even prouder.

Thank you very much, Mr. Chair.

**SOME HON. MEMBERS:** Hear, hear!

**CHAIR:** Order, please!

I recognize the Member for St. Barbe.

**MR. BENNETT:** Thank you, Mr. Chair.

Mr. Chair, I would like to talk a little bit about the social and economic costs, and the difficulties that will be encountered by the town that I think will be ground zero for the economic development at Muskrat Falls. That would be the Town of Happy Valley-Goose Bay, so I am certain the Member for Lake Melville will want to pay attention. Whenever there is a boom, often there is a bust. When there is a boom in an area that is not overly, highly developed, not a very large area, there is an enormous social and economic cost to be paid by that town.

Recently I had an opportunity to spend a few days in Happy Valley-Goose Bay, a place I had not been for maybe thirty years. I am quite pleased to say the town has come a long way in the last thirty years. It is larger, more progressive, and better developed than it was thirty-some years ago. There is a nice new airport. There are quite a number of attractive public buildings. Business is doing well. It is a busy little town.

Trucks are racing back and forth with little red flags on them. Basically everybody knows that is a Muskrat Falls truck. Locally, they estimate there may be a couple of hundred pieces of equipment working on Muskrat Falls, even though the sanction was this week. It is well accepted locally that there is a twenty-five- or thirty-kilometre-long road already built and the development is well underway.

Mr. Chair, the business community is quite optimistic about Muskrat Falls; however, the average working person in Happy Valley-Goose Bay is extremely concerned. Lower income people are very concerned. The area of their concern is the fact that their housing has become a really serious issue. It is very difficult to get reasonably priced rental accommodation and the price of real estate generally has gone up quite a bit.

In the area of public services, the town is exceptionally taxed right now. Public employees involved in virtually every area of public service in the town are really pressed pretty much to the limit. The justice system is completely overloaded. If you spend any time in the courts there, you will see interpreters dealing with people and interpreting. Here, we think in terms of people interpreting maybe French to English or maybe a European language.

In fact, many of the individuals who come before the courts in Happy Valley-Goose Bay are either Innu or Inuit. They have interpretation, and many of them have difficulties related to social issues they have that brings them in trouble with the system. The judges are completely overloaded and you can tell that by spending a day or so in court and find out just how busy they are. Prosecutors are overworked. Defence counsels are completely overloaded. Sherriff's officers are completely overworked. They are going absolutely flat out, almost directing traffic, with people in cells and people waiting to be heard.

This problem will only be extremely aggravated by instant prosperity. Wherever you go, whether it is towns here, towns in Alberta, towns in the North, any towns that have fast growth tend to have a lot of social problems. Even though there is economic growth, there tends to be increased crime.



The town has a major issue with its infrastructure. This town of 7,000 or 8,000 people is required to comply with the Canada Building Code. A dozen years ago they introduced their own building regulations; however, they have never, ever hired a building inspector. The Town of Happy Valley-Goose Bay has no building inspector.

According to a former town manager, they issue building permits for thirty to forty new homes a year and have done so for the last decade, so there are 300 to 400 homes in the last decade that have been built without the benefit of a building inspection. Subdivisions are going up pretty quickly. Undoubtedly, they will have severe issues.

What do they do when Muskrat Falls is finished? What do they do if they have an explosion of growth that absolutely taxes all of their services, then when the project is done there is considerable shrinkage, and they have a significant problem? With explosive and uncontrolled growth, it is very difficult to do any sort of urban planning, city planning, or planning in any areas.

At this point there are issues with children in need of care, children who really should see more response from the Child, Youth and Family Services department. There is a significant issue with the justice system, with circuit courts on the coast having to be served by judges in Happy Valley-Goose Bay. There is little or no attention being paid to the town by Municipal Affairs. The Department of Health is not fully up to staff in various –

**AN HON. MEMBER:** (Inaudible) minister is some upset now.

**MR. BENNETT:** That would be a good thing. I can tell (inaudible) I hope I do not cause him to lose too much sleep over what I am saying.

In any event, the Department of Health, it is a relatively new hospital. It looks modern and so on; however, it is understaffed. The issue is being able to attract and hire not necessarily doctors but people like technicians and X-ray techs and lab techs. The people who are working those departments are working with less than full capacity.

There is real concern at the local level about the number of children who will need to go to school there, even though the school is pretty much bursting at the seams. The local businesspeople that I spoke with informally, they say even though there will be more or less a transient population working at Muskrat Falls, there will probably be 150-200 new families who will come and stay there for the duration, more along the line of management staff. If they bring a couple of children a piece, then there are going to be 300 or 400 extra children that will show up practically overnight that have to be accommodated in the school system. They have issues, locally, just with transportation infrastructure.

Mr. Chair, if anything, I would encourage the Member for Lake Melville certainly to converse with various ministers and see if it is possible for him to put together a team. If people at the departmental level, whether they be ADMs or managers, if they would get together and really send a task force into Happy Valley-Goose Bay, because this is what the people seem to want and they seem to need. They want some local attention immediately so that when the full crush of Muskrat Falls and the number of people, when it is absolutely imposed on their infrastructure, that they will have a way to cope with it so that the fabric of their town and their social and economic way of life will not be completely destroyed for a period of time.

On that note, Mr. Chair, I will conclude my remarks.

**CHAIR:** Order, please!

I would like to recognize the Member for Lake Melville.

**SOME HON. MEMBERS:** Hear, hear!

**MR. RUSSELL:** Thank you, Mr. Chair.

**SOME HON. MEMBERS:** Oh, oh!

**CHAIR:** Order, please!

**MR. RUSSELL:** We have had a lot of dialogue being exchanged from across the floor here, Mr. Chair, and I will be the first one to say that we have heard some positive; we certainly have. I would like to say the Member for Burgeo – La Poile certainly has some common sense to his remarks. He says they are not opposing for the sake of opposing. They are getting up here to have some constructive criticism and they will make every best effort to try to improve what we are doing and aid us in our task of governance for the people, Mr. Chair. I can appreciate that.

We have also heard some extreme foolishness, I will say. I will be blunt. I have a gift for being blunt, Mr. Chair. When it does come down to extreme foolishness, we have certainly had our share during these proceedings in this House.

I will be the first to acknowledge that we have seen some changes in the local environment in terms of Goose Bay, my hometown, and Lake Melville, the district, Mr. Chair. I tell you what, we are certainly not going to be scared of prosperity, scared of development, and scared of moving to the next level. We are not going to say: Oh my goodness, our communities are experiencing a little pressure and a little success, abandon all hope, shut down everything and let's just manage decline. Let's do that. Let's all sit here and hope there is going to be money trees spring up everywhere and that goodwill fairies are just going to come by and fix all the social ills.

I tell you what we are going to do as a government, Mr. Chair. We are going to deal with this so-called instant prosperity. It does not happen overnight, as much as many people think. Our Minister of Municipal Affairs and other ministers within this government have spent a lot of time dealing with the municipality, dealing with me as MHA, and meeting with groups who deal with some of the social pressures we are feeling, Mr. Chair. We are certainly going to be ready to deal with that.

We have had the Member for St. Barbe get up and he actually said: Little to no attention given by the Minister of Municipal Affairs. I certainly take great offense to that, Mr. Chair, and I will tell you why. Because I have been in a constant dialogue with our minister and our departments about what is going on.

You talked about our hospital, you talked about our housing. Yes, we certainly do have new subdivisions springing up. We welcome with open arms, Mr. Chair, new families and their children who want to come into Lake Melville. If you want to come in, if you want to experience the prosperity with us, if you want to be a contributing member of our society, you are most welcome and we are more than happy to have you.

I will tell you what we are seeing is a steady migration off the North Coast of Labrador and a steady migration from the South Coast as well. People know what is coming, Mr. Chair. They know prosperity is coming. They know people are going to have opportunity, Mr. Chair. They know that. Is it going to be a cakewalk? Of course it is not going to be a cakewalk. We do not expect everything to be given to everybody on a silver platter. You have to earn your way through life. We have to earn our success in government within our communities and that is what we do.

We plan, Mr. Chair. We certainly do not just sit there in a reactionary mode and hope for the best. We actually put a plan together. We sit there together. We work with the communities, with the people, with the municipalities. We see what has to be done in order to make sure that we do the best for our communities, Mr. Chair.

The Member for St. Barbe gets up and encourages me, as MHA for Lake Melville, to begin a dialogue with the ministers in our government in order to address these issues. Mr. Chair, this is what we do twenty-four seven, seven days a week, is have dialogue, meaningful dialogue about what is going on in our districts.

When we get together, whether it is a phone call – I am in a district, I am out with the people, Mr. Chair. I am out with the organizations. I am meeting with the schools, meeting with people. We have dialogue about what is going on. What happens then? We start the phone calls. We talk to our ministers. We meet in caucus. We share our ideas. We share our difficulties, Mr. Chair, and we address them full steam ahead with a plan. We certainly do not fear prosperity.

This is a problem, I say to the hon. colleagues in this House. What do we do, Mr. Chair? Do we just say we have opportunities on the horizon, we have prosperity, and we have economic and industrial opportunities right at our

footsteps, right at our doorstep? We are laying out a path in order to change what we are doing as a Province in order to make sure that we can reach that next level of success.

We are supposed to fear this? We are supposed to abandon all hope? We are supposed to abandon all oil production, go into pellet production, forget about hydroelectricity and go into wind, Mr. Chair, and spend our time now travelling all over the world and try and learn lessons from somebody else? We are doing what we need to right here at home. This is what we do as a government. We plan, we execute, and we reap the rewards of what we are going to do, absolutely.

**SOME HON. MEMBERS:** Hear, hear!

**MR. RUSSELL:** Mr. Chair, I have 10,000 strong in Lake Melville. I am proud of every single person there. I am proud of every community and what we have to offer. Not only the beauty of our culture, the majestic beauty of our scenery and our landscape, Mr. Chair, but the tenacity and the abilities we have, the skill sets we have. Not only that, but the desire to grow and achieve more as a people, Mr. Chair.

I am not, for one, going to say: Do you know what? This is going to be too difficult, or this is too scary. I am not going to back down from the opportunities that are in front of us, Mr. Chair. I am going to grab them with both hands, take hold of the reins. I am going to help the people in my district to achieve all that we can achieve and be simply the best that we can be in terms of what is on the horizon in terms of Newfoundland and Labrador, Mr. Chair. To do anything other than that is selling ourselves short, Mr. Chair.

What happens now? We go into Muskrat Falls and we achieve unprecedented success with that and we stay away from Gull Island, Mr. Chair? We have spent days here in this hon. House talking about the different companies that have an interest throughout their stake and claims. They are doing studies. They are taking samples. They are hiring local people. They are making us achieve a different level of success in terms of even the procurement, Mr. Chair, and we are supposed to say this is going to be difficult, so, no, no, slow down, back down?

Mr. Chair, every single issue that the hon. Member for St. Barbe mentioned, all of these issues are going to be effected through prosperity, through economic development, and through the vision that this government provides, absolutely.

**SOME HON. MEMBERS:** Hear, hear!

**MR. RUSSELL:** Do you know what? My goodness, we do not have an inspector. Oh my God, cancel all of the subdivisions and send everybody home. Shut the doors. My goodness! Have you ever heard anything – no, that is just silly, Mr. Chair, silly, silly.

**SOME HON. MEMBERS:** Oh, oh!

**CHAIR:** Order, please!

**MR. RUSSELL:** We are going to look at these opportunities and the difficulties that come with them and we are going to hit them head-on, Mr. Chair. That is what we are going to do. We are going to work with our government, our departments, our municipalities and our people.

All of the youth you talked about coming into our schools, we will even take the time, Mr. Chair, to spend some time with them and hear what they have to say about what their needs are. It will probably be around recreation and things like that.

Do you know what? I look back to my campaign, Mr. Chair, I had a youth representative. Even though some of the people in my constituency were not old enough to vote, I still took the time to hear what they had to say because their opinion matters, Mr. Chair. It matters to me, it matter to this government, it matters to our leadership.

We will work with everybody involved to make the most of the situations we have in front of us. Do you know what we are going to do if we have housing problems? We are going to work together with the minister and we are

going to address them. If we have issues with the way the municipality is working, we are going to have to work with our minister again, work with our mayor, and work with our council.

We will do whatever it takes to address those issues. No, those solutions to all of our issues are not going to magically happen overnight. They are not, but we are prepared to do that, Mr. Chair. We are prepared to invest the time, the energy, whatever it takes in order to get there, to get to a better place, Mr. Chair.

This is what Newfoundland and Labrador is all about. This is what we have done, Mr. Chair, for generations and generations. I am not going to let a few silly comments and a little bit of fear get in the way of realizing our potential and leading us into a better, brighter, and more prosperous future for the people of Newfoundland and Labrador, Mr. Chair.

I will end my comments with that.

**SOME HON. MEMBERS:** Hear, hear!

**CHAIR:** Order, please!

The Chair recognizes the Member for The Straits – White Bay North.

**MR. MITCHELMORE:** Thank you, Mr. Chair, for the opportunity once again to speak to the bill.

I would just like to make a statement that all the procurement that will happen will happen at the cost of the taxpayer, of the ratepayer of the Province, the individual. This type of stimulus is stimulated by government and through that economy, coming at the expense of the taxpayer. The bill allows for a captured market, so any of the expense will be incurred that way.

I have to go back, Mr. Chair, to a comment made by the Member for Cape St. Francis. I have been stating and I stated earlier that Nalcor presented a cash flow analysis and financial statement showing the project return on equity to the project as a whole in the order of 14 per cent, and that the project annual net financial benefits to the Province would be in the order of \$1.1 billion by 2050.

I would like to see a financial analysis, see the cost of the cash flow, and those statements showing where what was filed by Nalcor conflicts now with what government's news release is saying that it is going to generate \$20 billion in revenue. There is a stark difference between \$1.1 billion and \$20 billion – quite significant.

Mr. Chair, we look at where we are riding – we are riding right now the oil roller coaster. Government has been riding the highs of oil and those peak prices. That is a good thing, because that has allowed us to invest in infrastructure and spending that needed to be done, and to be looking at paying down the debt and things like that.

Mr. Chair, we look at that –

**SOME HON. MEMBERS:** Oh, oh!

**CHAIR:** Order, please!

**MR. MITCHELMORE:** – and what we are seeing right now when you talk about confidence, sure, confidence has been quite high when you look at where we have had with the price of oil and being able to budget for that. With a \$750 million deficit looming and potential for the future, that puts us into concern as to where we are moving forward.

**AN HON. MEMBER:** (Inaudible).

**MR. MITCHELMORE:** I am certainly glad that the member here has joined the Third Party.

Anyway, I want to point that out because that is a concern. If we look at the fact that we have a captured market –

**SOME HON. MEMBERS:** Oh, oh!

**CHAIR:** Order, please!

**MR. MITCHELMORE:** This project has to be paid for, and everyone is saying 40 per cent of the project is paid for by the ratepayer. That is all they need. It is like going to the grocery store, buying a whole bunch of food and realizing that you only need 40 per cent of it; 60 per cent of it, either you have to give it away or it goes to waste. That is what is going to happen with the excess electricity, but you still have to pay for it with a take-or-pay arrangement. You are paying for a whole lot more than what you really need.

I just want to go on to say that I have brought up a lot of alternatives and a lot of options. I would have spoken to it if we had the option in an all-party standing committee, in the Resource Committee if we had that, or if the minister permitted that in second reading. We do not so I have the opportunity in Committee to do so.

I talked about how Iceland itself has geothermal power. They have that ability because of their strategic location when it comes to the tectonic plates and everything. Nor anywhere in my conversation did I bring up anything about hot springs, nor have I visited a hot spring, ever, as the Member for Mount Pearl North had talked about visiting Banff and going on hot springs. I do not see how that deals with energy and the importance of energy. We need to really look at alternatives, look at where we are going to make sure that we are meeting the Province's energy needs. That was one of the things that were talked about.

Let us just look at a country in Europe that needs to look at adapting as to how they are going to meet their energy needs. There are various adaptation strategies in Moldova. They are looking at what they need to do when it comes to flattening their consumption curve, because they realize that they only have a limited amount of energy and they only have a certain amount of supply. What they are going to look at doing is implementing demand-side management so that there are incentives to do so. There would be an extra tariff then if you are consuming in peak energy periods.

We say in winter, Holyrood needs to be fired up, so that is when peak energy is there. That is when you would look at increasing a tariff for people who are using – excessive users. You charge the ratepayers more who are the users of it. Right now you are going to charge people for not even using the electricity in the take-or-pay arrangement. It seems very backwards.

You have to look at, Mr. Chair, that we need to change consumer behaviour. We need to look at implementing energy savings, looking at lighting and equipment that can be used, energy efficiency and renewable energy sources and how you implement that there, such as looking at things like leadership in energy and environmental design. They have certain ratings and standards for putting in building designs.

We should build our public buildings up to that code to meet the highest standards. All of them, not just when you put up a hospital in areas that they do not have the highest energy standards, or when you look at building a home that we are not encouraging building contractors incentives to make them more energy efficient so they constantly have to be retrofitted down the road, over and over again, because within five to ten years energy savings are being lost. That is significant.

If we look at possible options, in Moldova what they are doing is looking at the production of energy from biomass to present new opportunities for their rural farmers who are involved in rape growing. We need to look at that. We need to look at what we are going to do for our rural communities and how they are going to have access to it.

Biomass is an option. It is an option. We have so many fishers and we talk about how our fishery is struggling in many areas, we need to rationalize, and we need to do all these things, but we have shrimp fishers who are catching quite an amount of shrimp shells and they are being dumped. This can be used, anaerobic digestion. There can be energy there that can heat up greenhouses and deal with providing energy for farming to help meet food security. They can look at doing things for public buildings as well. We can really integrate all sectors of the economy into an energy plan, but it is missed if we are just looking at doing an integrated island option to develop Muskrat Falls and limit all other options. It just really does not add up.



Muskrat Falls itself and the amount of energy can be quite well deployed in Labrador, specifically for Labrador and for all the industrialization and the companies that are there. You do not need to spend those billions of dollars building all of this transmission to the Island for 325 megawatts of power, at billions of dollars, for the sake of getting a billion dollars in savings from Stephen Harper's loan guarantee.

As I was saying there are certainly opportunities in the fishery to look at using biomass, but that is very much limited. It is limited when you are talking about having the ratepayer being in a captured market for fifty years, locked into this type of project, this type of deal. Those considerations are not being looked at.

I want to go back to another option because nobody has disputed the pellets as options, as being something that can be quite significant. We look at a country like Sweden. They have 1.4 million tons of pellets operating; we only need 750,000 to run Holyrood. That is over 400 megawatts of power. That is the energy needs solved right there. Run it by pellets. You do not need Muskrat Falls if you can run it with pellets. You use the resources that you have, to use the resources in Labrador to benefit the greatest amount of people there and develop industry and really develop a good plan, an industrial thing.

You are talking about investing in Labrador, but you are leaving all these diesel generations there for the coastal communities. You look at what you could be doing because it is not said for sure, for a guarantee that you are going to put in small-scale hydro there, which can be partnered with wind. Five megawatts is not going to be enough power for all the coastal communities of Labrador. We need to put more power on the grid for those communities so they can attract business and be competitive. This means a lot to rural communities.

If you looked at the biomass option for shrimp shells, if you look at the Labrador Fishermen's Union Shrimp Company, if you look at on the Northern Peninsula, if you look at the Isles of Notre Dame, all the potential of those regions. You talk about Ferryland District and you talk about areas of the Burin Peninsula. You talk about Trinity – Bay de Verde, those areas of the Province where there is heavy fishing happening. We could be taking those resources in and actually making good use of them to help displace the cost of power that will be needed. This could be great.

I would welcome the Minister of Municipal Affairs to jump up and talk about how this can be a great plan for municipalities, deal with the Waste Management Strategy, the problem for the people of the Province, and how we are going to deal it with overall. We need to look at that. We need to take a serious look at it. This is something that is missing, Mr. Chair.

My time has expired, but I will certainly get up and speak to this again.

**CHAIR (Verge):** Order, please!

I recognize the Member for Humber West.

**SOME HON. MEMBERS:** Hear, hear!

**MR. GRANTER:** Thank you, Mr. Chair.

It is a pleasure to rise in the House this morning to talk about Bill 39.

**AN HON. MEMBER:** Bill 39?

**MR. GRANTER:** No, I had to figure out if you were still awake or not. It is Bill 61. That is what we are going to talk about this evening.

Someone was saying today earlier that the Christmas message is already out on the broadcast. They were saying my voice was soft for the Christmas message. So at 5:23 in the morning I am going to use that Christmas message voice. It is soft. It is the best I can do at this hour in the morning. I am not going to be loud or rambunctious or anything like that.

I am going to paraphrase the Member for The Straits – White Bay North, not the last time he stood up but the previous time he was up and spoke. He talked about how he does not have an electrical bill. I have been sitting for the last little while trying to figure out how the Member for The Straits – White Bay North does not have an electrical bill.

The only conclusion I can make is either he is way too hot in the summertime or way too cold in the wintertime. I cannot quite figure that out. If that is the case, that you do not have an electrical bill, then we definitely do not need pellets. We definitely do not need Muskrat Falls. We definitely do not need wood burning furnaces and we definitely do not need Holyrood. If we could package it, then we do not need energy resources in the Province whatsoever.

Mr. Chair, I am going to talk specifically to the bill for the next seven or eight minutes. I think the Member for Burgeo – La Poile would like to hear some of the things that I am going to say because I am going to speak directly to the bill, as he has done over the last number of times when he was up to speak.

Mr. Chair, some people might ask: Why do we need to make these changes? Why are we bringing in this bill? Well, Mr. Chair, changes are necessary to achieve the most desirable financing arrangements available for the Muskrat Falls Project.

As mentioned earlier, there is non-recourse borrowing. It is important for the people of Newfoundland and Labrador to remember that the only collateral that is going to be placed for this non-recourse borrowing will be the Muskrat Falls assets. No other assets of the provincial government, no other assets of Nalcor will be at risk, and it is important to remember that, Mr. Chair.

It is important to note that protecting non-project assets has always been a principle of Nalcor, it has always been a principle of the government, and it has been its approach from the very beginning, Mr. Chair. Just as it is when we are going out to buy our first house or our first automobile, banks and investors all need assurances that the borrower can pay. Lenders need confidence, Mr. Chair, that Newfoundland Hydro can recover all of the project costs and all of the debt repayment. That is very critical.

The legislative changes before us in this bill, as we debated over the last number of days, will do just that. They will achieve those goals, Mr. Chair.

Legislation must be in place before Nalcor can advance the lending process in early 2013, as planned in the current project schedule. These amendments, Mr. Chair, will support the finance raising process. It is a signal to potential lenders of the project that this government is supportive of the project and will take the necessary steps to ensure its success.

Mr. Chair, we have all gone on an airplane and taken trips, and every time you get on an airplane someone gets on and they will say: In the unlikely event of a catastrophe over water – something along those lines, but we do not get off the airplane. We get on the airplane, we trust and we fly away. That is the same thing with regard to Muskrat Falls: In the unlikely event of a catastrophe. However, Mr. Chair, the ship has sailed. It was sanctioned on Monday. The ship is moving along. Development will take place and it is a good project, Mr. Chair.

These amendments, Mr. Chair, will support advancing the project forward. We are moving the project forward. Mr. Chair, I believe and see that the legislation will also prevent any potential claims for damages against the provincial government in relation to these amendments or the implementation of the financing. Ensuring that Newfoundland Power and industrial customers have to buy other power from Newfoundland Hydro will avoid rate increases that might have occurred if these customers could buy their power from another wholesaler.

Mr. Chair, it is important for all of us in this House and all Newfoundlanders and Labradorians to understand and to know that Nalcor has been prudent. Nalcor has been cautious in managing this project and the financing. The financing is proven and the financing is independent.

We have done the external studies by Manitoba Hydro International, Navigant and other consultants throughout the decision-creating process. Why would we believe that what we have done previous to this, what we have done during this and what we would do post this will not be any different? We believe, Mr. Chair, that it will not be any different.

Mr. Chair, these amendments will indicate to lenders that the project is good. It is self-financing and will generate sufficient revenues to cover the cost.

Mr. Chair, much has been spoken about the role of the PUB in all of this. The PUB will continue to have a role to play. Under section 5.1, the PUB will assess the utilities capital, operating and other costs to determine the utilities, revenue requirements, and rates. The amendments provide government with the authority to direct the PUB to include all project costs related to Muskrat Falls. So we are not excluding the PUB from this project.

Important to note, Muskrat Falls is only one input into overall rates in the Province. The PUB will continue to fulfill its mandate with respect to a number of items. They include capital budgets, setting rates for utilities, and its other regulatory roles in the Province.

Mr. Chair, contrary to some thought, the PUB has not been excluded. What the amendment does is allow government to direct the PUB to include project costs as one of many inputs into rates charged to customers. To do otherwise, I believe, and I believe the people of the Province will understand, would be irresponsible.

If we look at history we will see – and I know the Minister of Natural Resources either last night or some time throughout the day went through some of these - that the PUB has been excluded in the past from a Labrador hydro project in 2000; Granite Canal in 2000; Abitibi Consolidated, Abitibi partner exemption in 2002; Star Lake I do believe in 1998; Rattle Brook, the same year, in 1998. None of these projects, none of the four or five that I just listed, Mr. Chair, are comparable or similar in size, are comparable or similar in scope, or comparable or similar in project cost. We have not eliminated the PUB from this project, Mr. Chair.

Nalcor belongs to the people of Newfoundland and Labrador. I have said that a number of times, even on Open Line shows, said it in this House, that Nalcor belongs to the people of Newfoundland and Labrador – all the people of Newfoundland and Labrador, Mr. Chair. Nalcor will get a return in 2017 and on. That means the people of Newfoundland and Labrador will get a return, Mr. Chair, and that is a good investment.

Some people ask: Why don't we take that dividend and reduce the rates? We have made a decision, this government has made a decision, that we will leave that to future governments. It might be a time where they might want to put it into, yes, hospitals, schools, roads, or it could be a rebate on electrical bills. We will leave that to the government of the day five, six, seven, eight, ten years down the road, Mr. Chair.

Mr. Chair, I see that my time is drawing to a close. Government would exercise oversight on borrowing limits with regard to this project. I would say, Mr. Chair, that this is prudent as a stakeholder and as a shareholder for all Newfoundlanders and Labradorians.

Thank you, Mr. Chair.

**SOME HON. MEMBERS:** Hear, hear!

**CHAIR:** Order, please!

I recognize the Member for Burgeo – La Poile.

**SOME HON. MEMBERS:** Hear, hear!

**MR. A. PARSONS:** Thank you, Mr. Chair.

I appreciate the commentary from the Member for Grand Bank. He has been very supportive of the things that I have had to say here in the House. I think the reason that members from the other side are listening is that I am

trying to keep it to the legislation. I am not trying to get on with too much grandstanding – a little bit, but not too much. I appreciated hearing what the Member for Humber West had to say and all the members of this House.

I am going to go back to what I have been talking about. What I have been talking about is section 14.1 of the Electrical Power Control Act. I keep going back to this particular section which grants the government new powers that were not in place before. What I would say, one of the things that we have been saying, is that our concerns with the monopoly and the gutting of the PUB. Again, some might say: Well, do you know what? You guys are the Opposition; you are going to say stuff. The fact is that it is being noticed elsewhere.

Now, I am going to reference – again, there has been commentary by members of the Fourth Estate, and that would be the print media and you also have your television journalism and everything. You have to be hesitant when you use what reporters have to say. Because if you use just the stuff that supports your argument, you always have to be wary that they are going to also get you when they do not agree with you, because that is their job, to be objective.

I know that, in fact, just on Twitter right now, if you follow Twitter, the Fourth Estate is watching us. There are *Telegram* reporters. It is not @TelegramJames. It is @TeleFitz, actually, who is actually watching us. The reason I say that, I mention that, is because in the commentary that she is providing, she is saying points that are good and bad on all members. So if somebody in the Opposition says something that she does not agree with, then she will let you know then – and I guess that is the job, to be objective. So like I say, it can go for you and it can go against you.

Now, what I would say, I just want to talk about – I thought the editorial in yesterday's *Telegram* was very poignant, and it is sort of confirming or reiterating a lot of what I have to say. When I say yesterday, I believe that might have Wednesday. This is somewhat Thursday, but I think officially that it is Tuesday. Anyway, it is very confusing, but what I have to say stays the same.

The editorial says a number of things, and I am just going to point to certain parts here. They talk about the Electrical Power Control – or I guess Bill 61 because it is sort of what they call "a grab bag of rule changes to ensure that the provincial government can set electricity prices high enough to make sure Muskrat Falls is financially viable...".

That is what I have been saying here, that the rule changes are being put in place to ensure the revenue stream necessary to pay off Muskrat Falls – that is the whole point of this. It is not hidden in the briefing given to us, or the briefing notes. That is what we have to do. This is being funded by ratepayers, so we have to make sure ratepayers pay enough to make sure that it is paid off, because if not, you are going to get into possibly a default situation.

It also then goes on to say, "...and to ensure that, even if there are cheaper sources of power, a power retailer like Newfoundland Power or a large industrial customer would not be allowed to build or use them. Looked at in its best light, it's an attempt to keep anyone from making an end-run around the province's Muskrat Falls power plans."

Now, again, I say that because that is almost reflecting my observations about the piece of legislation. I do not think the government is trying to hide what they are doing here. They are saying what they are doing: Look, we have to pay for this. The ratepayer is going to pay for this. So, number one, we have to make sure the rates are high enough; and, number two, not so much about the rates but we cannot allow that customer base to diminish, or allow somebody to come in with an alternative source that is going to diminish from our base of revenues. Again, I think they are hitting the nail on the head here.

Secondly, the legislation would allow Cabinet to dictate to the Public Utilities Board what it can and cannot consider in hearings on electricity prices, including costs, expenses, and allowances that are to be included in the rates, tolls, and charges approved for a public utility, and the terms of the inclusion.

What they are saying is I guess the same as what we have been saying. In order to make this project viable, what we have to do here is eliminate the PUB from consideration here as it relates to this project. The PUB could effectively stymie, and not by intention but by the fact that these things take time. When you make an application to

increase rates, you have to set a hearing and it has to go through a process. I put that out there that the PUB is being rerouted here or gutted as it relates to this. There is no other way, really, to put it.

It also says, "The cabinet is allowed to cancel or suspend public hearings by the board...". Again, I put that out there. I have had some members disagree with me, when I have said this. I am saying when I read this, this is what the bill does. I reference the Member for Humber West. The member got up and gave a great speech and he said: Look, this ship has sailed. There is no doubt that there was a sanction given to Muskrat Falls on Monday night, but that ship could be stalled without the passage of this legislation, which is why we are in here, this enabling legislation.

If this legislation was not important, we would not be here right now. We would all probably be home. I am sure we would all probably be where we would prefer to be, which is home with our families, but this project does not sail without the passage of this legislation. It is absolutely necessary, because you cannot go to the bank without it. You cannot go to the bank. That is why we are here.

It comes back to what I have said. Really, Cabinet has the ultimate authority after the passage of this bill to eliminate the PUB, cancel or suspend hearings. Again, I use the quote here, "Call a spade a spade: it guts the PUB's oversight of electrical prices." It is reiterating exactly what I have said here.

At this point, I do not think members of the government can say you are not right. They can say: Look, we are doing what we need to do. That is two different things. It is one thing to say that I am not right. I do not think that is the case. I think everything I am saying is accurate and is a correct interpretation of the law. What the government needs to say is: Look, in order to get this project to go, we have had to amend the legislation to make these changes so that we can do that. That is two different things.

We get into the next part where they say, Hydro has "the exclusive right to supply, distribute and sell electrical power..." and so on and so forth. That is the monopoly clause. That is the part where they become the exclusive provider. I think it runs for a period of fifty years, an extremely long period of time. It is a very long period of time.

Two other interesting things – I am hoping I can get these in but if not, I will come back on my next time. "The legislation also backdates its creation, saying those rules won't apply to generation facilities that existed on December 31, 2011, and declaring void any contracts for power that were signed before the legislation comes into force." That is pretty substantial powers being invoked here by the inclusion of these specific sections here, voiding contracts, backdating legislation to make sure that certain things are exempted out of this.

This is another one too, and this is an important one because government is thinking ahead on this one, and I will give government all the credit in the world. "The province also plans to exempt itself from any litigation as a result of the new law, stating that 'a person is not entitled to compensation or damages from the Crown or a minister, employee or agent of the Crown arising from' the legislation, nor can they launch a court case as a result of the new law."

Government was thinking ahead, because they knew they were going to get their pants sued off. They knew they were going to get their pants sued off unless they included this in there.

I also notice, and this is part of it. Part of the legislation is we talk about Crown agencies, and that is why I think it specifically refers in here to an agent of the Crown. What the Province has done and their solicitors have done is: Look, we have this in here, now we have that protection we need. By doing this, by doing some of the things they have protection now to ensure that their –

**MR. DALLEY:** Protection of the people of the Province.

**MR. A. PARSONS:** No, no, protection of the Cabinet.

**MR. DALLEY:** Oh, yes, the protection of the people of the Province.



**MR. A. PARSONS:** Okay, the Member for The Isles of Notre Dame says protection of the people; I say protection of the Cabinet. That is what it is. What it says, and I am reading the fine print, "...damages from the Crown or a minister, employee or agent of the Crown..." That gives that protection there, and I understand why you are doing that. Do not get me wrong, I understand. You are putting in these laws that create substantive changes. You have to have that in. That would probably be a standard clause.

**AN HON. MEMBER:** The Crown is the people.

**MR. A. PARSONS:** The Crown is the people, okay. The people are going to determine the electricity rates.

**AN HON. MEMBER:** The representatives of the people.

**MR. A. PARSONS:** The representatives of the people are going to determine electricity rates.

**AN HON. MEMBER:** It is already owned by the people.

**MR. A. PARSONS:** Okay, I am really hoping that somebody is going to stand up and explain that one to me.

Unfortunately, I am not going to get a chance to finish this off, Mr. Chair. I know I have a bit of time down the road to get this done. I appreciate the opportunity, and I am going to take my seat.

**CHAIR:** Order, please!

I recognize the Member for Mount Pearl North.

**SOME HON. MEMBERS:** Hear, hear!

**MR. KENT:** Thank you, Mr. Chair.

**MR. LANE:** What a city.

**MR. KENT:** It is a great city. Mount Pearl is a great city, Paradise is a great town. It is a real honour to represent both communities here in this House of Assembly.

I am enjoying tonight's debate. The tone has certainly changed in recent hours, and I feel we are getting close to getting some things done with this piece of legislation. Again, I remind hon. members that we are debating Bill 61; we are at the committee stage.

Bill 61 is An Act To Amend The Electrical Power Control Act, 1994, The Energy Corporation Act And The Hydro Corporation Act, 2007.

**MR. KIRBY:** (Inaudible).

**MR. KENT:** The Member for St. John's North is suggesting that I have a photographic memory, and I would beg to differ. I do have a good memory. I have a long memory, and I do enjoy photography, Mr. Chair, but certainly I would not be snapping photos in this hon. House.

We have heard some discussion about excluding the PUB, and we have no intention of excluding the Public Utilities Board. In fact, as we make these changes to the acts in question, and as we move towards passing Bill 61, the PUB is going to continue to regulate rates for the Province. The PUB will also assess the utilities, capital, operating, and other costs, Mr. Chair, to determine the utilities, revenue requirements and also the rates, but we have to provide lenders with the required revenue certainty. That is really important to the viability of this project, and that is why these amendments are so necessary.

Muskrat Falls is actually only one input into overall rates, Mr. Chair. So, the PUB still has a valuable role to play. It will continue to fulfill its mandate in terms of setting capital budgets, setting rates for utilities, and the other regulatory roles that the PUB plays today.

We have heard some concern about oversight being removed from the PUB, and that is not exactly what is going on here. This amendment gives us the authority to direct the PUB to accept project costs for inclusion in electricity rates for the Province. Lenders require certainty, Mr. Chair. They require certainty that Newfoundland and Labrador Hydro is going to be able to recover all project costs, including debt repayment. This precludes the ability of the PUB to allow or disallow project costs. The legislative changes we are proposing through Bill 61 actually help us achieve those goals.

Contrary to perhaps the belief of some members opposite and because of the discussion that has occurred, there are probably even some people outside of this House who are thinking there is a move afoot to exclude the PUB, we are not excluding the PUB. This amendment allows us to direct the PUB to include project costs as one of many outputs into rates that are charged to customers. That assurance is important. That is the kind of assurance lenders need.

We have to achieve the most desirable funding arrangement possible for this project. I believe it was the Minister of Municipal Affairs who talked about the fact that this involves non-recourse project financing. That means only the project assets themselves are at risk. Protecting non-project assets has always been a fundamental principle of our approach here in terms of developing this resource.

In terms of PUB exclusion, there are examples of specific project exemptions in the past. In fact, as recently as 2002 there was the Abitibi-Consolidated, Abitibi partner exemption. There were exemptions in 2000 for the Labrador Hydro Project and the Granite Canal. As well, Star Lake in 1998 and Rattle Brook in 1998 were exempted under existing provisions under the Public Utilities Act and the Hydro Corporation Act. There is some precedence, but it is also important to note that none of these projects were as significant or similar in size and scope, or even project cost, as what is happening with Muskrat Falls.

In order for us to achieve the kind of financing structure we are seeking, Mr. Chair, and in order for us to protect non-project assets, project financing needs certainty. It needs certainty that Newfoundland and Labrador Hydro can recover all of the project costs, so we are not excluding the PUB.

I thought it was important to rise once again to speak actually to Bill 61 and the clauses that we are here to debate, and to provide some clarity on that particular issue. I hope, given the amount of time we have spent on clause 1 and considering much of the debate has not even addressed clause 1, that we are going to get to a point really soon – especially given the positive spirit that seems to exist in the House this morning; maybe it is the Christmas spirit that is getting to people.

I am hoping that we can soon start to get into the specifics of this bill and move forward. There is a lot of stake. There is a lot of time and resources being spent here. There are a lot of people involved in conducting this important process.

Again, I urge the members opposite, continue this co-operative spirit that seems to be evolving here and let's get on with it. Let's get into some of these clauses and advance progress of Bill 61.

Thank you, Mr. Chair.

**SOME HON. MEMBERS:** Hear, hear!

**CHAIR:** Order, please!

The Chair recognizes the Member for St. John's North.

**MR. KIRBY:** Thank you, Mr. Chair.

I just want to make a number of different comments, because there have been a number of important and interesting points raised in the last little while since I last has an opportunity to speak. There are certainly some questions about what was considered by Nalcor in its analysis of what resources we have, what potential we have to generate electricity, and what were the alternatives to the development of Muskrat Falls.

Of course, we keep hearing over and over again that we had no other choice, but really we were sort of backed into a corner when it comes to this development. It was only the Muskrat Falls option and what was termed the Isolated Island Option, those were the only things that were considered. Of course, the Isolated Island Option being those three new small hydro projects and one additional wind farm. The new hydro projects were Round Pond with a total of 18 megawatts of new electricity, Portland Creek with 23 megawatts of electricity, and Island Pond with 36 megawatts of electricity. The new wind farm would contribute another 25 megawatts of electricity.

That was put against the Muskrat Falls option, but that is all there was. Muskrat Falls, really, on its own did not contribute a lot to government's plan, I would argue, until, at some point, whether that was in 2009 or 2010, they decided to just forge ahead, somewhat blindly I would say, with that option.

I was reading over this pre-election pamphlet that was put out by the current government, by the Progressive Conservative Party in 2010. That pre-election pamphlet is also known as the government's Energy Plan. I mention that because the election was then held in September of 2007, that year when that was released.

If you read through that document, that pre-election pamphlet, the document is over 100 pages long. Do you know how many times, Mr. Chair, that 100-odd page pre-election pamphlet, that Energy Plan, mentions Muskrat Falls? Because we have focused now all of our energy, all of our reserve funds, everything is now focused on Muskrat Falls, now that we have the sanction decision and government is attempting to ram through these bills to wear the Opposition down, to avoid answering our questions. Do you know, Mr. Chair, how many times in 100-odd pages Muskrat Falls was mentioned? Three times. Three times Muskrat Falls was mentioned in that grand Energy Plan. Three times, and each time it was mentioned as an after piece with Gull Island. So, that is that.

We were talking about transmission here and talking about what this is going to cost. I was reading a story in the paper the other day. I was standing in the line for the grocery store and there was a story on there about this ancient practice of head flattening. They would flatten your head to differentiate one class of people from another. Well, I would argue that this is similar to head flattening in my opinion, because it is certainly not expansive at all in the thinking.

Much has been written and much has been said, but nothing has been absorbed clearly over the past couple of years about this government's failure to even think about, to consider properly, meeting domestic energy demand through harnessing our vast offshore natural gas reserves. These have been independently – not by consultants, not by hiring favourite consultants of the government. They have been independently –

**AN HON. MEMBER:** (Inaudible)

**MR. KIRBY:** I will get to that.

They have been independently investigated and analyzed by experts in this field and put up against the Muskrat Falls plan, at least when the Muskrat Falls plan was cheaper – and the cost has risen significantly. It has been suggested by a number of experts that our natural gas could be piped from the offshore and harnessed for the generation of electricity at a significantly lower cost than the government's Muskrat Falls plan. It appears that message has not been heeded.

A further suggestion that has been made over and over again – and there must have been some head flattening that went on –

**SOME HON. MEMBERS:** Oh, oh!

**CHAIR:** Order, please!

**MR. KIRBY:** – that does not appear to have been heeded by government, is the potential for the development of our natural gas offshore reserves for domestic energy consumption could hasten the development for export – it could. Global demand for natural gas is expected to soar in the coming years, especially in China and in India as more supply comes onto the market.

Up until the recent election in Japan, that government was trying to get away from nuclear generation in the wake of the Fukushima meltdown, so that was another potential market and that could re-emerge. Industry players and the federal government have said that it is important for Canadian projects to move as quickly as possible to get in on this demand, to head off competition from other countries. An increase demand in markets like Japan, South Korea, India, and China makes these times essential for the development of Newfoundland and Labrador's vast supply of offshore natural gas. Technology to bring offshore natural gas ashore is widely used around the world, widely used elsewhere. Technology for turning natural gas into electricity is widely in use elsewhere.

Over the past ten years, the efficiency of natural gas power plants have been continuously improving with advances in technology, and natural gas power systems have become cleaner and more competitive cost wise. As a result, natural gas – I was reading this in *The Globe and Mail* not a long time ago – is more and more frequently being referred to as the fuel of the future. I would say hydroelectricity is not being referred to as a fuel of the future.

If you look at the White Rose field alone, it is somewhere between two-and-a-half and five trillion cubic feet of reserves. A discussion paper written by Dr. Bruneau, I know his name is mentioned at Memorial University, says we could utilize just 60 per cent of the recoverable known gas reserves in three of our fields – Hibernia, White Rose and Terra Nova – to keep Holyrood generating at full capacity each and every day for the next 100 years.

Well, of course, we know Holyrood is only in use at peak demand times. That is at this time of the year when it is cold and there is an increased demand for electricity for home heating use.

I hope to have a lot more to say about the benefits of using natural gas versus what we are doing now because it is a much cleaner source of electricity generation than burning dirty crude as we are doing. Certainly, we all want to see that practice end so the people living in the vicinity of Holyrood do not have to tolerate that being burnt in their community much further. End it as soon as possible, I would say.

With that, I will take my seat, Mr. Chair. Unless the members want to give me leave to continue?

**AN HON. MEMBER:** (Inaudible) to catch your breath now.

**MR. KIRBY:** Okay.

Thank you very much, Mr. Chair.

**CHAIR:** The Member for Mount Pearl North.

**MR. KENT:** Thank you, Mr. Chair.

I feel the need to continue the dialogue here because the members opposite are posing questions, they are raising issues. I think it is important that we have a dialogue on these issues and respond to some of what is being said.

I was pleased to hear the Member for St. John's North talk about our Energy Plan. I have heard other members opposite in his party – including his own leader, for now, until perhaps another member takes over, or a certain former leader comes back to save them. I have heard their current leader talk about the fact that Muskrat Falls is not mentioned in our Energy Plan. I guess the input you are going to get from the folks opposite varies, depending on who stands up.

Tonight – this morning, I should say, it is 5:00 a.m. The Member for St. John's North does acknowledge that Muskrat Falls – not just the Lower Churchill broadly, but Muskrat Falls is mentioned numerous times in our Energy Plan.

He talks about natural gas. Other than members opposite and Con O'Brien and Cabot Martin, I am not sure there are very many people out there who believe that natural gas is actually a viable option. Maybe someday in the future it will be, Mr. Chair, but today it makes absolutely no sense whatsoever for Newfoundland and Labrador.

We did not just rely on our own expertise – and we do have some of the best expertise in the world available to us through our Department of Natural Resources and at Nalcor Energy as well – but we commissioned a study. We went out and sought the best consultants we possibly could.

Our government commissioned a study by the Ziff Energy Group that examines natural gas as an Island power generation option. For all the potentially viable alternatives, we did the due diligence to determine whether any of those options were truly viable. The Ziff Energy Group is based in Calgary. It concluded that both the liquefied natural gas, or LNG as it is commonly referred to, or Grand Banks pipeline, which you hear a little bit about on Twitter from time to time, neither are viable alternatives to replace the existing Holyrood thermal generating station.

Ziff looked at the availability and feasibility of natural gas as it relates to LNG or a pipeline from the Grand Banks as a source for power generation for the Island portion of the Province. At this time, Mr. Chair, natural gas is not cost effective at all. It is not an economically viable option to replace the Holyrood facility and it certainly will not address our Province's energy needs.

I find it frustrating that after months of public discussion, after weeks of discussion on Muskrat Falls and the alternatives in this House, that the Member for St. John's North would stand here during this debate in committee on Bill 61 and suggest for a moment that natural gas is the solution and the way of the future. He intends, in about six minutes or sooner, to try to get up and continue that line of thinking. It just does not make any sense. Yes, natural gas is physically available in the Province's offshore, but it is not available on commercially viable terms for power generation.

There are oil and gas companies doing great business in this Province and they have evaluated natural gas monetization opportunities. Of course they have, and they have not yet been able to identify an economic project. If they could, they would. They would look at the potential of developing it if it made sense.

Ziff Energy concluded that even if Grand Banks natural gas was commercially available, it would be prohibitively priced for Island power generation when compared with the Muskrat Falls Project. I am surprised once again, Mr. Chair, that the Member for St. John's North and his party would be promoting natural gas as the solution. It may seem a little bit more logical than the fairytale windmill solution we were hearing about earlier this evening, or the wood pellet solution or the St. Anthony hot spring solution, but still, natural gas is not an option. Muskrat Falls is absolutely the best option to deliver low-cost reliable electricity to ratepayers. That is the reality.

Ziff's analysis confirmed for us that LNG is not a viable alternative. Natural gas is not a viable alternative. It is time to stop the madness, Mr. Chair.

We have a robust Energy Plan. I was pleased the Member for St. John's North acknowledged that Muskrat Falls is an important part of that Energy Plan. That plan includes wind energy, which I know the Member for St. John's Centre hopefully is pleased to hear. Natural gas is not the solution. We have independent studies that confirmed that. Let's get serious and let's talk about Bill 61.

Thank you, Mr. Chair.

**SOME HON. MEMBERS:** Hear, hear!

**CHAIR:** The hon. the Leader of the Official Opposition.

**MR. BALL:** Thank you, Mr. Chair.



It is a privilege for me to stand again and speak to Bill 61. There has been a lot of conversation over the last number of days and the last few hours for sure.

**AN HON. MEMBER:** (Inaudible).

**MR. BALL:** Yes, a lot of good comments, I will say to the member opposite.

What I want to talk about for the next ten minutes or so now is the whole idea of governance and where this fits into two of the companies that are mentioned in the Muskrat Falls Project. The project itself is defined in really four different components. Throughout all of this, the premise of this project being successful, as I have mentioned many times now, is the whole idea of a power purchase agreement.

When the energy corporation, Nalcor, was formed in 2008 it came in to be the company that we would invest as a Province, that we would invest through this energy company in, into things like the offshore, the Bull Arm Fabrication Site; Newfoundland and Labrador Hydro became a company that was owned by Nalco, and of course, the residents of the Province, we were all the shareholders in Nalcor. So the whole idea here was for our provincial investment to go into Nalcor and somewhere in the future we would see dividends that would be paid back to the Province.

Typically, when you see kind of a mother company like Nalcor with a number of subsidiaries underneath it in the organization or the organizational chart, what you will see is different boards of directors. You would see a CEO, let's say, of the parent company. In this particular case, it would be Nalcor. Then the subsidiary companies would have a different board of directors. All of this really speaks to the due diligence and really good board governance. It is really something that is very usual; it is customary when you get into a large organizational structure.

What is concerning is when you look at the whole structure of the power purchase agreement and the impact that this agreement would have on our Province, it is not the fact of the individuals. This is not what I am talking about. I am not talking about the individual CEO at Nalcor, who is also the CEO at Newfoundland and Labrador Hydro.

As a matter of fact, I even had this discussion with him and why it is that they actually govern this particular corporation like they do. Of course, there is government involvement here, they do the appointments, they do the hiring, but I believe we have seen enough companies in the last few years that have really gotten themselves into a lot of trouble because of governance.

I do want to reiterate that this is not about the individuals. This is not about the people that we have hired, the current people who are there. What I am talking about here is actually structure. It is very unusual in today's world that you would actually see a company with so much authority, that would invest so much authority into the CEO and you would have the same board.

In this particular case here Nalcor would be the actual proponent, or the subsidiaries of Nalcor would be the proponent of the Muskrat Falls Project. They then will sign a power purchase agreement with Newfoundland and Labrador Hydro.

Mr. Chair, when you think about this decision is worked, there is really no one there as the customer or the purchaser at Newfoundland and Labrador Hydro to just make sure, to ask the challenging questions of the board at Nalcor just to make sure that as the purchaser of this power that they provide the proper oversight. I think it is time when we are making such a commitment to – and such a monopoly when you really think about it in this particular process. It was never meant to be this way; it was never designed to be this way.

With the Public Utilities Board, it was their role in the past to provide this oversight and this independent review of the expenditures, and even the annual budget and still is for that matter. In this particular case when you develop the power purchase agreement here between the proponent being Nalcor and the customer in this particular case being Newfoundland and Labrador Hydro, it is really one of the same. In this particular case, a CEO would move out of the Chair of Nalcor and would move over into the Chair of Newfoundland and Labrador Hydro, and they would sign for both companies in this case.

Mr. Chair, this is very unusual. If you compare this to similar situations even within our own Province – and I mentioned this a few days ago about where it is a very big difference when you look at a very similar situation that we see in a company just like Fortis, for instance. The Fortis CEO is not the CEO of Newfoundland Power. What you would see, it is a different board. Even though Newfoundland Power is owned by Fortis, there is a different board for Newfoundland Power. When Newfoundland Power in this particular case make the decisions, they would go to the board of Fortis and they would input and make requests at that level, but it is a very different board.

This is really a good example of the way good governance is set up. Mr. Chair, I think this is an example that if you went to look for a similar example of something like Nalcor and Newfoundland and Labrador Hydro, it would be very difficult to find. I believe a corporation of this size and of this magnitude that it is actually handling budgets and projects of this size, that you would actually see a governance model set up similar to this. It is very unusual in just about all cases.

The reason why I raise this is because there is such significant authority right now put into Nalcor. I believe right now it is time that we actually separate the two, that we would have different governance model within the Nalcor umbrella of companies, we could actually separate the board of Newfoundland Hydro and that of Nalcor. I think that it is time for that, essentially because of Bill 61, the monopoly position that we are actually putting Nalcor in to provide for the residents of the Province the exclusive right to supply, distribute, and sell electrical power or energy to a retailer or industrial customer in respect of the business of operations.

This is really a very powerful position to be in. I think that proper due diligence on behalf of a corporation the size of this and all the activity, that being their investment into the offshore, the investment in Bull Arm, the fabricating site, the investment now into the Muskrat Falls Project, and obviously with the Energy Plan that was established in 2007, there is a fair amount at stake for the future of this Province right now, Mr. Chair. It is an extremely unusual position. There is an awful lot of authority put into one particular board as they become, really, the same board in this case – not a similar board, but the same board.

I will want to reiterate and repeat one more time that this is nothing to do with the current individuals. This is all about structure and about organization. It is really time for us as a Province and for the government to review the way that this is structured, the way that this is set up. I believe it is timely right now with the significant amount of investment that we plan to make and the future of this Province, it is time right now that we look at a different governance model for the parent company, Nalcor, and Newfoundland Hydro and the subsidiaries that we have involved in this particular structure right now.

Bill 61 provides, as I said, a monopoly right now in the supply of energy for the Province because of the power purchase agreement that will be put in place as a result of this Bill 61. It is a huge amount of authority, and I believe the time is right for us to actually put in place two separate boards to provide a good governance model.

Mr. Chair, as I said, this is something I have mentioned in the past. It is very unusual, and I think it is time we explore the number of options we have to us, and that we would put some different people in place so that you do get proper due diligence in place, a better governance model. I think the time is right for us to do that.

I think when you are willing to make such investments that it is not about trust. It is not about the current board or the individuals. It is all about the concept. It is all about organization. It is all about good governance in this day and age. I think we could learn lessons from past experiences of other large corporations.

Mr. Chair, thank you very much for your time.

**CHAIR:** The Member for St. John's West.

**SOME HON. MEMBERS:** Hear, hear!

**MR. CRUMMELL:** Thank you, Mr. Chair.

I am going to speak to Bill 61, An Act To Amend The Electrical Power Control Act, 1994, The Energy Corporation Act And The Hydro Corporation Act, 2007.

Mr. Chair, I firmly believe the decision we made this week will determine the prosperity and well-being of future generations of Newfoundlanders and Labradorians in a very positive way. When we look to Bill 61 and how this impacts that statement, Bill 61 concerns itself with legislative changes to enable Muskrat Falls Project financing and will help ensure the project moves forward, Mr. Chair.

It is in the best interest of Newfoundlanders and Labradorians that our government and Nalcor negotiate the very best financial arrangements possible. Mr. Chair, if I could elaborate on that. Getting the best financial arrangements means the best interest rates, it means the best payment schedules, and it means money in the ratepayers' pockets. So this legislation is very important in getting the Muskrat Falls Project right, and we need to do it in a timely basis.

It is also in the best interest of Newfoundlanders and Labradorians to ensure any borrowing around this project is non-recourse financing, Mr. Chair. Non-recourse financing basically means that the collateral, or in other words the Muskrat Falls Project assets are leveraged as security for the loans. This is a very common practice in businesses in other jurisdictions around the world and this country. It is what we would call world-class best business practices.

This also means that no other assets of the provincial government or Nalcor are at risk. Ultimately, the taxpayers and the ratepayers of the Province would not be at risk either. So it is a very positive thing for all of us here in Newfoundland and Labrador.

This is desirable for obvious reasons. Not only is it desirable for the ratepayers, it is desirable to the potential lenders. It will enable us to secure the best lending rates possible. Lenders need to understand that Newfoundland and Labrador Hydro can recover all project costs, including the repayment of debt. When Nalcor goes to the financial markets in early 2013, potential lenders will recognize that our government is 100 per cent behind this project and will take the necessary legislative steps to ensure its success.

Mr. Chair, enabling non-recourse borrowing for Muskrat Falls is one of these amendments. The other major benefit is it will provide the project with revenue certainty. These amendments will show potential project lenders that Muskrat Falls will generate revenues above and beyond the covering of cost and the repayment of debt.

Mr. Chair, revenue certainty will come about through this legislation, as the legislation provides government with the authority to direct the PUB to include Muskrat Falls' costs in customer rates. We heard a little bit about the PUB and the role it is going to play going forward. Certainly, Mr. Chair, the PUB is there to act on behalf of the ratepayers of this Province, but ultimately the taxpayers of this Province and the government of this Province.

It is within our rights as a government to introduce legislation to give the PUB direction, and that is exactly what we are doing. Not only are we giving them direction, we are also empowering the PUB, Mr. Chair. The PUB will continue to set customer rates but they must ensure cost recovery for Muskrat Falls are included in these rates. That is very simple.

In essence, the PUB has to accept costs for what they are. We are not exempting the PUB from the process – not at all. Instead, the legislation is directing the PUB. I cannot make that simpler than that. It is a simple process here, Mr. Chair. The PUB is engaged and will continue to be engaged. This is the prerogative of this government, which provides the legislation for the mandate of the PUB. Mr. Chair, this is in the best interests of all of us and certainly to ensure fair rates into the future.

Mr. Chair, in the PUB, its mission statement clearly says, they will "...ensure that the public of Newfoundland and Labrador are well served in a changing environment by achieving an equitable balance between the interests of consumers and service providers in the electric utility...". Mr. Chair, the environment is changing, obviously, with the development of Muskrat Falls as a new source of clean renewable energy that is much needed as we move further into the twenty-first century.

Mr. Chair, while the environment is changing, again, we are not excluding the PUB. The legislative changes dealt with in Bill 61 will simply direct them in a way to ensure revenue certainty for the Muskrat Falls Project. This in turn will help achieve the desired financing structure that project lenders require and as a direct result, help achieve the lowest possible lending rates which will save the ratepayers millions of dollars over the timelines of the project.

Mr. Chair, I have addressed aspects of the bill concerning non-recourse borrowing, the role of the PUB and revenue certainty. Mr. Chair, further to establishing a stable revenue stream, this legislation will ensure that Newfoundland Power and industrial customers buy their power from Newfoundland and Labrador Hydro, and, in essence, provide protection to the ratepayer.

What does that mean, Mr. Chair? To understand that we need to understand what currently exists with regard to the wholesale power supply. Mr. Chair, the arrangement that currently exists within the Province is Newfoundland and Labrador Hydro is a wholesale supplier for the majority of power consumed on the Island through sales to industrial customers and Newfoundland Power.

This situation exists already today. We are not really changing anything. Newfoundland Power then sells the power to commercial and residential customers. That is the way it goes and that is the way it has been.

Bill 61 will formalize this status quo arrangement. We really are not changing anything, Mr. Chair. We are not changing anything at all. We are formalizing it.

This will commit Newfoundland and Labrador Hydro to purchase Muskrat Falls' energy, which we know is the least-cost option to meet our future energy needs. Requiring that energy for domestic use is sourced only from Newfoundland and Labrador Hydro will ensure additional costs are not passed on to the consumers from other generation sources.

Mr. Chair, it is important to note that by protecting Newfoundland and Labrador Hydro's wholesale rights, government is not blocking new power generation. That is another piece to this legislation that we firmly have to grasp and understand.

New power generation for export, self generation for commercial and residential customers, generation for emergency purposes or exemptions as approved by government are not precluded, Mr. Chair. It simply means commercial and residential customers can generate energy for their own use but will not be able to sell such energy.

Mr. Chair, by providing Newfoundland and Labrador Hydro exclusivity, it will provide the ratepayer protection by making Newfoundland and Labrador Hydro the principle generator using least-cost power from Muskrat Falls. That is as simple as we can make this, Mr. Chair.

Bill 61 also deals with the borrowing authority of Nalcor. Presently, the borrowing limit of \$600 million is not sufficient. The project requires a greater amount, and it is prudent to allow Nalcor and its subsidiaries the ability to borrow the necessary monies to meet the project schedule. This borrowing for Muskrat Falls is specific over and above the \$600 million that is currently allowed.

Mr. Chair, the final piece to this enabling legislation is to protect Crown assets, which is in the best interest of Newfoundlanders and Labradorians, and will protect the Province. This will allow Newfoundland and Labrador Hydro to act in its own capacity, not as an agent of the Crown with respect to its commercial arrangements with Emera, and with respect to executing contracts. Mr. Chair, project borrowing will be done through Nalcor subsidiaries, which are also not Crown agents.

So, Mr. Chair, by redefining Nalcor and Newfoundland and Labrador Hydro as not being agents of the Crown, we will be protecting the Province. We will ensure Nalcor is not at risk. We will ensure Newfoundland and Labrador Hydro is not at risk, and we will be ensuring the project assets are secure.

This is simply good business practice. This is careful management of this project. This is in the best interest of Newfoundlanders and Labradorians, and this is basically what is going on with this legislation.

Thank you very much, Mr. Chair. I will look forward to more commentary later.

**SOME HON. MEMBERS:** Hear, hear!

**CHAIR:** I recognize the hon. Member for The Straits – White Bay North.

**MR. MITCHELMORE:** Thank you, Mr. Chair.

I thank the member opposite from St. John's West for providing that contribution.

Bill 61, An Act To Amend The Electrical Power Control Act, 1994, The Energy Corporation Act And The Hydro Corporation Act, 2007, is also known as the monopoly bill.

As the Member for St. John's West had provided, there are certainly some exemptions where, if somebody wanted to develop industry, develop energy in the Province here, they can only do it for self-generation based on the individual or the business for the Island portion of the Province, or export it.

That really limits opportunity, unless they can get approval from Nalcor to develop things like small scale or even large scale wind to sell to consumers, taking out revenue that municipalities could have to help generate business and increase taxation revenues so that they do not have to increase property taxes and things like that in their towns. Those are options that are now going to be much more difficult.

Because the loan is structured, Mr. Chair, to be non-recourse and it requires a guaranteed revenue certainty, we really need to know how many ratepayers there are and what the cost is going to be for the project and look at how it is going to be capitalized, how depreciation is going to be written off, what the interest rates are. We do not know these things right now.

We do not know how much the cost overruns will be. We do not even know what kind of interest rate we are going to have, just that the loan guarantee that is listed there is going to reduce rates maybe by 1.5 per cent to 2 per cent. We do not know. There is a lot of uncertainty for the consumer to guarantee the rates needed annually.

If the project is going to take place and we need to guarantee that the ratepayer in Newfoundland and Labrador has to pay for the project and costs are escalating, then prices have to go up to pay for the project. If you have a number of companies that decide I am going to now produce my own energy because it is cheaper and more feasible to do so, then that burden gets passed on to the individual ratepayer, the homeowner and the consumer.

Mr. Chair, if that comes to a point with advancing technologies and things like that, you may see a number of people go off the grid and use things like windmills and other forms of heating to take the electricity piece off the grid and make it more and more expensive to those who are really vulnerable and cannot afford to go off the grid if electricity prices go up. Setting it up in this form into a recourse take-or-pay option, then you still have to pay for the power whether you use it or not.

There is going to be a higher rate paid because you need to have a guaranteed amount of revenue. We cannot look at right now and say well every consumer who is paying their electricity bill is going to continue to do so, because there is that option where they could look at self-generation. Even the business user could look at that. That leaves those who are left the option basically of paying more for electricity.

We have not seen, Mr. Chair, what the interest rate is going to be, what the monthly payments are going to be to have to be paid for this loan, for this type of financing, whether it is a group of people who are financing. We do not know what those rates are. We do not have any idea of how much revenue is needed to generate to pay for the project, especially to generate \$20 billion in revenue that has been released in a government release. If the ratepayer is paying, the government wants to profit \$20 billion off them without putting any of the money back in their pockets. That is quite alarming as well, Mr. Chair.



One of the things here is saying when we looked at the joint review panel, and it was the only independent panel, they questioned whether the project would be the best alternative to meet domestic demand and whether timely transmission access was available to deliver energy to unknown export markets. There is a lot of uncertainty.

We go back and we look at Manitoba Hydro and what Manitoba has done with some of its recent deals it has struck when it comes to hydro power. They have been able to look at saying: We are going to sell adjacent states. They have a cap on how much they are going to buy, but it is going to generate \$4 billion in revenue. That is not something their taxpayers, their ratepayers are going to have to pay during the cost of the project. That is actual revenue, actual revenue. I wonder why Nalcor, when it filed, said it was going to just generate net financial benefits at the time of \$1.1 billion. It is very questionable.

Another thing that was put in the joint review panel, there was a suggestion by Helios Corporation, a resource corporation, that an 800 megawatt wind farm on the Avalon Peninsula would be the equivalent of Muskrat Falls in terms of supplying domestic needs and could be constructed for a capital cost of \$2.5 billion. It would have annual operating costs of \$50 million and would have levelized cost of power at 7.5 cents per kilowatt hour. You look at that rate, it is much lower.

Even if you went, instead of having the taxpayer look at paying for it, you go out to private investors and you say: Will you look at doing what we have done similarly and enter into a power purchase agreement, because power is needed? Even if it costs 7.5 cents for the private entity to do it, we are paying more. That option is there. That option is there to look at having Newfoundland Power still make their rate of return that is needed and stabilize electricity rates in Newfoundland and Labrador without the cost, without the exorbitant cost.

We only need to look at what they are doing in Quebec. Quebec is adding 2,000 megawatts of power. Their rates are going to be ten cents a kilowatt hour. Muskrat Falls power, as the Minister of Natural Resources stated, to bring it to Soldiers Pond is going to be over twenty cents a kilowatt hour. These are not things that can be argued if that is what is stated and that is what is being provided. The blended rate is going to be over fifteen.

Why are we not considering these options and looking at things like biomass? Other countries are looking at biomass and looking at the pellet option. I talked about Sweden and how they are using 1.4 million. Pellets are most widely used there. Look at the climate and look at what is needed. It is used as an alternative to oil-fired central heating, things like displacing Holyrood Generating Station.

Austria is leading the market of pellet central heating furnaces to its population. Two-thirds of all new domestic heating furnaces are pellet burners. We could look at putting pellet burners in homes. We could do that. We do not have to depend on electric baseboard heating. We could displace it like they are doing in many other countries, but not with the passage of this bill, Mr. Chair, because we need to have with recourse, non-recourse borrowing.

There has to be guaranteed revenue generated from hydro, from looking at what Nalcor needs to do through Newfoundland and Labrador Hydro, specifically through the ratepayer. So that is something we are not going to be able to really look at and develop. Government, when it invested in a company like Holson Forest Products in a loan, looked at wanting to go to the export market, rather than in a strategy look at what other countries are doing to meet its needs.

Look at the United States. The United States, in 2009, had 800,000 Americans using pellets for heat – 800,000 Americans. In terms of their population, that is not a lot. There is a huge potential for growth. If they are using that much pellets, that is more than the entire population of Newfoundland and Labrador.

With the way the world markets are going with this, we have the option. Other countries are doing it. Look at Italy, they have over 550,000 tons, Germany 450,000 tons. These countries do not have significant forest supply like us. They do not have the abundance of forest that we have that will regrow and regenerate. They are limited in their natural resources, Mr. Chair, we are certainly not.

Austria 400,000, Denmark 400,000, Finland 50,000. Those statistics are very dated, that was 2005. It has grown leaps and bounds since then in 2012. There are so many other options, so many other alternatives. We have not

looked at the legal implications of this non-recourse debt and option and how it is going to show up on the balance sheet as an asset and a liability, and looking at just swapping debt and equity and how we are doing this, and what the real implications are to the revenues and to the people of the Province of Newfoundland and Labrador.

The Member for St. Barbe had given a speech earlier and talked significantly about non-recourse debt as well and made a number of points to that. I think we really need to look at why these options are put there and why the loan guarantee is demanding that. Is it to prevent us from really being masters of our own destiny? Is it really to prevent that paradigm shift where we are not able to be innovative and look at technologies and really look at the future generation in a positive way? We are looking at saying our generation, our grandkids and our children, but we are not looking at the people today and the ratepayer of today as well.

Thank you, Mr. Chair. My time has expired but I will get up and speak again certainly to this.

**CHAIR (Pollard):** Order, please!

I recognize the Member for Mount Pearl South.

**SOME HON. MEMBERS:** Hear, hear!

**MR. LANE:** Thank you, Mr. Chair.

I had not intended on speaking just yet. I did intend on speaking a little later, but after listening once again to the Member for The Straits – White Bay North, I feel compelled.

**MR. KIRBY:** (Inaudible).

**MR. LANE:** Mr. Chair, just before we start, could I ask for some protection from the Member for St. John's North again? I would really appreciate it, because as we know he has a tendency to do that. I am not sure what the issue is.

Mr. Chair, in terms of Bill 61 – and I think my colleague here, the Member for Mount Pearl North and my colleague, the Member for St. John's West, indicated the reason why we need to do this. It is obviously an important part in moving this Muskrat Falls Project forward.

Mr. Chair, we do need to ensure that we are going to have our financing in place, that we get our non-recourse financing. In order to do that, Mr. Chair, that is why it is necessary for us to set up subsidiaries, for Nalcor to have subsidiaries to protect its assets, to protect the Province's assets. It is important to make the amendment so that the PUB will be directed to basically accept the Muskrat costs as part of their calculation.

They are not being removed, by the way. We get this spin out there that somehow the PUB are being removed. They are not being removed. Yes, there is going to be a change made so that the costs can be recovered for the Muskrat Project which is obviously part of the process of the loan guarantee, of getting the loan that Nalcor is going to require, Mr. Chair, but it is also going to protect the Province in doing so.

These are normal business arrangements, as has been said. While sometimes we hear people talk about the removal of the PUB and it is put out there, I call it fear mongering, quite frankly, to try to get people upset about it and worried about it, Mr. Chair. The reality of it is that it is normal business practice.

The PUB will still be involved as far as transmission goes. We know that Hydro generates the power and so on, and then Newfoundland Power kicks in and they have to make a profit and so on. The PUB will still be involved in that process. The part they will be directed in, in terms of accepting the costs outright for, will be Muskrat Falls, as I said, because we do need to recover those costs so that the project remains viable, so that we are not put at risk, and Nalcor is not put at risk and so on. That is why that is being done, Mr. Chair, and it makes all the sense in the world I think to most people once they look at it.

Now, back to the Member for The Straits – White Bay North, Mr. Chair, and I guess what kind of got my goat a little bit. First of all, Mr. Chair, I think it is fair to say that we want Muskrat Falls to succeed and we want Nalcor to be a viable, profitable company. When I hear the Member for The Straits – White Bay North, when I hear that hon. member basically complaining – that is what he was doing, Mr. Chair. He was complaining, moaning over the fact that, my goodness, Nalcor over the course of this project of Muskrat Falls, over the course of the next fifty years, could actually make a profit. They could actually turn a profit, Mr. Chair, of \$20 billion. They could actually make a profit.

Now, I could understand, Mr. Chair, I could totally understand if Nalcor was a private entity, which it is not, but if Nalcor was a private entity that were going to derive huge profits that were going to go to the shareholders for themselves, if that is what the case was going to be, and they were doing so on the backs of the ratepayers, then I could understand where he would be coming from to a degree. Not that businesses are not entitled to make profits, they certainly are. Profit is not a dirty word.

If it was a private entity and all the money was going to shareholders and so on, I would understand the concern and I would understand why he would say: Well, we have to really try to limit the amount of profit and so on. They have to get a reasonable return. We have to limit that profit because we want whatever money we can to come off the electricity rates so that it is a lower cost to the consumer. I get that. I totally get that.

Under the scenario we have set up, that could happen. We are not saying it is not going to happen. What we are saying is that when the dividends are realized it will be up to the government of the day to decide where those dividends go. Mr. Chair, we have to remember here now, Nalcor is our company. Nalcor belongs to the people of Newfoundland and Labrador. The profits, dividends, or so on are our dividends.

Mr. Chair, we have been very fortunate to have such a wealth of natural resources in this Province. We really have. We have done very well by offshore oil, although we understand the volatility of the offshore oil. We have experienced what happens as a result of that volatility.

Nonetheless, because of that offshore oil we have been able to derive royalties we can utilize to pave roads, to pay for our hospitals, to pay for schools, university, and freezing tuition fees, to ensure we have lots of doctors and nurses, and so on. We all know the list of services government is responsible for. It is because of that oil money we have been able to pay off a significant piece of our debt. At the same time we have been able to invest in infrastructure and increase services for our people that our people so rightly deserve.

We also know, unless some significant discoveries occur in terms of oil, those profits are going to deplete over time. Oil is a non-renewable resource. I believe there is more oil out there. I really do and I am confident more will be discovered. That will be great if and when that happens. Based on what we know today, oil revenue is going to be reduced over time.

Then you have to ask yourself: If those revenues from oil are decreased over time, we still have the same infrastructure, programs, and so on that we require, and costs are rising for that because of inflation and other things, how do we maintain it? Where does the money come from to maintain what we have? Where does the money come from? We have to find additional sources.

If Muskrat Falls and Nalcor are profitable and we make all these revenues, these dividends go back to the Province to replace the lost oil revenues. That is a good thing, isn't it? Why would I, as a Newfoundlander, be out standing up on my feet and complaining about it?

I am against that – my God, I am against that. We cannot be viable. Nalcor cannot be viable. I do not want to have profits. I do not want to have money to invest in schools, hospitals, and so on. I do not want that. That is what I am hearing from across the way. It is absolutely ludicrous, Mr. Chair – absolutely ludicrous. How he can stand up and say that, Mr. Chair, is beyond me.

I am down to less than a minute, so I am going to try to be very quick. The other point that he made is he is complaining about the fact that under this legislation now some private company cannot come in and create energy, whether it be hydro, whether it be alternative forms of energy, and compete against us.

What he is basically saying is that he wants us to have legislation in place where we can have private companies come in, set up shop, make profit for their shareholders, compete against ourselves, and remove our dividends so that we have no money to put into schools and other infrastructure, Mr. Chair. I say to you, Mr. Chair, absolutely ridiculous, absolutely shameful, and I would say to the member that he should think his strategy through a little better than that.

Mr. Chair, my time is now up, but I certainly intend on speaking again before this day is out.

Thank you.

**SOME HON. MEMBERS:** Hear, hear!

**CHAIR:** Order, please!

I recognize the Member for Burgeo – La Poile.

**MR. A. PARSONS:** Thank you, Mr. Chair.

It is an honour and a privilege to get up, and I say two things. Number one, it is nice to see at 6:46 a.m. we have visitors in our gallery here taking in this debate. It is really nice to see that. I am glad to see that; 6:46 a.m. and to all of those who say democracy is dead I say no, it is here and alive.

What I would say to the Member for Mount Pearl South is, indeed, shame on the Third Party for doing all those things that you said they were going to do.

Coming back to Bill 61, back to where I left off, which was this very informed editorial that I was referring to earlier. I guess what I am going to say, I will speak about it and then I will go back to the Member for St. John's West and the Member for Mount Pearl South, because we have a disagreement on the vernacular, the terminology, as it relates to this legislation.

Again, I believe I left off with the part that the government had the foresight to make sure that they cannot be sued because of the changes. That is a smart thing to do. I find this interesting.

"The irony is, of course, is that the new rules give the province exactly the kind of control over the transmission and sale of electricity that successive governments have railed against and when they were used to halt the transmission of electricity across other jurisdictions.

"To put it bluntly: the government has said for years they should be able wheel power across other electrical grids.

"It's now effectively banning access to wheel or even generate power here." Again, I say to you, Mr. Chair, that is indeed irony at its greatest.

Now, I come back to the purpose of this editorial, and it is the purpose of what I have had a lot to say about in the last day or two about this piece of legislation. The Member for Mount Pearl South said that the PUB are not being removed, and he is saying that is a lot of spin coming from us.

Do you know what? In terms of the wording, I would say you are right. They are not being removed, but there are some other words that we could put there. They are being neutered, they are being gutted, they are being weakened, they are being emasculated, they are being infringed on, or they are being deterred. So again, you are right. They are not being removed in the sense that they are being taken and tossed to the side, but what we are doing is effectively putting a clamp on them and taking away the tasks that they formerly handled.

The Member for St. John's West got up and he had his say to it, and I say good on the member for having his say. Again, we have a difference of opinion. He is saying that we cannot make it simpler than that; we are not excluding the PUB. No, what you are doing is directing them – you are directing them. So what you are doing is you are telling them what they can and cannot do, and one of those things that you are saying they cannot do is hold hearings as it relates to Muskrat Falls power. You are saying they cannot have a hearing – something they have done since Confederation to ensure that the rates that the people of this Province have are fair and just and they have the reliable service.

We have a difference of the wording, but this is my interpretation of what is going on here. We are saying that they are not changing anything. We are just formalizing it. Well, obviously, I have a disagreement with that. I have made clear my opinion on that. There are being changes made – there are significant changes being made. I do not think what we are disagreeing on is the reason, though. The reason that these changes are being made – I disagree with you that you are saying there are no changes. I think there are changes.

I think what we are agreeing on is the reason the changes are being made is because we need to guarantee that revenue – we need to guarantee the revenue to pay for that. That is the whole point of bringing in – it is called ratepayer protection, but I do not agree with the terminology used in this briefing. It is not ratepayer protection. It is revenue protection.

**MR. BENNETT:** It is like paying protection to the mob.

**MR. A. PARSONS:** Yes. Again, my colleague, the Member for St. Barbe, has probably a stronger reference that he might use when he speaks to this again. He has a much stronger phrase that he might use, but I am not going to go there. I have some notes that I made. They are handwritten notes that I made on the briefing notes. I made them at the time that I heard the briefing. My notes said: We need to be able to pay back Muskrat Falls; therefore, we need to protect the customer base. We cannot bring elsewhere, even if cheaper.

What we are doing is we are making sure that we have fifty years where we are only going to buy from Hydro. We are not generating, we are not getting it anywhere else. It is really solidifying that monopoly. The monopoly has been there, I have said that. The monopoly was there, but the PUB had that ability to have their say on it. When it comes to the Muskrat power, they are not going to have their say.

Another thing, if I sort of move on just a tad bit. What this also does – because we have to protect that monopoly and protect the revenue coming in. This section 14.1 will also prevent future developments from happening in the energy sector, which could produce lower rates for the people of the Province for generations to come.

Right now we have fifty years, but there is a lot that could happen over the course of fifty years in terms of energy demand and cost. If you want to get in the broader sense of things, what has happened – just not talking about energy – in the world in the last fifty years?

There have been significant changes in all fields, whether that be medicine, whether that be technology, whether that be anything – food, nutrition, you can get anything. There have been significant changes. That comes with time. What we are saying though is that we are not going to allow for change over the next fifty years when it comes to energy demand and cost in this Province.

It is funny, I heard at some point over the last two years – one of the government members, and I cannot recall which one, said that we need this power because of bigger homes and people are using flat screen TVs. I think that is right, I could ask the Leader of the Opposition. We are using flat screen TVs and new technology, so we need that power.

The fact is that a lot of these things did not exist fifty years ago like cellphones, or digital cameras, or laptops, or CDs. They have happened. We have allowed them to happen. We have allowed development. We have allowed technology. There has not been a monopoly on that, but what we are doing is effectively making even more rigid the monopoly that exists on energy development and cost in this Province.



This legislation is stifling progress in the Province. I understand the purpose of why. The purpose is to ensure the revenue stream. We need to make sure we live up to the loan guarantee's terms. We talk about the loan guarantee is going to bring us \$1 billion but we have to go by the conditions of the loan guarantee, the conditions precedent, and we need to make sure that rate of revenue is there because we are going to the lenders in January. That is if this legislation is passed by then. Who knows where that is going to go? It could be Merry Christmas and Happy New Year in here.

What we are doing is stopping that progress to make sure the bills get paid to Nalcor. I do not mind going back to the fact that there are exemptions to this. The government recognized this. We have the grandfather clause, the self-generation and emergency circumstances, and government reserves the right to make further exemptions. These amendments proposed here do not exclude generation for export or self-generation by commercial and residential customers.

Mr. Chair, hypothetically, we could develop natural gas for export, but you cannot sell it at home. No matter how cheap you could produce it, you could not sell it at home. I am not saying that is going to happen. I am saying that cannot happen. No matter if something happened, if the technology is there and we produced it over the next fifty years, we cannot sell it at home because we cannot infringe on the base that is there to provide for Nalcor.

I have a few more clauses to talk to, sections as it relates to 14.1. All of the terminology is Lieutenant-Governor in Council, so that is vis-à-vis Cabinet. Cabinet is the one making changes here and making the rules. Cabinet is directing the PUB. Cabinet is setting the rates, in effect.

I know we might have that disagreement. I am not going to try to change the member's mind. We are going to agree to disagree. What I am doing is trying to provide my interpretation of the legislation as I read it.

I can see that my time is winding down. I will get an opportunity to speak again. I appreciate this opportunity, Mr. Chair.

**CHAIR:** Order, please!

I recognize the Member for Mount Pearl North.

**SOME HON. MEMBERS:** Hear, hear!

**MR. KENT:** Thank you, Mr. Chair.

Good morning once again. It is certainly a spirited debate. I want to acknowledge the comments made by the Member for Burgeo – La Poile. He makes an interesting point around acknowledging the disagreements that we may have.

During a debate that is as lengthy and as extensive as this one, I think we have to come to a point, Mr. Chair, where we agree to disagree on some issues. We cannot stifle progress, as the member is suggesting. We have to agree to disagree on certain points and move on. Otherwise, we will take the NDP approach and just simply stand still. We cannot do that.

I also want to join the Member for Burgeo – La Poile in acknowledging the special delegation that seems to have gathered in the Speaker's gallery. We have had some spirited discussion as well this morning on the Member for The Straits – White Bay North, his escapades in Austria and Iceland. I think some of his friends from the hot springs have joined us in the gallery, so I acknowledge your presence here.

I am disappointed though that the Member for Burgeo – La Poile would suggest that we are somehow stifling progress. Nothing could be further from the truth. Mr. Chair, when I look at Bill 61 and what we have on the table here, we are talking about legislative amendments that would actually support the advancement of Muskrat Falls and help move the project forward, which is all in the interest of growing the economy in Newfoundland and Labrador and securing our renewable energy future.

I want to address a few more things that he said. The Member for Burgeo – La Poile talked about Newfoundland Power having to buy power from Newfoundland and Labrador Hydro. That is exactly what they do today, Mr. Chair. We are not proposing any change in that regard. Ensuring that Newfoundland Power and industrial customers have to buy their power from Newfoundland and Labrador Hydro is actually going to avoid rate increases. It is going to avoid rate increases that might have occurred if these customers could buy their power from another wholesaler.

Nalcor, since its inception, has been incredibly prudent. They have been incredibly cautious in managing the project and its financing, and this has been proven by a number of external studies. It has been proven by independent studies by Manitoba Hydro International. It has been proven by studies by Navigant, and other consultants as well as we have moved through the decision gate process. We are really confident in Nalcor's record. We are proud of the careful management they have exhibited and we are pretty sure that this kind of success is in fact going to go continue.

In terms of what the Member for Burgeo – La Poile is talking about, we are simply formalizing a status quo arrangement that exists currently. Newfoundland and Labrador Hydro is the wholesale supplier for the majority of the power that is consumed on the Island through sales to industrial customers and through sales to Newfoundland Power. The fact remains, Mr. Chair, that Muskrat Falls is the least-cost option and it meets the long-term generation requirements of the Province.

When you look at the take-or-pay financial obligations that have been referenced during the course of this debate whereby Newfoundland and Labrador Hydro is committed to buy Muskrat Falls energy, sourcing additional power, Mr. Chair, would simply layer additional costs on customers. That is not something that this government supports. It seems to be something that the other parties are suggesting, but government has to ensure that no such additional costs are passed on to customers. That is what we are attempting to achieve and that is what I believe we will achieve through Bill 61. Some members opposite did support our industrial rates policy, which was a good thing.

Given the take-or-pay financial obligations and the requirement for Newfoundland Power to source energy from Newfoundland and Labrador Hydro as it has been doing, if Newfoundland Power sourced additional power it would simply layer additional costs on customers. We cannot do that, Mr. Chair. We do not support that.

Newfoundland Power's current stock of generation projects will be exempt as well, and I think that is important to note. The prohibition that we are talking about only applies to new generation, Mr. Chair. Government is requiring that energy for domestic use is sourced from Newfoundland and Labrador Hydro, as it is today. It does not preclude new power generation for export. It does not preclude self-generation for commercial and residential customers. It also does not preclude generation for emergency purposes. It does not preclude exemptions that are approved by government at any point in the future.

Muskrat Falls has been proven, Mr. Chair, to be the least-cost option for long-term generation to meet the needs of the Province. It is going to lead to lower and stable rates in the long term when compared to the available alternatives.

We have heard discussion tonight, this morning, yesterday, today – whatever day it is, Mr. Chair. We have heard a lot of discussion about natural gas and about wind generation, particularly from members of the NDP. Numerous studies, the best experts in the world, have confirmed that neither of those alternatives is viable and that Muskrat Falls is, in fact, the least-cost option.

Given the take-or-pay financial obligations where Newfoundland and Labrador Hydro is committed to buy Muskrat Falls energy, which makes good sense, we are not prepared to allow competition that is simply going to layer additional costs on customers. We have to ensure that no such additional costs are passed along to customers.

There has also been some reference, I think by the Member for The Straits – White Bay North, to other commercial, not industrial, but commercial and also residential customers and the impact of self-generation by commercial and residential customers on electrical load would actually be rather limited. The Member for Ferryland – I am sorry, the Member for Gander district. I believe he was born in Ferryland; he is the pride of

Ferryland, Mr. Chair. He has miraculously appeared right here in from of me. I know those watching on television or on the Web cast cannot see, but I can tell you, Mr. Chair, it is rather uncomfortable. I think I would go as far as saying that it is disturbing.

Anyway, the impact of self-generation by commercial and residential customers on electrical load is actually going to be very limited. When you think about it, Mr. Chair, there are very few opportunities for residential or commercial customers to self-generate in a way that would be economical and in a way that would be competitive with retail power from the grid.

Small businesses and homeowners are not expected, in significant numbers of customers, to spend the substantial sums of money that would be required for self-generation. Any self-generation options would be cost prohibited in terms of the installation, especially when you look at the cost associated with the retail supply that is available on the grid. While people can generate energy for their own use, commercial and residential customers will not be able to sell such energy.

I am a little perplexed, though, by some of the comments I have heard, particularly from the Member for The Straits – White Bay North. He does not want Nalcor to make a profit. For some reason, a corporation that the citizens of Newfoundland and Labrador own, it would be bad for some reason for them to make a profit, according to the Member for The Straits – White Bay North. He does, on the other hand, suggest that the company should set up projects to devalue our investment in Nalcor. Then, on another hand, he suggests that the cabin owners and individual homeowners should not be allowed to, for instance, set up solar panels to generate their own electricity. I am a little bit confused at the logic or lack thereof that we are hearing from the members of the Third Party.

I have heard talks about the hot springs in Iceland. I have heard talks about pellets, Austrians, and other things that do not necessarily seem to connect. Perhaps when he gets up shortly, he will connect the dots. It is rather perplexing, Mr. Chair, because I believe this is a piece of legislation that provides clarity and makes a lot of sense.

Thank you.

**SOME HON. MEMBERS:** Hear, hear!

**CHAIR:** Order, please!

I recognize the Member for St. John's North.

**MR. KIRBY:** Thank you, Mr. Chair.

It is an honour and a privilege for me to stand up again and to say a few more words. Unlike my colleague, the Member for Mount Pearl North, I am not going to talk about pellets, Iceland, Austria, or any of those things.

One thing that I would certainly like to say is that I remember just a short time back the Member for Lake Melville was speaking. He was suggesting somehow that the interest of the Opposition members is to manage decline. That is what he said: manage decline. Of course, that is not our interest here at all. In fact, the fact that we are here going through long hours of debate, continuous debate, just shows our desire and our willingness to work with government in the passage of legislation.

When I was running for election in St. John's North in 2011, I assured people – and I feel the same today as I did then – that I want to work with other members of this Legislature to do positive things for the people of Newfoundland and Labrador, nothing other than that. That is why I am here and that is why I am spending the time here trying to work through this process with government members, with members of the Official Opposition, to try to find a constructive way to do business.

Yes, it is unfortunate. It is unfortunate that we are at this time of year having to do this work now. We could have done it earlier. We know these bills were ready a lot earlier, but they were not provided and that is just unfortunate. Maybe sometime after we get through this experience, maybe government will find a different way to introduce

important legislation, rather than holding it all back. I would argue that these bills should not be numbered 60 and 61. They should be 30 and 31. They should have been introduced a lot earlier, but they were not.

Now, we know that there have been many, many, a great many, important decisions made in Newfoundland and Labrador –

**SOME HON. MEMBERS:** Oh, oh!

**CHAIR:** Order, please!

**MR. KIRBY:** – as a result of lengthy debates in the Legislature; many, many decisions of vital importance to the Province.

We can go fairly far back in our history. Pre-Confederation, decisions were made around the development of hydroelectricity in Grand Falls. Decisions were made around the development of hydroelectricity in Deer Lake for the purposes of developing our forestry industry.

There was a significant debate that occurred in our Legislature in the 1800s around the development of the Newfoundland Railway. It was a long, contentious debate because there were two sides. One side said: This is a nation-building project, vitally important to our future, with implications for many, many years. Then there was another side, which was the Opposition that said: It is too expensive. This project is too expensive. If you look back on history, both sides had good points about the Newfoundland Railway, both sides.

The Newfoundland Railway went on to operate for over a century. As we know, ratepayers, taxpayers and people in Newfoundland and Labrador are at least going to be tied to the Muskrat Falls plan for at least half of that time, but I would argue for many, many years beyond the fifty they are going to be tied to this project.

Of course, the Newfoundland Railway was built with a narrow gauge. It was a narrow gauge railway. Do you know why they did that? They did that because they were trying to find the cheapest way to do it. It was the less expensive option.

**AN HON. MEMBER:** It was the wrong way.

**MR. KIRBY:** Well, it certainly was the wrong way and there have been lots of arguments over time about the fact that it was a narrow gauge and it did not fit with the standard gauge that was in operation on the mainland. There is some debate about that. Many said at the time, and many have said since, that it was ruinously expensive at the time. It was. Do you know what happened? It put us in a weaker position when it came time to consider Confederation with Canada.

There is a good chance this plan now, the Muskrat Falls plan, puts us in a weaker position fiscally. We know we already have a fairly perilous situation going on with one of the largest budgetary deficits we have seen in the history of Newfoundland and Labrador. We know that Dr. Wade Locke's own projections show our deficit growing and our debt ballooning, doubling. We are going to have some serious problems.

I would argue that all of this really suggests that we have narrow gauge thinking today. Mr. Chair, narrow gauge thinking on behalf of government that exists today. Well after the end of the railway, still narrow gauge thinking.

Now, the Member for Mount Pearl South was up talking about – I think he wanted to know more about the alternatives to this. When I was up earlier, and I know people were listening intently to what I had to say. I was saying that 60 per cent of our natural gas reserves out at those three fields that I mentioned could power Holyrood, the equivalent of a Holyrood plant, 365 days a year for 100 years, for about the length of time that the railway was operating.

Everyone is concerned. There is not a member – every member of this Legislature is concerned about Holyrood. We are all concerned about that, and we have certainly had our own words tossed back at us here about Holyrood. We are concerned about that.

Do you know that converting Holyrood from the current fuel oil to natural gas would reduce Newfoundland and Labrador's carbon dioxide and sulphur dioxide emissions by 500,000 tons per year? That is one ton of displaced carbon dioxide and sulphur dioxide emissions for every single man, woman and child in Newfoundland and Labrador. That is a possibility that was not considered seriously here.

It has been estimated that the cost of a pipeline to bring that gas ashore would be about \$300 million, and that is a realistic projection. Another \$400 million to \$550 million could build a natural gas generating plant, including the needed onshore and over land piping that would be required, and all of the handling infrastructure is included in that.

The total cost of less the fuel has been estimated to be somewhere in the order of \$1 billion, and I suspect it would be slightly more than that. Accounting for the cost of the fuel, which would be subject to negotiation with our industry partners – and we have them – the total cost of providing for our domestic energy needs using natural gas resources could very well be less than the total cost of what has been proposed by the proponents of the Muskrat Falls plan.

In its written submission to the joint provincial-federal environmental review panel, Nalcor suggested that natural gas is a purely hypothetical alternative. That will tell you how much it was thought about. The fact of the matter is neither the Government of Newfoundland and Labrador nor Nalcor have committed to any sort of true, independent study as far as I am concerned. Pick the consultants we know.

The Minister of Natural Resources said – prior to the commissioning of the report on natural gas – he knew already from the consultants that it was not economical. Then he went out and got that consultant to do a report, for what? To prove the government's case, prove what he was saying, yes.

I do not know how independent that is. He should have just gotten them to get a cocktail napkin, write down it is not economical and give it to him. It would have saved us however many hundred thousands of dollars it cost us to produce that report. It would have made a lot more sense.

Thank you very much, Mr. Chair. It has been a pleasure to stand here and straighten some of this out.

**SOME HON. MEMBERS:** Hear, hear!

**CHAIR:** Order, please!

I recognize the hon. the Minister of Municipal Affairs.

**MR. O'BRIEN:** Turn on my light. Do not delay, I say to the hon. Chair member, because I have a lot to say here this morning. Can I have a reset on the clock as well? I want all my time because I have been sitting here through the wee hours of the morning, as I just said, and I have heard it all I say. I have absolutely heard it all.

I have heard thermal driven Holyrood. In the meantime, if you did that there would not be a tree left in Newfoundland and Labrador in a year. It would be as bald as a bat. As a matter of fact, it would be just as bald as the farm that I looked at down in Lord's Cove, Mr. Chair.

**SOME HON. MEMBERS:** Hear, hear!

**MR. O'BRIEN:** There would not be enough land left to grow a few old dandelions. We would not have anything, I say to the hon. Chair, I am telling you.

Then I heard this equation and a story about the Newfoundland Railway. I was wondering, I said to myself: Where is the hon. Member for St. John's North going here now? The next thing, all of a sudden I heard narrow gauge. All I can say to the narrow gauge is I am actually looking at people with narrow-gauge vision, I can tell you that right now. I have heard it all.



Then he is down to natural gas. Now he is going to fire up Holyrood with natural gas. He has no idea what it is to bring natural gas to Holyrood. He just forgets – you are going to go out in the sea, you are going to pluck it up, you are going to bring it in, you are going to fire her up, and on goes the lights. That is the kind of vision that they have over in the Third Party, I say to the hon. members.

To the people who are out there listening – I am sure they are hanging onto every word – if there were any chance of bringing a poor man in a coffee, it might straighten him out. Get a double, double Tim's for him, or something –

**AN HON. MEMBER:** (Inaudible) extra large.

**MR. O'BRIEN:** Yes, extra, extra large and he might come down to earth.

We have heard it all. Then, the hon. member, one of them, got up and said there is no study. There is no study on natural gas, there is no study on thermal-driven Holyrood, and there are no studies in regard to any of the alternatives – wind and all that kind of stuff. Really, that it is an insult to the people of Nalcor. Some of the better experts in the world today, sought after, and we are lucky to keep them.

Do you how many offers they probably had in regard to other companies across Canada, across North America, across Europe? We have to take that into account as well. I heard many across the House say that we are all here for the same reason: making sure that we are doing the right thing for Newfoundland and Labrador. Well, let's do the right thing for Newfoundland and Labrador.

We created a company called Nalcor that each and every one of us should be proud of. We created a company that has Newfoundlanders and Labradorians working in it that we should be proud of, that are experts. Not only are they experts, but they were smart enough to go out and make sure that the work that they were doing was the right thing for Newfoundland and Labrador. They went out to other experts.

As a matter of fact, I will say this as well in this House of Assembly: People from Hydro-Quebec are phoning our people at Nalcor all of the time asking them for advice. Maybe, sometime in the future, if we move this project through, that actually Gull Island will become a reality because Quebec will want to make the deal. Then, we will move from a non-renewable economy to a renewable economy and never look back, I say to the hon. members.

So take pride in oneself as Newfoundlanders and Labradorians, move it forward, and let's get this done. We have to get this done, I say to the hon. member.

**CHAIR:** Order, please!

I would appreciate if the member would direct his comments to the Chair, please.

**MR. O'BRIEN:** You could not hear me, Mr. Chair?

**CHAIR:** I want to see it.

**MR. O'BRIEN:** All right, Mr. Chair. Did you miss the piece about the Northern Peninsula being bald of all the trees and everything because they are going to have to cut them down to fire up – do you want me to start at that point again, Mr. Chair? Reset the clock too, Mr. Chair, if you could please.

We have to take the pride. We have to move it. We have been here – and I appreciate debate. I have been here for nine years and we have debated, but debate is all about bringing something to the table each and every time that it is new, that it is really worth bringing to the table. We are getting to a point here that there is not a whole lot coming.

**AN HON. MEMBER:** (Inaudible).

**MR. O'BRIEN:** No, there is not. You know that, the hon. Member for St. John's North, you do not.

It is time now to get beyond the grandstanding, get beyond where we are right now, and let's get it done. We have to protect our investment. We have to protect our company that we created. We have to have pride in the people who work there. We have to have pride in our civil servants. We have to have pride in ourselves as Newfoundlanders and Labradorians, I say to the hon. member.

We talk about history and we talk about things that have been developed in the past and how we have monumental-type decisions such as we did down in Bay d'Espoir, such as what we did in regard to the railway as the hon. member mentioned, and all those kind of good things that went down in history.

I talked earlier this evening about the calculated risk that goes with that as well. What Nalcor has done and the reason why it is has taken us so long to get to this point – because I remember when I was appointed to Cabinet as the Minister of Business back on July 4, 2005 one of the first presentations that I had in Cabinet was on Muskrat Falls.

We progressed from there, because they had a lot of work done before I got there. Then we progressed to where we are today. The reason why it took that long is because we wanted to make sure and Nalcor wanted to make sure that we were doing the right thing. That this was going to be the least-cost option to our power needs, number one.

Number two, it is going to achieve, which is the monumental thing, that is the focus that you have to have, and then the rest that comes in afterwards are – I suppose you could qualify it as gravy, great things, because it opened up the route, it opened up a regional approach to our Energy Plan. It gave us the access into the United States. It enabled us to probably even research other energy fields as well. Those are the kinds of things that it opens up for us, I say to the hon. members. We work it through from there.

The Leader of the Opposition, being in business for a long time as well, I have listened to him for the last number of hours and I appreciate all his comments. I know he goes back a long ways in business and he understands that through a business deal you have to make sure you protect your investment. That is exactly what you have to do. That is what these two papers are all about.

It comes a time that you have to move it. It is fine enough for us to say the ship has sailed, and all of that kind of stuff or whatever. Do you know something? I do not even think of that. You know, I say to the Leader of the Opposition, that you spend a lot of money to get to a point to whom you actually invest. You actually do. You spend a fair dollar before you ever make that decision that you are going to invest the dollars that makes the business work. That is exactly where we are here today.

Then we have to protect our investment. We have to make sure, number one, we protect our investment; number two, based on – and we would not do this. I am telling you right now I can say it with all the honesty and all the confidence in the world, we would not do this if we thought that the ratepayers in Newfoundland and Labrador could not pay for it.

The reason why they can is because the price of oil will drive our cost of electricity up. We will save probably \$200-odd million a year in the purchase of oil that we are using right now to fire up Holyrood which helps us pay for the investment. Then we derive a profit that goes back in the Consolidated Revenue Fund that we can invest in schools, we can invest in hospitals, we can invest in roads, we can invest in municipal infrastructure, and we can invest in fire and emergency services.

Once the minerals start to run out, once the oil starts to run out, well then our revenue stream stops, and then all of a sudden – I have heard as well some members say we went to Ottawa with cap in hand. I will tell you if we do not move ourselves in the direction that we are going, we will be always going to Ottawa with our cap in hand. We will need that money all the time. We will be depending on somebody else's economy, not our own.

That is what I want. I want Newfoundland and Labrador to have its own economy, not someone else's – not depend on someone else's. We have work here for Newfoundlanders and Labradorians forevermore. We will have a revenue stream into the Consolidated Revenue Fund forevermore, and that is exactly what we would have. You are not going to get it by burning pellets out in Holyrood; I can tell you that right now.

**SOME HON. MEMBERS:** Oh, oh!

**CHAIR:** Order, please!

**MR. O'BRIEN:** The hon. Member for The Straits has to get his head out of the clouds, get down to earth, and do what he has to do for Newfoundland and Labrador -

**CHAIR:** Order, please!

**MR. O'BRIEN:** – and make sure we have an economy and make sure that the people of Newfoundland have what they need to get forward.

I thank you, to the hon. members.

**SOME HON. MEMBERS:** Hear, hear!

**CHAIR:** Order, please!

I recognize the Leader of the Official Opposition.

**MR. BALL:** Mr. Chair, there is no question the inspiration really comes from the Member for Gander. I have to say, you could just feel it coming across the floor there, Mr. Chair. It was unbelievable. I have not heard him speak in a few hours now, but I knew he was over there and ready to come with that riveting argument that he is making on behalf of the people of the Province.

As he spoke about the Muskrat Falls Project, I have to say, I do understand the member's comments. I do know he has spent a lot of years in business himself. He has made significant investment, and he has had great return. That did not come easy for the Member for Gander. I tell you that came with good, good planning.

He did a lot of what we call seeding the marketplace. That is what he did. He relied on good information, I can guarantee you. He went out and he went in search of good information before he made any decisions. That is what he did. I can tell you what, Mr. Chair, he has been a successful businessman, I know, because he has worked hard. So I trust his judgment.

Mr. Chair, I want to speak for just a few minutes now about some of the methodology we have used. Of course, we have seen a lot of reports over the last few months. I spoke earlier about the demand. I spoke a lot about the power purchase agreement over the last couple days, but I want to go back to one of the major assumptions that we base this project on. Of course, this is the price of oil, and the impact the price of oil would have on all the options that we explore. As a matter of fact, the price of oil for us, as we look forward in this particular case here to 2067, will have a huge impact.

We all know that we have been very fortunate over the last ten or twelve years – because of some good planning, I might add, Mr. Chair. Where we are today, essentially, it started back in the 1980s and before that, when people were planning for the development of our offshore. We always dreamed of finding the oil offshore at some point, where it could have the significant impact and have the financial impact that we have seen on our Province. That started to happen at the turn of the century for us.

When you look at where we saw the increase in production and oil prices at one point to \$150 a barrel around the 2005-2006 range, I think it was almost like the perfect storm for oil production. Our production offshore was peaking and the price of oil was starting to peak. We saw the benefits of this.

What we have done here in this particular case is as we prepared the Muskrat Falls Project – as this project was prepared, there were a number of reports that were done. This all started back in the 2008-2009 range, and of course PIRA is a world-renown company. It is highly respected when you look at the analysis they have done, but from 2009 to 2012, you could see there have been some significant changes in the – not in the methodology, but in the pricing that PIRA was forecasting. Now, why is this?

What is happening is the old energy markets south of the border in the US, and globally for that matter, has changed. There has been an acceptance where when you look at fracking and those sorts of extractions for shale gas and shale oil, they have been able to take this development to a point where – with the support of the administrations in the US – they really want to get this done, now that the US market see themselves as being self-sufficient in the 2020 range.

When we look back to 2009, the forecasting that PIRA was using was different than what we seen in 2012. In that there are some words of caution, there is no question about that, because PIRA, by their own admission, are reluctant to make any forecasting for fifty years. The forecasting that we see in the reports we have been shown is not really PIRA's forecasting for fifty years. It is really part of PIRA forecasting out to around 2025-2030 range.

Then on top of that – because they really do not consider it to be anything that you could rely on. A financial institution, for instance, would not rely on those numbers past say 2025, in this particular case.

What they have done to prepare for the Muskrat Falls Project, rather than try and forecast out that far, what they have done is taken the CPI, or better known as the Consumer Price Index, they have taken that number at the 2025 or 2030 range. I cannot remember which, I think it is 2025, and they have then layered on the Consumer Price Index somewhere in the 2 per cent range to complete the forecasting over the fifty years.

There are some words of caution that I think we need to look at here, and why PIRA has changed its view on where pricing is going and lowered its forecast. What it comes down to is they figure that largely because of the rapid growth of shale liquids south of the border, that the pricing outlook has been what they call directionally reduced versus even a year ago.

What they do then is attach a degree of probability. In this particular case, it is in the 45 per cent range. The average of the Brent price – and I am reading this right from their report – will fall in the \$90 to \$130 per barrel range. This is in the 2011 range, and over the 2012-2025 period. The key here is that the probability of the downside is 30 per cent versus an upside of 25 per cent. This is really an unusual position for someone like PIRA to be taking, because in the past this has been kind of reverse.

What it really speaks to is somewhat the uncertainty and the volatility that they have identified, particularly in the US's ability to become self-sufficient in energy – in oil in this particular case. So it is having an effect, but it has an effect – I think it is something that we need to look at, because all we need to do is look back to just a few short days ago at the impact of oil pricing on our own budget.

Back even eight or nine months ago when we looked at \$124 a barrel, no one at that point ever anticipated that even within a few months following this that we would see oil prices where they are today. What it has done, of course, is it has added about \$500 million to this year's deficit. We can assume, based on the PIRA numbers, this will continue to happen. All of the analysts are expecting to see that this will stretch out. As a matter of fact, the Premier herself has said publicly that she could expect to see oil pricing maybe continue in this area for the next ten years.

It is very difficult when you rely on those numbers – you would never do it, as I said, for financing. The only way this project works, from a financing point of view, is simply because we have a captive market and we can design the price, which is what the power purchase does, but to rely on forecasting, on numbers like PIRA, out for fifty years would really be unheard of.

I would use the word that it is really not forecasting at all. Essentially, what it is a best guess at what could happen. That is all you could do if you are trying to forecast anything for fifty years unless someone had a crystal ball that they figure could work. PIRA themselves, by their own admission, said they would not be comfortable in producing a forecast for fifty years.

In this particular case, as I said, what we have done is we have taken the Consumer Price Index based on the extension of the forecast, that they would consider to be reliable within a certain range, and then we actually take the Consumer Price Index.

To simply say that we anticipate and we expect the pricing to be in this particular range in fifty years is very much a stretch. Then when you consider that, in 2041, for instance, we will have access to some of the lowest prices of energy on the planet, even though I think someone made the remark here yesterday that we would have to pay commercial rates for that. Of course, we would; but, with that said, we actually own two-thirds of CF(L)Co. Essentially, we are in a very similar position in 2041 as we are even right now because we are actually, for the most part, paying ourselves.

Mr. Chair, I want to thank you for the opportunity to speak again to Bill 61 and the impact that this is having on the energy market within the Province right now. It do provide a monopoly, I would say, in terms of the exclusivity in providing energy to the customers, to the ratepayers, of the Province, simply because we have a power purchase agreement in place that is very restrictive.

My time is up again for this session. Thank you for this opportunity, Mr. Chair.

**CHAIR:** Order, please!

I recognize the hon. the Minister of Justice and Government House Leader.

**SOME HON. MEMBERS:** Hear, hear!

**MR. KING:** Thank you, Mr. Chair.

I am pleased to stand here – most of it on my own energy, not a lot I will admit, but I am pleased to stand here this morning and have a few words on Bill 61.

**AN HON. MEMBER:** Clean energy.

**MR. KING:** It is clean energy. Indeed it is clean energy.

**AN HON. MEMBER:** Renewable.

**MR. KING:** We have clean, renewable energy. It is a little bit limited, but it is clean and renewable.

Mr. Chair, we are talking about Bill 61 today. I am certainly pleased to be able to stand and participate in the debate. I have to say perhaps by way of preamble for those who are tuned in to the debate or just tuning in to the debate, we are actually in Committee stage of debating Bill 61. We have gone through first reading, we have gone through second reading, and we are into Committee.

At some point in time, we will hopefully achieve Committee status and move forward into third reading on this bill and Bill 60. It is all certainly part of a process that we go through, Mr. Chair. Of course, part of that process is inviting comments from members in this House, and we have had some great dialogue. As a matter of fact, in my humble opinion, I think probably the last eight or ten hours have probably been the most positive, in some respects, dialogue that we have had here.

**SOME HON. MEMBERS:** Hear, hear!

**MR. KING:** I thank all the members who have participated. Notwithstanding some of the news stories we have seen and some of the interviews that I have done relative to being House Leader and the atmosphere in here, I have to say for those watching, for those who have been here in the House, the last eight or ten hours have been cordial and people have gotten along, and there has been some good discussion.

Not all points do I agree with, and I am going to pick a couple in a moment to have a few comments on, but nonetheless people have gotten up in the House and they have had an opportunity to speak. We have all had an opportunity to banter a little bit, as we do in here from time to time, but it has certainly been very positive. I want to thank all the members who participated for that particular reason, because it is those kinds of debates and discussions that we have that do get us at the appropriate place of making decisions and moving forward.



As I said, we do not always agree, and we will not ever always agree; but good, informed debate helps make good, healthy decisions. We are talking about the Muskrat Falls Project, which as my colleagues have mentioned, indeed is a very important project in the Province. All of the legislation that we are debating here is really because of the fact that we are moving forward with the Muskrat Falls Project. In my commentary on this project all along, it has been really based on two questions: Do we need the power; and if, in fact, we do, what is the lowest-cost alternative?

Certainly, from my perspective, I am certainly convinced that we need the power. I think that has been demonstrated very clearly, both in terms of our current needs and projected needs for the future, and I also believe that we have clearly demonstrated Muskrat Falls to be the lowest-cost alternative.

So, the debate that we are having today on Bill 61 – as well, at some point in time we will get back into Bill 60 – is all about enabling legislation, which is the legislation that is required to allow government and Nalcor to move forward and get the project moving in a more aggressive direction, and benefit the Province.

We have had some bumps in the road along the way, Mr. Chair. My colleague, the Member for St. John's North, referenced his and their party's willingness and desire to work with government and debate this project. I thank him for those comments. We share that feeling. That is why we are here. We had hoped, all of us, collectively, that we might have had a little different process maybe several weeks back. At the same time, I think there has been some healthy discussion and healthy points raised around the Muskrat Falls Project.

I think it is fair to say for all of us that we are closer to the end now than we are to the beginning. The end is in sight. It is just a matter of finding the way forward over the next period of time in the process that gets us through the Committee stage and gets us into third reading. Hopefully, Mr. Chair, if we can find common ground, at some point in time – as I said to the media when I showed my tie, I am an optimist. You never know; it is still only Tuesday in our world. Christmas is still four or five days away in the calendar that we are working in. We remain optimist that my colleague across the hall, the Opposition Leader, the Leader of the New Democratic Party, and ourselves will find a way forward.

**AN HON. MEMBER:** We have not aged a day in three days.

**MR. KING:** We have not aged a day in three days. That is correct. The Opposition Leader is looking as sharp as ever.

Mr. Chair, one of the things – I am conscious of time because time flies very quickly here. I have to raise a concern because one of the things that struck me in the debate today, my colleague for The Straits – White Bay North raised a discussion point around possible alternative energy sources.

I have to admit, I think we are a little bit too far in the process to really talk about that, given we sanctioned Muskrat Falls a few days ago. The concern I have, Mr. Chair, two of the pillars of the plan he raised – and I have to get the title right – was around thermal energy and wood. I am speaking purely as an MHA now, not as a minister, Mr. Chair. For anyone who knows the geography, I represent a district on the Burin Peninsula. My colleague for St. John's North knows it all too well.

We do not have the benefit of a lot of wood on the Burin Peninsula, first of all, I would say to you, particularly when we get down in the great community of Lord's Cove and that part of my district. There is a lot of rock, as the Member for Gander would know. He toured not too long ago. As a matter of fact, he wanted to do a photo op at the last house leaving Lord's Cove where there used to be a garage. I would not allow that, Mr. Chair, because they have been good supporters of me personally over the years, notwithstanding their son is of a different political stripe, so I did not want to ruffle the feathers.

Mr. Chair, the other piece that concerned me, the member talked about finding energy through thermal energy. He talked about Iceland and he talked about the hot springs. I have been there by the way – a great spot. My experience, unfortunately, with thermal energy and the hot springs in Iceland has been bathing suits, bikinis, and people lying around drinking beer. I have not seen too much energy produced there.

More important – and I want to get on the record for the residents of my district – is that we have zero hot springs and very few hot tubs on the Burin Peninsula in the Grand Bank district, Mr. Chair. My concern and my question to the Member for The Straits – White Bay North – and he has been on his feet many times tonight, so I know he is going to jump up as soon as I sit down and he is going to give me the answer to this question. My concern and my question to you is: How are we going to light the lights in the Grand Bank district when we do not have hot tubs and we do not have wood? If that is the plan for the future, the Burin Peninsula is in desperate shape.

We have enough challenges on our plates now, I say to the member opposite. I would really like for you to help me out, because I cannot bear the thought of driving down the Burin Peninsula sometime in Christmas and someone saying to me: Darin, how are we going to light the lights on next year's Christmas tree if it has to be through hot tubs and wood because we do not have enough of either down here?

Mr. Chair, I am going to take my seat. I invite my colleague to get up and tell me, are you going to bring more hot tubs to the Burin Peninsula and allow us to have electricity like the rest of the Province?

Thank you.

**SOME HON. MEMBERS:** Hear, hear!

**CHAIR:** Order, please!

I recognize the Member for The Straits – White Bay North.

**SOME HON. MEMBERS:** Hear, hear!

**MR. MITCHELMORE:** Thank you, Mr. Chair, for the opportunity once again to speak to Bill 61, An Act To Amend The Electrical Power Control Act, 1994, The Energy Corporation Act And The Hydro Corporation Act, 2007.

As I have stated before, and I have put forward many ideas and suggestions and talked about this because this bill is a monopoly bill. I do not understand where the Minister of Justice is coming from when he is talking about thermal energy and hot tubs. It has nothing to do with what I have said anywhere throughout the process. I have talked about pellets and biomass as a means to convert Holyrood, and as a way to displace the energy that is needed in fossil fuels, or to look at things like cogeneration or other types of things.

Mr. Chair, I am very surprised by all the comments made around wood pellets and saying we do not have enough wood or we cannot import it, because there is lots of it. I have noted all across the country where they are doing it.

This government itself, sitting across the floor here, invested into a wood pellet subsidy for residential users trying to kick-start that. They have invested in this industry, they have. One of the downfalls about it when they focused on the residential market and putting a subsidy in place, they did not provide enough to cover what it would cost, because they required to look at putting in a consultant who had to do the install when that is not necessary.

They made it nearly impossible for people to look at converting to pellet stoves and pellet furnaces. When really what they should have been doing is looking at more major industrial uses and commercial uses with converting public buildings to pellets.

If the Minister of IBRD did not believe in wood pellets, he would not have invested \$10 million in a company, and invested in multiple companies across Newfoundland and Labrador, and the Natural Resources Department to invest in wood pellets if they certainly did not believe in it. The government believes in the fact that we do not want a local industry here, we do not want to use wood pellets because they know it will work. They know it will work and they know it will be a lot cheaper.

I have brought up many times throughout debate about the actual revenues that are going to be generated from this project, Mr. Chair. Nalcor itself presented cash flow analysis and it said the net financial benefit to the Province would be \$1.1 billion by 2050, yet government insists it is going to be \$20 billion in revenue. I need to see where

the other \$19 billion is coming from. How are they getting that? That states up to 2050. It is the same year. They have to explain that.

Right now, with what they are promoting with this project, unless government has a plan for the excess markets to create the revenue, the only way they are going to get it is from the taxpayer here in the Province. We see quite clearly this tax-and-spend government tax people. Nalcor taxes them on their electricity rates. Raise rates, let that go up. It is a tax-and-spend government where you go up to \$30 billion, \$20 billion in revenue up to 2050, and the amount to get there up to \$10 billion. That is \$30 billion. What a tax-and-spend government, not willing to look at the alternatives, Mr. Chair.

**SOME HON. MEMBERS:** Oh, oh!

**CHAIR (Verge):** Order, please!

**MR. MITCHELMORE:** There is a real problem, Mr. Chair, when the Government House Leader gets up and says: We are having great, healthy debate. There are a lot of good ideas put on the floor, good dialogue, and that type of thing. This comes after government just goes ahead and says: We are going to sanction the project. We are going to go forward. We are not going to listen to what Opposition parties have to say. We are not even going to listen to other members. There have been a number of members on the floor here who have gotten up and spoke from the government side and pointed out some of their views in terms of energy and power.

I want to go back to the point where the Member for Mount Pearl North continues to insist and talk about hot springs and hot tubs as well, like the fascination of the Member for Grand Bank there, which is not something I spoke about in terms of a solution for meeting our energy needs. This bill itself, when it comes to Nalcor, limits access to generating power to self-generation. I cannot set up a small-scale wind farm if I wanted to and pay feed-in tariffs, sell power into the grid, and make money to offset costs as a business.

The Member for Mount Pearl North stated quite clearly that business and individuals in Newfoundland and Labrador would not convert due to the high capital costs. It is not economically viable on an individual level. I say to the Minister of Municipal Affairs, it could be quite feasible to look at doing this and doing it on a community level where municipalities could set up wind farms, where they could offset costs. They could help out the ratepayers. They could do this, and there could be other things for self-generation.

I brought up the topic of biomass and looking at things like shrimp shells from the fishers and integrate, where you could go with a farmer, set up and use that energy then to start up greenhouse gases. In this situation, what government is painting is the ratepayer has no option to say no to Newfoundland and Labrador Hydro but buy the power at a more expensive rate because they cannot look at the alternatives without approval from Nalcor. Nalcor has the people in a captured market. They have them there for fifty years, eliminating the feed-in tariff.

When you look at this tax-and-spend government, as to what they want to do to the people of Newfoundland and Labrador and look at their Energy Plan, it had a range of options but it really had no progressive timeline, no indication of when things would come on stream. We know there was no intention now of doing these other alternatives and that the plan was to look solely at Muskrat Falls, which was not even listed in the Energy Plan. It was the Lower Churchill there.

The BC Energy Plan had key timelines, starting with 2007 going right on up to 2026, talking about implementing energy efficiency standards for buildings. I talked about that with LEED, ensuring self-sufficiency to meet electricity needs, self-sufficiency insurance for electricity, talking about net zero emissions for existing thermal generation.

We have thermal generation here in the Province. It is Holyrood, as it is, and their generating station and what they do. We are talking about here, on this side, displacing it and using more energy friendly needs to do so to cut down on the emissions, but also find it at a lower cost than what is being proposed with Muskrat Falls. They are looking at a whole bunch of ways to cut down on energy and meeting conservation. They have timelines to eliminate a number of policy matters.

**SOME HON. MEMBERS:** Oh, oh!

**CHAIR:** Order, please!

**MR. MITCHELMORE:** We are not looking at that, Mr. Chair. We are really not.

This monopoly bill is giving Nalcor the freedom to say we need to pay for this power of Muskrat Falls. When we only really need 40 per cent, the Island consumer, 324 megawatts of power, looking at that cost, and if we are looking at displacing Holyrood, which is more than that, it can be done based on wood pellets, 750,000 tons.

They talked about the lack of trees on the Burin Peninsula and we would make the Island go bald. The Department of Forestry and Agrifoods that is responsible, Natural Resources there, they have an annual allowable cut. We are not even taking 50 per cent of that. There is over 2 million metric cubic feet. We could take the limit that we need to that is sustainable, replant, and continue. We have the capacity to do 77,000 tons here in the Province. We could expand that, for sure.

I talked about this earlier. If you look at the 1 million metric tons that are from Ontario to Newfoundland and Labrador, over 600,000 tons of that is in Quebec. Quebec has a real diversified energy plan. They are looking at all the means.

I have pointed out in many cases where the cost of energy can be cheaper using various forms than what it can be based on this with Muskrat Falls. I can see why the government must, where it is an absolute must – and the officials said it is a must –

**SOME HON. MEMBERS:** Oh, oh!

**CHAIR:** Order, please!

**MR. MITCHELMORE:** – that we have this non-recourse debt financing. No serious stakeholder and no business investor would come in and say: We will invest in this project and we will pay for it. That is putting the risk on the table right there.

When we look at other companies and what they have done with wind energy, they were willing to put up the capital cost on the Burin Peninsula. They put up the capital cost, got a feed-in tariff, and they were able to generate revenues and take 12,000 homes off. Now, that can no longer be a possibility even though we have some of the greatest wind potential in Canada. That is quite significant.

Looking at the changes to this bill, it is locking people in. The Member for St. John's North knows that. He said it, that individual members just cannot – they cannot.

I see my time has expired and I will allow the Minister of Fisheries the opportunity to speak.

**SOME HON. MEMBERS:** Oh, oh!

**CHAIR:** Order, please!

I recognize the hon. the Minister of Fisheries and Aquaculture.

**SOME HON. MEMBERS:** Hear, hear!

**MR. DALLEY:** Thank you, Mr. Chair.

Good morning to everyone. It has been quite the night, Mr. Chair. Those of us who have been here for sixteen hours and those of us who have been here all night listening to the banter back and forth –

**SOME HON. MEMBERS:** Oh, oh!

**CHAIR:** Order, please!

**MR. DALLEY:** Mr. Chair, I have to say it has been an enjoyable night. We had an opportunity to talk about a lot of good things. A lot of things have been very surprising and I want to raise some of those points. One thing that has been mentioned here a number of times tonight is the issue of sanction.

**SOME HON. MEMBERS:** Oh, oh!

**CHAIR:** Order, please!

**MR. DALLEY:** There is no question, Mr. Chair, that a number of times tonight members opposite and members on this side have referenced the fact that government has moved ahead and sanctioned Muskrat Falls. Mr. Chair, some will say it was rushed. We know we have been working through this for almost two years in this House.

I asked Gilbert Bennett: How long have people been working on Muskrat Falls? He said: Since 1965. That is the amount of time, effort, and research that people have put into the development of the Lower Churchill and Muskrat Falls.

**SOME HON. MEMBERS:** Oh, oh!

**CHAIR:** Order, please!

**MR. DALLEY:** Mr. Chair, the sanction is key. What we are doing here in this process, and what we have been doing for the last three or four days, Mr. Chair, is we are involved in a process to allow us to advance and enable us to develop good public policy.

Mr. Chair, this process is about making sure that the decision that is made and we are committed to do, to develop Muskrat Falls – this piece of work we are doing now will ensure that we do it right.

**SOME HON. MEMBERS:** Hear, hear!

**MR. DALLEY:** To ensure that we will be able to advance the public policy that is in the best interests of the people of Newfoundland and Labrador in developing our energy resources, in developing our future and moving to a point of self-reliance, Mr. Chair – extremely important.

Why is that so important for us? We have to look at where we are. We are in a great place in this Province. We are in a position to move from non-renewable to renewable. Mr. Chair, we all recognize our Province has gone through an economic renaissance, without question. What we have seen in terms of GDP growth, in terms of the number of people who are working in this Province, the number of housing starts, all the economic factors, we continue to be among the leaders in this country.

Mr. Chair, we all know the opportunities for work in oil and gas, mining and construction is unlike ever we have seen. There is a reality that we all face, and we go back to our communities and we face it. We still have challenges as a government. We still have challenges as a Province. Mr. Chair, that is what we are committed to. Our government is committed to try to address those.

How do we do that? One of the things we are doing, Mr. Chair, we have sanctioned Muskrat Falls. We are in a process here in looking at Bills 60 and 61 so we can make some more right decisions to advance this project so we can deal with these things, Mr. Chair, in the future. Not only about the things that we want to do, Mr. Chair, but this is about a whole lot more. We know this is the right time for us to develop our energy resources.

Mr. Chair, throughout the night particularly, a number of comments have been made about Bills 60 and 61. When we look at Bill 61, a couple of points have come up through the night. We have heard so much about the PUB and what this is about. The naysayers will say it is because we want to control it, we want to control all the rates, and we want to control the PUB. Mr. Chair, it is not about control. It is about protection, protecting our investment,



protecting the rates for the people of Newfoundland and Labrador, and protecting the development for the people of Newfoundland and Labrador. That is what Bill 61 is all about.

During the night there was a lot of reference to seniors. I reference the NDP talking about seniors and some suggestions came forward. As my good friend the Member for Grand Bank alluded to, references to burning wood. That is a great message for our seniors, I have to say. We are going to set them back fifty years. Go back to burning wood. I can tell the hon. member who made the suggestion: There might be a lot of wood around where he lives, but I know a lot of places in this Province, they are not cutting their own sticks, I can guarantee you.

Mr. Chair, burning wood is costly, difficult, and challenging. We have an aging population. Seniors do not want to go there. They want to turn up the dial or push the button. That is important for us, Mr. Chair. We are not looking to force seniors to go back to burning wood as the future for their energy, I can assure you.

I have to be honest. We have been at this since Monday and I slipped into a little semi-coma during the night. I did hear the member opposite of the NDP make reference to Europe and what they are doing in terms of developing their energy. I recall him saying during the night that one of the options we could do, particularly with Holyrood if we make some changes, is look at introducing a tariff during peak times. We put a tax on during the winter.

Mr. Chair, if I were to interpret that, I would certainly be concerned that his suggestion is that we would tax our seniors in the winter when they are paying more for their light bills. Again, I was dozing off, Mr. Chair, but I am pretty well sure I heard about a tax in peak times in the winter. It really does not make a lot of sense.

Mr. Chair, through that process and talking about seniors, there was a lot of discussion about what approach we should take with the energy. I have to say, they came fired up tonight and they want to go with wind. There was no question, without a doubt, Mr. Chair, their suggestion was all wind. We talked about integrated models and what we should do and we cannot look at just one model. Well, we can, Mr. Chair. You have to have a benchmark. Our benchmark was Muskrat Falls. From there, the other options are considered, and we know what the least-cost option is for the people of Newfoundland and Labrador.

Now, Mr. Chair, added to that, not only do we know it, we laid it out. It has been referenced in the House earlier tonight about an Energy Plan. I have to say, Mr. Chair, I looked at the Energy Plan and I also looked at the NDP Energy Plan back when we ran the election in 2011. Mr. Chair, their Energy Plan was one sentence – one sentence.

Ours is a fully developed Energy Plan that started in 2005 with public consultations, a tremendous amount of work gone into it, Mr. Chair. We rolled it out in 2007, we laid out our Energy Plan, and Muskrat Falls is clearly a part of that plan and where we are trying to get to.

Where we are now, Mr. Chair, is that we have sanctioned it, we are ready to move, and there is a piece of work that we need to get done. We need to get it done, Mr. Chair. Not for us, we need to get it done in the best interests of the people of Newfoundland and Labrador. Mr. Chair, Bill 60 and Bill 61 are two pieces of the legislation that we have on the Order Paper, we are working through a process, and certainly very confident, Mr. Chair, that we are going to get where we need to get to, and hopefully in short order.

Mr. Chair, the other points brought up tonight – and I have to mention it, because the NDP have certainly said no to Muskrat Falls. The concern I have, and I will be honest, I have two young kids. One is in university; one is going to go shortly. A lot of us do. They are always trying to engage the youth, and our youth are out there trying to go through life experiences. They are going to develop their own ideologies; they are going to develop their own opinions, whether it is about politics or the future of what they want. Mr. Chair, one thing is for certain, we are in the wrong place – no matter who it is – we are in the wrong place if we do not want to make the right decisions to give our youth a chance to live and work right here in Newfoundland and Labrador.

**SOME HON. MEMBERS:** Hear, hear!

**MR. DALLEY:** Mr. Chair, that is exactly what Muskrat Falls is all about: giving and an opportunity and a chance for people to live and work and grow up right here in our own Province, a chance like we have never seen before. Mr. Chair, that is why we need to pass Bills 60 and 61, to support the sanction of Muskrat Falls.

Thank you, Mr. Chair.

**SOME HON. MEMBERS:** Hear, hear!

**CHAIR:** Order, please!

I recognize the Member for St. John's East.

**MR. MURPHY:** Thank you, Mr. Chair.

Good morning to everybody again. It is nice to hear sometimes a little bit of levity. We have a little bit of life in some people now this morning – except for the hon. the Minister of Fisheries; I think he said he was dozing off a little bit, but that is okay.

Mr. Chair, I just want to address a couple of the concerns that were brought up. Whenever we talk about alternative energies, whenever we are talking about the development of Muskrat Falls, there is no such thing in my mind as clean, there is no such thing as environmentally sound when you are talking about the burning of energy or the manufacture, if you will, when it comes to Muskrat Falls Project. When it comes to the manufacture of electricity, there is nothing in this world, so far, that is completely 100 per cent safe. I suppose outside of solar, maybe; solar might come close and wind might come close to being the perfect mechanisms, if you will. Even then, there are still concerns with wind, of course, when it comes to the sound and vibrations. There are some studies that are ongoing on that.

When you are talking about the Muskrat Falls Project, I worry about the river. At the end of the day, for me, it all comes back to the river and what we are going to be doing in some cases.

I will go back a couple of years to one particular person that I talked to on it. They asked me if I had ever been to the river because for some, I guess, it is holy ground, for some it an area of solace, and for some it is the ultimate in nature to have water thundering down over the rocks in Muskrat. I always have to keep that in the back of my mind too, at the same time, besides the importance to the people of Newfoundland and Labrador when it comes to the need for energy. We have to strike a balance.

I sometimes think that we can be doing a whole lot better than what we actually are when it comes to the actual development of this project. We are talking about the possibility of ruining a waterway downstream from there with elevated levels of mercury. Listening to the hon. the Minister for Child, Youth and Family Services last night, she has experience in that area. The Minister of the Environment says that we have to monitor levels of mercury.

Monitoring levels of mercury is fine, but how do you deal with it once it is there? There is no turning back. The warning signs start going up about the consumption of fish and all of that and the damage is done, and it is done for a long, long time. There is no turning back once that starts. While government says that is it clean, it is not. It really is not. There are after-effects from the creation of dams.

Everybody should know in here in this House – and I do not know if they have done any kind of study, particularly the Member for Mount Pearl South. I do not know if he has ever read anything on dirty dams and the release of methane gas that also results, particularly in tropical areas. Not so much up here when it comes to the release of methane, but it still happens. There is still a carbon footprint that is still left by such things as dam projects, and that is not including even the expending of energy used to put it up.

Let me tell you what is happening right now when it comes to the wind energy markets that are out there. Right now, you can buy a 1-megawatt wind generator for \$1.3 million US, installed. That is the going price that it is out there on the markets now; \$1.3 million per megawatt, installed. The Japanese are a little bit lower than that, I think;

they are at about \$1.2 million. I was listening to TV there a couple of weeks ago and they were talking about the Japanese hold on the wind industry over in Asia. Well, that is the cost of it; \$1.2 million US per megawatt of electricity generated.

Now that says a lot about the cost of energy in some regard and what we could be doing to a falls without fully exploring wind energy, particularly wind when it is backed up with hydro, Mr. Chair. We also have to talk about not only energy conservation; energy conservation should also include water conservation. Government has been saying already and recognizes the fact that water is energy. Whenever you put up a dam you are actually conserving energy, are you not? Government has said it.

So if we use wind energy at a time when we do not have to consume the water, we are actually banking energy. It makes sense, right? We could be using a combination of wind and small hydro to power up the needs of Newfoundland and Labrador, particularly the Island portion of the Province. Mix that with conservation measures and I think that we have a pretty good head start to cleaning up this Province's environmental footprint, not that it has not been cleaned up already with conservation measures and that sort of think.

I think it is pretty important. I think it is very important, particularly when you are talking about the impact on consumers and the impact on the environment and the future impact of such a project, such as this, such as the financing arrangement is; the future impact of the taxpayer who is probably going to have to deal with the load, and the future of the taxpayer, what they are going to have to pay in order to support under the what-if scenarios that I have already talked about over the last couple of days, particularly under the take-or-pay arrangement, and if they are going to be left on the hook to have to pay for the energy that we do not consume under the 40 per cent arrangement, the difference that we do not burn, with the fact that we have to take that 40 per cent.

We have an awful lot to think about here, and that is why we are here. Hopefully, government will listen and they will address those concerns. If wind energy is that cheap on the US markets, why are we hearing the numbers are so high in some of these reports? What I hear in the reports out of the media and what is happening down in the States is completely different than some of the reports I am hearing here.

Let's talk about natural gas. Natural gas was talked about earlier. I wish I would have been here for that one.

**MR. LANE:** It is not viable.

**MR. MURPHY:** The hon. Member for Mount Pearl South says natural gas is not viable, but here were the Norwegians back in 2009, at the time when natural gas prices were collapsing, they invested. They put aside \$12 billion into the Ormen Lange project that is off the coast of Norway. It is 6,000 feet deep. They used robot technology to do all the installations. They are now piping natural gas 1,100 kilometres to the coast of England. Here are natural gas prices at about \$3.50 per million BTU and they are still doing it. They are still exporting natural gas as part of the prices.

They had a \$12 billion budget for the project. It came in under budget for \$10 billion. Do you know why they did that? It was obviously an investment in the people's future. Here is Norway, since they first started pumping oil – I think it was back in 1976 or 1975 maybe when they started. It could have been a little bit earlier than that. The last report I saw out of Bloomberg, I think it was probably about two months ago now, they had \$660 billion in the bank. One month of interest on that would have paid for a Muskrat Falls Project, I say to the hon. member. We could have had a piece of that.

I do not know why, because every time we turn on the TV here lately – I will ask the people of Newfoundland and Labrador: Have they turned on the TV and saw the little ads coming on from the Canadian Association of Petroleum Producers pumping the fact of natural gas? Have they turned on the TV, for example, on CNN, on some of the business sections or on the financial news networks that are out there and heard them talking about and arguing over the exporting of natural gas from the United States?

That is a money-maker for these countries. Why isn't it a money-maker for this Province? Because we are worried about revenue stream, now we are chasing electricity. Hopefully, we are going to be able to sell it on the spot market that is so volatile down there that we do not know if we are going to get anything for it.

I saw prices in the US Northwest during the summer that showed nine-tenths of a cent for a kilowatt hour at times – on the US Northwest markets, on the Pacific markets. Mr. Chair, nine-tenths of a cent for every kilowatt hour does not exactly sound like a bargain at the end of the day when it comes to the Province's finances, but it is certainly a bargain when it comes to the consumer end of things when you see that much volatility in a market that they cannot sell it.

That is the danger that we are talking about here. If we see it in the US Northwest markets, do not kid yourself into thinking that it is not going to happen in the US Northeast market where we are talking about the exporting of electricity.

Mr. Chair, I see my time is up. I have a whole lot more to say when it comes to the development of natural gas and why we should do it. I guess we will leave it for my next time around.

Thank you very much, Mr. Chair.

[Technical Difficulties]

**MR. LANE:** (Inaudible) I think the first thing we need to recognize is that we have sanctioned this project. Really, we are beyond that. We are really supposed to be speaking to the bill. Obviously, there has been a lot of latitude given and I guess this is their opportunity now – everyone wants to debate Muskrat Falls again even though it is already sanctioned, but that is fine.

When information is going out there – which we have a disagreement on, and I believe to be not accurate – I think it is important, particularly for the public who may be listening, to get both sides of the story and to get the facts. The fact is, Mr. Chair, we had a study done on natural gas. It was done by Nalcor, which are our experts. It was verified by MHI. We have used –

**AN HON. MEMBER:** Ziff Energy.

**MR. LANE:** Ziff Energy actually, yes – Ziff Energy. You are right, Ziff Energy.

It was determined, Mr. Chair, that Muskrat Falls was still the low-cost option. Mr. Chair, when it comes down to – I am not sure where the NDP get their information. Well, I am pretty sure I do. It is called Google. We talked about this earlier this morning. We are putting up experts and they are going to [www.google.ca](http://www.google.ca). That is where they are getting their information. That is where their experts are coming from.

Mr. Chair, the reality of it is, as we said, natural gas has been looked at. It is simply not viable, Mr. Chair. It is not viable for Newfoundland and Labrador. That is the end of the story. It is really is, I say to the Member for St. John's West. I agree it is the end of the story.

For one thing, in terms of the natural gas that we have off our coast, when a company like Hibernia and so on, they go to the C-NLOPB and they gain the right to be able to drill in a certain area and so on, then that essentially becomes their property. We cannot just go in to Hibernia or Hebron and say as a Province we are just going to step in here now. We are going to start building pipelines. We are going to start taking this. We simply cannot do it.

**AN HON. MEMBER:** (Inaudible).

**MR. LANE:** How do you think we are getting it? Where is it coming from?

Then it comes to the fact: Is Hebron going to develop it? I would say, Mr. Chair, Hebron is a private company. What do private companies do? Why are they in business? They are in business to make money. They are in business to make profits. If it was viable to do, they would be doing it. It is really that simple.

At some point in time, Mr. Chair, I believe it will be viable. I think part of the analysis that was done on natural gas looked at what the prices are for natural gas at this point in time and it looked at what the price would need to be to make it viable. It is really that simple, and we are not there yet. We may be there in ten years, fifteen, twenty, twenty-five years, I do not know.

At some point in time we may be there, and when we are there then I am sure they are going to develop it. They are going to make a profit and we are going to get some royalties. That is all a good thing, but we cannot wait fifteen, twenty, or thirty years until that happens, until it is viable, because we need the power now for our residents on the Island. We also have a number of developments in various stages in Labrador. We need power for that as well. So we have to do something, and we have to do something now. It is really that simple.

We have done the analysis. Nalcor has done it. They verified it. The bottom line is that Muskrat Falls is the best option for Newfoundland and Labrador.

I say to the Member for St. John's North, who once again – I am not going to ask for protection. It is kind of silly. I do not need protection from him but he is having his say. He is heckling again as usual, and that is fine. He does not like what I have to say because he does not like hearing the facts.

I already explained when I was up earlier, there were not two options. Nalcor's mandate was to find the low-cost option, the best option to supply power to Newfoundland and Labrador. That is what it was. Based on their expertise, they did up a list and they ruled out the things that they knew just were not even close. Natural gas – they did their own analysis, they consulted with experts, and they crossed it off the list. They looked at wind, they used their experts, they looked at other experts, and they crossed it off the list. They looked at tidal energy; they crossed it off the list. They looked at solar energy; they crossed it off the list.

At the end of the day they came down with two, I guess we can say, viable options or potentially viable options. They came up with Muskrat Falls. They came up with the Isolated Island, which did include wind. It included small hydro, Mr. Chair, it included wind, and Holyrood. They said these are the two most viable options. Then they went to the PUB and they said: You take these two options and tell me of these two which one is the best. Of course, we know what happened with the PUB. We are not going to get into all that history again. We know that they refused to fulfill their mandate, but that is fine.

We had it verified through the experts that the PUB had hired under the DG3 process. It was their choice, not ours – Manitoba Hydro verified the fact that Muskrat Falls was the best option of the two. We had people out there, Mr. Chair, the critics. I have no problem with critics. I think it is wonderful to have people who critique, people who ask questions, it makes a better project, and it is all for the good. I think it is a good thing.

Mr. Chair, as a result of commentary made by people out there, self-proclaimed experts, we did have reports – even though Nalcor said: Listen, we do not need to do a report on wind; we do not need to do a report on natural gas. Based on our analysis, we know what the answer is going to be. Just to satisfy everybody, to put everyone's mind at ease, we will go to independent companies that are experts in the field, we will have it examined, and we will see what they say. They came back with the reports and it was determined Muskrat is still the low-cost option.

That is the end of it as far as I am concerned, and that is why we sanctioned the project, Mr. Chair. When we talk about experts and so on – and as I said I believe that the NDP are googling. The Member for St. John's Centre was here earlier this morning and she was reading off a piece of paper, like she tends to do. She was reading off a document and she was asked to table the document. She did, she tabled the document, and here it is. Here is the document that she was referencing.

Mr. Chair, what she was referencing, and the part that she read basically because she has exclamation marks written after it, she is talking about Manitoba. It says, "For many years, however, Hydro fought – forgive me here, but the writing is very small and I do not have my glasses. "For many years, however, Hydro fought very strenuously to not have to build or buy wind power. The provincial government literally had to force Hydro into the wind business" – and she has exclamation marks written after that. That is the part she quoted.



Then it says, "There are simply no rational reasons available to support the resistance, especially in Manitoba's case, because wind energy when not needed can be 'stored' by reducing the water flowing through our dams."

She was basically making a case that in Manitoba they said that wind energy was the way to go. The part, though, that she did not read was the very next sentence, which says this, "When the wind doesn't blow, we can open up our dams and make more water power." That is the critical point right there: When the wind does not blow, we can open up our dams and create water power.

The reason why that is so important is that it ties into the analysis that was given when we had our reports. Wind is great as a supplemental piece, supplemental to a hydro project. That is what we intend to do. Nalcor said that. There is no reason once Muskrat Falls is built that we cannot get into some wind power to supplement the grid – I think the intention is to do that – but wind alone, having to store that wind, the batteries required is just not feasible, and that is the reality, Mr. Chair.

My time is up, I thank you for the opportunity to speak to this once again.

**SOME HON. MEMBERS:** Hear, hear!

**CHAIR:** Order, please!

I recognize the hon. Member for Burgeo – La Poile.

**MR. A. PARSONS:** Thank you, Mr. Chair.

It is good to finally have a chance to get back up here. I had to fight my way up to get a chance to speak with all the members so excited to talk to this.

What I would say, I would like to first speak to the comments made by the Government House Leader. There are times we sit in this House and things can get rough, things can get heated, and things can get not particularly nice. What I can say is that the debate so far – especially for the last number of hours – I concur exactly with what he said. We have had good, cordial debate. Debate does not necessarily mean that you are going to have agreement. Debate means that you can express contrasting points of view, express why you believe in your point of view, the other side will express theirs, and then you move on from there.

You might not get agreement, but debate can happen in a civil manner. I think that has been done here in the last number of hours. I think that is a good sign. Does that mean that I agree with everything that has been expressed about the legislation that we are debating here, Bill 60 and Bill 61? No, obviously I do not. We have differing views on a number of parts of it.

One of the main things I wanted to do, Mr. Chair, having this opportunity, is I want to talk about the legislation and the specific sections. I want to make sure that I have my points of view regarding all the different aspects on the record. That is the big thing here: Everything that we say obviously is recorded in Hansard, and I want to make sure Hansard knows that when the Official Opposition debated this that we did talk about as many different things in these pieces of legislation as we could and put our points of view on the record about the legislation.

What I would say is that I think the comment from the Member for Mount Pearl South was we can debate Muskrat Falls again because it is on. What I would say is, even though there is a sanction, the fact is this legislation is not on yet. Until that is done, we have put our thoughts out there on this and that is what we will continue to do.

One of the things I think I might have said earlier was that I really try to be fair. There are things that I do not like about this legislation and I have put them out for the last ten hours of so, especially when it comes to the monopoly and the PUB part. There are other parts of this legislation – it is not that I agree or disagree, I understand. Even though they might not be the parts that create a lot of public attention, I at least think we need to talk about why they are being done, because we need to have that on the record.

In doing so I wanted to talk about something called Crown asset protection. I touched on this already when I discussed the section regarding liability, in that there was a section regarding liability. I will come back to that now in a second.

Basically, Mr. Chair, what the Province is trying to do is that the legislation – this is an amendment to three previous pieces of legislation. It is not like we are creating new stuff. We are just changing the pre-existing. As opposed to Bill 60 which is a new creation; it is a new document. The existing legislation defines Nalcor and Newfoundland and Labrador Hydro as agents of the Crown, this Crown agency. What we need to do here, knowing that the sanction is on and knowing that the government's intention is to put in these two pieces of legislation so they can go to the bank, what the Province is trying to do is change the legislation so that Crown assets are protected.

Now, obviously, whether you are Opposition, government or whatever, you want the best for the people, and the best for the people includes the protection of the assets that belong to the Crown or belong to the people. By changing this, I understand what is going on here.

What is happening is that in clause 6 – and I want to make sure, for the record, I know we are still on clause 1. Clause 1 gives me that latitude to discuss the bill as a whole. I would not want anybody down the road to say: oh well, they did not talk about anything relevant. We have talked about virtually all the major aspects of this. I just want to make sure that is there.

What is going to happen is that in Nalcor's dealings with Emera, Nalcor is going to act in its own capacity and not as an agent of the Crown. That does not sound like a lot but the fact is that does play a major role. What it is meant to be doing is a term that they have used called ring fencing. They are trying to circle the wagons here to ensure that the assets of the Crown are protected. If this all goes bad, if the lending goes bad you do not want the assets that belong to the Crown to be able to be touched.

The fact is the borrowing for this project is not going to be done by Nalcor per se. It is going to be done by the subsidiaries of Nalcor which they are in the process of creating. I believe there are four, I may be wrong. I think two are created and two are in the process of being created. What they are doing is these subsidiaries of Nalcor will be the borrowing agents.

It would not be right for me to talk about Nalcor and its subsidiaries without getting in the thing about the section 29 protection of ATIPP. It does not only apply to Nalcor now, it goes to the subsidiaries as well. You are ring fencing the assets but you are also ring fencing the information. I need to put that out there. I have to get that on the record.

In doing this borrowing, we talked about Crown corporations versus Crown agency. What we are being told and what you try to do when you are listening to these briefings and you are listening to the officials is – I have listened to what they say, and what they say coincides certainly with what the legislation lays out here.

When we are executing contracts we do not want to open ourselves up to liability. That is one of the reasons I previously discussed a section that is being imposed. I cannot recall offhand what section it is. I know it is in Hansard because I have discussed it. That is the fact that Nalcor – or the Crown is now protected from liability. The Crown, ministers, agents, et cetera from any liability by the fact that we have that monopoly there. This is one of the things, why they mention Crown agency in that section is because we are deeming these as Crown agencies here.

I just want to go over briefly some of the other parts of this legislation. We have our controversial sections, the sections that we definitely have a disagreement with the reason they are being put in place. You also have your sections that are definitely of a minor nature. They are standard form and it is hard to argue with them. They serve the purpose they are intended to do.

If you look at clause 9, it talks about performance under guarantee. The performance guarantee talks about this project borrowing that is going to be done by the subsidiaries, not Nalcor itself per se. We talked about the Minister of Finance has the authority to use the Consolidated Revenue Fund.

Actually, that is the main bank account for government, the treasure-chest room. I heard someone on Twitter say they pictured it as a big, gold coin room where it is just sitting there. That main bank account is what is paying for this. I guess what is filling up that room is the ratepayer. We all have that out there. We all know that is what is occurring here.

There are other sections here that I know a bit more about certain parts versus others. At some point our leader is going to get up and talk again. He will probably talk about the loan and how there are sections in the legislation pertaining to raising the loans that are available to Nalcor. Having his extensive business background, he can probably talk a bit more about that and certainly with more adept than I am able to do. I do not mind saying that. He will have an opportunity to do that.

The thing is, just so we know, right now Nalcor has a \$600 million borrowing limit and that is not enough. We have to raise that. That has been put out there. We understand that.

Going back to the main thrust of this session I have of time, this ten-minute allotment, we go back to clause 12. That is where we talk about the corporation continued. It can be somewhat dry when you refer to some of this legislation. Actually, when you look at the old section versus the new section, there is no change in the majority of it.

The new section does have a sub-clause 3.1 that says, "Notwithstanding subsections 3(4), (5) and (6), where the corporation enters into contracts and ancillary arrangements relating to the purchase of electrical energy, capacity and transmission services including contracts providing for direct cost reimbursement to the Muskrat Falls Project, the corporation shall be considered to have entered into those contracts and ancillary arrangements in its own capacity and not as an agent of the Crown..."

That is the big thing government is trying to get through here. Is that we have to have that protection of the assets. I have no issue with insuring that protection is there. I will disagree until the cows come home that excluding the PUB from the process is for the protection of the ratepayers. I put that out there. I disagree with that. I do not agree with that.

I do not agree with the difference in vernacular, but I do agree that you need to protect the assets of the Crown here in these business dealings. If something does go bad, we do not want to have that liability placed on us as the ratepayers and citizens.

Mr. Chair, I notice my time is done and I will take my seat.

Thank you.

**CHAIR:** The hon. the Minister of Education.

**SOME HON. MEMBERS:** Hear, hear!

**MR. JACKMAN:** Thank you, Mr. Chair.

The hour grows long, Mr. Chair.

Good morning, everyone. (Inaudible) fresh on top.

I woke up this morning, Mr. Chair, and I turned on the TV and by God, they were still talking about Bill 61. I wondered what strange things had happened in the night. I knew some strange things had happened because when I came in I saw the Member for Gander over sitting next to the Member for St. John's North, and I said: Oh, my God,

something strange did happen during the night. Either that or it was the Christmas spirit that has fallen over the House.

Mr. Chair, it has been said many times, and I am specifically speaking about Bill 61, I guess in our filibuster debate we can only repeat what this bill and Bill 60 is about. It is quite simply that the project has been sanctioned and now there are certain things that we need around financing, there are certain things that we need around land acquisition for the transmission lines. Mr. Chair, that is simply what this is about, the passing of these bills.

I noted with interest when I was driving in this morning, on one of the radio stations they are playing clips from the House. It is great that the media is following it and thus, the people of the Province are following it.

There has been much debate about whether we need this, and so on and so forth, and what is going to happen in fifty years time. One thing I thought about, I might not have the dates exact but there was a plant set up in Petty Harbour, I believe, around the 1920s. That plant is still generating electricity today. Some eighty or ninety years later, that plant is providing an energy source. Let's not think how the future unfolds, that electricity will not be needed in the future. I watched with interest this year when the car of the year was announced. It did not run on gas or diesel. It was an electric car. My point in saying all of that is what we are developing with the Muskrat simply adds to what appears to me to be the future.

We have talked about the environmental footprint. It amazed me a few years back when we were in Churchill Falls and they have this big billboard there that tells about the energy output. That was fine, but what really struck me was the sign that said: At peak, Churchill Falls displaces 110,000 barrels of oil a day.

If you are talking about leaving an asset to our grandchildren and our great-grandchildren that is going to impact on the environment, I cannot think of anything more important than that. Are we going to impact on the environment by developing this? Certainly, we are, but we have to look at the greater good. I do not think anyone can dispute that climate change is before us.

The Member for St. John's East, I have heard him several times talking about debating whether I suppose we really need this and whatnot. He knows that things have been thrown his way around Holyrood. I am sure there will be a few more things thrown his way about Holyrood over the course of the remaining time of this debate.

I do not think anyone, him included, can say that this project should not go ahead. I would think and hope that he and others may have some questions about process and everything else. In the end, even he has to admit, Mr. Chair, this is a good project environmentally.

I stand – I make no bones about it, that I support this project fully as a long-term asset and an economic generator for the Province. I think even more than that, I support it from the environmental piece. The world is changing and the world is moving. I keep always referencing to people; *Star Trek* is one of the big things that I have always looked at.

**AN HON. MEMBER:** We already talked about that.

**MR. JACKMAN:** Did we talk about that? I can see old Captain Kirk coming down and flicking open his phone. In 1967 that was being talked about. We did not envision that was going to happen.

By God, I can see the Member for St. John's North just zooming around St. John's and area with a backpack on him, and rather than parking his car, he will plop himself down with his jetpack on his back, and, Mr. Chair, it will be energized with electricity. It will be energized, Mr. Chair, by electricity.

Mr. Chair, this project is sanctioned, will go, has to go, for a few of the reasons that I have outlined. As much as we have talked about the financing of that, I do not think we have spoken enough about the environmental side of this. For those people whose lands will be impacted, they have to almost realize, too, I think at some point, that there is a sacrifice to be made for the larger good.

I heard somebody say at one point: We are such a small population, I do not know if we can do that much to impact environmentally. Well, I have to say to anyone, if other jurisdictions can get to the point where they can claim that 98 per cent of their energy provision is green, boy, this world will be a much better place. We had best pay attention to that because in our lifetime climate change may not get to the point where it becomes destructive, but somebody best start looking at it because for our great-great-great-grandchildren it very well might be. So, when you talk about vision and making sacrifice and doing what is right now for hundreds, and maybe even thousands of years down the road, now is the time.

I can tell you, I am bloody proud to be a part of a small population when it comes to the global situation, but I am certainly proud that we are doing our part to attempt to reverse climate change. Any time – whether it would be 2:00 o'clock in the morning or 8:44 in the morning – that we can get up and speak to this type of issue and offer my support for this bill, I will.

Again, I go back to what I started by saying. Bill 61, in this it outlines all of what Muskrat Falls is, the procedures we will go through. These two bills, 60 and 61, are about the next step, whether we agree and whether the project moves or whatnot. The project is moving. It is going to move. It is going to happen.

We need certain things in place that we could not bring in here and did not need to bring in here until the project was sanctioned. Well, now the project is sanctioned. We need to move on with the next steps, those being financing, land acquisition, transmission line development, and all of these things that need to be put in place.

I see one of the members of the Third Party is getting ready to pounce on us, getting up ready to enter into the debate. I know that cloud is going to be lifted, and in the Christmas spirit that I saw him and the Member for Gander sitting together. I would not say they were holding hands, but they were snuggling up. I would hope the member –

**AN HON. MEMBER:** He was learning about Twitter.

**MR. JACKMAN:** Now, that could be. That very well could be. Maybe the Member for St. John's North was trying to encourage the Member for Gander to get on Twitter. I am not sure if the Member for Gander is ready for the Twitter box yet, but we will see what the Christmas spirit brings. I look forward to the member getting up and offering his support for this project because so many people in the Province have done so.

Thank you, Mr. Chair.

**SOME HON. MEMBERS:** Hear, hear!

**CHAIR:** Order, please!

I recognize the hon. the Member for St. John's North.

**SOME HON. MEMBERS:** Hear, hear!

**MR. KIRBY:** Thank you, Mr. Chair.

It is a pleasure once again for me to stand and address clause 1 of Bill 61, which may go down in history yet as the Santa Claus of this bill. We will have to see.

Now, I listened with great interest to the Minister of Education and the Member for Mount Pearl South when they spoke. I just wanted to briefly talk about a couple of things they mentioned.

The Minister of Education talks about how this is green energy. There is no doubt in my mind that we need more green energy. The New Democratic Party is certainly fully in support of having more green energy. The one thing I will point out for the Minister of Education, and certainly this has some relevance when we think about exporting to the United States, especially if Gull Island ever gets underway, is that in the United States they do not consider hydroelectricity to be green energy. That is important.



It is certainly green energy, though. There is going to be a lot of green spent on this project. There is going to be over \$7 billion worth of green, and it might be \$10 billion to \$12 billion worth of green. That is a lot of green. I have to say, a lot of green energy no doubt, if you look at it from the perspective of what this is going to cost.

The Member for Mount Pearl South stood up and talked about – and we have heard this over and over again, I mean it is enough to make your head spin – Muskrat Falls being the least-cost option when it comes to the comparison with the Isolated Island option, which is just one option. Of course, it very well could be if you use questionable projections for the price of oil down the road, and if you use questionable projections for population growth and population demographics in Newfoundland and Labrador down the road, and if you use questionable projections for energy consumption on the Island, domestic energy consumption, and if you use hypothetical scenarios for industrial consumption.

If you do not use concrete information, if you just create and fabricate and create the story you want to tell, then you could tell any story. It could be truth in your own mind, for sure. I am saying there are a lot of possible scenarios.

I was looking the other day at the proposals put forward by Shoal Point Energy. Yes, there are a lot of changes going on in the United States right now. I know there are a lot of concerns about hydraulic fracking, and there are concerns about groundwater impacts and all of that. Shoal Point Energy says there are 1 billion to 3 billion potential barrels of the lightest, sweetest crude trapped in those rocks on the Northern Peninsula on the West Coast of the Island. Who knows what will happen with that. If that ever happened to come to pass that would change everything wouldn't it? That would change things a lot.

As I was saying earlier this morning, and I ran out of time, really we can say that to date the potential to use natural gas as well from our offshore reserves to generate electricity at Holyrood for domestic needs – not for export but for domestic needs – has not been thoroughly investigated. It has just been thrown out. It has just been contradicted to support government's plan.

I would say when it comes to building this industry for export there is certainly an argument to be made that we have not instigated, despite this summer 2007 pre-election pamphlet that the government sent out about its Energy Plan, which in over 100 pages mentioned Muskrat Falls just three times. Despite that, we have not instituted a proper regime, I say to the Minister of Finance. We have not instituted a proper royalty regime for natural gas to make any of this viable or possible. Until all of that is settled, until we resolve that, I say to the Member for Mount Pearl South, it is impossible to make accurate, precise assumptions or projections that we can reliably count on.

I think the Member for Mount Pearl South, when he stood up there was some talk of wind. That is an alternative that has been suggested quite often, and it has also been rejected by government quite often. We know in 2008 and 2009 the Government of Newfoundland and Labrador – and I think it was a good idea – supported the addition of two, twenty-seven megawatts of commercial wind projects in St. Lawrence and another one down in Fermeuse. It has a combined capacity to generate electricity for over 14,000 homes. That is two, twenty-seven megawatt wind farms, 14,000 homes.

I think the consideration of developing further wind power is important, considering the potential in Newfoundland and Labrador. After all, you have to agree that in composing the Ode to Newfoundland Sir Cavendish Boyle had a point. He had a point when he said that where we live is a wind swept land because it is, and the wind is not just here in the House of Assembly.

Some of the studies have determined that energy markets in Canada, including our own, could support a total wind capacity accounting for up to 10 per cent of overall installed electricity generation without any changes to the current transmission system – no changes. This has been pointed out by the federal government, by two departments, Environment Canada and Natural Resources Canada.

It has also been suggested that investments in enhancements to the current transmission grid could allow for wind power capacity beyond 10 per cent of the total supply. Newfoundland Power in its submission to the Energy Plan, indicated its agreement with that position, what I just stated, that it could go beyond 10 per cent.

In the response to the government's Energy Plan discussion paper that was released in 2006, Newfoundland Power pointed out, "The current expectation that wind has the technical potential to generate 10 to 15% of island energy is a reasonable starting point..." That suggests to me that we could go beyond that, if that is just a starting point. We are far from the 10 per cent to 15 per cent at the current time.

Of the 1,958 megawatts of current installed capacity, the fifty-four megawatts of wind generated energy that we have right now represents only 2.8 per cent, less than 3 per cent of our total generation capacity. With the Muskrat Falls plan, which includes no additional wind generation – that begs the question, because of course we all know that wind in combination with hydroelectricity is more or less the standard.

**AN HON. MEMBER:** (Inaudible).

**MR. KIRBY:** No, they are not, because the Muskrat Falls plan said in 2017 instead of 10 per cent, instead of 3 per cent which we have now almost, we will have 1.9 per cent. Less than 2 per cent of our overall generation will come from wind. We are going backwards. That is what we are doing, we are going backwards here.

Instead of getting closer to the goal suggested by the two federal government departments, by Newfoundland Power, by most of the experts in this area – instead of getting closer to the suggested goal of 10 per cent or even 15 per cent, we are going backwards, less than 2 per cent.

If I had the time I would get up and I would talk a little bit about this study which was done by Manitoba Hydro International on the assessment of wind for the Island, because most of that makes no sense. Do you know what? Manitoba Hydro is no expert in wind.

Did you read the editorial in the *Winnipeg Free Press* yesterday? They are not experts in wind, yet that is who we got to do the study on wind. That makes no sense. Counterintuitive, I would say.

Anyway, I will continue with that at some point later.

Thank you, Mr. Chair.

**CHAIR:** The hon. the Minister of Finance.

**SOME HON. MEMBERS:** Hear, hear!

**MR. MARSHALL:** Thank you, Mr. Chair.

Good morning, everyone.

**SOME HON. MEMBERS:** Good morning, Mr. Minister.

**MR. MARSHALL:** Although I understand it is still Wednesday according to the parliamentary clock.

**SOME HON. MEMBERS:** Tuesday.

**MR. MARSHALL:** Tuesday.

Mr. Chair, I had an opportunity last night to speak on a number of occasions about this project and take part in this wonderful debate as we try to advance the Muskrat Falls Project, which the democratically elected MHAs in this House of Assembly approved to go ahead with and the democratically elected government of the people of Newfoundland sanctioned on Monday night.

Again, unfortunately, I was not here. I was at a federal-provincial meeting of Finance Ministers in Ottawa, but as I said last night I did get to watch it on an iPad, sitting at gate 14 in the Ottawa airport. I was pretty proud to see this happen, to see us come up with a project that will provide the stable and fair electricity rates to the people of this

Province instead of us running into a situation where we would have an energy shortage by 2015 and an energy deficit by 2020.

What has happened here is that government has made the decision to go ahead with this project. Government announced the Muskrat Falls Project back in 2010, the design, the concept. For the last two years, it seems to me we have been doing nothing else but talking about Muskrat Falls. Most people that I talk to about the project say to me: Let's get on with it. It is time. Let's get on with it.

We had an election. When our party went to the people and said we want a mandate. If we are elected and if it is confirmed that the DG3 numbers confirm that Muskrat Falls will be the cheapest project to build and will mean the cheapest rates for the people of the Province, we said we are going to do it. We have a mandate to do that.

Manitoba Hydro International has now come out with the DG3 numbers. It is confirmed that of all the alternatives that had been looked at, that this is the one, Muskrat Falls is the one that will be the cheapest to build, but most importantly of all will provide the cheapest rates to the people of the Province.

I have said in this House over and over again, and I will keep saying it in this House, that I support the project that will provide the lowest possible rates for the people of the Province. I do not want to hear about potential. We have opportunities. We do have potential for wind. We do have potential for natural gas. We do have potential for shale oil, possibly, on the West Coast. I am optimistic we will discover oil on the West Coast. I have been optimistic about it ever since I heard about it. I know we have been looking for oil on the West Coast. The first oil well was drilled on the Great Northern Peninsula in 1867. While there have been encouraging signs, there has not yet been a commercial supply.

What we have done is we sanctioned the project. That decision has been made and now it is time. The decision has been made by the elected representatives of the people of the Province. It is now time to move on with the project. To do that, we have these two bills that are being debated in the House now. One bill simply deals with allowing Nalcor to acquire the property it is going to need to build the two transmission lines.

As people know with this project, there is a generating facility going to be built at Muskrat Falls, 824 megawatts. It is going to be able to produce 4.9 – so I will round it off to 5 terawatt hours of energy. There is going to be a transmission link between Muskrat Falls and Churchill Falls. That is going to connect us to the national grid on one end. Then there is going to be another transmission link that is going to bring the power from Muskrat Falls down across the Strait of Belle Isle, down the Great Northern Peninsula, and right across the Island of Newfoundland.

The technology that is being used is technology that has been around, as I said, for over 100 years. We built the first hydroelectric facility in this Province at Petty Harbour over 100 years ago. It is still operating and it is still producing power into the grid. It is over 110 years old, I understand. We have other hydroelectric facilities throughout the Province that are still going. That is the thing with a hydro project. The capital cost is upfront, but once it is built the operating costs are relatively low. As the loan comes down and the construction costs are amortized over time, the operating costs of producing the power are very, very low and the power is produced for a long time.

That is the one that is going to bring the cheapest rates to the people of the Province, and therefore that is the one we are going to go with. There will be room. With the Maritime Link that Emera is building and the people of Nova Scotia are going to pay to build, if we have power that is surplus to our needs then that power can be exported down the link into markets. That will connect us to the national grid on the other end.

For the first time in our history, we will not be isolated any more. For the first time in our history, we will be connected to the national grid. That provides us with two advantages. One advantage is that if there is an emergency, that we can import power. We can get it through Quebec down here through Muskrat, or we can get it from Nova Scotia. Hopefully, we will not see that too often, but at least we now have that back up.

The other side is that now that we are connected to the national grid we have export markets, and we will be able to export power to Atlantic Canada and to the United States into those markets. We cannot control what those markets

are. It is like back in the day for fishermen. Once they had fish if there is no market here, they have to export it and look for markets all over the world to try to sell their fish. Sometimes markets are good, and sometimes they are not good. We cannot control the markets. What Wood Mackenzie told the Minister of Natural Resources and I when we were down discussing with them and their international oil experts, they will say you will always be able to sell it. The prices will be different depending on the state of the market.

Mr. Chair, we are now proceeding with these two bills. One bill will be to allow us to set up the financing. That financing activity will be concluded probably in September or October of 2013. That will be financial close. That is the time when we are going to go to the market, draw down the funds, and where Nalcor will get its mortgage to build the project.

As I said last night when we talked about the financing, it is not Nalcor that is going to be borrowing the money; it is going to be subsidiaries of Nalcor. They are going to set up companies like MF Company to build the Muskrat Falls generation, LILCo will partner with Emera to build the Labrador-Island Link. They will borrow the money and the financing will be non-recourse to Nalcor and to the people of Newfoundland and Labrador.

If there is default – and it is highly unlikely given the low rates because they will be borrowing with the benefit of a federal government guarantee. They will be borrowing at a very low cost; they will be saving about \$1 billion compared to what it would cost if they had to borrow it at our rates. There is no possibility of any creditor coming after the people of Newfoundland and Labrador, or coming after the Government of Newfoundland and Labrador on that debt. They will not be able to come after Nalcor's oil and gas assets. They will not be able to come after Hydro's assets. They will not be able to come after Nalcor's CF(L)Co assets. They will not be able to come after the Bull Arm assets. They will not be able to come after the general revenue of the people of Newfoundland and Labrador, unless the government were to decide that it would wish to put those funds forward.

The project will stand on its own. The rest of the assets that we have will not be encumbered and will not be liable to any claims of any creditor on that project. That is a good thing, and it was set up that way for that particular purpose because people were saying that this project would bankrupt the Province of Newfoundland and Labrador, once (inaudible).

Now, Mr. Chair, the second part – I am running out of time here – is the equity piece. The equity piece is our down payment. If somebody is building a house, they know if they get a mortgage from the bank they have to put up their share, their down payment, their equity in the project. We will do the same. Our equity – the next time I get up to speak I will talk about the amount – will be provided from either cash or we will borrow for it, and then we will put that money into the project. That will be our equity. It is our share of the base equity and our share of any contingent equity.

Mr. Chair, I see I am running out of time, but I will get up again. I think it is going to be a long couple of days, and we will deal with this.

**SOME HON. MEMBERS:** Hear, hear!

**CHAIR:** Order, please!

I recognize the hon. Member for St. John's South.

**MR. OSBORNE:** Thank you, Mr. Chair.

Mr. Chair, I just heard the Finance Minister speak, and many of the points he makes are indeed very good points. He did raise one point – and that has been my contention with the project and the deal all the way along – and that is that the excess power will be sold into the Maritimes or into the United States. We do not know what that power is going to be sold for, and that is fair enough. Nobody realizes at this point or understands what that power is going to be sold for.

At some point that power will be sold for the second time, because it has already been sold under this project to the people of this Province. The people of the Province are paying for the project 100 per cent. Only utilizing, as ratepayers, 40 per cent of the energy but they are paying for 100 per cent of the project. The excess energy that will eventually, down the line, be sold into the Maritimes or into the United States will indeed generate excess revenue.

Government, based on this project, will decide where that excess revenue goes. Some people may say: Well, fair enough. Mr. Chair, I believe that if the people of this Province have already paid for the energy and have already paid 100 per cent of the cost of the project, the very least we could do under this project is to say the rates that were shown on the calculator on Nalcor's site should be guaranteed for the people of this Province.

I have no doubt there will be cost overruns. I cannot predict that for sure, but I have no doubt there will be cost overruns. We have already seen a cost overrun on the project even before it was sanctioned. If there are cost overruns, then the rates that were projected on the rate calculator are no longer valid. Those rates will go up. The excess revenue from any excess power that is sold into the Maritimes or into the United States should go first and foremost into guaranteeing the rates that were posted on the rate calculator. Give assurances to the people of the Province.

I ask the Minister of Finance: Can you guarantee those rates that were posted on the calculator will be the rates that the people of the Province pay?

**MR. KENNEDY:** Show up in the night time, Osborne. Show up in the night time.

**CHAIR:** Order, please!

**MR. OSBORNE:** Mr. Chair, I do not believe for a minute that there will not be cost overruns.

**MR. KENNEDY:** A daytime MHA. Show up in the night time. (Inaudible) are you?

**MR. OSBORNE:** Mr. Chair, I ask if you could ask the Minister of Natural Resources to tame down his rudeness and allow a member to speak.

**CHAIR:** Order, please!

**MR. OSBORNE:** Thank you, Mr. Chair.

**MR. KENNEDY:** Why don't you show up in the night time like everyone else? Three nights in a row you...

**CHAIR:** Order, please!

**MR. OSBORNE:** Mr. Chair, the reality is—

**MR. KENNEDY:** The reality is you are a part-time MHA, a daytime MHA. That is what you are.

**CHAIR:** Order, please!

**MR. OSBORNE:** — we should guarantee that those rates that were posted on the rate calculator are the rates that the people of this Province will pay. That is the reality.

**MR. KENNEDY:** No, the reality is you did not show up. You never showed up.

**MR. OSBORNE:** We, the people of this Province, will be paying 100 per cent of the cost of that project and only getting 40 per cent of the energy generated from that project.

**MR. KENNEDY:** Let's talk about ER/PR, what you did not tell (inaudible).

**CHAIR:** Order, please!



**MR. OSBORNE:** Thank you, Mr. Chair.

**MR. KENNEDY:** Let's talk about ER/PR, what you did not tell (inaudible).

**CHAIR:** Order, please!

**MR. OSBORNE:** Mr. Chair, the people of the Province –

**MR. KENNEDY:** Let's talk about that.

**MR. OSBORNE:** Mr. Chair, can you ask the Minister of Natural Resources to tame down his rudeness?

**CHAIR:** Order, please!

The Member for St. John's South has been recognized. I would ask all members for their co-operation.

The Member for St. John's South.

**MR. KENNEDY:** Let's talk about ER/PR.

**CHAIR:** Order, please!

The Member for St. John's South.

**MR. KENNEDY:** Let's talk about why you were kicked out of Cabinet.

**MR. OSBORNE:** Thank you, Mr. Chair.

Mr. Chair, I am not going to be sidelined by the Member for Carbonear, the Minister of Natural Resources. He has his time to speak and he will have his time to speak.

**MR. KENNEDY:** Why were you kicked out of Cabinet?

**CHAIR:** Order, please!

**MR. OSBORNE:** Mr. Chair, I will not be sidelined. I have my time to speak here and he will have his time to speak as well.

Mr. Chair, the people of the Province are paying 100 per cent of the cost of the project, they are only getting 40 per cent of the energy. We have, as legislators, a right to protect the people of the Province. As legislators, we should guarantee that the rates that were posted on the rate calculator are the rates that the people of this Province will pay. It is the fair thing to do.

The people of this Province should not have to pay for any additional cost overruns when they are already paying for 100 per cent of the power. They are already paying for the power. They own that power. It belongs to the people of this Province. If the excess power is sold into the Maritimes, or if the excess power is sold into the United States, Mr. Chair, the excess revenue from that power should guarantee the rates that the people of this Province are paying. That is the fair thing to do.

Let's look at Bill 61, because that is what we are debating. We are on clause 1 of Bill 61. Mr. Chair, it says as part of the proposed legislation, the bill, "Newfoundland and Labrador Hydro shall have the exclusive right to supply, distribute and sell electrical power or energy to a retailer or an industrial customer in respect of the business or operations of that retailer or industrial customer on the island portion of the province".

Mr. Chair, what we are saying here is that government and Nalcor will have a monopoly. They have the exclusive right to sell energy or power to the people of the Province, or to a retailer who will sell power to the people of the Province, or to a corporation, to industry.

Mr. Chair, it also says, "a retailer or an industrial customer shall purchase electrical power or energy exclusively from Newfoundland and Labrador Hydro in respect of the business or operations of that retailer or industrial customer on the island portion of the province."

What we are saying here, Mr. Chair, is that a retailer has to purchase the power generated from Muskrat Falls. They cannot purchase it from anywhere else. It does not matter if down the road there is a better source of energy developed or if there is a better, cheaper source of energy developed, somebody like Newfoundland Power or any other retailer has to purchase – has to purchase - their energy from Nalcor or from government. So, we are setting up a guaranteed market for Muskrat Falls energy. We are setting up a monopoly, a guaranteed rate of return. That is what this bill is doing, Mr. Chair, setting up a guaranteed rate of return. We are guaranteeing the exclusive right of Nalcor and government to sell the energy, and we are demanding that any retailer in the Province has to purchase power from Nalcor or government.

The other side of this, Mr. Chair, is, "...a retailer or an industrial customer shall not develop, own, operate, manage or control a facility for the generation and supply of electrical power or energy either for its own use or for supply directly or indirectly to or for the public...".

I remember a few years ago – I think it was Bill Barry; one of his fish plants out on the West Coast put up a windmill to help generate energy to reduce their costs into the future of that fish plant. So what we are saying now as part of this bill, as well, is that a corporation can no longer set up a windmill to provide their own energy.

**SOME HON. MEMBERS:** Oh, oh!

**MR. OSBORNE:** Mr. Chair, "...a retailer or an industrial customer shall not develop, own, operate, manage or control a facility for the generation and supply of electrical power or energy either for its own use or for supply directly or indirectly to or for the public or an entity on the island portion of the province."

**SOME HON. MEMBERS:** Oh, oh!

**MR. OSBORNE:** Mr. Chair, it grandfathers in windmills or other forms of energy that are already there. What we are doing here is creating a monopoly for Nalcor; we are creating a monopoly for government, a guaranteed rate of return, a guaranteed customer. We are creating a monopoly.

I see my time is up and I will stand again to speak on this bill.

**CHAIR:** The hon. the Minister of Finance.

**MR. MARSHALL:** Mr. Chair, there is a monopoly being created. It is being done deliberately because it is a monopoly for the people of Newfoundland and Labrador.

**SOME HON. MEMBERS:** Hear, hear!

**MR. MARSHALL:** This whole project has been designed to provide electricity to the people of this Province at the lowest possible rate. It has all been designed to accomplish that goal. Yes, there is a monopoly, but the monopoly is not BRINCO owned by the private sector. The monopoly is not Emera owned by private sector. The monopoly has been created for the people of the Province. No more giveaways, Mr. Chair. We ran on that. That is the very essence of this party: no more giveaways. So, a monopoly has been created to protect and to benefit ratepayers in the Province of Newfoundland and Labrador.

**SOME HON. MEMBERS:** Hear, hear!

**MR. MARSHALL:** Mr. Chair, the alternatives have been looked at and Muskrat Falls will provide power at the cheapest rate, the lowest cost rate, the fairest rate, to the taxpayers and the ratepayers of Newfoundland and Labrador.

The hon. Member for St. John's South said people are paying for 100 per cent of the power and they are only getting 40. If there is a need for 100 percent of power, they would get 100 per cent of the power, but right now the need is for 40 per cent of the power. Even though it is only 40 per cent of the power, it is the cheapest rate to the people. It is still the best deal.

Rather than burning oil at Holyrood, burning oil, high-priced oil driving the price up, the power will come from Muskrat Falls. Even if only 40 per cent is needed, it is still the cheapest rate of power. It is still the best deal for the people.

What will happen is that the rest of the power, the rest of the water, there is no need to generate the power because there is no demand on the Island for it, so you would not generate it. The water would run down to the sea and not be generated. Obviously, you say if we have this extra power, are we going to let it go to the sea and get zero for it or can we produce that extra 60 per cent and at least get something for it, which will go again to the ratepayers of the Province.

Emera came up with the idea of the Maritime Link, which they are going to build and the people of Nova Scotia are going to pay for. We are going to give them this power that would otherwise not be produced – the water would run to the sea. We are going to give them 20 per cent of the power to buy that link from them over thirty-five years. Also, by giving that power, we are buying the right to have priority access on their transmission rights through Nova Scotia, through New Brunswick and into New England.

The other 40 per cent of the power can therefore be sold, it can be monetized, it can be sold into markets in Atlantic Canada, and we can get some money for it that will go into Nalcor and can help reduce the rates. That is the whole objective. The project is not being built for the purpose of selling power to the Americans. That is what BRINCO was for. This Muskrat Falls Project is for us; it is to meet our needs.

Now, what is going to happen in addition to the 40 per cent of the power that is going to be needed here, 20 per cent is going to Emera, you have 40 per cent left over. Well, it is going to be needed in Labrador. We believe that over time it is going to be taken up in Labrador. So, it will be for our needs. It will go to the people of the Province, but until that happens, we have two choices. We can let the water go to the river, we can let the river flow to the sea, but we can at least monetize it by producing the power and selling it into whatever markets and getting money for it.

I used this example last night. It is like you could have a fisherman with five loads of fish here in Newfoundland and Labrador and the market here is for two of the five, but then he has no market for the rest of it. The price here, let us say, is \$14, just for argument's sake. He can either dump it in the water and get nothing for it; but if someone from Nova Scotia comes along and says I will build a boat and I will take your other three loads over to Nova Scotia and you can sell it there, you have to give me one of the loads for taking it over, the other two can go into the Nova Scotia – the market is not as high in Nova Scotia as it is in Newfoundland – it is better to get the \$9 that might be the price in the Nova Scotia market, even though it is lower than the \$14 of Newfoundland and Labrador, but better to get the \$9 than getting zero.

**AN HON. MEMBER:** It is still a good deal.

**MR. MARSHALL:** It is still a good deal. Once you get it over to Nova Scotia, they have a train over there and you can put your fish on a train and send it to a market down in New Brunswick, if the price is better there, or you can get it down in New York or in Maine, if the price is better there.

The project is for the people of Newfoundland and Labrador. It was not built for export, but if the surplus power – the 40 per cent that is being produced will go to the people of the Province, that is what is needed, and they will be the lowest rates of any project. If there is any surplus, let us try to monetize it, let us try to get something for it; but, hopefully, that power and what we will believe will happen to that extra, surplus power is that we will use it in Labrador to be a catalyst for the mining industry, or some of it can be used in Newfoundland and Labrador, on the Island portion, to be a catalyst for industry here. That is the objective. It is for us. That is why it has to be cheap, that is why it is the cheapest option, and that is why we would go with this project.

When people talk about the PUB, Mr. Chair, the early electricity projects in this Province were developed by people in the private sector, and they were monopolies. There were monopolies granted to certain business people. They would do a monopoly project and they would be in a position to gouge the ratepayer. So a regulator was set up to protect the ratepayers, to ensure there was a balance between what the businessman could charge and to ensure he got a return on his investment, a reasonable return, to make sure his costs were recovered and a reasonable return on investment, but not be in a position to gouge the ratepayer.

Mr. Chair, this project has been put in place by the Government of Newfoundland and Labrador for one reason, to provide cheap, stable rates to people of the Province. It is for us. It is not made basically to make a profit. That was the first reason for this. That was the first strategy for this project.

What will happen is there will be a cash flow. The people will pay for the project. The ratepayers will pay for the project. It will be the cheapest option available. It will not be potential. It is not potential wind, or potential gas, or potential shale oil. It will be hydroelectricity, a proven technology that we have been doing here for many, many years. The cash flow from that will cover the costs of construction, it will cover the cost of financing, it will cover the cost of operation, and there will be a return on investment, the same way the regulator would give any other proponent a return on investment.

The difference is it will come into the people. It will come into the government, and then the government can use that money to do as the Member for St. John's South recommends, which is to put it back into Nalcor to reduce rates. That is an option, and our government has done that on occasion. There have been times when Nalcor has needed more money and were going to go for a rate increase, and the government said: No, we will provide you with the cash. You do not have to do that. You do not have to go to the people for that. We can do that in the future. Any government can do it.

Governments might decide on behalf of the people, because essentially the ratepayers and the taxpayers are pretty much the same group. The government could decide we need to build a hospital somewhere, we may need to build a school somewhere, or we may have other demands from the public that are pressing and are a priority that need to be done. That is a decision of the government. The government of the day will be able to do that. They will do what they believe is in the best interest of the people of the Province.

With that, Mr. Chair, I will end this part of the discussion. I look forward to continuing the discussion as we proceed.

**SOME HON. MEMBERS:** Hear, hear!

**CHAIR:** Order, please!

I recognize the Member for Torngat Mountains.

**MR. EDMUNDS:** Thank you, Mr. Chair.

It is a pleasure to rise and speak to this bill once again. Mr. Chair, the last time I spoke I ran out of time on some issues that were relative to the environmental impacts, especially in the Lake Melville area.

Mr. Chair, this project has been sanctioned and we are now discussing the bills that will clear the way for implementation of this project. I would like to go back to just after the concept of Muskrat Falls was being talked about, Mr. Chair, and to follow through the process.

The first process that came into being, Mr. Chair, in terms of getting to the point where we are now is the environmental assessment. I would just like to go back to some references that were made with respect to the environmental assessment and some of the recommendations that came out, Mr. Chair.

From an environmental perspective, the most important recommendation that came out was that an environmental assessment be carried out downstream from the Muskrat Falls Project in Lake Melville itself. The government

opposite and Nalcor both determined that there would be no environmental impacts. This raised a lot of concern, Mr. Chair, especially when I heard the government talk about its duty to consult and that they have consulted. It leaves a lot of questions, and I will continue to ask those questions, Mr. Chair, whether it be in the formal process of the House during Question Period or in debate.

The next part of the process in getting to where we are now, Mr. Chair, was the federal loan guarantee. The guarantor needed conditions to be finalized or adhered to before this project could proceed.

Mr. Chair, in section 3.5 of the FLG it states, "That all necessary environmental legal and policy authorities have been complied with to the satisfaction of the Guarantor; and that all necessary aboriginal consultation obligations have been complied with to the satisfaction of the Guarantor."

Mr. Chair, this is in the federal loan guarantee term sheet. It raises questions, especially when you are dealing with a footprint area that is slated to be flooded. That results in the creation of methylmercury, that I heard my hon. colleague from the NDP talk about earlier, and the fact that mercury will travel the course of water, Mr. Chair, which is downstream.

The proposed Muskrat Falls Project – I should say the sanctioned Muskrat Falls Project allows for any residue resulting from a dam to flow down the Churchill River into the nearby community of Mud Lake and on down into Terrington Basin, or just south of Terrington Basin into Lake Melville.

I would just like to refer to the bill we are discussing, Mr. Chair. I tried to do it yesterday, so I will do it again. I have to quote sections of it, Mr. Chair, because it has an impact in conjunction with the term sheet.

It states in section 3.5 – let me just correct this. Section 3: Where a provision of this act or regulations made under this act is inconsistent or conflicts with a provision, term or condition of the Labrador Inuit Land Claims Agreement Act, the provision, term or condition of the Labrador new claims agreement act shall have precedence over this act – the bill we are discussing – or a regulation made under this act.

Now, Mr. Chair, it goes on to say that this act binds the Crown, and the Crown is represented by the Lieutenant-Governor in Council or the Cabinet. Mr. Chair, it also goes on to say in section 5, that except as otherwise stated, as otherwise provided in this act – except as otherwise provided, this act shall prevail.

Mr. Chair, this is not a contradiction. It just references the term immediately preceding what I just read, where it talks about the Labrador Inuit Land Claims Agreement, which is a document that is signed by the provincial government, by the federal government, and by the now created Nunatsiavut Government.

I realize that I am probably going to run out of time. I am hoping to have another opportunity to carry on with this, this morning, Mr. Chair.

The reason I bring up the environmental impacts, Mr. Chair – and I will get to it later on today – is that Nalcor and the Province have maintained that there will be no environmental impacts. We have seen levels of mercury in Lake Melville that are significantly higher to neighbouring rivers that do not have megaprojects on them.

The megaproject I am referring to as we speak is the Upper Churchill. Mr. Chair, that flooded a large amount of area. It actually created an area known as the Smallwood Reservoir. Levels of mercury have increased from that project. I must point out, that the distance of the Upper Churchill project from Lake Melville is in excess of 400 kilometres. I do not have the exact number, Mr. Chair, I am just basing this on driving from Happy Valley-Goose Bay to Churchill Falls. I know that the Nunatsiavut Government has committed to initiate a study in Lake Melville. I would like to see mercury levels come below standards.

Mr. Chair, I have asked this question to the Minister of Environment and Conservation earlier and I did not get a clear answer. The response I got did alarm me somewhat in terms of raised methylmercury levels to the point that – he mentioned that should mercury levels become dangerously high in Lake Melville, the matter would be referred to Health Canada guidelines.



The concern raised there is not only on behalf of the Nunatsiavut Government, Mr. Chair, it has to do with everyone who uses Lake Melville for subsistence purposes. My hon. colleague from Lake Melville can attest to the number of people who do use Lake Melville in the summer season.

My time is about to run out. Mr. Chair, I will continue this at another time today because I think this is very important. Megaprojects are important financially but the well-being of the people of this Province, Mr. Chair, including Labrador, is far more important.

Thank you.

**CHAIR:** I recognize the Member for Mount Pearl South.

**MR. LANE:** Thank you, Mr. Chair.

Mr. Chair, it is certainly a pleasure to stand once again. This is about my fourth time I think now in the last while. I have a lot to say and I am still going to have more to say after this. I am enjoying the debate and I look forward to engaging in it.

Mr. Chair, there are so many aspects we can speak to as it relates to this project. I have had a number of them listed, things I wanted to talk about, but it seems like every time I get around to wanting to speak to a particular topic someone on the other side will say something and then I end up going off on a tangent. Unfortunately, I have to go off on another little tangent here again now.

Mr. Chair, I want to talk for a moment about the folks at Nalcor, the professionals at Nalcor. Mr. Chair, I have to say, as many lay people would be out there in the community, prior to becoming an MHA and serving in this capacity, I did not have a whole lot to do with Nalcor. I knew what Nalcor was all about to some degree.

I knew who Ed Martin was by seeing him on TV from time to time, but I did not know a whole lot about Nalcor. I did not have an appreciation perhaps of all the things they did. When I thought of Nalcor, really I was kind of thinking of Newfoundland Power and my power bill. Which we know that is not one and the same but, nonetheless, that is what comes to mind is your power bill.

Since that time, Mr. Chair, I have had the opportunity on a number of occasions to meet with Mr. Martin, Mr. Bennett, and a number of the professionals at Nalcor. One of the things which I have come to learn and appreciate, more now than ever – because I kind of knew Mr. Martin and his folks by reputation to some degree – but one of the things I have really come to appreciate is the expertise, the professionalism, and the integrity that lies at Nalcor, and the integrity, the professionalism of people like Gilbert Bennett, people like Ed Martin. I have a very, very strong high regard and respect for those people and the work they do.

One of the things, Mr. Chair, that has disappointed me is when I hear people out there in the general public – and people have a right to be critical and ask questions, I have no issue with any of that – but when I hear people out there who are basically taking pot shots and questioning the professionalism, questioning the integrity of people like Mr. Martin and the people at Nalcor.

I do not mind taking it, Mr. Chair. When I signed up to become a member of this House of Assembly as a politician, I knew you had to take your knocks. I accept that, but when I hear people basically besmirch the reputation of the people at Nalcor because of their involvement with Muskrat Falls, it is something that has really bothered me because these people have not signed up for that.

Now, Mr. Chair, I understand it goes with the territory when you become a public figure, and even in Mr. Martin's case because he is out there as the spokesperson, the CEO and so on, I guess to some degree it comes with the job, although unfairly. I certainly do not expect, Mr. Chair, to come into this House of Assembly and have accusations made by people from across the way, as far as I am concerned, about the integrity of the folks at Nalcor.

Mr. Chair, I heard the Member for St. John's North up speaking a little while ago, and he was talking about the Muskrat Falls Project. I do not have Hansard in front of me, obviously, but what he said was: It is very easy to make sure that Muskrat Falls is the low-cost option when you fabricate – and he used the word fabricate – the information in terms of oil prices, residential demand, industrial demand, and so on, when you fabricate those numbers, skew those numbers in order to make Muskrat Falls fit the picture, to make sure that Muskrat Falls is the low-cost option for the people – in other words, to be deceptive to the people.

I have to say, Mr. Chair, I find it absolutely appalling and reprehensible that the Member for St. John's North – if he wants to question the project, absolutely, ask all the questions you want. You can certainly question numbers.

To suggest the fine people at Nalcor, Newfoundlanders and Labradorians who, as has been said here before, could be hired anywhere in this world – people would be glad to have people of their calibre working all over the country and all over the globe.

To have suggestions made that the people at Nalcor would be fabricating numbers and fabricating and exaggerating forecast demands and so on in terms of residential and in terms of commercial rates or demands we are going to have, I find reprehensible. I have to make that point, Mr. Chair, because it is certainly very disappointing.

Mr. Chair, as I have four minutes and I have made that point, and I am certainly glad I did, I do want to talk about another aspect of this project. That is an aspect I have heard from across the way from the Third Party as they talk about energy efficiency, energy conservation, that we should be looking at that, and that should be a bigger part of the plan.

In meetings and discussions I had with officials at Nalcor when we were getting our briefings and so on, I spoke to Mr. Martin and so on, and I asked that very question. I did. I asked the question. I said: People are talking about energy conservation. Are we doing anything in energy conservation? Are we doing enough in energy conservation? Could we possibly conserve enough energy so that we would not require Muskrat Falls? Could we do that?

I asked that question, and the answer I got is: Yes, we do things with energy efficiency. Yes there are more things we could do. Yes, there are more things we will do. No, we will not be able to replace Muskrat Falls totally by conservation. It is just another piece of the puzzle, just like wind is another piece of the puzzle, and just like more small hydro can be another piece of the puzzle, but it is not going to eliminate Muskrat Falls.

We do have programs, like the Residential Energy Efficiency Program – or REEP we call it – 1,000 grants per year through Newfoundland and Labrador Housing for retrofitting of homes and so on. Some of my constituents have availed of it. It is a great program.

I heard the Member for The Straits – White Bay North suggesting that there are 68,000 people, 68,000 homes, that received the Home Heating Rebate; hence, 68,000 homes –

**AN HON. MEMBER:** It was 68,000 recipients.

**MR. LANE:** – or recipients. His extrapolation from that was 68,000 REEP grants that we should be doing. At 1,000 a year, it would take us sixty-eight years to retrofit 68,000 homes. He said: Well, we can do more. I wonder where the money is coming from.

The point is that in terms of energy efficiency, energy conservation, we are putting those types of grants in place. Nalcor, Newfoundland Power, have programs I do believe where they will come in and they will look at your house and make recommendations as to ways that you can be more efficient with your home and so on. There is certainly lots of advertising out there in the media and ads and brochures and different things like that to encourage people to do that type of thing. Through Nalcor and Newfoundland Power, more of that will continue.

To suggest that through energy efficiency, unless we are going to do – and one of the critics out there; I cannot remember his name off the top of my head, which one it was, but it does not really matter. He had suggested

basically that we would raise everybody's electrical rates so high, they would have to pay so much money for their electricity that they would not be able to afford to keep it on; hence, by doing that, we would lower consumption.

Basically, we are going to force people to either spend every cent they have to heat their home; or if they cannot afford it, we are going to freeze them out, and I guess we would be going around with blankets and candles and so on. I do not think that is a viable option either.

The reality of it is that the demand is there, there are more and more homes getting built, larger homes, people are using electricity. Yes, people need to change their habits. That does not happen overnight. It happens over a period of time through education and so on. I think we are certainly addressing that issue, but I did want to at least put that out there because that is another thing that is being suggested. I think it is important that we put the other side of that argument as well.

Thank you, Mr. Chair.

**CHAIR:** Order, please!

I recognize the Member for St. John's East.

**SOME HON. MEMBERS:** Hear, hear!

**MR. MURPHY:** Thank you very much, Mr. Chair.

It is a pleasure to get up again to talk about Bill 61 and talk about some of the implications. I want to address a couple of things that the hon. Member for Mount Pearl South stated a minute ago. He said that we could not get enough energy back from energy efficiency. I am going to play with that one for a little bit, because I think that the hon. member is a little bit mistaken on that. I do not know where he got his facts to; maybe he googled them.

The simple fact of the matter is that when I came out with 68,000 recipients in the energy rebate program yesterday, the possibility is there that, hey, maybe it is 68,000 homes. We do know that there are 68,000 people out there who needed help to pay with their energy costs, who had to go and apply to government to get it. I said, out there, that obviously some people are having problems with energy consumption. Maybe it is a simple problem of having to pay for it, maybe their income is not high enough, but to me it is a reasonable assumption to think that these people obviously cannot afford the energy costs and they need to have some energy efficiency programming to do that.

Government has already explained about the success of the energy efficiency program and what can be done when the money is put into it. Mr. Chair, I say to you that the obvious solution – and to quote Jack Layton, I will tell you, "Don't let them tell you it can't be done" because it can be done, Mr. Chair.

**SOME HON. MEMBERS:** Hear, hear!

**MR. MURPHY:** The money that they would save from oil and burning in Holyrood, right off the bat, through energy efficiency programming, can be redirected and put into energy efficiency programming to speed up the process.

Mr. Chair, we are dealing with about 14 per cent unemployment rate in this Province. There is not a big problem with the unemployment rate on the Northeast Avalon, I will say to the Member for Mount Pearl South, but I will say to you that there is more of a problem as regards to getting people to go to work – and go to work at good, green jobs, steady jobs in rural areas of this Province where we have a problem doing outreach when it comes to energy efficiency programming.

We have a skilled workforce out there. Everybody in Newfoundland and Labrador, I would say to the member, maybe they do not have their necessary skills, the actual paper work that says that they are a carpenter, but you cannot tell me that Newfoundlanders and Labradorians are not good at putting up a shed or putting in practical

window installations, or building their own homes. We are all good with a nail and a hammer – except for me; I keep missing the head of the nail.

**MR. MARSHALL:** Not all.

**MR. MURPHY:** The same with the Finance Minister.

We have a possibility here of doing a couple of things then. We can practise energy efficiency at the same time as we are training a complete workforce out there, creating green jobs in this Province, impacting the use of Holyrood overnight, and directly impacting the Province's finances by not having to spend it on oil. Do not let them tell you it cannot be done, I say to the member across the way for Mount Pearl.

**AN HON. MEMBER:** A pie in the sky.

**MR. MURPHY:** A pie in the sky for him maybe; but, listen, it was Jack Layton who first came out and pressed the idea of backing up this Province when it came to getting the loan guarantee for this Province, I say to the Member for Mount Pearl South.

**SOME HON. MEMBERS:** Hear, hear!

**MR. MURPHY:** You should think more about the NDP than what he actually does.

**CHAIR (Pollard):** Order, please!

I ask the member to direct your comments to the Chair.

**MR. MURPHY:** Thank you, Mr. Chair.

In all the excitement, I indeed will.

To carry on, Mr. Chair, some breaking news when it comes to natural gas, because I was talking about natural gas earlier –

**SOME HON. MEMBERS:** Oh, oh!

**CHAIR:** Order, please!

**MR. MURPHY:** Now I will come back to speaking about natural gas for another little while. Breaking news on *Reuters* for December 19: Natural gas plant in New Jersey to be constructed, brand new and state of the art. Six hundred and fifty-five megawatts of electricity are going to be put out in the grid, hopefully into one of our selling markets for excess power we are going to have for Muskrat Falls. Six hundred and fifty-five megawatts of electricity at a time, I say to the people across the hall, when natural gas prices are supposed to be depressed to the point that nobody can make money on it. What they are doing is taking a resource and turning it into revenue.

I say to the hon. Minister of IBRD that he has a lot of money at his disposal. He has a lot of money in the Immigrant Investor Fund there that he could be utilizing for something like this. Mr. Chair, they are going to be generating 655 megawatts of electricity, new energy that is going to be coming onto the markets, not for an \$8 billion cost and not for a \$7 billion. It is a lot less than that, Mr. Chair: \$750 million.

Who did they partner with? I am going to throw this one at them now because it is one of the partners they are supposed to be working with right now here on Muskrat Falls. SNC-Lavalin, Mr. Chair, is going to be doing a lot of the integration work for this project, the construction work, and everything like that. They were also partnered with a company called Skanska out of Sweden. Six hundred and fifty-five megawatts of electricity just got put onto the grid, Mr. Chair. It is going to be on line, on stream to consumers and to industry in the US Northeast, by what year? Not 2017, but 2015. It is full steam ahead for natural gas.

I would say to the hon. Member for St. John's West that we have resources of natural gas off our coast. We have an oil company that his former Premier introduced to the Province of Newfoundland and Labrador called Nalcor. Nalcor should be allowed to go out and bargain with the oil companies to purchase the natural gas offshore. Why not? Everybody else is doing it. Why do we have to be left out of the world market for natural gas? Why does this Province have to be shied away from chasing another revenue stream? I ask the simple question: Why?

Then I will come back to the cost of that natural gas project that could be sometime in the future on our shores. It should be now, Mr. Chair, according to what Hess Energy is doing down in the States, in New Jersey, when it comes to a \$750 million investment. They tell us here in Newfoundland and Labrador that it cannot be done, but one of our potential energy markets that we want to sell the Muskrat Falls power to, the other 40 per cent block to try to generate revenue for this Province, Mr. Chair, is drying up.

The market is literally drying up before our eyes – 655 megawatts. We have not even talked about the excess power from Quebec. I say to the hon. members across the way: We have the Romaine River project in Quebec that is going to be coming on stream, ahead. So now what we are doing, we are talking about competition, the competition that is out there that we are facing, the market that is drying up before our eyes that government needs to –

**SOME HON. MEMBERS:** Oh, oh!

**CHAIR:** Order, please!

**MR. MURPHY:** – explain to us, the taxpayer and the ratepayer, they need to explain how they are going to get revenue from the electricity that they are going to sell into a market – and here is the point: a market that is going to be glutted with electricity, because this is just proof of what is going to be happening with natural gas resources down in the States.

They are going to turn natural gas into electricity. They are going to generate revenue from it, we are going to have to compete against it, and people are miles ahead when it comes to that. We cannot depend where – Mr. Chair, I ask the Member for Mount Pearl South where his business case is, where he has justified Muskrat Falls. The answer to do we need the power, may be very well drying up. The answer to do we need the power, lies possibly in another answer – possibly in another answer.

That is why I offer the suggestions about wind and small hydro. That is why I bring up the possibilities of natural gas, where everybody else is using it, but we cannot because we are looking at other sources of revenue. The impacts of the things that we can do with natural gas, Mr. Chair, even though like I said it is probably the lesser of two evils, it is still there and we are not taking advantage of it.

Then I come back to the risk, when we are talking about the potential of not being able to sell that power for a price that we desire on the international markets – on the spot markets as the Natural Resource Minister refers to. The unreliability, the volatility, of the electricity markets is no different than the volatility of the natural gas markets, as we were told in the briefing when it came to the reasons why we could not develop natural gas in this Province, Mr. Chair.

**SOME HON. MEMBERS:** Oh, oh!

**CHAIR:** Order, please!

**MR. MURPHY:** I will ask the government: Justify why we cannot have that same kind of investment, a \$750 million investment I say to the Minister of Transportation and Works – he is a non-believer in natural gas. He is a non-believer in the concept of being able to develop another resource. I say to him: You guys gave us an oil company, why won't you let us avail of it, Mr. Chair?

Thank you very much. I will be back.

**SOME HON. MEMBERS:** Hear, hear!



**CHAIR:** Order, please!

The hon. the Minister of Natural Resources.

**SOME HON. MEMBERS:** Hear, hear!

**MR. KENNEDY:** Thank you very much, Mr. Chair.

I will take a few minutes this morning to talk about the natural gas issue. It is too bad that some of these questions were not asked in the House of Assembly over the last month or two before we sanctioned, but I guess that is all you can do.

In terms of the natural gas, Mr. Chair, one of the first things I did when I became Minister of Natural Resources was to travel to the United States and meet with a number of energy advisors in relation to natural gas. We were certainly aware of the impact of shale gas and we looked at it from two perspectives. One, what was the impact of shale gas in terms of northeast and US markets? I learned a lot, Mr. Chair, about the prevalence of coal-fired plants in the United States and nuclear plants, and how little hydro was used.

There is no question that shale gas was certainly affecting the way electricity was being delivered in the United States. There is no question about that.

The price by which natural gas was measured – Henry Hub – had gone down to an all-time low. I think it actually dropped below \$2 earlier in the year and was around \$2.50 when I was meeting with companies like Wood Mackenzie and PIRA, and talking about the natural gas.

Then, Mr. Chair, we looked further and Nalcor has screened out natural gas as an option at Decision Gate 2. We said we had better look a little bit further here and make sure that we are right on all of this. What we started looking at was how we can find out. Then we had the university professor, which put forward an option of the natural gas pipelines from the Grand Banks.

We certainly looked at that and said: Well, is this a viable alternative? Let us get an expert opinion. Not that the experts are not at Nalcor, but it does not seem to be – as the Minister of Child, Youth and Family Services said last night, Mr. Chair, experts in our own Province do not seem to be good enough. We seem to have this view that Nalcor, because they are our own people, somehow or other they are not as good as the experts in the rest of the world.

The we-can't-do-it attitude is one that continues to be propagated by the NDP, and fair enough. We went out and we said: Let's find someone who has nothing to do with offshore gas in Newfoundland and Labrador. We went and we found a company out of Calgary called Ziff Energy. We went to Ziff Energy and said: Look, there are two issues here we want you to look at. We want you to look at the issue of the importation of natural gas, or the liquified natural gas, and we want you to look at the potential of building a pipeline from the Grand Banks.

While we were doing that though, we were not simply sitting back. We were also having discussions with other companies. We met with the Wood Mackenzie experts in London to determine the European situation, Mr. Chair. We also wanted to know what was going on in Europe. We were looking at this at every angle because we knew it was an issue. Natural gas is a valid issue.

Then we said, let's get some reports. That was after the PUB failed to offer any assistance of March 31, last year. I had actually met with Ziff earlier on to see if they could provide some assistance to us. We looked at finding a company, because every time there is a company that is associated with Nalcor in any way they are accused of not being independent.

Navigant, Mr. Chair, the company that had looked at Nalcor's Decision Gate 2 numbers, were attacked in this House of Assembly by the Opposition, but it was okay for the Atlantic Energy Gateway, the energy ministers to hire Navigant. They are good enough, a worldwide reputation. Again, in our Province the only experts that seem to

have any credibility with the Opposition are those, if they can find someone to say that Muskrat Falls is not a good project.

What we have tried to do, Mr. Chair, is to find experts who will look at the project, not to tell us what we want to hear. I have no vested interest in terms of telling us what we want to hear, we want to find out. Mr. Chair, essentially, what I was doing is I was approaching this in the same way I would approach a case if I were preparing it for court. Let's find an expert to review what someone else has said.

Ziff Energy comes up with a report. They provide a report on natural gas and the pipeline option was simply not viable, Mr. Chair, because of the small amount of gas and the significant outlay of capital which would be required, but it was the more viable of the other options. Then, because the university professor has put forward what appeared to be a valid proposal, we looked at that.

There were two issues that we had with the natural gas. The first is that under the Atlantic Accord the C-NLOPB gives a licence. There are various types of licences that are given, but then they are given a production licence. The production licence then allows the – I think it is a production licence – oil company to develop, as they see fit, the oil fields and associated gas that may come with it.

There is lots of gas off our shores, I agree with the member opposite, but there is lots of gas everywhere right now. We are seeing a rush to market with gas. We are seeing people on the West Coast – I just came back, or not just came back. I had energy ministers' meetings in September. We had the BC minister talking about all the shale gas they have. We have the New Brunswick minister talking about all the shale gas they have, although they have run into a situation with protests because of the economic impacts.

There are people who are fear mongering somewhat with shale gas. They are developing it in United States. The fields of Eagle Ford and Bakken are being developed and there does not appear to be that significant an impact on the environment that I can see. We are seeing that develop.

I will have to come back to this in my next round, but there is another interesting thing taking place, Mr. Chair, in terms of now we are seeing the shale oil developed in the Bakken field of North Dakota. What we are seeing with the shale gas is they are moving now, these companies, because there is more money in oil. The price of Henry Hub has fluctuated from \$2.50, it moved close to \$4. I have not checked it today, so I do not know exactly where it is.

On a very simplistic basis, you would think if we can buy natural gas in the United States and buy it cheap, why do we not import it here, turn Holyrood into a liquefied natural gas facility, and use it to make electricity? Again, the cost, though, is not as simple as paying Henry Hub price. You also have to look at your oil index prices and what you would pay. That \$2.50 or \$3 in Louisiana would be \$10 to \$12 to \$14 in Europe, but then it could go as high as \$14 to \$16 in Asia. It is an oil index price dependent on the markets at the time.

Because the amount of gas we would need is so small, there would have to be a long-term contract entered into and that long-term contract would be on oil index prices. The numbers were put together. We saw a CPW on natural gas that, compared to Muskrat Falls, was \$2.3 billion to \$2.8 billion more and still tied to the volatility of fuel, but not the same as oil.

Now, let's get to the pipelines. We have the production licence and they are allowed to develop. We met with Husky. We talked to them. I met with Husky a number of times. They had no interest in developing their gas. In fact, they are using it to re-inject and to improve the quality of the oil in some of the fields. I think Husky has just filed an application indicating that they are going to do the same.

We cannot unilaterally change the Atlantic Accord, Mr. Chair. The Atlantic Accord requires permission of both the federal and provincial governments, so even if we wanted to. The major point on that was that you cannot do it. Husky would determine when they are going to develop their gas. That was looked at by Ziff. That was attacked in public.

Then we released a report from Wood Mackenzie who had reviewed the pipeline, because that appeared to be the one that was the biggest issue. If I heard the Member for St. John's East a couple of minutes ago, I think that is the one he is talking about also as being the more viable alternative. We looked at that.

Then you have to build a pipeline that can be anywhere from 350 to 600 kilometres long. The difference in terms of the pipeline, it is measured per inch and as Ziff looked at – I can go through this in further detail. Perhaps I should take an hour or two today to talk about natural gas and go through the reports, Mr. Chair.

You get the cost – I think it was \$180,000 per mile inch, but I will get to the actual numbers. So you take that and you look at the cost. Now, if you come in at the 300 then you have icebergs. When I was in Norway earlier this year they talked about the way they were delivering natural gas from Norway – it was a big line. I think Islington or 'Idlington' or some place in England, and I think it was a 1,200 or 1,300 kilometre line. It was a huge line, but they did not have the icebergs. So the scouring and trenching required would increase the price.

The 650 kilometres, it is not proven. That technology of building the pipeline is not proven. That is what was told to us. I am not making this up, I am just going based on what the experts are telling us.

The cost of the pipeline – again, I just referred to the Member for St. John's East, if someone can prove to us the numbers are wrong – varied from \$12.8 billion to \$17.4 billion in terms of CPW. One pipeline option was twice as expensive as Muskrat Falls.

I will speak again about natural gas in my next ten minutes, Mr. Chair.

**SOME HON. MEMBERS:** Hear, hear!

**CHAIR:** Order, please!

I recognize the Member for Burgeo – La Poile.

**MR. A. PARSONS:** Thank you, Mr. Chair.

It is a pleasure to stand up again this morning, I believe it is still Tuesday, but certainly it is a pleasure to get up and speak to Bill 61.

We have had an opportunity over the last number of hours to go through various – we are still dealing with clause 1 but we have had a very good, general discussion about all the different parts that make up this piece of legislation that is being amended, or I guess the three different parts that are being amended. I have gone into detail on the purpose behind this. We know about the sanctioning and we know that these are what they call enabling pieces of legislation.

One of the things that I wanted to take a brief moment to discuss was the – again, I go back to section 14.1 because that is one of the sections that is being brought in here. It is a significant change here. The thing is, what this does is it entrenches the monopoly that is needed to ensure that the revenue is there.

One of the things I believe in my interpretation or my reading of the section is that it talks about future developments down the road. Basically, what we are looking at here is that Nalcor is setting it up so that they are the only game in town, we will say. They are the only game in town, is from what I understand.

I have enjoyed listening to both sides and I know that if I am wrong or if I have interrupted something wrong, I am sure one of the members opposite will stand up and correct me. That has what we have been doing all night; there has been corrections going on everywhere. That is all part of it.

One of the things when we talk about monopolies – again, I put this out there because we have had an opportunity over the last couple of days to go out and start reviewing different pieces of literature and different documentation and one of the things, when we look at this here, we look at is the Federal Energy Regulatory Commission.

One of the things is that Bill 61 basically precludes other utilities from selling energy in Newfoundland; it precludes them. Again, I put this out as a question because it is Committee stage and maybe somebody might want to answer this: Does this now preclude Nalcor from selling power in the US under the FERC's reciprocity condition under regulation 888?

There is a discussion here and it says, "As an initial matter, there appears to be some confusion as to the applicability of the reciprocity condition to sales by Canadian utilities." "In Order Nos. 888... we concluded that a foreign entity that owns or controls transmission facilities and that takes transmission service under a U.S. public utility's open access tariff must comply with the reciprocity provision in the tariff, unless the public utility voluntarily waives the reciprocity condition contained in its open access tariff or unless an entity obtains waiver of the reciprocity condition from the Commission."

That is one of the things here: By entrenching this monopoly for fifty years, is there going to be a concern about the transmission outside of the border?

**MR. MARSHALL:** (Inaudible).

**MR. A. PARSONS:** I would say to the Minister of Finance, I am sure you will have plenty of opportunity and you can explain this. That is what this is. The Committee stage is the part where I put it out and, hopefully, we will get the explanation as to what this will entail and I look forward to that part, definitely.

One of the things that have been brought up over the last number of months and years is with Muskrat Falls and the connection between Labrador and Newfoundland and then across the Maritime Link is going to give that access down into the New England states and into that market. That is one of the things that have been brought up. There is so much for the Province, there is so much that goes to Nova Scotia, and there is so much that is available for export. Is there any concerns down the road, when we talk about the fact that there is no energy that is allowed to come in, will there be a NAFTA issue down the road?

Article 1502, under Monopolies and State Enterprises – and I believe this is something we found on one of the Web sites dealing with NAFTA – it says there is nothing in the agreement that is construed to prevent the party from designating a monopoly. That is something that has been in place for a number of years, if I am correct. There was a monopoly, but in this case there is legislation that is strengthening that, really.

What it then goes on to say is that, "Where a Party intends to designate a monopoly and the designation may affect the interests of persons of another Party, the Party shall: (a) wherever possible, provide prior written notification to the other Party of designation".

Then it also says, "Each Party shall ensure, through regulatory control, administrative supervision or the application of other measures, that any privately owned monopoly that it designates and any government monopoly that it maintains or designates: (a) acts in a manner that is not inconsistent with the Party's obligations under this Agreement wherever such a monopoly exercises any regulatory, administrative or other governmental authority that the Party has delegated to it in connection with the monopoly good or service, such as the power to grant import or export licences, approve commercial transactions or impose quotas, fees...".

That is one of the things: Is this a concern going forward? Will this bring any issues? I heard the Member for Mount Pearl South say something about saying bad things about Nalcor. I think the Member for Mount Pearl North – South, I am sorry; I am a little tongue tied there. The Member for Mount Pearl South heard me say earlier this morning – I am not sure what time – that I have nothing but the greatest respect for –

**MR. LANE:** I was not talking about you.

**MR. A. PARSONS:** No, I do not think you were talking about me specifically, but let me put this on the record that this has never been about saying that the people at Nalcor do not know what they are doing. I mean, obviously Ed Martin is a very, very intelligent man. I have had the opportunity – I thought he did a very good job at the MNL conference in Gander, speaking to people, taking questions, and again that is all part of it.

That is the thing here: All of this obviously is being done with the best possible intentions by government and by Nalcor. We all know that, but sometimes the best intentions there is still the possibility of oversight. I guess that is where we try to help out as an Opposition is to make suggestions and if the suggestions are already considered, well then the purpose has been served. A good, strong, healthy Opposition leads to good governance; I have said that plenty of times.

In this case this is one of the concerns that various commenters have brought forward. We have had an opportunity in doing our research that we have also put out there. There is this exclusivity that is being put in place.

I know that is something that at some point one of the members opposite, probably the Minister of Finance or the Minister of Natural Resources, will address because they have gotten up and done a very good job of answering questions that we have put forward,

Like I have said umpteen times throughout this night, we do not always have that agreement or disagreement on those, but at least the information is out there in the public domain and that is what it is all about here.

Again, I come back to that section 14.1. It is a lengthy section with a number of subclauses. It lays out the fact that the exclusivity is there and the monopoly is there. It has certain exemptions. Again, we do except the fact, and it is laid out there, that if an industrial group needs something done under emergency circumstances, then they are still going to be allowed to do that. If Kruger needs to set up a windmill, that is going to be allowed. We acknowledge that. I think it was written out in the legislation.

There are other concerns here that if something does get developed down the road that you could sell at home and that would be cheaper than this, then we are not going to be allowed to have that access to that. That is always a concern. That is what this is all about: getting the cheapest form of electricity or power that we are going to have. That is what the ratepayers of this Province obviously want.

I think that I have had plenty of opportunity to put that out there. I have laid out that specific concern. We have a bunch more that we will lay out. What I would say is I do not know if one of the members is going to stand now. Again, I do not want to sit down and get myself in trouble if nobody on the other side stands up.

**MR. KENNEDY:** I am going to be up.

**MR. A. PARSONS:** Perfect.

I appreciate the opportunity again to speak and I am sure we will have plenty of opportunity later on.

Thank you, Mr. Chair.

**CHAIR:** Order, please!

The Chair recognizes the hon. the Minister of Natural Resources.

**SOME HON. MEMBERS:** Hear, hear!

**MR. KENNEDY:** Thank you, Mr. Chair.

I will address the issues of FERC – I am making notes as we go along – and monopoly sections shortly. I would also address the issue raised by the MHA for St. John's South in terms of the rates and the rates calculator as we move along, and the 40 per cent.

I want to come back to natural gas for a second. What I am trying to do is I am making a list, Mr. Chair, of the issues that we have to go through today. I am certainly willing to offer whatever assistance I can. I know that we will not agree, but at least there will be a discussion as to the issues that are out there.



I want to deal with the natural gas again, because I think it is important that we deal with the natural gas. I say to the Member for St. John's East: There is no one denying the impact of what is taking place in the United States today with shale oil on natural gas in this world. There is no one denying that.

The only question is: How many other shale gas plays are there in other parts of the world? We do not know yet in China, although I understand there is some discussion. Russia, if I understand it correctly – and I know the Member for St. John's East would know this - Russia is the biggest supplier, I think, of natural gas to the European countries as it now stands, but there are difficulties in dealing with the Russian companies, from what I understand.

What I am going to try to do is take it one step at a time. I will continue to talk about natural gas as the day goes on, and then I will make a list and deal with the other issues.

Let's deal with what Ziff had to say. I have no reason, Mr. Chair, to doubt that Ziff Energy is a company. We went and looked at their bios in the back. They have engineers involved. They have a gas team. We simply tried to find someone who could give us some advice. We also then went to Wood Mackenzie, who are our energy advisors. We met with them in New York. They also operate out of Edinburgh, although we met with them in London on a couple of occasions.

We are trying to get to the bottom of natural gas. There is no question it is a game changer. If you look at the report that was prepared by Navigant, essentially what Navigant says is the markets in the US are going to remain tight. There is no question for now in terms of export markets, but that is not what we are looking at. It is export markets in terms of power purchase agreements. We are looking at short-term sales on the markets, Mr. Chair, whereby we can just sell electricity in and out and then have it available for Labrador. That is what we are trying to do on the spot markets.

I have to admit, I have heard Mr. Martin explain it but I do not fully understand how the spot markets work. I am sure the Member for St. John's East can probably help me out. What I understand is that if electricity goes on the spot markets a bid goes in, and that first bid might be zero. There is a clearing house. There could be four or five companies that are dealing with electricity. A bid comes in and then they are looking at the amount of electricity required.

The bid that is ultimately accepted, everyone gets. That rate can go from – I think it has gone in the last period of time from \$25 to \$100, although it is probably more realistic now to talk about \$40 to \$50 on the spot markets. Mr. Martin and Nalcor have been doing that. We have been watching the natural gas and watching the way it has affected the markets.

The US currently has a proliferation of nuclear sites, and I think in New York recently with Hurricane Sandy, Indian Point is one of the nuclear generators that supplies New York. Over the next number of years – none of us really know in terms of what is going to happen with carbon pricing, and probably not in the United States as much, but in Canada we know that carbon pricing certainly will come in. It has been factored in by MHI here in the sensitivity analysis as opposed to the actual CPW.

Let's look at Ziff and what they say in terms of their executive summary. As the day goes on I can go through the report. What they conclude is that Grand Banks pipeline natural gas is not a viable replacement for the current oil-fired Holyrood electrical generation facility. I am referring to the gas paper that was released by the government and prepared by Ziff Energy, October 30.

"Notwithstanding any future policy objective to develop Grand Banks natural gas, the Government of Newfoundland and Labrador cannot compel Operators to produce and sell gas to the Island power generation market, nor can it mandate a price that the Operator(s) must accept for their gas. The Government of Newfoundland and Labrador has no legislative authority to order a non-economic development of offshore natural gas. Ziff Energy concludes that even if Grand Banks natural gas were commercially available it would be prohibitively priced for Island power generation when compared with the proposed Muskrat Falls hydro-electric power and the current oil-fired power generation at Holyrood."

Even though we have natural gas, it is part of our Energy Plan and I think – these numbers, I do not know after three days if I can be held to all the numbers, but my recollection is that we currently have about 11 trillion cubic feet of discovered gas and approximately 60 trillion cubic feet of undiscovered gas, which also includes Labrador.

The natural gas will be used at some point, but what the oil companies are saying to us, what the Canadian Association of Petroleum Producers said to us is that at this point it is not viable. I say to the Member for St. John's East, it does not mean ten years from now it will not be viable. The best way it was put, I remember one of the oil executives at Husky said: If we can make money we would be doing it. What they said is that they would require in the \$10 to \$12 Henry Hub price to make it economically viable.

Does the Member for St. John's East know what the price is of natural gas today? It was between \$3 and \$4. It has been hovering. I will look it up in a second.

**MR. MURPHY:** (Inaudible).

**MR. KENNEDY:** Yes. We will say it is around \$3.50. It has to climb to make it commercially attractive to the companies, but it is not going – it is being used. I think in Terra Nova they actually use it to create electricity, and I know they are using it to re-inject. One of the oil companies, I think the way Statoil explained it, is that natural gas helps you to retrieve more gas by re-injecting it and a better quality.

Now, we have the pipeline. The pipeline is (1) we cannot do it; (2) it is not commercially viable at present. Then we get the liquefied natural gas option, but the unfortunate aspect of it – the details are all in the report – is we require such a small amount of natural gas. In fact, if I remember correctly, the two biggest consumers of natural gas – and I was a little bit surprised by this – I think Japan uses, it could be up to 30 per cent of the natural gas in the world, and Korea is a big user of natural gas.

What we have in the United Kingdom are a number of different ways that they supply electricity. They have the natural gas, they have hydro, but they also – France has a large amount of nuclear power and it all comes together. Now we are seeing these big wind developments in the United Kingdom because they can be integrated.

You have the north, where my parents-in-law live on the north coast. You can go and you will see the wind farms in the distance. They are huge. When you are driving through Southern Ontario towards Windsor, you will see wind farms.

So, it is not a matter of we are not looking at these alternatives. I honestly feel that we have explored all the alternatives, but we cannot simply do what the Opposition requires, is go until we find a report that says we are wrong. They have to help us out here.

Again, with all due respect, I acknowledge the amount of knowledge – I do not know if I will go as far as to say expertise, for the Member for St. John's East, but he has large amounts of knowledge in natural gas. I am not disputing that, but what we are trying to do is make a decision now because, as I always come back to, we need the power.

I will have the opportunity a little later on today and it sounds like I could be on my feet most of the day, to deal with the rather strange Tweet from one of the members of the NDP last night saying we need the power but they were not sure if they agree with my version of it. It is not my version. What we have tried to do here, Mr. Chair, is explore the alternatives.

When you get to the LNG then you have the oil index prices and the long-term contracts because of the small amount. Just think of that. I forget the name of the natural gas plant in Louisiana that is producing significant amounts of it, but they are exporting to Europe. That tanker is leaving port. It is going to the highest bidder. That is business. Why are they going to sell a small amount of natural gas to the Province of Newfoundland and Labrador for \$2.50 Henry Hub when that same gas can be sold in large amounts to Europe at \$10 to \$12 to \$14 Henry Hub?.

That is why we run into the problem, and the price that we are going to pay for natural gas is oil indexed. That is what brings the price up, Mr. Chair, besides the \$800,000, for example, for the regasification of – I think it is \$800,000, I could be wrong; \$800,000 to \$1 million for the LNG terminal, to fix that up.

Again, I will come back in a few minutes. I will stick with the natural gas for now. I have a note made of the questions raised by the MHA for Burgeo – La Poile. I will certainly try to address those as the morning moves on, as long as my voice lasts.

**SOME HON. MEMBERS:** Hear, hear!

**CHAIR:** Order, please!

The Chair recognizes the Member for Bay of Islands.

**MR. JOYCE:** Thank you, Mr. Chair.

It is an opportunity for me to rise, ask a few questions on Bill 61 and Muskrat Falls, express some concerns I might have, or over the day ask for some information I would like to have so you can make an informed decision on it. Most of my questions today are from the comments the Minister of Finance made. I just ask for clarification or some information to help with the questions I have. I will just set the parameters of it before. If anything here I am saying is inaccurate or if the minister feels I do not have good information, I ask that the minister clarify it for me. I have no problem with that. It is a complicated deal and there are a lot of issues there. I would just ask the minister for that.

First of all, we are developing Muskrat Falls and 100 per cent of the power. As we have all been told already, 40 per cent of this power will be for Newfoundland and Labrador. That has been said here many times. Twenty per cent is to Emera for their buying in, using their lines over in Nova Scotia, and developing their link across to Nova Scotia, the Maritime Link. Another 40 per cent of the power is for sale. From my understanding right now there is no market but it is going to be sold on the spot market. Of course, we all know on the spot market the price may vary and there are peaks for it to be sold on the spot market. There are times when it may not even be used and you can hold it in storage, from my understanding of it.

These are the parameters I am operating under. I know the minister will clarify any of this. Just assume we sell 40 per cent of the power on the spot market or Nova Scotia has a full block so they can sell it in Nova Scotia. I am not sure if it is even worked out yet, or if we are at that stage yet, where we are going to sell the power.

There are a few questions just rising out of that premise, Mr. Chair: How much are we going to sell on the spot market for? Does it vary? If it varies from day to day, what is a yearly average of the power or the price per year that we would be getting in and the income we would be getting in per year? If we are selling it to Nova Scotia as a 40 per cent block, what are we selling it to Nova Scotia for? Has that been determined yet? If that has been determined, that would be a piece put into the puzzle. Are we selling it for 8 cents a kilowatt or 9 cents a kilowatt? I do not know. I am not sure even if that has been determined.

The question that comes from that, Mr. Chair, is 40 per cent in Newfoundland and Labrador – what will the ratepayers in Newfoundland and Labrador be paying per kilowatt? Forget about all the talk about we need the power and why we have to have the power. Per kilowatt, per household, and per people in Newfoundland and Labrador the question is: How much will they be paying per kilowatt? I will put all of this together in a few minutes, Mr. Chair. As I always say, if I can understand it most people in Newfoundland and Labrador can because I like things right down to the level, Mr. Chair, to ensure that we can all understand it.

Most people's question that I am asked is: How much will I pay per kilowatt in my house? That is the question. The reason I ask that, Mr. Chair, is if you cannot tell us what we are going to pay per kilowatt, if you cannot tell us what we are going to sell 40 per cent power for in Nova Scotia, if we sell it to Nova Scotia, if you cannot tell us what the cost is on the spot market and what we are going to make on the spot market, if all of this is true – and I heard the Minister of Finance stand up and say the first year we are going to have \$120 million in profit –

**AN HON. MEMBER:** (Inaudible).

**MR. JOYCE:** It is \$15 million.

So my question is: If we are saying that we are going to have a profit as soon as we flick the lights on, what are we charging to have that profit? It is simple mathematics. If we know that the time we flick the lights on here is what we are going to make, we have to know what we are charging people. We have to know what we are going to get on the spot market. We have to know because anybody who is operating a business knows that if you have an income on one side and then you have expenses on the other, if you say at the end of the year we are going to make \$15 million or \$120 million – I thought it was \$120 million but the minister said it is not. The minister can clarify that. You have to know what you are going to charge to get the revenues. You have to.

This is the question that is not out there. What are we going to be charging the ratepayers of Newfoundland and Labrador, who are going to be paying 100 per cent of this project? We have already been told and it has been said in this House many times, and I know the minister used the analogy yesterday of selling fish, that if you have fish and cannot sell it, if you have some sell it to Nova Scotia. It is extra profit. We already know what we sell to Nova Scotia is extra profit. If you know, Minister, we are going to have a certain amount of profit as soon as we flick the lights on, the question has to be: What are you going to charge the ratepayers? You have to have that figure if you are assuming what you are saying is accurate.

My question, and I cannot get an answer, is: How much are you going to be charging the ratepayers to make this sizable profit in the first year? That is the question I would like answered. We have to look at this per household and per kilowatt. When someone looks at their light bill and says right now I am paying 11.5 cents or 11.2 cents per kilowatt, in 2017 you are going to be paying 15.2 cents, 18.2 cents, or 20.2 cents. In order to come up with the calculations the minister has, we have to have some figures plugged into that if Newfoundlanders are paying.

If everything the minister is saying is accurate, and I am not disputing it is not accurate, the question I am saying is you have to know what Newfoundlanders are going to be paying for the project if you have it calculated there is going to be a profit in year one. If we can put it out there to the general public, saying that your light bill will, if it is 11.2 cents now, 10.1 cents now, whatever it is now in certain areas of the Province, whatever it is in Labrador – this is just the Island, I know – or whatever it is, tell us what per kilowatt it is going to be because that is not out there. All we hear is that we are going to make these huge profits.

There is another thing, I say to the minister. We are going to make this huge profit. According to the minister and according to the government we are going to make this huge profit. What we have to remember is this huge profit we are making is already committed to by the Province that it is going to be the ratepayers in Newfoundland and Labrador.

If all of us here in this House of Assembly say we need to make a profit of \$1,000, what we do is we go out and divide it under forty-eight people here. Here is what we have to charge everybody. Here is what the profit is going to be. When you come out and say we are going to make a profit, you have to remember that the profit is going to be paid for by the ratepayers of Newfoundland and Labrador. We do not know how much we are going to be charged to make that profit.

Here is another one that I am going to come back to later on. I think the Member for St. John's South mentioned it and I said it on many occasions. If we are selling this extra 40 per cent – and it is profit; we already admit it is already a profit because under the loan sheet with the federal government, the terms, we have to ensure the ratepayers pay for it, have a stream of income, and the ratepayers in the Province – if this other 40 per cent that we are going to make is just pure gravy, or profit, how can someone logically not include that if the Province is paying for it, the people in the Province are paying 100 per cent for the project, 100 per cent of the power, the full total, why wouldn't this 40 per cent in this Province be put in the mix so that the ratepayers – I know the minister is saying it could be. This is the question: Why can't the government commit to that now? Why can't the government commit?

If it is coming over and if it is profit – and we have already said that it is total profit; it has nothing to do with paying for the project. This is just gravy. Why can't we just take that gravy, put it back here, ease the burden so instead of saying fifteen cents a kilowatt, it would be thirteen cents? It would affect everybody in Newfoundland and Labrador.

My time is up, Mr. Chair. I will be back.

Thank you very much.

**CHAIR:** Order, please!

The Chair recognizes the hon. the Minister of Natural Resources.

**SOME HON. MEMBERS:** Hear, hear!

**MR. KENNEDY:** Thank you, Mr. Chair.

I am going to continue now with the discussion of natural gas for another couple of sessions, for lack of a better term, to describe the ten-minute blocks we have here.

I want to talk a little bit about why the Grand Banks pipeline cannot work, at least in the view of Wood Mackenzie and of Ziff. What is important here, Mr. Chair, and I think people need to understand that these reports confirm what Nalcor decided at Decision Gate 2. Ed Martin at Nalcor and his team are running – and Jim Keating is the vice-president for oil and gas, very knowledgeable and experienced in the oil and gas business, Mr. Chair, I have to say – very impressive, Mr. Martin's executive team.

We have not always gotten along during this process. There have been times that there has been pushing and we need materials done. The biggest problem, if I could say, that Mr. Martin has is he is too thorough. He is a perfectionist so that he wants everything, every issue, to be absolutely covered. You take that into Decision Gate 2. As a businessperson who is running a company, he is applying a private business model. What are the most likely options? One, we need the power.

So, what are the most likely options? You look at your most likely options; you eliminate the rest. They did that with natural gas. There was a hullabaloo and here again in the House of Assembly these issues were raised. They were raised in public.

We found people to look at the issues. We have a very small market for power in this Province. We have to remember there are only 500,000 people on the Island and in Labrador. The load profile fluctuates. Again, a little later on today, I will talk about the provincial load forecast and how that establishes unequivocally that we need the power and talk about why we need the power and how we meet peak demand, our energy and capacity deficits, and when we will need that power. Because it is not only that we will need the power but when we will need it. I will talk about that a little later.

We have a small market. There are spikes in the winter months and very little demand in the summer. Unlike Boston, New York, and Toronto we do not need a lot of air conditioning in Newfoundland and Labrador, especially on the East Coast of the Island where a large proportion of the population is.

So we are looking at bringing in Grand Banks natural gas. The gas volume required would be small, for the capital outlay, due to the low annualized volume and the high capital cost, the unit cost of the gas landed, would make the option uneconomical. Then we looked at the subsea pipeline, which I touched upon briefly earlier. The length of the pipeline is balancing cost and risk. What we have and what I am told here is that we have a situation that, in theory, can be done, but it is unproven.

Now it is different, Mr. Chair, between the way – and we have great studies done on icebergs in terms of the way that oil production takes place on our Grand Banks, but the shorter pipeline, the 300-kilometre pipeline, would be



subject to iceberg scour risk and would need extensive trenching and dredging; a route away from the icebergs, that 650-kilometre route, along the edge of the Continental Shelf, will double the length of the pipeline.

Mr. Chair, the university professor, Ziff, and Wood MacKenzie are not far out in terms of the capital costs of the project, except for the cost of the pipeline. The cost of the pipeline is one in which there is a difference.

The companies are using the natural gas to re-inject it – it is called enhancing oil recovery – and they are using it to supply fuel needs on the platform and is re-injected into the reservoirs to enhance oil recovery or conserve, should a commercial opportunity become available. The Member for St. John's East can probably talk about this as to how the gas is stranded, but it is maintained.

Husky is evaluating the reinjection and if I remember correctly, I think they have now brought forward a plan to use the gas reinjection. So using the associated gas to enhance oil recovery is a long-term benefit because we are getting more oil, but we are maintaining the gas. You are getting a double bang.

Now, there was criticism of the Ziff report. There were some very harsh comments made in the media: Who is this group? Where did they come from? How did we find them? I think the Leader of the NDP said we met them at a dinner party. Well, I can tell you, Sir, I do not go to many dinner parties and I certainly do not go to dinner parties with a view to retaining energy experts. Until Ziff Energy, I did not know who they were. I said to my officials: Go work with Nalcor and come up with some names in terms of potential independent experts. They came back with a recommendation of this company.

I would call it good practice; there was a discussion. We met with them to see what they are about. Who are you? Trying to perform due diligence, and then let them write their report. The next time I met with Ziff Energy would have been when they concluded or made certain conclusions on their report. Then they were attacked publicly.

Having regard to the seriousness of the pipeline issue and the fact that the gas is out there, then what we looked at in our discussion – because we meet with Wood Mackenzie on a semi-annual basis to talk about our energy policy and to talk about various situations in the world. We cannot isolate it. The energy market is a global energy market. We have to know what is happening in China and in Brazil. We have to know what is happening in Europe and we have to know what is happening in the United States. We have taken those steps, Mr. Chair, and we have performed the due diligence.

I said to Wood Mackenzie: Well, can you look at Ziff's report and prepare us a report? I just wanted to make sure they were right. I was just being prudent. Again, expecting that there would be an attack on Ziff, we simply went and said: Have a look at this now. Just tell us if they are right or wrong.

Wood Mackenzie came back with a short report. What was interesting about the report was that, yes, they agreed with Ziff's conclusions but they found that Ziff was too conservative. What they said was in their view the costs would be higher than those put forward by Ziff. That was quite interesting I thought, Mr. Chair. The costs put forward by Ziff were considered by Wood Mackenzie for the pipeline to be too low. They looked at the general cost assumptions. They looked at the stand-alone development. They looked at the FPSO. They looked at integrated White Rose. They looked at pipeline. They said the assumptions were good.

Then they looked at the analysis of the university professor's comments. They found Ziff's comments to be reasonable, "We will add to Ziff's comments that Dr. Bruneau's assumption that producers will sell gas to Newfoundland at a Henry Hub price is pure speculation, as the price must support the costs plus a reasonable profit in order for a producer to be incentivized to produce the gas."

Neither Ziff nor Wood Mackenzie took cracks at Dr. Bruneau. They disagreed with his approach. They outlined why they thought he was wrong. They agreed with him on certain points. It was very professional in terms of the approach they took. At the end of the day they concluded that Wood Mackenzie – and Wood Mackenzie is a multi-national company. I have dealt with experts from New York, Houston, Edinburgh, Boston, and either New Hampshire or Connecticut. I am not quite certain where they were located. Sometimes they were meetings in person; sometimes they were telephone calls.

"Wood Mackenzie generally finds Ziff's analysis and conclusions relative to natural gas as a fuel source for Newfoundland to be reasonable... If anything..." – and for those listening, if you want to find out who Wood Mackenzie is, just go into Google and they will tell you; you will learn all about them – "...Wood Mackenzie's estimates of costs in this area would tend to be higher, rather than lower than those determined by Ziff. Additionally..." – very importantly, Wood Mackenzie says – "...we believe that the Government of Newfoundland and Labrador may find it difficult to enter a contract for that gas that would make the producers interested in producing the gas for market due to the costs of production and the low level of requirements that Newfoundland will have for power generation."

Mr. Chair, we have released these reports. They have all been out there. I am trying to remember. It has been a long couple of months and it has been a long couple of days, but I think the reports were released in late October or early November, so the Opposition and everyone has had them for a couple of months. I acknowledged the Member for St. John's East and his involvement with natural gas, but no one has come back and said – yes, excuse me, there was one person who came back and said they were wrong, but other than that I have not seen any expert reports.

Again, I will continue with natural gas, Mr. Chair, in my next ten-minute block.

**CHAIR:** Order, please!

The Chair recognizes the Member for St. John's South.

**MR. OSBORNE:** Thank you, Mr. Chair.

Mr. Chair, I have said on a number of occasions now during this debate that in consulting with my constituents more of my constituents were in favour of this project than were against, but most people who I spoke with had a concern about rates. That is my major concern here as well.

I will say Bill 61 causes some concern in the fact that it will guarantee a rate of return to Nalcor and it will guarantee that the project is paid for. Even if costs escalate, the rate of return is guaranteed on the Muskrat Falls Project. If the government, if the Minister of Finance or the Minister of Natural Resources, can give me the assurance and give the guarantee to the people of this Province that the rates that were provided on the rate calculator will actually be in fact guaranteed and that those will be the rates that individuals will pay, then really I have no further major issues with this legislation. That is my main concern.

The reality, as I have said, is the people of this Province will pay for 100 per cent of the project and 100 per cent of the energy that is being produced from the project, but they are only getting as ratepayers 40 per cent of the energy being produced. The excess energy will be going into potential markets. We do not know at this particular point because the market is changing and it is evolving. With the United States hoping to be self sufficient by 2020, the energy market in the United States is going to change. The value of energy as they become self-sufficient may change.

I realize that nobody here has a crystal ball. Nobody can say exactly how much we are going to get for that excess power, but we do know we will get something for it. Whether it is a bargain basement price or whether it is a very, very solid rate of return, we will get whatever the market demands at the time the energy is sold. There will be some rate of return for the excess energy.

What I would like to see is those rates that were shown on the rate calculator guaranteed for the ratepayers of this Province, even if we have to use the excess revenue from the sale of the additional power that could be going to the open market to guarantee that rate. If we are able to do that then I think my constituents for the most part will be given that level of comfort. My constituents will be given that level of assurance.

We already know rates are going to increase. We are being told by government that with or without Muskrat Falls rates are going to increase. That may very well be absolute. Nobody knows how much oil is going to be selling for. We know from this year's Budget it was projected at \$124 a barrel, I believe, and we did not reach that. Nobody is

even able to project one year out what oil is going to and that is no fault of government, really, that we cannot predict the value of oil.

The reality is we cannot accurately at all times predict the value of what a barrel of oil is going to sell for. We cannot say for sure oil is going to go this level in five years' time or this level in ten years' time, if it is going to become less per barrel of oil as new markets and new sources of energy are developed and places like the United States develop shale gas and become self-sufficient, or we find a way to do natural gas, recover the natural gas from our resources, compressed natural gas, or whatever the case may be.

I agree with the Member for Burin that if we can get it done it will be done. It is a valid argument. I agree that if it could be done now at a profit the oil companies would do that. I take no issue with government on the fact that if it could be done now at a profit it would be done. At some point the companies will be able to develop natural gas, but it is an evolving energy. Energy sources are evolving and people are coming up with better ways of generating energy and generating power, and coming up with ways of providing that energy to the world.

This project, no doubt, years from now will be considered cheaper energy, the same as the project that was developed in Petty Harbour or Bay Bulls 100 years ago. At that time it was probably not considered cheap and today it is very, very cheap energy.

**MR. HUTCHINGS:** It is Witless Bay.

**MR. OSBORNE:** It is Witless Bay. You are absolutely right, the Member for Ferryland.

The reality is that as projects age the cost of generating energy from those projects becomes cheaper and cheaper – hydro projects, that is. What I would like to see is government guarantee the rates they have provided on the rate calculator on Nalcor's site as the rates people will pay. Give people that assurance that even if we have to take the excess revenue from the sale of excess power to guarantee those rates, as government has done with Newfoundland and Labrador Hydro in the past where government has provided them with a subsidy so they would not have to –

**SOME HON. MEMBERS:** Oh, oh!

**CHAIR:** Order, please!

**MR. OSBORNE:** – look for a rate increase. If we could do that, it would provide a great deal of comfort and satisfaction to many people in this Province. Even without that, even looking at the rates provided for on the rate calculator, we know rates are going to go up.

Already, there are people in this Province who decide on whether or not they turn their heat on or put food in the fridge. We know that there are people who go to public places, whether it is the mall, or whether it is a fast food restaurant, and sit there for hours because it is warmer there than it is in their home and that way they do not have to turn the heat up. I have constituents who have that told me that they do that.

Even with the rates that are provided for on rate calculator, the fact that rates are going to go up is concerning to some families and some individuals. If we could get the guarantee and the assurance – I say to the Minister of Finance: I will give you the assurance that I will not have to speak on this bill any further if you can give me the assurance that the rates on the rate calculator will be guaranteed for the people of the Province.

That is, at this point, my major concern. I think it is the major concern of the vast majority of the people in the Province: What are rates going to be? If there are cost overruns, what will the rates be? If cost overruns occur, will rates go even higher than what are on the rate calculator? They will. Under this legislation, they have to. Under this legislation, this project has to be paid for by the ratepayers of this Province.

I understand, to a certain degree, why government has done that. In order to secure the loan guarantee, they had to show that this project was going to be paid for. That does not ease the concern of the people of this Province, it does not ease my concern, and it does not lessen the impact of the potential of higher rates based on cost overruns.

Mr. Chair, I think it is a reasonable request. I think it is the main focus of many people in the Province. It is the main focus of most of the comments that I have made in this debate. It simply boils down to what are ratepayers going to pay and giving ratepayers the assurance that there will be a ceiling, and that ceiling is the rates that were provided for on the rate calculator.

It is only fair that if there is excess revenue from the power being sold to the Maritimes and the United States, that instead of just putting that excess revenue into building roads or building schools, which no doubt is a benefit to the taxpayers of the Province, but I think it is only fair to give some assurance that the rates that were shown on the rate calculator –

**MS SULLIVAN:** Cancer drugs.

**MR. OSBORNE:** – and cancer drugs and other health facilities, no doubt, but I think it is only fair to give people the assurance that the rates they were promised are the rates they will pay.

Mr. Chair, I will speak on this again.

Thank you for your time.

**CHAIR:** Order, please!

The Chair recognizes the hon. the Minister of Natural Resources.

**SOME HON. MEMBERS:** Hear, hear!

**MR. KENNEDY:** Thank you, Mr. Chair.

One of the things I would like to establish or go through now is just to explain to the people of the Province some of the steps we took here in terms of doing our due diligence on natural gas.

As I indicated, what we tried to do, we were aware right away that natural gas was an issue. Mr. Chair, I became Minister of Natural Resources around November 1, 2011. On November 28, I had my first meeting with representatives of Wood Mackenzie in New York on natural gas trying to get a feel for the shale gas situation in the United States and initially the impact on markets.

Mr. Chair, we met there with these individuals. They talked about how much the shale gas was impacting the electricity markets. They projected as to what the shale gas could go to. The projection at that time by Wood Mackenzie out of the New York office was that it would go to \$5 to \$6 in the next decade. If you put that in perspective of Husky saying we need \$10 to \$12 at a minimum to develop the natural gas offshore, it did not appear to us, from an early stage, that the offshore gas was a real potential.

We talked about the Haynesville development in Louisiana. We talked about Marcellus in Pennsylvania, New York, and West Virginia. We talked about Bakken, Utica, and Eagle Ford. We talked about the hydraulic fracking used in 60,000 wells and the role of seismic activity. We talked Marcellus having 10 billion cubic feet per day by 2020 with the New England market requirements of the New England market. Yet, the price at Henry Hub was only expected to be \$6 to \$6.50. By 2014 there was discussion of New York being a constrained area.

Initially, I can tell you, one of my concerns after that initial meeting was: What markets are there? It is then we went back, and Mr. Martin came with us and we had further discussion then, and once it was explained to Wood Mackenzie that our excess electricity was going to be sold on the spot markets and that it would only cost us – once you build the link, the transmission costs are all set. For example, with the link, I think it carries up to 500 megawatts of energy, I think we would have 65 per cent to 80 per cent capacity on the link.

We could move excess energy through the link. One of the benefits of the Emera deal is that they have transmission through Nova Scotia, through New Brunswick into Maine or into the Northeastern United States. Again, it is a very complicated set up.

If, for example, and let's just use a price of \$50 per megawatt hour, so it is going to cost \$50 a megawatt hour – and the people of the Province will have to excuse me, Mr. Chair. I am not an expert in any of this; I am just trying to put forward what we have learned. If I make a mistake in terminology and sometimes I get confused on MMBTUs and Mcfs and Bcfs, just bear with me.

The point I am trying to establish is that the due diligence that we conducted is not simply accepting what people told us, we started from day one. Even though Nalcor had screened out natural gas at Decision Gate 2, I am now in lawyer mode and saying well, I have to test this. I need to understand for myself with the department, how this works. That is the purpose of the first meeting.

I was very surprised with some of this information in the first meeting, because in two years in Health I was paying attention to the Minister of Finance's oil projections and I was paying attention to how much oil we had, but I did not know, for example, that there are 100 operating nuclear reactors in the United States – 100 operating nuclear reactors – and 20 per cent of the energy needs in the United States are met by nuclear.

We have Pickering, Bruce, and Darlington in Ontario. Now, nuclear energy, Mr. Chair, it is something that our Electrical Power Control Act does not allow in this Province, but of course, nor do we need it. Then I learned further that 60 per cent of the electrical needs in North America are met by coal and nuclear – astounding to me that coal is still being used so much. Now, we then get to the point well, I was surprised by the small amount of hydroelectricity that is used.

We are getting to the point now, the displacement of coal generation, so that by 2031 coal will represent 26 per cent – still by 2031 coal will still represent 26 per cent of the electricity produced in the United States; gas, 35 per cent; and hydro, only 11 per cent. I learned about these restrictions in some of the states on large hydro because they were encouraging wind developments in New England; they were encouraging the development of natural gas.

I learned also that Quebec – the large power purchase agreements, they had recently signed one, or were looking to sign it in Vermont - coming out of this first meeting, I have learned somewhat about the electrical market in the United States. I have learned how they supply the United States. We start out with what is the most basic. This is the first significant impact to shale gas. That is why natural gas has fallen so sharply.

Then in subsequent meetings – and I am going to go through each one of these. I think it is important people understand the steps we have taken as a government to deal with the natural gas issue. The bottom line was there will always be a market for electricity no matter what is going on, but the price has gone down. The spot markets allow for electricity to be sold.

This is, again, one of the benefits of the Emera deal we perhaps have not talked about enough. If you had to build transmission then it might not be worthwhile. One of the benefits of the Emera deal is we get the transmission. We are building the link. Then there is the transmission into the United States. Mr. Chair, that first meeting, I cannot say it cleared everything up, but it was the first step in trying to determine where we were going here.

Mr. Chair, the next meeting that takes place is on January 18. Mr. Martin is there also, and Nalcor. We are trying to figure out this issue. I need to understand and the Premier needs to understand the issue of markets and what is going on with shale gas. We are taking our own steps to try to figure out and understand.

There is the Henry Hub price, and then you have the NYMEX Hub, but Marcellus is still predicted to produce ten to eleven BCFs per day by 2020. Utica is similar quality to Marcellus in terms of the shale gas being produced. Gas prices are going down but oil is going up. The Member for St. John's East can perhaps offer some assistance on that because I do not know how. It does not seem to make a whole lot of sense to me. If the oil price is going down you would think gasoline prices would go down, but we are not seeing that. Oil prices go up when natural gas prices go down – again, the inherent volatility of fossil fuel prices.

Mr. Chair, to complicate it a bit more, and this is getting very complicated by now for me, we also then have the differential between Brent and West Texas Intermediate, and the Minister of Finance could certainly speak to that. When I was the Minister of Finance four years ago, West Texas Intermediate was actually selling at a premium to



Brent. Let us use the figure that Brent was selling at \$105 a barrel and West Texas Intermediate was at \$110. Somewhere, those couple of years I spent in Health and I come back to dealing with oil, now Brent is selling at a premium to West Texas Intermediate.

Then we have this loggerhead or this jam at Cushing, Oklahoma – I think it is in Oklahoma, is it, Minister?

**MR. MARSHALL:** Yes.

**MR. KENNEDY:** They cannot get the oil to market so Brent has gone up. Ours is sweet crude, which allows for the higher premium, and that is why we have been getting more money. I heard the minister from Saskatchewan last week and the ministers from Alberta say that is hurting them. The differential is hurting them. Anyway, there was some discussion of that in our January 18 meeting.

We are looking at and we are talking about the infrastructure needed in the Northeastern United States. We are talking about and we are trying to get a picture for New England gas demand. Then we are looking at the electricity markets and we are trying to figure out how we are going to get to the point where in the 2020s, which is really what we are looking at, there will be markets if we develop Gull.

There are a whole lot of power plants set to retire. Now, whether they will or not is certainly up to anyone's guess right now, but New England by 2020 will have to build 6,000 megawatts of wind to meet their renewable portfolio, Mr. Chair, and 500 megawatts of power now available. They have the whole issue now of wind being utilized in the United States and integrated into the system, along with the natural gas, and that is what we are saying here. By building a line we can integrate more wind.

Mr. Chair, I will continue my summary of the steps we will take shortly.

**SOME HON. MEMBERS:** Hear, hear!

**CHAIR:** Order, please!

The Chair recognizes the hon. the Member for St. John's North.

**MR. KIRBY:** Thanks, Mr. Chair.

It is a privilege for me to stand here and say a few additional words in Committee of the Whole on Bill 61. I listened with great interest to the Minister of Natural Resources talk about natural gas and the criticisms of the natural gas study that was commissioned by government, which was done by Ziff Energy. I am always interested in criticisms of the idea of a pipeline bringing natural gas ashore, and I wonder whether or not government has ever consulted with our ice scour experts here in Newfoundland and Labrador because one of the key arguments I hear is about the problems with ice floes off our shores and the impact that would have, potentially, on any pipeline.

I just wonder if government has ever, or Ziff Energy for that matter, consulted with our own experts, because down at Memorial University we have the Centre for Cold Ocean Resources Engineering, C-CORE. I know there are experts at C-CORE who look at this. I am sure these are experts who Dr. Bruneau, who is in the Faculty of Engineering, has a cause to interact with, but I wonder if government's experts have ever had a conversation with those people. They work at a state-of-the-art research centre we all should be quite proud of.

Why would we go much further than there, or why would we even need to go outside the Province for that matter? We have invested millions of dollars and the federal government has invested millions of dollars over years in cold ocean research. We have been investing more and more in oil and gas research at the university. It certainly causes one to be skeptical as to why we would go out of our way to try to find consultants to refute the advice they are offering up freely.

I also noted the minister said he is aware of one person who was critical of the Ziff Energy report. Of course, I can only assume. The one person who immediately comes to my mind when he said that was Mr. Cabot Martin. Mr. Martin, as we know, is an expert in oil and gas. He certainly travels the world working in this area. He was a senior

advisor to former Progressive Conservative Premier Brian Peckford. We know all those folks played a significant role in where we are today with our offshore industries.

It is certainly worthy of noting that former Premier Peckford himself has been quite skeptical of the Muskrat Falls plan. I had a great opportunity to chat with him when he was here travelling the Province promoting his new book. I have not heard from him since but I asked him to follow up with us after he saw the Decision Gate 3 numbers. It would certainly be interesting to hear from Mr. Peckford.

Back to Cabot Martin for a second, Mr. Martin had really two key criticisms of government's report, the report commissioned by government, and then government's response and consistent activities around natural gas. One, he says government's positioning on natural gas does not take into account the seismic shift that has happened with shale gas in the United States and what is happening all over the place when it comes to shale gas and the increasing utilization of that resource.

Another thing that he has suggested, he suggested prior and he still suggests, is that government should be more assertive in dealing with companies like Husky Energy when it comes to the harvesting, production, and transport of natural gas from our offshore to here.

You cannot just roll over on your back and say: Okay, you are holding all of the cards. These are our resources. It is not Husky Energy's resource. It is our resource. We certainly should try to find ways to work with our partners in the offshore, to encourage them, to incent them to do what they are doing elsewhere all over the world already. Why can't they do it here? They refuse to do it here. Maybe that is our fault. We cannot fault them entirely for that.

Having said that, one of the key things about this, one of the biggest problems here I think for us – and the Member for the Bay of Islands is very clear about this – is that the entire cost of this project is expected to be borne by the ratepayers, by people who pay power bills in Newfoundland and Labrador.

**MR. OSBORNE:** I said that too.

**MR. KIRBY:** Yes, the Member for St. John's South has been quite clear about that as well.

Costs are going to increase. If you look at recently, Vale has recently upped its projected costs of the work it is doing, the cost of the smelter in Long Harbour. The prices are going up. The prices are going up in part because of labour. I know the Member for Mount Pearl South was talking earlier about the Isolated Island Option and a lot of what was in that was driven by the price of oil; the projections are driven by the price of oil on the world market.

We know, for one, that the price of oil on the world market is volatile and it has certainly softened up a good bit. It has certainly softened up a good bit since government brought in its last Budget. That is part of the reason why we have the enormous hole in the provincial Budget that we have now is because of the softening of the price of oil on the world market. That is reality.

That Isolated Island Option –

**AN HON. MEMBER:** (Inaudible).

**MR. KIRBY:** Sure.

The cost per barrel is a big part of it.

One of the things about Muskrat Falls, and I do not think this has been talked about enough, is that the costs that are going to be borne by the ratepayers once all of this is said and done – and it is going to be a lot more than what the government is projecting now, you can mark my words. Those ballooning costs are going to be driven by local construction costs.

Anybody who has ever been to the interior will tell you – I am sure the Member for Lake Melville will tell you this – the costs of construction in the unforgiving wilderness of Labrador are going to be a lot higher than out in Long

Harbour, are going to be a lot higher than on the Northeast Avalon. It is going to cost a lot more to build, to have this enormous construction project in Labrador. It is going to cost more. That is going to drive up the overall cost of this project and it is going to be borne by ratepayers. You cannot equate the increasing or the changes in the cost of oil per barrel on the world market with inflation in local construction costs.

It is interesting. I was out canvassing in my district; I do a lot of door knocking in my district. I was out canvassing in the street in August and I knocked on this door. The gentleman came to the door and I asked him as I asked about 1,600 people this summer, different houses I went to. I said: What do you think of Muskrat Falls? He said: Maybe I am greedy, but I do not want you to do it right now because I work in construction. We are all working. A lot of people who work in construction are lucky –

**AN HON. MEMBER:** (Inaudible).

**MR. KIRBY:** Absolutely, that is what he said. A lot of people are working because there is a lot on the go. We have been very lucky. There are a lot of projects on the go but that is eating up a lot of labour. He was saying if we did this later – and we could do it later because there is no rush. There is no energy crisis I say to you; it could wait. That is what he said. There is a huge labour pressure here, there is no question.

**CHAIR (Verge):** Order, please!

**MR. KIRBY:** Thank you, Mr. Chair. I will be back again.

**CHAIR:** The hon. the Minister of Natural Resources.

**MR. KENNEDY:** Yes, thank you, Mr. Chair.

What I am trying to do for the people of the Province is outline the steps that we took as a government to obtain our understanding of natural gas and the oil markets in the world, to show it is not simply a matter that we went out and we accept what is said. We are looking at the various alternatives.

I am going to jump ahead a little bit because we are now – and by the way Ziff Energy, when Dr. Bruneau gave his presentation at the Harris Centre, they were watching from Calgary; they watched on-line. The capital costs, other than the cost of the pipeline which I will get into at some point today, but there was no great issue. The major issues were how you can do this, and the issue of icebergs.

I agree with the member opposite. We possess great expertise in the oil industry in terms of dealing with icebergs. It is a different situation – and just think of it, some of it is common sense – when you are talking about a 300 to 650-kilometre line, in any event.

Ziff is now being commissioned; they are preparing their reports. It starts out, we are looking at LNG gas, then we are looking at the pipeline and it becomes a little bit more complicated. Now, March 31 has come and the PUB has failed to offer any assistance to us, so MHI are now working on a review of Nalcor's Decision Gate 3 numbers in terms of leading up to the release of the numbers.

We have retained Manitoba Hydro International to deal with large wind, which was raised by the NDP by the way. Again, legitimately so – Nalcor had excluded it, but we felt that it was safer so that the people of the Province would understand we had no fear of Nalcor's work being reviewed, we hired Manitoba Hydro International to do a study in large wind.

Now we are covering off natural gas, we are covering off wind, and we are working on other things. The Decision Gate 3 numbers are being prepared. The next step is we are now looking at Labrador, more intensely, in terms of the Labrador mining situation and the perspective need for power. We realize that IOC is being placed – they are a big employer – in a somewhat difficult position because there is going to be such an increase.

Mr. Chair, myself and the Premier, we met with the Chair of the Board of Rio Tinto, the parent company in London. While we were there we said let's meet with Wood Mackenzie and let's get our update on the oil situation

in the world. We have PIRA. We are very impressed with Dr. Schwartz and PIRA, but we all recognize – and again, I agree with the members opposite there is volatility, but it is that volatility in fuel prices that is one of the driving factors in ensuring that Muskrat Falls is developed. Because, Mr. Chair, there is a lot happening.

So we meet with oil – let's talk about oil for a few minutes now and then I will get to that discussion with Wood Mackenzie on oil led to a discussion on natural gas, because we wanted to be clear on the European situation. Then I am going to talk about a very interesting meeting I had with Professor Bernard Bulkin at the climate control office in the United Kingdom, and again trying to get a feel: If we develop natural gas, can we export that to Europe?

First, I want a few minutes with the price of oil. Their expert, or one of their guys on oil, is a guy by the name of Alan Gelder. He talks about the fundamentals – as much as Dr. Schwartz at PIRA – of oil demand, oil supplies, spare capacity. He talks about Brent potentially softening somewhat. Of course, the fear of the collapse in Europe, with the situation in Greece and Spain where we have 25 per cent unemployment, is certainly causing people in the European community to have significant concerns.

Then we get into the long-term forecasts. The GDP growth in Europe is not looking good, Mr. Chair, according to Mr. Gelder. We are looking at actually a decrease in GDP. China is projected to have an 8.3 per cent GDP growth. We need that 5 per cent for China to continue to use oil at around 10 million barrels a day that will bring them up to close to where the Americans are. Now, since then there has been a change again. Well, global GDP growth, according to Wood Mackenzie, is predicted to be at 2.5 per cent.

So now, what does that translate in relation to the demand for oil? As I indicated a couple of days ago, and I think we are in the same legislative day, but I was talking the other night and I talked about the fact that there is approximately 90 million barrels of oil used per day in the world, Mr. Chair, with the Americans burning, again – I am trying to keep my statistics straight – around 20 million barrels a day, and the Chinese around 10 million.

At 5 per cent GDP growth, it is expected that China will at some point burn more oil than the United States. The actual figures given to us by Mr. Gelder were that China was burning about 10 million barrels a day, whereas the US was burning 18.7 million barrels a day. By 2015 that would start to even out, and by 2030 – very interesting – the Chinese would be burning as much oil as the United States.

Now, we have got the Chinese who are also, as I have indicated, determining the price of iron ore. The Chinese are determining, to a great extent, the price of oil. We are still not talking – I am going to get to Russia in a second now, and I am going to get to Brazil and what is going on in these other countries.

The income growth in the developing world is a significant issue, with approximately 80 million people a year entering the middle class – mostly in China and India. So, the Iranian situation is there, and both Dr. Schwartz and Mr. Gelder talk about the situation in Iran and always being on edge. The reality, Mr. Chair, is that the geopolitical concerns around oil can cause the price to go up and down, because the Saudis control so much of what goes on, and the OPEC countries right now, that events in the Middle East can cause prices to go up and down, in terms of how much spare capacity they have.

Dr. Schwartz, just to divert for a second, says in PIRA let us look at what is happening with the Middle East. Let us look at the unrest of the Arab Spring. Let us look at the fact that the Saudis and other countries will now have to pay more money for social programs to quell the social unrest. That will keep, in Dr. Schwartz's view, oil around \$100.

We are looking then at situations in Iran and looking at the situations in Iraq. The amount of oil these countries have, Mr. Chair, is phenomenal. When I was at the conference in Toronto a couple of weeks ago where I spoke, I did not have the opportunity to stay around because we were here in the House to listen – is it Daniel Yergin, MHA for St. John's East, who wrote *The Prize*? It is an epic on the prices of oil and what has happened with oil. He traced it back to 1880, how oil was found in West Pennsylvania, and how it continues to fuel the world for the last 140 years.

What Mr. Gelder says is the same thing that Dr. Schwartz says: Things are driven by events. It is the events that will cause the price of oil to go up. Mr. Gelder said an event in the Middle East could drive the price of oil up 25 per cent before the end of 2012. That was a theoretical situation and you could go up to \$120 like that. Dr. Schwartz said situations are so fragile and so volatile in the Middle East that the price of oil could up instantaneously and go higher than it has gone in the past.

We are thinking Muskrat Falls. We are thinking, how low can it go, I guess is the question. This becomes important to the MHI sensitivity analysis. I am going to get back to the meaning on natural gas in a second. It goes to the sensitivity analysis. How low can the price of oil go? Dr. Schwartz with PIRA has filed a report, which says he does not see the price of oil going below \$70.

Again, it is quite simple math. The cost of producing shale oil in North Dakota and we will expect to see it in other parts of the United States will be the \$50 to \$65 range. Wood Mackenzie had provided the previous report where they talked about the price of oil in the oil sands in Alberta because of the heavier oil costing \$85 a barrel to produce. These oil companies are there to make profits. If they go below this price, then what is going to happen is they will stop production. When they stop production we will see more oil being released.

Mr. Gelder said that he could not see oil going below \$70 a barrel. That is a very, as I said, volatile market. His short-term forecast from 2015 to 2016 and 2020 is between \$100 and \$120 a barrel, but it could go up higher by 2030. What we are having is a situation now. Let us come back, and I will later on today because I expect to be on my feet all day, Mr. Chair, we will come back to the MHI sensitivity analysis looking at the expected PIRA high, PIRA low, PIRA reference. We will look at those different prices because that is what determines the CPW and what makes Muskrat Falls so attractive.

The bottom line: Do we keep \$6 billion here in our Province or give it oil companies?

I will be back again shortly, Mr. Chair.

**SOME HON. MEMBERS:** Hear, hear!

**CHAIR:** Order, please!

The Member for Torngat Mountains.

**MR. EDMUNDS:** Thank you, Mr. Chair.

I am glad to hear the Minister of Natural Resources say that he will be back shortly.

Mr. Chair, I brought up issues on environmental concerns and I will continue to bring these issues forward until I do get an answer. I would like to change gears a little bit. We are talking about this project, Mr. Chair, megaproject, Muskrat Falls Project, 1,100 kilometres of transmission lines – a wonderful thing for the Province, Mr. Chair, a wonderful thing for Labrador, where the project is situated.

Mr. Chair, I heard the Minister of Finance earlier this morning talk about the increases in need for power in Labrador. I think it was yesterday I heard the Minister of Natural Resources talk about projects in the future that would bring power to the Paladin Michelin Project, in back of Makkovik and Postville, Mr. Chair. I have heard the minister talk about supplying power to the Vale Inco site in Voisey's Bay that is in the very near future, scheduled to go underground. Some of the spinoffs from the delivery of that power, Mr. Chair, would be to try to get hydroelectric power to Nain and Natuashish, Makkovik and Postville, but that is in the future, Mr. Chair.

As we speak, at this moment, in Hopedale, diesel generated power is running at full capacity, Mr. Chair. There is no extra power to come on line. What is going in Hopedale now, Mr. Chair, is what is available.

The other issue now that is probably more important. In the community of Nain, as we speak, school is being cancelled because of a shortage of power, Mr. Chair. In the community of Nain, they are relaying power outages around the community. Why, Mr. Chair? They have three diesel generators in Nain. One is totally shot. It does not



work, Mr. Chair. The other one is crippling along. In a three-phase power system, Mr. Chair, you need to phase power in and out.

I have had e-mails from Nain this morning. I have talked to the AngajukKâk, Mr. Chair, the mayor. He told me that he has made calls to Nalcor, and some of the responses he received were less than accommodating.

Not everyone on the Coast of Labrador burns firewood, Mr. Chair. Some people are dependent on diesel-generated power. If that power is not there, there is no heat. When you have an obligation to everybody in this Province, not just those coming off the grid of Upper Churchill and not those coming off the proposed grid at Muskrat Falls, Nalcor has an obligation to everybody in this Province. I kindly remind the Minister of Natural Resources of that fact.

I am hopeful, Mr. Chair, that the minister will direct Nalcor, which is subject to his department, to look into the situation. We are talking about a power bill here and, Mr. Chair, this is directly relative to the Minister of Natural Resources' department. I am certainly hopeful he can direct the people who work for Nalcor to look into the situation and to have a better response for the mayor, the AngajukKâk of Nain, than what he has received from Nalcor officials just this very morning.

I told the AngajukKâk of Nain, the Mayor of Nain, that I would address this with the minister. This is why I am doing this now for the simple fact, Mr. Chair, he has actually gone to the media because he felt that he could get better answers than the officials at Nalcor had been giving this morning. I am hopeful that the minister, who is in charge of Nalcor, Mr. Chair, will address the issue because power is important –

**CHAIR:** Order, please!

I say to the member it certainly seems to the Chair that you are talking about a very specific issue. We are debating Muskrat Falls and we will allow debate on the Muskrat Falls issue. I would ask that you bring your debate in-line with that.

**MR. EDMUNDS:** Okay, thank you, Mr. Chair.

I feel comfortable, Mr. Chair, and thanks for the leeway. I have made my point and I hope the minister will address this issue, Mr. Chair. We are talking about replacing diesel fire generators in Holyrood. I think if it is going to be applicable in this Province, Mr. Chair, it should be applicable in all parts of this Province. I think that initiates relevance; however, I will go by the guidance of the Chair and look at what is being proposed, Mr. Chair.

It was just a short time ago when it came to Labrador in terms of power delivery nothing was proposed, Mr. Chair. I am certainly encouraged to see that allowances are being made and plans are being made for delivery of power in Labrador, Mr. Chair, although I have not seen it documented as part of the work plan. Mr. Chair, I would like to see that plan at the point of implementation to deliver power from where it is coming from – from Labrador.

I have heard my colleagues in the Third Party, Mr. Chair, the member sitting independent, and all my hon. colleagues in the Official Opposition talk about different components of this project and how it is relative to many pieces of legislation. I am bringing a perspective from Labrador. Environmental issues that I raise and will continue to raise are issues that have been raised by members opposite.

My hon. colleague from Lake Melville brought up these issues in the environmental assessment stage. I told him, Mr. Chair, that I would bring up these issues on his behalf at some point and I will do that. Certainly the environmental issue in Labrador is not one that should be left in the background, Mr. Chair. It should be brought front and foremost. We are talking about clean, renewable energy, Mr. Chair, and when it comes to Holyrood I certainly agree with that, but we have to take into consideration the footprint area that will be impacted by this project.

We are talking about environmental impacts, Mr. Chair, in Nain. We are talking about severe power shortages that are relative because this project is just one department of Nalcor, Mr. Chair. Nalcor is the primary energy provider

in this Province and everybody in this Province, when they get their power bills, up in the left hand corner is Nalcor's stamp. There is a commitment that is warranted and that should be there.

Again I encourage the minister that there are situations in this Province that require attention, Mr. Chair. Just because they are far away, they are still relevant. I will encourage that this matter be looked into.

Thank you, Mr. Chair.

**CHAIR:** Order, please!

The hon. the Minister of Natural Resources.

**SOME HON. MEMBERS:** Hear, hear!

**MR. KENNEDY:** Yes, Mr. Chair.

Earlier I talked about our discussions with Wood Mackenzie about oil after we had met with Rio Tinto and discussed the situation not only in Labrador but Rio Tinto's situation in the world. What is interesting, Mr. Chair, whether or not you are meeting with Rio Tinto and whether or not it is with ExxonMobil and these big companies, one of the points they always make – and it is business and I understand that – is that they have developments all over the world. As a board, they have to choose where they are going to put their developments and where they are going to put their money. One of the things they look for is political stability.

I always get a chuckle whenever they talk about political stability because there are days I wonder how stable politics are in our Province and in our country. What they mean by that is that if another government is elected, then the agreement is honoured. That is a very important principle because these oil companies, the Rio Tintos of this world, are investing huge amounts of money. Their returns are not always immediate; their returns are based on down the road. That was a recurring theme between Dr. Schwartz at PIRA and Wood Mackenzie.

Since we were there I said: Well, tell us about natural gas in Europe. Wood Mackenzie in New York and Houston have told us about natural gas in the United States and we are aware of the impact of natural gas. Tell us about natural gas in Europe. It is amazing the difference in the way natural gas is dealt with.

It is described as Europe has a very different market. They are based on long-term import contracts that are normally linked to oil prices. There is more competition in Europe; there is an oversupply of gas. That is an interesting phenomenon because I have not heard yet in the United States that there is an oversupply of gas. They are producing vast amounts. There is surplus LNG in Europe. There is a disconnect between the spot market prices and the oil index prices.

This is where I got this earlier. I knew the statistic came from somewhere. Russia supplies approximately 25 per cent of the market in Europe. I think they may not be as politically stable as some other countries. In Europe – and this is a very interesting as you look at Muskrat Falls and you look at Holyrood – there is a carbon price, in the European Union, of seven euros per ton. That is very low they figure, that they need thirty-five euros per ton to switch between carbon and coal.

In the paper that we supplied, in one of the papers we talk about, we outlined the communities in Europe that have carbon pricing. It is a reality of the world, whether it is going to be 2020 or 2030 – and I am surprised that the NDP are not pushing this more – the carbon pricing is coming. We have seen it with coal now in Canada and it is coming at some point in our country. How it is going to happen will be another issue. Climate change is real and for anyone to dispute it in this day and age I would suggest they are simply not in touch with reality. We are seeing effects on weather, we are seeing effects on ice floes, and we are seeing the effects on the Arctic.

European prices, though, on electricity are based differently. It is something we take for granted. We turn on our lights. Conservation is one thing, and in Europe the way they encourage conservation is they charge you for the use of electricity, at least in the UK, in terms of if you want to do a wash do it between 12:00 and 6:00 in the morning.

Your rates are cheaper. Again, I know that from visiting my parents-in-law in England that you are charged based on usage.

How is electricity supplied in the United Kingdom? Fifty percent is gas. Again, these are notes I have. I am not saying they are totally accurate, but these are notes I have. I think they give the flavour. What I am trying to do – I think they are accurate – is give the flavour of what is taking place in the world. Fifty percent gas is how you get electricity in the United Kingdom. Twenty per cent is coal. I am amazed at the fact that we still have so much coal used in the United Kingdom. Fifteen per cent to 20 per cent is nuclear. The nuclear is coming from France where they export 50,000 megawatts of energy a year. Now that is what we are talking about in France – 50,000 megawatts of nuclear energy. Germany has a lot of coal. Hydro is only 8 per cent of the overall production in Europe, mainly coming from Italy, Spain and Norway.

Think about how lucky we are in this Province to have the resources that we have. I am going to come to my meeting with Professor Bulkin in a second and that question that I was afraid to ask. I am going to show you how I had to swallow and I had to be – I do not know if courageous is the word – it is probably more as being honest, Mr. Chair. I am going to come to that in a second, of questions I was afraid to ask. In my training as a lawyer, it was always: if you do not know the answer to the question, do not ask it. I felt that I had to ask that question because it was going to be a pivotal question in the determination of how we proceed.

Europe does not have the hydro. At some point I will talk about Norway and the meetings there, but Norway is an amazing country and Nalcor is based on the Statoil model. We will talk about the Norwegian people, very similar in terms of being a fishing industry, almost bankrupt, and then the oil comes along. The way they have managed their oil and the way they have managed their natural resources is phenomenal. We are so lucky to have companies like Statoil in our Province, I say to you, Mr. Chair.

In any event, I digress somewhat. We talk about the European market. It sounds to me to be a phenomenal amount of gas, but sixty Bcfs per day going into the market. They are coming out of Algeria, coming out of Norway – I guess that would be the pipeline – and coming out of Russia, with Russia being the biggest supplier. We have that price of Henry Hub in the United States at \$2.50 to \$3.50 per MMBTU. In Europe, though, it is \$9 to \$10 to buy it in Europe.

Just think, to move it from Newfoundland and Labrador, where are we going to sell natural gas? Again, I ask this to the members opposite. They say develop natural gas and export it. Where are we going to export it? The Americans have all of the natural gas they need. The Americans have natural gas. Europeans have an oversupply of natural gas. We have BC wanting to get their natural gas to Asia. What are we going to do with it? We are going to have natural gas that we have nothing to do with. With hydro you will always have something to do with it, Mr. Chair. The Labrador situation allows for that.

We have a gas price of \$10 per million BTU. American gas is not being brought into Europe at present and they expect that will be by 2015. Cheniere, that is the name of the Sabine Pass, is 100 per cent booked already. Where are we going to get gas from the Americans? They are booked. They have markets.

So we have Australia, US, East Africa, and China will develop shale gas. Supply is being developed and there is an oversupply in Asia. Let us take that small market we have here. We have no connections for natural gas. Let us take that small market and let us build a pipeline for our small market. What are we going to do with the natural gas?

I will come back to Ziff shortly. I guess we will be here over the weekend because by the way it sounds I am going to be up here for the next couple of days talking about these things. I am going to go through it step by step to show the due diligence we took as government and the steps we took to understand these alternatives.

**SOME HON. MEMBERS:** Hear, hear!

**MR. KENNEDY:** I might have to have a nap at some point.

Wood Mackenzie's view as of – and again, I make notes – June 29, 2012, is that they are not optimistic about gas demand in Europe. Now, they want to replace that Russian supply because of the inherent difficulties with Russia. It is Wood Mackenzie's view that post-2020 there will be a lot of supply into the markets. They take the view that there is not an unlimited market in China. That is why BC is working so hard to get their gas developed and to get it out there, because they realize there is a limited amount of time.

Now, guess where is the biggest gas producer in the world? I am just throwing out some facts, Mr. Chair. It is Qatar. I think the Premier discussed it. The Minister of Advanced Education and Skills has been there. Did you see the gas city in Qatar? How do you pronounce it?

**AN HON. MEMBER:** Qatar.

**MR. KENNEDY:** Qatar.

They are the biggest producer in the world. Mr. Chair, they have contracts that they enter into. What they say and what Wood Mackenzie says to us is timing is important. They are really trying to understand the Asian markets. If you are into the markets, you are making a lot of money; if you are not, it is going to be difficult. I will come back to it shortly, Mr. Chair.

**SOME HON. MEMBERS:** Hear, hear!

**CHAIR:** Order, please!

The hon. the Member for St. John's East.

**MR. MURPHY:** Thank you very much, Mr. Chair.

It is a pleasure to rise again on Bill 61 and with the Natural Resources Minister, too, at the same time to have a little chat about natural gas. At the end of the day what we are talking about is we have natural gas out there and nothing is happening with it, while other people have natural gas and they are doing something with it. For example, what they are doing down in the States and, as I told the hon. members of the House here earlier, the big development now in New Jersey. What they are doing with natural gas while it is low in price is turning it into something that is fairly big in price. They are taking one source and they are turning it into a revenue stream and something that somebody can use.

I do not think there is any denying the fact that if we took natural gas here we would have a small captive market in Newfoundland and Labrador for it. Sure, but we would have one solid customer, that being NL Hydro, Nalcor, or whoever it was that was going to be owning the jurisdiction of the natural gas plant who would be generating the electricity for us. That is how we would take Holyrood offline.

These days, natural gas plants are a lot less carbon-emitting than what oil-burning plants are. That we do know as a certainty. We also know as a certainty that the residuals you get from a natural gas plant, for example the heat, are also marketable. Down in the States they market that heat to businesses and industry, too, at the same time and it keeps costs down. That is where I am coming from when it comes to the development of natural gas onshore and if we wanted to export there is your other revenue stream.

The thing is, with natural gas over electricity – and this is why I want to make the comparison between the two – at the end of the day it is all about the customer, the customer being the consumer and the customer being the taxpayer. That is why I express about these other options when it comes to that. We could be talking about \$8 billion in a sanctioned project already, and maybe there is nothing we can do to stop it. Maybe there is not. If government came flat out and said listen, this is going to go ahead whether you like it or not, well fine and dandy. They have already said it is done. Maybe I am pointing out a mistake or else maybe I am pointing out another opportunity. I do not know.

The fact is when it came to the cost of Muskrat Falls and the consumer and the taxpayer who may end up paying, because there is a lot of a degree of risk here as far as I am concerned, still has yet to be proven on the part of government – the risk the taxpayer is going to have to face. I know they are protecting a market for the protection of Nalcor and possibly for the protection of the Muskrat Falls Project entity itself, but they have not protected the ratepayer yet or the taxpayer from what could come.

We are still waiting to see those means tests the government might have used, for example, in its own bookkeeping in keeping government departments going if that electricity is not sold and the taxpayer is going to have to meet the need, or if government is going to have to sink in more money to sustain the Muskrat Falls Project because electricity does not sell. That is where we are coming from when it comes to this project. I will say it again, and I will keep reiterating that fact and bringing it home: At the end of the day, the ratepayer is going to pay.

What else are we losing if we fail to look at natural gas? We could be looking at long-term job losses, for example, when it comes to not developing natural gas. Obviously other people in the world are advancing with their natural gas while we have to sit and wait, sit and wait, and sit and wait again. We just heard the Natural Resources Ministers saying that BC knows time is limited, but they are still pursuing it in spite of the price.

By the way, to the Natural Resources Minister, I did look at the price of natural gas this morning. It is \$3.40 a million BTU. The price is low. I still understand the fact that while BC is doing that, what I do not understand is how come we have not. Why didn't we pursue that?

Look at the cost down in New Jersey again: 655 megawatts for \$750 million. We are talking about \$8 billion put at risk from the taxpayer, taking our own cash assets and putting into it, when we could have come to an offer to the taxpayer that we could have gone towards natural gas generation –

**MR. DAVIS:** (Inaudible).

**MR. MURPHY:** I will say to the hon. Minister of Transportation and Works that if we look at the case of Norway that the Natural Resources Minister was talking about earlier, there was trenching that happened with the pipeline. They still had to trench their pipeline over there because they had other reasons why they had to trench the pipeline. Either way, it is not a good thing to have the pipeline exposed to the elements, is it. So, for any natural gas project like that that is going to be an integral supplier of energy to an economy, I would say that it would be folly not to.

Having to do back with natural gas and the money involved – look at the money part of it. If you are talking \$750 million that somebody is investing into natural gas to get 655 megawatts of electricity, we are going to be paying \$8.5 billion, taxpayers' money, to go towards – I know the government is getting a loan for that, but we still have to pay for that. It is still some kind of a debt on the taxpayer that we have to make sure it is paid for. We might be buying a car or a truck for our daughter or our son, but somebody still has to pay for it at the end of the day if they want to keep the asset in the driveway.

Mr. Chair, I will say this, that the cost per megawatt is awful high. It is humungous. We are looking at probably \$1.5 million per megawatt, if my math is right, about \$1.5 million per megawatt down in the States. We are looking at \$1.3 million per megawatt by wind generation. If you look at the numbers here, for Muskrat Falls, \$8 billion for 824 megawatts. That is huge. It is a huge number, and we are talking about having to pay for this project.

No doubt, with cost overruns, no doubt with inflation, no doubt with all the other conditions – interest, if you will, if interest rates start going up over fifty years. Somebody is going to have to pay for that, and is the ratepayer. The ratepayer does not get a guarantee, but the ratepayer also has other things falling against him or her. Be they a senior citizen or be they a young person, if the price of electricity goes up, that does not mean, necessarily, that their wages are going to be keeping up and keeping parity with the rising price of electricity. We know how the Consumer Price Index works. We know how inflation is set. It is not set with including the costs of the basics of food and fuel and energy. It excludes energy. It excludes the volatile things.



So, the consumer or the taxpayer of this Province, as far as I am concerned, is looking for stability. He may get stability in rates. There is probably no argument there when it comes to the stability in rates when Cabinet goes ahead and sets the rate for electricity, but is that electricity going to be affordable?

Back again to the issue: Is it going to keep up with the Seniors' Benefit? Is the senior going to be able to afford between 2014 and 2015, I ask the Finance Minister, if it goes from 11.3 cents a kilowatt hour like it is now, are they going to be able to pay the fifteen cents, seventeen cents, or eighteen cents final cost, that jump when it is going to happen overnight? When they flick the switch on Muskrat Falls, are they going to be able to afford electricity the next day? I do not think they are. That is where we have a problem. It is all boiling down to affordability.

Mr. Chair, the final thing I will say is about the possibilities of developing natural gas onshore for electrical generation. That is fine and dandy. We can expand that into a small domestic market here. The other important factor when you throw in cheap natural gas like that is the factor that it plays off in a market where natural gas suddenly becomes an available product, for example, for central home heating or for business heating if they desire to use it for that.

Natural gas right now in Nova Scotia through Heritage Gas is the equivalent right now of pretty close to four cents a kilowatt-hour for electricity. If we develop natural gas, people can take that and they can do what they want with the extra finances if they choose that sort of heating.

Everybody knows that electric heating has some inefficiency about it when it comes to baseboard heating, and natural gas is a much better source of heat for a lot of people. You end up using less. You also end up using less electricity as a result because you are not using it for heating. You use it for cooking and everything like that. Prices are low. They are probably going to be very, very low for the very long term. I think everybody knows that. Maugeri has predicted that.

Seeing that time is pretty much out, I will come back to what PIRA's numbers are saying about consumption and what Maugeri is saying about worldwide consumption, the effect on oil prices, and the possibility of how it is going to hit this project again later on.

Thank you very much, Mr. Chair.

**SOME HON. MEMBERS:** Hear, hear!

**CHAIR:** Order, please!

The hon. the Minister of Natural Resources.

**SOME HON. MEMBERS:** Hear, hear!

**MR. KENNEDY:** Thank you, Mr. Chair.

While I certainly appreciate the input from the Member for St. John's East, what I would ask him to do is to show us where in the reports Ziff Energy is wrong or show us where Wood Mackenzie is wrong. That would be helpful to us as opposed to simply opining on what the member opposite thinks is going to happen. We have retained experts to look at all of this. All I am saying to you is: Show us where they are wrong.

The point, though, I have made is we had meetings with experts in the United States. There is an oversupply or there is a significant supply of gas in the United States. There is no market in the United States for us to export natural gas. We had meetings in the United Kingdom. There is no market in Europe. Or, at present, even though I did meet with a Spanish company – I am trying to remember the name of them earlier in the year –

**AN HON. MEMBER:** (Inaudible).

**MR. KENNEDY:** No, it is a big Spanish company. I cannot remember their name right off, but there is no supply in the European community – there is no need for gas, excuse me. Asia is oversupplied. We have BC with humongous amounts – I do not know if that is a word, huge amounts of natural gas.

What the member opposite is saying – I am trying to boil it down to the crux, Mr. Chair, so I understand fully. What he is saying is: Yes, but we do have a market here in Newfoundland and Labrador. He said: That is it. There is a market.

That is exactly what Ziff Energy and Wood Mackenzie looked at. That is my point on this: They went through their reports, they looked at the cost of either importing natural gas – and if they are wrong, tell us, in your opinion. They looked at the cost of building a pipeline. Then, we did the analysis. This is my point here: It is not enough to build the power for ourselves, having regard to the small amount. It is not economically viable, even if we could get around the production order.

Muskrat Falls is 8.4 billion CPW. Isolated Island is 10.8 – and what I would say to the member opposite is that if you are going to do it on an economical model, I say to the Member for St. John's East, you are not going to be doing natural gas. It is more expensive than Holyrood refurbished, as the Member for St. Barbe talked about last night.

Natural gas does not even get you to that stage. Then when you get to the building of the offshore, the liquefied natural gas, the LNG, becomes a bit cheaper. Then when you get to the offshore – and surely, the Member for St. John's East can concede on this point – it is not economically viable. Show us that the CPWs are wrong. All I can say to you is the work has been done by experts, we have provided reports, and it is not viable. The cost of a pipeline stand-alone facility is \$6.6 billion more than Muskrat Falls. It is \$4.2 billion more than Holyrood.

The cost of the pipeline with an FPSO is \$3.4 billion more expensive than Muskrat Falls. It is \$1.4 billion more expensive than Isolated Island. So Nalcor were right at their Decision Gate 2 stage, where they said the two options to look at here are Muskrat Falls and Holyrood refurbished.

I digress somewhat and I am going to come back to my meetings now. Because of the use of wind energy in the United Kingdom, I said: Well, let's check out here. Let's see what they are saying. We met with a Dr. Bernard J. Bulkin, the Chair of the Department of Energy and Climate Change at 3 Whitehall Place in London.

Professor Bulkin was a big fan of wind. He told me what was happening, the amazing developments in the UK in terms of what they were doing. He had been in the role as chair for two-and-a-half years. Their 2020 targets in the UK were 15 per cent renewable energy. We are looking at 98 per cent renewable energy with Muskrat Falls.

They were looking at the use of wind. Professor Bulkin talked about what is going on in the Orkneys with wind and the Shetland Islands in Scotland. How electricity would be provided, now they are using diesel. He talked about onshore turbines which would produce two to three megawatts, and the offshore turbines that they were trying to develop or were in the process of developing would produce five to eight megawatts.

They cannot do the big ones onshore. The offshore wind farms would therefore push up your capacity by 50 per cent. The rest of the UK is moving towards where 30 per cent to 40 per cent come from wind. The reason is they have to – as I had talked about earlier nuclear from France, gas from Russia and some hydro coming in from Norway.

One of the important points on wind that Professor Bulkin made that has been also made in the MHI report on wind is that they are interconnected, though. I can tell you, this is the day that I finally came to believe in the Maritime Link. What Professor Bulkin said, it is the connection with Ireland and France that allows them to ensure that they have a stable and a reliable energy market, Mr. Chair. It is that connection that is so important, with 2 per cent to 4 per cent of their energy on any given day coming from France.

We now look at the wind and they are developing a lot of it. The interconnection, he thought, was so significant because of Ireland. I am not quite certain of the hydro situation in Ireland, but I understand that they do have – and

they also then have the link to Norway. They are linked to Norway, Ireland, France so that the wind if it is not blowing, they are backed up. They are looking at meeting their renewable targets, accessing power from Norway that they have in excess power, allowing exporting of power to Norway in a cost-effective approach.

The UK does not have cheap natural gas. There is plenty of coal and they do not want new nuclear – or there is some new nuclear, excuse me; I am not quite certain what my note says. There is a major commitment to their onshore and offshore wind plan. They want to convert, and it is too bad the Member for The Straits – White Bay –

**AN HON. MEMBER:** White Bay North.

**MR. KENNEDY:** No, no the –

**AN HON. MEMBER:** The Strait of Belle Isle.

**MR. KENNEDY:** Strait of Belle Isle, there you go. No, White Bay –

**AN HON. MEMBER:** The Straits – White Bay North.

**MR. KENNEDY:** The Straits – White Bay North. He did talk about using biomass to replace some of their coal-fired stations. They only get 2 per cent of their electricity from hydro. Just think of it. In a country like that, 2 per cent from hydro.

They consider that as part of their renewable package. They are dealing with conservation demand. They have smart leaders. In London, he was trying to say: Well, what does it cost for a kilowatt-hour in London versus other places? We are having some difficulty getting a figure on that. The UK, in producing wind is looking to – again, once you get into the gigawatts I get a little bit lost. I have had some difficulty going from kilowatt-hours to megawatt hours, I have some understanding of terawatt hours, but once you get to the gigawatt hours I am lost. There is a humongous amount of wind that they are looking at. They are looking at using tidal power in the mouth of the Thames. In the United Kingdom, they are looking at everything here.

This is an interesting comment: The offshore wind cost them \$150 pounds a megawatt hour to produce and the onshore wind is certainly cheaper. Depending on where the pound is on any given day, and my guess is today it is probably around \$1.40. It has been up as high as \$2.50, again, the currency exchange.

I am sitting in the room with a man who is obviously very well educated, very committed to renewable energy, and very committed to wind development. Do you know what he told me the biggest issue is with the wind development. It is NIMBY. Everyone wants it but Not In My Backyard. We know that argument has been made in Nova Scotia. We know that argument has been made now with shale gas in New Brunswick.

Professor Bulkin is outlining in great detail their plans and I am sitting there and going: I have to ask him about the hydro. What would you do if you had it? Because I am concerned at this point that what is happening here with the hydro, I am concerned he is going to say you should be developing wind. I am concerned, obviously, but I have to ask that question. I have to know the answer because what I want to do, I want to know.

We have been meeting with these individuals, I am trying myself to get a good grasp – and Nalcor are not present at any of these meetings, by the way. Nalcor was present at one meeting in New York, early on before we got everything in. These meetings – Nalcor are not there influencing the meetings. I do not have Ed Martin sitting next to me as we discuss all of this.

What I am doing is trying to determine and do the due diligence that I feel is incumbent upon myself as minister, and my officials, to do, not because we do not believe Nalcor, Mr. Chair, not because we do not believe them, but we have to test it. There is nothing wrong with testing experts. By testing them, if they are right, you have proven the point.

I get to professor Bulkin and I am sitting there saying: I have to ask you, Professor Bulkin, what would you do? I describe to him – myself and my deputy minister – the situation. What would you do if you had all this hydro? I wait with bated breath for the answer. He said: I would develop hydro. Hydro is king.

**SOME HON. MEMBERS:** Hear, hear!

**CHAIR:** Order, please!

I recognize the hon. the Member for St. John's East.

**MR. MURPHY:** Thank you, Mr. Chair.

It is nice to be having a bit of an exchange like this. It is a bit of an exchange of information going on here now. It is quite enjoyable and I think the viewers and the listeners at home are probably having a bit of interest when it comes to this.

I rise talking to Bill 61, talking about natural gas, addressing some of the points that the minister touched on, and at the same time coming forward with a couple of points on my own, what my beliefs are, and what we should do with natural gas. It is fine and dandy that natural gas is there as an option. I have already talked about the natural gas equivalent in kilowatt hours, for example, the Nova Scotians are paying to cook and in some cases heat their homes, and that sort of thing. About 4 cents a kilowatt hour is what it breaks down to, and the mix that it does, for example, for customers when it comes to giving customers and taxpayers choices in what they decide to do.

We know that natural gas still puts out some kind of emissions, it surely does, but it is probably a lot cleaner than that plant out in Holyrood, yes. Do we recognize that the Holyrood plant has to come down? Absolutely, but we can build a natural gas plant somewhere else that is going to be a little bit cleaner than what Holyrood is and not have it in somebody else's backyard.

When it comes to wind – speaking of wind in somebody's backyard, Mr. Chair – I will say this: we know in some areas people do not want to have some of these turbines in their backyard. The last I saw, this is a pretty big Province with a lot of places to put wind turbines that would not be in anybody's backyard.

I will say to the Natural Resources Minister: on the open market right now in the States, per megawatt of generation you are talking about \$1.3 million. We are talking about a risk. Again, I have to come back to the affordability on this and connect it all together. I will keep trying to hammer home that point, Mr. Chair. When it comes to the actual cost for the taxpayer here against an \$8 billion project or against a \$750 million project for natural gas, what is more affordable? Is it wind and small hydro that would be more affordable and not hurt the Province's finances in the long run? That is where I am coming from.

Not only do you have your reports on costs and everything when it comes to whatever company, Ziff or Manitoba Hydro, when it comes to wind power or what have you. They are all telling you about the costs up front to government, but it does not tell you about the cost to government programming or anything like that, and give you that balance sheet at the end of the day, the effect on the taxpayer, and then the effect on the consumer as well at the end of the day. That is where I think we are coming home to again – affordability. That is a pretty important question that we still do not have any answers from this government on, Mr. Chair. That is why we have to keep talking about it.

Mr. Chair, we are believers in conservation, absolutely. We are believers in a green economy and that is why we talked an awful lot about conservation and what we could be doing with green programming, conservation programming, and the home energy retrofits; the green jobs that it can create, long-term green jobs when it comes to updating people's homes and that sort of thing; and where government can get the money for that. We have a solution with regard to if a homeowner, for example, was looking to get their homes financed and how you would pay for that.

There are several examples out there now in the market we can learn from. We really have been doing nothing on that end. We really have. On that end of it, \$7 million over two years is minor in the scheme of things. I can understand the government has budget concerns and that sort of thing, but I think we could be doing a whole lot better.

As regards the other point – and now I lost my train of thought here for a second – when it comes to Canadian and US costs, for example, on natural gas, I want to come back to this. While we see a report that says \$10 billion to \$12 billion for natural gas here to develop, we are talking about a small amount of gas to have to bring in onshore and they are talking about the massive development costs for a pipeline that is going to have to run something in the area maybe of 200 miles to bring it in onshore.

Why is it in US dollars it might cost us \$10 billion to \$12 billion to get a handful of megawatts of electricity for our own needs to take Holyrood off-line? Why is it \$10 billion to \$12 billion here, but they can run a pipeline and run off two or three processing plants along the way between two countries over in Europe running a pipeline about 1,200 kilometres and still pay the same amount? As a matter of fact they budgeted again \$12 billion for the Ormen Lange Field, ran the pipeline 1,200 kilometres to the coast of England, and they said it could not be done here. It can be done if you are Norwegian or if you are from England. That is great.

On the other side of the ocean, a 1,500 or 2,000 mile sail away, we cannot do it. It cannot be done. The Finance Minister was saying why not yesterday. I say: Why not? I will say the same thing. We know where those numbers came from, but I will bring it back to it and just a comparison on the natural gas plants, for example.

I am going to go and I am going to talk about Stephen Bruneau's little report he had out on the development of natural gas. He had a total cost of about \$2 billion for pipelining, to retrieve the natural gas from offshore, and to set up an 800 megawatt electricity plant. He had the proper size of pipeline and everything. It was not one of these humungous pipelines, but just enough, a twelve inch or fourteen inch pipeline, to bring it ashore here in the Province and have onshore processing – about \$2 billion. That is four times less than what the Muskrat Falls Project is. If taking 40 per cent of the Muskrat Falls Project was to take Holyrood off-line, Mr. Chair, to get rid of the Holyrood plant and update what we are doing with fuel in turning it into another economy, if you will, then I think \$2 billion would be a bargain if that is the case.

I seriously think we should be going back and looking at natural gas. We have a disparity in numbers here. Mr. Bruneau is an expert in pipelining himself. He knows all about the industry. He has worked in that particular expertise for a long time.

Again, I will come back to the financial risk. That is where those numbers collide with each other, do they not? Maybe that is what the differences are between our party and government. It is about, again, bringing it back to affordability and the affordability measures here government could be undertaking. As far as I am concerned, when you are giving due diligence to a project the size of Muskrat Falls and what the risk is to the taxpayer, that is where the responsibility lies. We have no other choice but to give it due diligence. I do not think under this agreement, the financial agreement, there is much more of a downside with the threats out there than there are the positives.

We know the positives already: the promise of putting electricity out there on the market that is supposedly green. We will fight forever over the definition of green power, but the party across the way believes that green includes dumping mercury. I think we can do better than that. Green is all about somebody's beliefs. Well, we certainly know the party across believes in green, the kind of green that is going to be pouring into Muskrat Falls.

**SOME HON. MEMBERS:** Oh, oh!

**CHAIR:** Order, please!

**MR. MURPHY:** Thank you, Mr. Chair.

At the end of the day, it is all going to come back to the customer's ability to pay for this. I will say to the Member for Mount Pearl South: When it comes time for that electricity to be switched over to Muskrat Falls and for



Holyrood to come off-line in 2020 permanently, government is still not talking about escaping from hydro because in 2036 they start to bring thermal energy back into it. They still bring in thermal under the long-term plan, the fifty-year plan for Muskrat Falls.

Let me get you some numbers here when it comes to the thermal they are going to be bringing in: 170 megawatts in 2037; in 2046 we are talking 50; 2050, 2054, 2058, 2063 and 2066. It comes from your own report, I say to the hon. member. Do not ever mistake the fact that Muskrat Falls is going to be green when the whole basis of the plan is to bring in thermal in the future. You cannot say that. You cannot say that, I say to the Speaker, with 100 per cent certainty that the Province is going to be heading down the right way when it comes to their green policy if they are talking about thermal in the future.

I see that my time is almost up here. I will just leave you with one fact. Like I said, the definition of green, I think comes pretty much from inside all of us. You will never settle on one definition of green, the same as the US Energy Information Administration may never consider hydro to be a green source of energy.

With that, Mr. Chair, I will leave my points for now.

Thank you.

**CHAIR:** The hon. the Minister of Natural Resources.

**SOME HON. MEMBERS:** Hear, hear!

**MR. KENNEDY:** Thank you, Mr. Chair.

Again, what I say to the member opposite, Ziff has prepared a report; Wood Mackenzie has prepared reports. Just point out to us where they are wrong. There is a specific section, Grand Banks gas as an Island generation option. It looks at, Mr. Chair, the gas availability during oil production and it talks about: Why would you produce gas today when oil has a much greater value?

From an oil company's perspective, oil is where the money is to be made. That is why we will see, I suggest, in the United States greater movement toward shale oil production and shale gas simply in relation to the money. We have the issue of gas being worth – I am looking at page 11 of the Ziff report – a lot less than oil. There has to be an incentive to develop the gas for the oil companies.

Then Ziff Energy looks at the Grand Banks – pages 12 on – natural gas cost analysis. It talks about the conclusions, but says quite frankly, quite honestly, that there is no low cost Grand Banks natural gas available for transporting to shore for domestic use. The cost of developing the Grand Banks resource – it looks at it in great detail, talks about a standalone development, FPSO, looks at different costs.

Let me say this to you; let's talk about the development of gas offshore. Oil is going to run out at some point on some of these facilities. What happens after that? If you refit one of them to use their gas, the whole cost will have to be based on gas. What happens in 2025, 2037? You have a facility now we have to maintain that is not producing any oil that will be used for gas.

**AN HON. MEMBER:** Who are you going to get to do it?

**MR. KENNEDY:** Yes, so you look at this.

Ziff has looked at the different scenarios – again at page 17 – looked at FPSO, integrated White Rose. Tell us where they are wrong. You have had this report for almost three months now, so obviously if there are problems – they talk about landing gas on the Island, talk about the tariffs, which the member opposite does not seem to acknowledge.

The capital cost of getting this gas to shore is not simply a matter of saying build a pipeline. It is much more complicated than that because the pipeline tariffs – and just to put this in perspective, Ziff estimates that it "...

would cost Cdn\$640 to 1,165 million. This estimate is based on an estimate of Cdn\$182,000/inch-mile which, under the assumption of a 16-inch diameter, equates to around Cdn\$1.8 million per kilometre." They say that is a reasonable expectation but it is a bit low.

Now let's get to sizing the pipe versus the average daily requirement, page 17. The Prohibitive Toll on Small Average Day Volume – page 17-18, how we would interconnect, the list of facilities.

The Life of Facilities, oil and gas facilities, at page 18 "...is typically designed with a 20 to 25 year life expectation, although many facilities can be coaxed to survive longer...During the normal life cycle of oil and gas operations, equipment will be exposed to mechanical stresses such as gas compressor and oil pumping vibrations, continuous seawater water wave action, along with physical environmental wear and tear from continued daily use. Monitoring and preventative maintenance can help to offset premature equipment failure. Thus producers typically align production of the oil and gas reserve over the same time period."

Just think about it, that makes sense. "To cover the 50 year time frame for Holyrood gas supply, offshore facilities may have to be replaced in the latter half of the period." We are going to need new facilities. Is that a sensible and reasonable approach to not only building a pipeline, now you have to have facilities?

We talk about the Long-Term: Potential to Develop LNG Export Facilities. They include that the oil companies, the producers, "...any risk to their existing investment" – where they have invested billions of dollars – "must not only have a rate of return which accounts for this risk, the return must also have a relevant scale as well." Essentially, you cannot – and this is their conclusion. "Sustainable development of the Crown resource should not shortchange future generations." So, the gas is worth something, just not today to the oil companies.

The member opposite talks about icebergs. Well, you cannot – and I suggest to you, Sir, you simply cannot ignore where it is suggesting that this pipeline be built. I had extensive discussions of the pipeline from Norway into England. "Dr. Bruneau asserts" – at the comments on the presentation by Dr. Bruneau – "that icebergs were considered too risky for Grand Banks pipelines 30 years ago." – but now they can be done.

This is what Ziff says. "Ziff Energy notes that offshore operators have chosen to transport Grand Banks oil via marine shipping rather than pipeline. The iceberg risks to a platform are considerably less than risks to a pipeline which has a longer and larger footprint and therefore a higher risk of impact over the term of use." What about the environmental concerns, I say to the member of the NDP, if that pipeline breaks?

"Even with trenching, the assertion that iceberg risk for a several hundred kilometre pipeline can be managed is questionable and this practice is unproven on the Grand Banks. Dr. Bruneau cites other projects analogous to a Grand Banks pipeline, including Australian, Norwegian, Vancouver Island and Tobago projects. Some are in harsh climates, however, Ziff Energy notes that none of these other projects face the unique risk associated with icebergs off Newfoundland."

Remember, the icebergs are big. They cover a long area – and I forget which oil company I talked about earlier the year, in terms of how close one of the icebergs came to one of the rigs. It was not that close, but the potential to cause damage was very significant.

"Security of supply and economic and environmental consequences from a pipeline failure required for powering homes and businesses cannot be understated."

Book note 54, "current operators with expertise in harsh conditions have been unwilling to undertake such a project, the Government of Newfoundland and Labrador, or an agent thereof, would be well-advised not to attempt such an undertaking based on theory and not sound and tested practice"

That is what the member opposite is suggesting. It is not a 200 kilometre pipeline. The pipeline, at minimum, is 300-650 kilometres. That is what we are talking here in terms of a pipeline. The potential for environmental disaster cannot be understated here. The fact is we are going to build such a pipeline with no market and with no

need simply because the NDP want Muskrat Falls to fail. That is essentially the bottom line I keep coming back to here. They want Muskrat Falls to fail.

**SOME HON. MEMBERS:** Hear, hear!

**MR. KENNEDY:** The reports are clear. Wood Mackenzie talks about Ziff's report and talks about how their comments on Dr. Bruneau's assertions are reasonable. No one attacks Dr. Bruneau, by the way. I cannot emphasize that enough. There is no one attacking. Neither Wood Mackenzie nor Ziff attack Dr. Bruneau. They disagree with his assertions. They outlined their reasons.

It is very noticeable. Has Dr. Bruneau come out and said either Ziff Energy or Wood Mackenzie is wrong? Has anyone heard Dr. Bruneau say that? One would assume that if it were the case, if I am an expert and I put my reputation on the line, and one would assume that if someone comes out and says I am wrong and I am not wrong, I am going to be out again. They did not attack him. That is why. They are simply saying he has put forward a proposition that is theoretical as opposed to practical.

Since the oil companies will not undertake to build that pipeline, why should the Government of Newfoundland and Labrador undertake to build a pipeline on a theoretical assumption simply because we have opponents to Muskrat Falls? That is not the way this government operates. It is neither sound economically nor environmentally.

At the end of the day, with all due respect to the Member for St. John's East, he keeps referring to this pipeline as if it has been proven in other parts of the world. Well, Sir, these experts say it has not been proven and they are advising us not to act on theory. Hydro is proven; pipeline is theory. We are going to continue with that which is proven, that which we know will work, and that which we know when we make our capital outlay, which is huge upfront, no question about that, then we will have a resource. The water will flow and electricity will be produced, produced because we need it in this Province and produced because the world is energy hungry.

Do you know something? Nova Scotia will buy more power off us. We want to go to those mining industries in Labrador. We want to produce more work in our Province.

Thank you very much.

**SOME HON. MEMBERS:** Hear, hear!

**CHAIR (Pollard):** Order, please!

The Chair recognizes the hon. the Member for St. John's East.

**MR. MURPHY:** Thank you very much, Mr. Chair.

Again, I can quantify and totally agree with some of the comments the Minister of Natural Resources is making, but not all – \$8 billion versus the costs upfront, for example, of wind. You want green, wind and small hydro, the risk again to the taxpayer –

**CHAIR:** Order, please!

**MR. MURPHY:** We can talk about –

**CHAIR:** Order, please!

I ask the member to direct your comments to the Chair please.

**MR. MURPHY:** Thank you very much, Mr. Chair.

There is always going to be a bone of contention on this, but I look toward the future when it comes to natural gas; I really do. We know the natural gas prices are not going to be depressed forever. The simple idea of natural gas

prices being depressed forever but being totally overly expensive I do not think is going to be a reality either. I think there is going to be a small increase to natural gas prices, something that is going to be a little bit more affordable, and I will tell you why.

The simple fact is, when it comes to the whole scenario of fracking, there are going to be some places where natural gas simply is not going to happen. Other places where there is pooled natural gas, stranded natural gas if you will, that would be accessible from other areas is going to look a little bit more beneficial to poke at if they were going to poke at natural gas. That is why I say if you want to make an investment in the future, then natural gas should be an option they consider.

What they are looking at right now when it comes to viability, no doubt, is price. At the same time, what we are looking at, too, is the cost at the end of the day when it comes to the risk that is put on taxpayers' money. Again I will bring it all back to the centre where we need the questions answered. Bring it back to affordability. Answer the questions as regards the sustaining of government programs.

We will keep on asking the questions as regards where government is going to be getting the revenue because of the way the markets are going in the US Northeast. Yes, it is true; they have a lot of natural gas and everything there. So we know where they are going to be getting their electricity because they are going to be taking natural gas again and they are going to be generating a different source of energy, namely electricity. That is what they are going to be doing: selling the electricity out there on the grid.

Like I said, for such a small –

**SOME HON. MEMBERS:** Oh, oh!

**CHAIR:** Order, please!

**MR. MURPHY:** – capital cost, to get the megawatt return they are getting, it is comparable to wind in the United States. A \$750 million project, like I said, was announced just yesterday morning, 655 megawatts. Look at the cost and break it down, Mr. Chair, the minimal cost it is going to cost that particular company at that particular time.

What kind of a cost is it going to be for electricity when you put it out on the grid, I wonder? Do you think it is going to be in scale with what they have been doing as regards electricity prices down there now? What is it going to do, for example, when we suddenly see all the electricity go out onto the grid like it has been in the last little while and probably like it is going to be in the immediate future right now?

With all the electricity that is going to be generated out there in the US Northeast, we are under threat. That other 40 per cent block we were going to export and depend on for revenue. I would say to the Minister of Finance: We are going to heavily depend on that 40 per cent market. Some people might call it gravy; I would probably be more inclined to agree as well that anything we get over and above is great.

Then we come back again to that 40 per cent and we are still locked in, are we not? We are still locked in. The consumer in Newfoundland and Labrador is locked in for paying for 100 per cent of the project but only getting about 40 per cent of it, are probably not going to be able to consume that 40 per cent of electricity, and will have to have government account for it in their coffers and for government to balance the books on that. Again, it comes back to affordability.

**MR. KENNEDY:** George, you should come over.

**MR. MURPHY:** I say to the Natural Resources Minister: We might go over and have the occasional conversation, but as regards my colours I was hired by the people of St. John's East to carry out the job of opposition. It is a job I enjoy thoroughly. I love serving the people of the District of St. John's East. We will press forward, see what happens in the future, and see what we decide.

For the purposes of getting back on topic before the distraction, it is nice that government is thinking about an energy source; it is really nice. I will be the first one to tell you that great, fine and dandy, you have come up with a project and maybe you are trying to meet the need, but did you look at the bottom line? At the end of the day it is the customer who pays.

Whether you are talking about the sale of electricity onto the Newfoundland and Labrador market and the availability of making it, whether you are talking about natural gas, or whether you are talking about the price of oil, every single one of the studies I have read did not take the most important factor into account. You see some factors when it comes to demand and everything. I saw one or two mediocre figures. When it comes to the Newfoundland and Labrador consumer, again I will say it, it comes down to affordability. You see where I am going with this.

They are going to be commanding a price that they are projecting and that somebody thinks it is going to be in a couple of years, rather than based on a reality of what is in the consumer's pocket today and what is going to be in that consumer's pocket in the year 2017 by the time they flick the switch. That is where we are coming from. Can it be affordable to the people of Newfoundland and Labrador? If it is not, they are going to get hit a couple of ways: number one is with the rate; and number two is the possibility of extra tax increases to help support government programming as a result. They are going to get hit all around.

Do you think that Sobeys, for example, if they are going to have to put up with higher prices of electricity for Muskrat Falls, do you think that they are not going to come along and jack up food prices? I say to the speaker, and it is a legitimate argument, it is a legitimate concern, the consumer and the taxpayer are going to get hit on all sides.

**AN HON. MEMBER:** It is the lowest-cost option.

**MR. MURPHY:** They keep saying that it is the lowest-cost option, but your definition of cost is completely different from the taxpayers' definition of cost. That is the disconnect.

What protection is this government giving the taxpayer – again, I am going to say it: When it comes to the sustaining of government programs, stand up on the floor of this House, each one of you who are head of departments, the Minister of Transportation and Works should stand up and say I will see sustained programming increases; in the next fifty years, my programming is not going to be affected by Muskrat Falls finances. Every single one of these ministers should get up and tell people, tell the people of the Province of Newfoundland and Labrador, at the end of the day, what their balance sheet is going to read. That is a legit concern.

**SOME HON. MEMBERS:** Oh, oh!

**CHAIR:** Order, please!

**AN HON. MEMBER:** (Inaudible).

**MR. MURPHY:** With pleasure – I will stay over here with pleasure.

Mr. Chair, the day before yesterday they were offering me the chairmanship at Nalcor and now they are taking it back.

**SOME HON. MEMBERS:** Oh, oh!

**CHAIR:** Order, please!

**MR. MURPHY:** Mr. Chair, finally, I guess, just to sum up in the little bit of time I have, I am very concerned about the future when it comes to the Province with the projections.

You get a lot of reports out there. I am going to give the Minister of Transportation and Works just a little example of the effect of some of these numbers. Listen to what the PIRA report says. The PIRA report on oil production to



2025 was to reach 110 million barrels. That is the number that government depended on and that is fine and dandy, 110 million barrels a day in production.

The report that I wrote, and it is not the only report that I have seen, but Leonardo Maugeri came out with one that was very well presented. It was a very easy read. Maugeri's numbers showed 110 million barrels by 2020.

**MR. KENNEDY:** Is that the Harvard school?

**MR. MURPHY:** Yes, that is the Harvard one.

He also talked about consumption figures, world demand figures. That is the one that everybody was calling about, I guess. PIRA, I think, had their numbers at 1.5 per cent world demand growth up to the year 2025, and Maugeri said that demand was going to be very, very weak, so much so that it was only going to be measured at 0.9 per cent. Maugeri has not changed his numbers, interestingly enough, and as his numbers so far have been pretty close at 0.9 per cent of world demand.

An interesting point about PIRA's report: Right now it is 1.5 per cent, but one report I have read came out and said that PIRA's numbers are changed at least three times and they have adjusted it downwards for the last three times. There is a difference to these reports. The stability of the reports, too, is very important. With that one report with PIRA, like I said, when you are looking at three different numbers then you get a little bit confused and maybe that is where the facts lie, that they are still going to be confusing there.

Still government has to prove the bottom line about affordability when it comes to the taxpayer and the ratepayer in this Province. So far we have not heard that. We heard a lot of talk about 20.3 –

**CHAIR:** Order, please!

**MR. MURPHY:** Thank you, Mr. Chair. I will leave it at that for now.

**SOME HON. MEMBERS:** Hear, hear!

**CHAIR:** The Chair recognizes the hon. the Minister of Natural Resources.

**SOME HON. MEMBERS:** Hear, hear!

**MR. KENNEDY:** Thank you, Mr. Chair.

I will speak about that Harvard report shortly. I read that. Some of the principles outlined there are consistent with what I read in other reports. I know the International Energy Association has since produced a report. They all seem to agree that the principles, in the short term, volatility is dependent on many issues. Supply and demand is important, there are geopolitical reasons, and again what happens in the Middle East can have such an impact. Shale oil is definitely having an impact and we are seeing a significant impact with shale oil. I will go back to the Harvard report and speak about that a little later on today. In the long-term, the fundamental principles of supply and demand, people appear to agree on those.

Why did we choose PIRA? Why did we choose Wood Mackenzie? These companies are ones that were referred to us. I know who they are. In fact, there was a PERIA also, and they were involved somehow, the Petroleum Energy Research Associates. So, PIRA Energy Group, I will just outline who uses their expertise again because I think it is helpful for people to know we are not hauling these people out of hats. These are people who are utilized throughout the industry.

"PIRA is retained by more than 500 companies in over 60 countries. Our clientele includes all of the world's major private integrated companies, nearly all of the largest state-owned national oil companies, and over 80% of both the

oil producers and oil refiners in North America. Outside of the oil business, we also provide services over 80% of the U.S. gas and electric companies and over 90% of the gas and power marketers."

Mr. Chair, these companies are not giving their advice to us for nothing. You do not simply write to us and say: Can you provide us with all of your information and your quarterly reports? I forget the amount, but I think it was in the information provided to the Liberals. I think there was some reference to a \$27,000 or \$30,000 a year retainer, just get their reports, and there is commercial sensitivity.

The fact that Dr. Schwartz is willing to release these numbers shows a confidence. I do not think in the long run, although the price up and down – and in the long term am I going to try to tell you what that price is going to be five years from now, to the dollar? No. In short-term budgeting you have to try to get it right, but in the long term it is more of a range. When I talk about, as I make my note, the MHI sensitivity analysis later today that is where the PIRA price becomes important. That is why in the sensitivity analysis they look at the different prices of oil. That is the first step and I will talk about the Harvard report later today.

Secondly, in relation to the shale gas – and I can only tell the member opposite what has been told to me by different companies. Wood Mackenzie and I think PIRA – I am not sure, PIRA we use more for oil, but Wood Mackenzie for gas and oil. Wood Mackenzie predicts that the price of natural gas will go to \$6 Henry Hub by 2030. That is what their predictions are.

Could they be wrong? Certainly, but based on what we are seeing there is no indication with the supply of natural gas – again, you look at the principles of supply and demand. The more of a product or commodity you have, theoretically the cheaper your price. Oil goes up but supply goes down, the price of oil.

There is so much gas – and again I do not know if the member opposite will concede this, but there is an oversupply in Europe, there is potentially an oversupply in Asia, and the Americans are at the point where they are supplying their own needs. In fact, they have a clause. One of the difficulties with entering into a contract with the US on natural gas is they have a clause that they can call back the natural gas any time for their own needs.

It is not as simple as that the price of natural gas will go up. Ziff outlines why oil is still the commodity. Will that change? It is possible, but for the last 140 years we have seen oil be the most stable of commodities. I have no reason to believe based on what is told to us by the experts that shale gas will go to the point where the oil companies in our Province, it will make it economically feasible or viable for them to develop the gas offshore.

I just found this chart as I was going through my papers. I thought this might be a nice one to put out there for the people of this Province to put things in perspective. Perspective is important.

Sometimes – and I guess we are all guilty of it – it is easy to get caught up in arguing details without looking at the bigger picture. Let us look at – and I do not like the cost of kilowatt hours because I think it only confuses issues. The rate charts are outlined in terms of price, how it affects people's pocketbooks, and what we expect to happen. I did find this chart which is: Selected World Residential Electricity Prices, 2009; Source for Canada: Hydro Quebec, Comparison of Electricity Prices in Major North American Cities; Source for Rest of World: International Energy Agency.

Now we have outlined in our report where Newfoundland and Labrador ranks with Labrador having the lowest rates in the country at approximately three-and-a-half cents a kilowatt hour; Newfoundland and Labrador currently tied with New Brunswick at 12.6 cents a kilowatt hour. We have Manitoba, Quebec, and BC lower than us, all with large hydro. So, the recurring theme: large hydro.

We are looking at 15.1 cents. I will use that now for a point of comparison; 15.1 cents in 2017 for Muskrat Falls power. Now that is delivered at Soldiers Pond at 20.3, combined with the Bay d'Espoir power, we get our 15.1. What are they paying the rest of the world in 2009? Mexico has apparently the cheapest power in the world – very interesting. The US is cheap.

There is no one else, as of 2009, below fifteen cents in terms of these major countries I am going to refer to. Iceland is not here – well, I can find it for you. Italy is over thirty-two to thirty-three cents a kilowatt-hour in 2009. Hungary is up around twenty-four, twenty-five cents. Ireland is twenty-seven, twenty-eight cents. United Kingdom is at twenty – and these are US cents; I do not know how much difference that makes today. The United Kingdom is about twenty-four cents; Austria, twenty-seven cents; Spain, over twenty cents; Poland, over twenty cents; France, around eighteen, nineteen cents; Finland around eighteen, nineteen cents; Turkey, around sixteen cents; and Switzerland, around sixteen cents.

All of these countries in 2009 were paying more for residential electricity prices that we will be paying in the Province of Newfoundland and Labrador with the development of Muskrat Falls in 2017, at 15.1. As of 2009 in these major countries, there were only two cheaper. We know that in the rest of the country, in the chart that is outlined, in our paper on electricity rates, where we stand in the country.

That chart, and I encourage people – maybe I will discuss that a little later on today. I am going to need a day to myself by the way of the notes I am making here. If we look at the chart, we are at 12.6 cents now. Again, I am going by memory. Something tells me that Halifax is around fifteen cents and Toronto is around fifteen cents today. They are going to go up as we go up.

Muskrat Falls will result in a 2.5 cent increase per kilowatt-hour. What has happened in our Province between 2000 and 2011 prices went up I guess – someone can look it up. No, I will not guess; I will look at it. Prices went up \$45 or 32 per cent. Between 2011 and 2016, they are going up another \$30 per month. That is over the period of time.

Prices have gone up without Muskrat Falls. What Muskrat Falls will do – and the charts clearly outline it – page 5 is the electricity charts in the rest of the country. I said that Nova Scotia was at fifteen cents, I was right. I said that Ontario, Toronto was at fifteen. I was wrong; it is 15.9, almost sixteen cents.

**AN HON. MEMBER:** What is Holyrood?

**MR. KENNEDY:** Holyrood today – good, thank you – is approximately 18.5 cents. It could be up as high as twenty depending on the cost of oil. Holyrood, in 2017 – again, I have to try to get this right – will be around 23.5 cents going up to approximately thirty cents a kilowatt hour by 2030.

When you look at all of this – I just ask the members opposite, just put aside the politics for a second, just look at the numbers here and what we are dealing with. Look at the Upper Churchill, which was built in the wilds of Labrador in the 1960s, still producing power and making a lot of money for Hydro-Quebec today. So, why should it be any different?

As the Minister of Child, Youth and Family Services talked about last night, why do we doubt our own? Why do we doubt the highly trained people that we have at Nalcor? I did not doubt them. I went out to get reports which, at the end of the day, supported them. Why is it that some fellow who writes a blog in Ontario is an expert, and Dr. Gordon Weil, if he is a doctor, by the way, he said the Lower Churchill was a good deal.

Mr. Chair, I will stop again for now and hopefully I will be relieved.

**CHAIR (Verge):** The hon. the Member for the Bay of Islands.

**MR. JOYCE:** Thank you, Mr. Chair.

I stand just to have a few minutes. I know there is a good debate going on here today in the House of Assembly. There is a lot of information put back and forth. I congratulate all sides for having a debate, an exchanging of ideas.

I just heard the minister mention that when the power gets delivered at Soldiers Pond, by the time it gets blended it is 15.1 cents, giving the impression that is what people are going to pay. The question I would ask: Does that include distribution plus the rate of return for the people of Nalcor? That is the question.

So, 15.1 may say here is what it costs to put it there, but you have to get it to the people, which are the distribution cost, plus there is a guaranteed rate of return. That is the details that we have to get our heads around. It is no good to say well, here is what it costs to put it to Soldiers Pond. We have to get to each and every house and we have to have a rate of return, which I doubt very much if it is included. If it is, I ask the minister later to clarify it.

Mr. Chair, when I spoke earlier I went through the process of explaining about the project in very simple terms so that I can understand it myself, and Joe Chesterfield out there can understand that if Newfoundlanders and Labradorians are paying a 100 per cent of the project, yet we are only receiving 40 per cent of the power – and I asked the Minister of Finance at the time, and I am sure he will stand sometime to explain it. If we are paying for 100 per cent of the project and only receiving 40 per cent of the benefit, and we are saying in 2017 we are going to have X number of millions of dollars and going up to billions of dollars profit on this, you must have a flowchart already done up – you must have it. There has to be a chart to say: Here is what we are going to charge the ratepayers, because they are paying for 100 per cent.

That is what we were told in this House, and that is what we were told, that Newfoundlanders and Labradorians are going to pay for 100 per cent of the cost. If it is and the minister is saying – and I have no doubt, because of the loan guarantee, that we will be paying 100 per cent of the cost. If that is the fact and we are going to make a certain number when we flick that switch in 2017, we have to know how much each household is going to be charged. Now, we have to know that. Or, either one of two things, we do not know what they are going to be charged or we do not know what profits we are going to make. You cannot have it both ways. You just cannot have it both ways, Mr. Chair. You just cannot have it.

The question why I ask about that, Mr. Chair, and I do not feel that we have the numbers, or we will have the numbers, is very simple. Under this federal loan guarantee, to ensure that we have this loan guarantee, we have to guarantee a rate going to be paid, the rate of return into, and the project will be paid to cover the cost of the project. That is fundamentally what Stephen Harper and the federal government said, in order for you to get the loan guarantee, one of it: you have to guarantee a rate of return from the people who use it, which are the Newfoundlanders and Labradorians. I am assuming I am correct on that, because that is what is put all across the Province.

**MR. MARSHALL:** Every hydro project.

**MR. JOYCE:** The minister said every hydro project. That is fine, but we are talking about Muskrat Falls here so it has to be paid for. If I go back to the average person in the Province who wants to know what they are going to pay in 2017 – and the minister obviously already has it calculated what is going to be paid. I asked earlier today for the flow chart to show what exactly ratepayers are going to be paying to get this profit. I have not gotten it yet. I am waiting for that, and I am assuming that I will get a flow chart if the information is accurate that the government is putting out.

The question has to be asked: If you have already calculated how much this project is going to make at 2017, how can you say how much you are going to make when you have to pay for the whole construction of it and you have to pay for the whole distribution of 100 per cent of the project, yet we do not know what the cost overruns are? How can anybody in business and how can anybody when they are sitting down doing up a business plan say here are some of our expenses, here are going to be our revenues, and at the end of the four years when the construction is done we are going to have these amounts of profits, without knowing what the expenses are? Anybody logically would ask questions. How can you guarantee that if you do not know what the expenses are?

Take into account the Maritime Link – and I am sure most people in the Province have because a lot of people have heard about this – and the Maritime Link going across. We already know that Newfoundlanders and Labradorians are responsible for 50 per cent of the cost overruns of that link. If we just go on industry standards – and I will not go any higher; I will just go by the industry standards and nothing more – if we go on the industry standards all around the world, which are being used here in this House by the government and the minister all day today, which is fine, industry standards say we are going to have a minimum of 30 per cent cost overrun.

If we are looking at a 30 per cent cost overrun, the Maritime Link was \$1.2 billion and now it is up \$1.8 billion. If we look at 30 per cent of that, Mr. Chair, that is another \$300 million or \$400 million that has to be added on to this tab. How can anybody logically stand up and say we are going to make this amount of money when you cannot put in what it is going to cost and what debt you are going to have to service? It just logically does not make sense.

This is where I am confused with this whole Muskrat. When you get into the experts, with Ziff Energy there is no doubt that company is world-renowned and they know their work. There is absolutely no doubt about that. There are some people who can say: Well, you may have looked at one part and you may look at another part, but what we need to do in the Province is look at all different sources of energy, not just one.

I get back to my point to the Minister of Finance. We see the rate calculator the government put out and said: Go in and plug in how much you are paying now. We will tell you how much you are going to pay. When people go into that rate calculator they say: Jeepers, that is not too bad; that is not too bad.

Here is a condition. I ask government and I ask the people who are listening out there – now, here is the condition – if you plug into that rate calculator today, I challenge government to legislate that rate and to guarantee it to the people that is the rate they are going to get. I encourage government to do it because we are out there saying: Here is the rate calculator. When people punch it in, I have to say, people say: Jeepers, that is not too bad. People are saying: Well, jeepers, what is the big fuss about Muskrat Falls? That is not too bad.

Here is the deal. Government, some time today stand up here and say what is on that rate calculator, which we are saying is gospel to the people; do not be alarmed; here is what it is going to be. For example, if you take my electricity rates, if it is 11.1 today, I think it went up to 13.2, 13.3, or something like that, legislate it and say here is what it is going to be.

I guarantee you I will be the first one out to say: Well, government, that is great. What you said you committed to, you did. It is not a great increase. Here is an opportunity for the Government of Newfoundland and Labrador, who is out touting this rate calculator as the price, to legislate it here today. Bring in legislation that says here is what it is going to be. See how quickly we get it done. That is what I would do, Mr. Chairperson. I ask the government to guarantee and put it in legislation what that rate calculator is.

Do you know why that cannot be done? It cannot be done because we do not know the final numbers. We honestly do not know the final numbers. Even the Minister of Finance who I have a lot of respect for – I have a lot of respect for the Minister of Finance. Sometimes we disagree on issues, but the Minister of Finance, I understand, is in a bind. I know he would love to be able to give people the guaranteed rate of what they are going to pay, but because all the numbers are not in, because we do not know what the cost overruns are, and because we do not know how much it is going to cost for distribution here, we cannot give it. If you really want to be sincere, legislate that rate calculator and see how quickly we get through this debate.

Thank you, Mr. Chairperson.

**CHAIR:** The hon. the Member for St. John's North.

**MR. KIRBY:** Thank you, Mr. Chair.

It is a pleasure for me to stand in my place again and speak to Bill 61, but also to respond to some of the comments that have been made here. I was going to say this morning, but we have gone back into afternoon again, although it is still Tuesday as far as I understand. I wanted to respond to some of the comments that the Minister of Natural Resources made because they seem like well-reasoned arguments, but you have to dig down a little bit into some of these arguments because I question some of it.

One of the things he was talking about was: Why can we not do this with Muskrat Falls? Why can we not do this? It really draws on this nationalism, this pride in Newfoundland and Labrador. There is not a single Member of the House of Assembly, I say to the Minister of Natural Resources, who is not proud of Newfoundland and Labrador, proud of our accomplishments, and proud of our achievements.



Every single one of us, every single one of the people at the Table, feels the same way. I would say the Sergeant-at-Arms feels the same way. The people in the public gallery feel the same way. Everybody watching this on television is proud of Newfoundland and Labrador. There is an old saying, and the saying goes: Pride goes before the fall. That basically means you can be proud, you can have your head in the clouds too high, and then you can fall on your face. I hope that it is not pride goes before the falls, because this could be a mess in the end.

One of the things the minister is talking about when he is drawing on this nationalistic sentiment, this pride, is: Why can Quebec do it and sell their energy from our Upper Churchill, yet we cannot do the same with that 60 per cent from Muskrat Falls, 20 per cent that is supposed to go across to Nova Scotia and then that other 40 per cent that is supposedly earmarked for spot price sales?

First of all, that is because Quebec is not surrounded by water, Mr. Chair, and we are. That is why Quebec is able to do that so easily. We are not. We are not connected to the United States. Quebec borders right on the US. They are proximate to the market. They are more proximate to the market. They built their transmission facilities at a far different time than us. You cannot really compare these things.

Here is the other thing. The Minister of Natural Resources spoke several times on the issue of natural gas. He talked about how we cannot develop our natural gas reserves in part because the world market is awash with supply of natural gas, partially as a result of the revolution in shale gas production. He talked about how the Americans have all they need. Well, we are talking about selling this electricity to the United States, the hydroelectricity. If they are awash with natural gas that would suggest to me that drives down energy prices, period.

If the suggestion is the US has all of the energy supply it needs, or a lot of it from natural gas, and it already has proximate access to Quebec, which is awash – we know they have surplus supply of hydroelectricity – then where is the Muskrat Falls energy, that 40 per cent? Where is that market? What are we going to do, sell it at a steal? Are we going to undercut Quebec? Are we going to undercut the cost of natural gas that is, yes, in the US already?

Here is another thing, too, and we have to realize this point. Even if Emera does decide by July 31, 2014 to build the Maritime Link, even if they build it and we have this 40 per cent to send across the Maritime Link, where are the transmission facilities to bring it to the Northeastern United States? How are we going to get the electricity from Nova Scotia?

**AN HON. MEMBER:** Emera.

**MR. KIRBY:** Emera is going to pay for that? We are not going to have to pay a premium for that? We are going to have to pay something else, absolutely. That is an important point because that is not going to come for free either.

What we are seeing here is a circular argument. It keeps going around, and going around and going around, and sometimes it is this and sometimes it is that. Do you know where the circular argument ends up? It ends up in the back pocket of all the ratepayers in Newfoundland and Labrador who are going to have to foot the bill for 100 per cent of this project and get 40 per cent of the electricity, if all of those projections based on energy consumption and all those projections based on population demographics are proven to be correct. These are projections. Who knows if they are going to be right or wrong?

I just wanted to go back to something else because I do not think this has been fully addressed yet. I am glad we have had about forty-eight hours now to talk because I am just starting to get to the end of my introductory comments on this. It has been a productive use of our time for sure.

There is stiff competition for workers and for people with skilled trades' qualifications in Newfoundland and Labrador. There is stiff competition for people with qualifications in skilled trades across the country, we know that. This is a global competition for workers with qualifications. That is going to drive up the cost of this project. I do not see that being addressed. We have had significant growth in the demand for workers.

Many employers are already telling us – I do not know if you listen to the radio, I think it was Tuesday, which is really today here but it was a couple of days ago in the real world. I listened to Crosstalk on CBC briefly and they

were talking about people not being able to get an electrician, not being able to get a painter, not being able to get a carpenter, not being able to get a plasterer, and you get the picture. It has driven up the cost, and the supply is low. That is going to drive up the cost here. This is a demographic reality that we have to deal with.

These workers with such qualifications, trades and talents, well they are going to be in demand for Muskrat Falls to build it. Employers are telling us, and people who are looking for the services of these individuals, they are telling us there are not enough of them out there. They cannot get them.

**AN HON. MEMBER:** Therefore (inaudible) right?

**MR. KIRBY:** No, that is not what I am saying at all.

Mr. Chair, remember now, ExxonMobil – that was not very long ago. Does everybody remember that? ExxonMobil decided to skip out on building the third module for the Hebron Project, remember? It decided to skip out on fabricating those facilities in Newfoundland and Labrador. It submitted a capacity report to government on June 29 outlining why they did not believe that work could not be done locally, and, without a doubt, some of that had to do with labour availability and labour costs here. There is no question about that.

We know there are recruiting companies popping up left, right, and center. I believe a former minister of this government started his own company. These are popping up all over the place, bringing workers in from Eastern Europe, from Ireland, to come in here and try to fill in some of the spaces. So that is going to drive up the cost. Like I said, the circular argument goes around and around and around, but when it comes back, it comes back to the same place. It comes back to the wallets of the ratepayers in this Province.

In my district there are a lot of former public servants who are living on fixed incomes that are worth less and less every year; yet, we are talking about potentially driving up the cost of electricity far, far beyond what people will be able to afford, and that is a real problem for me. I will leave it there.

Thank you, Mr. Chair, for the opportunity to speak.

**CHAIR:** Order, please!

The hon. the Deputy Government House Leader.

**MR. HUTCHINGS:** Mr. Chair, I move that the Committee rise and report Bills 60 and 61, report progress and ask leave to sit again.

**CHAIR:** The motion is that the Committee rise, report progress and ask leave to sit again.

All those in favour, 'aye'.

**SOME HON. MEMBERS:** Aye.

**CHAIR:** All those against, 'nay'.

Carried.

On motion, that the Committee rise, report progress and ask leave to sit again, Mr. Speaker returned to the Chair.

**MR. SPEAKER (Wiseman):** The hon. the Member for the District of Lewisporte.

**MR. VERGE:** Mr. Speaker, the Committee of the Whole have considered the matters to them referred, have directed me to report progress and ask leave to sit again.

**MR. SPEAKER:** The Chair of the Committee of the Whole reports that the Committee have considered the matters to them referred, have directed him to report progress on Bills 60 and 61 and ask leave to sit again.

When shall the report be received?

**MR. HUTCHINGS:** Now.

**MR. SPEAKER:** Now.

When shall the Committee have leave to sit again?

**MR. HUTCHINGS:** Today.

**MR. SPEAKER:** Today.

On motion, report received and adopted.

**MR. SPEAKER:** The hon. the Deputy Government House Leader.

**MR. HUTCHINGS:** Mr. Speaker, I move, seconded by the Minister of Justice, that the House do now adjourn.

**MR. SPEAKER:** It has been moved and seconded that this House do now adjourn.

All those in favour of the motion, 'aye'.

**SOME HON. MEMBERS:** Aye.

**MR. SPEAKER:** All those against, 'nay'.

Motion carried.

This House now stands adjourned until 1:30 p.m. Thursday, today, and we will reconvene in twenty minutes.

On motion, the House at its rising adjourned until today, Thursday, at 1:30 p.m.