

Date : 8/25/2011 1:53:25 PM

From : "Bown, Charles W."

To : "'Mark.Corey@NRCan-RNCan.gc.ca'"

Subject : Fw:

Attachment : KM - LCP Env panel rec aug 2011.doc;KM - ENV LC Generation Panel Report.doc;Speaking Points - env panel recommendations aug 25.doc;

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**From:** Maclean, Heather

**To:** Bown, Charles W.

**Sent:** Thu Aug 25 13:52:32 2011

**Subject:** Fw:

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**From:** Maclean, Heather

**To:** Maclean, Heather

**Sent:** Thu Aug 25 13:41:53 2011

**Subject:**

Heather MacLean  
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Key Messages  
Environmental Assessment Report  
August 2011

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The joint review panel was appointed by the Provincial and Federal Governments to assess environmental effects of the proposal to develop the Lower Churchill project.

The terms of reference included consideration of the need for and purpose of the project; alternatives to the project and alternative means of carrying out the project; the environmental effects of the project, including accidents and malfunctions and cumulative effects, and the significance of these effects; measures to reduce adverse effects and enhance beneficial effects; and monitoring and follow-up.

The objective of the public hearing was to provide an opportunity for comments, input, and perspectives on the Project. The Panel has taken that feedback and along with information filed by Nalcor, has filed a report containing their recommendations to both the federal and provincial governments. This is just one piece of information which will be considered by government in the decision making process.

The environmental assessment process is an important planning tool, and we will incorporate advice and recommendations from the EA into our planning for the project as we move forward.

The Panel has made 83 recommendations. We expected a substantial number of recommendations, so this does not come as a surprise to us.

The report and recommendations require proper review and analysis by Government, and we will take the appropriate time to carefully consider all recommendations put forth by the panel.

More than 35 years of studies have been undertaken to ensure that this project is developed in a way that is both environmentally and economically sustainable. We are confident that it is not only sustainable, but in the best interest of Newfoundland and Labrador and of Canada.

We have full confidence in the analysis that Nalcor has completed. This project has been intensely studied. Nalcor has filed over 100 environmental studies, a comprehensive Environmental Impact Statement, responded to 166 information requests, and has filed a substantial volume of material during the 45 day hearing process. In all, over 15,000 pages of material were filed by Nalcor during this EA process.

Upon first review, there is commentary contained within the first two recommendations that we do not agree with which relate to financials and alternatives to the project.

Recommendation 4.1 deals with the financial returns of both Gull Island and Muskrat Falls to the people of the province. There is much inflammatory language in this section, over which we are puzzled because there is no question that the project is financially sound.

The Panel says that government should complete a formal review before the project is sanctioned to ensure it is financially sound. This is normal business practice. The people of the province should have full comfort that there are four levels of further review before the project is sanctioned: Internal in Nalcor with its advisors; Internal to Government ; The independent review by Navigant; and The PUB review.

On the second recommendation, Recommendation 4.2, the panel suggests that an independent review should be considered on alternatives to the project. This recommendation is substantially addressed by the independent review by Navigant and the PUB that we have already commissioned. These reviews are directly focused on whether Muskrat Falls is the least cost option.

The Panel recommendation enumerates some additional points of analysis that it believes should be done in an independent review. We will need to assess these items to determine their merit.

### **Alternatives**

Nalcor closely examined several alternatives to meet the island's electricity needs. Nalcor determined Muskrat Falls, with a transmission link from Labrador to the island, to be the least-cost option. Nalcor looked at bringing power from Churchill Falls but with only about 60 megawatts (MW) available in the winter, there's not enough energy to meet the island's electricity needs. Nalcor also considered importing power from other areas like Quebec and Nova Scotia, but it's not a secure source for our needs and would also cost more, and also considered the options available if the island was not connected to the mainland (Isolated Island).

The best generation plan for the Isolated Island scenario is increased use of the Holyrood oil-fired plant with more wind generation, smaller-sized hydro plants and a series of gas turbines. Pursuing this option would be more expensive than developing Muskrat Falls.

The Lower Churchill Project is the best and most economical way to make that happen – both now and in the future.

## **Lower Churchill Generation Panel Report – Key Messages**

- The Joint Review Panel's mandate is outlined in its Terms of Reference and the Environmental Impact Statement (EIS) guidelines both issued to the panel by the Governments of Newfoundland and Labrador and Canada.
- The panel was responsible for: ensuring that the EIS was complete and conformed to the guidelines; conducting public hearings to seek public input on the environmental effects of the project; and presenting its findings and recommendations to both governments.
- The panel has completed its report and submitted it to both governments on August 23, 2011.
- Both governments will now take the time required to review the Joint Review Panel's findings and recommendations.
- At the same time, the governments will jointly consult with the Aboriginal groups and communities for their input on the report.
- Once the Government of Canada and Government of Newfoundland and Labrador have completed consultation with the Aboriginal groups and completed its own review, a response to the panel report will be submitted for Cabinet consideration and decision, and the decision will then be made public.

Speaking Points  
Environmental Assessment Report – Lower Churchill  
August 25, 2011

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As you are aware, we have received a copy of the environmental assessment report.

The Panel has made 83 recommendations. We expected a substantial number of recommendations for a project of this magnitude, so this does not come as a surprise to us. (*comparison – Voisey's Bay had 107 recommendations*)

The recommendations cover a number of issues including the need for the project, environmental impacts, aboriginal and cultural matters and economic benefits.

The completion of the EA process is another important step forward in the approval process, and follows the loan guarantee commitment made by the Federal Government last Friday.

The Federal Government has looked at the project in detail, and as evidenced by their loan guarantee commitment agree with our analysis and conclusion on the development of Muskrat Falls.

The EA report and recommendations require proper review and analysis, and we will take the appropriate time to carefully consider all recommendations put forth by the panel, and incorporate advice from the EA into our planning for the project as we move forward.

Upon first review, there is commentary / language contained within the first two recommendations that we do not agree with which relate to financials and alternatives to the project.

Recommendations 4.1 and 4.2 deal with financial returns, and alternatives to the project. There is much inflammatory language in both sections, and we are puzzled because there is no question that the project is financially sound.

It is normal business practice to conduct reviews before any project is sanctioned, and formal reviews have been and continue to be part of our decision gate process. This government has made the commitment and has taken steps to support independent reviews.

We believe we have taken actions which address these recommendations that the Panel has put forth. In fact, since the panel hearing concluded 2 additional reviews have been announced – an independent review by Navigant, and a review by the Public Utilities Board focused on whether Muskrat Falls is the least cost option.

More than 35 years of studies have been undertaken to ensure that the Lower Churchill is developed in a way that is both environmentally and economically sustainable.

We are confident that development of the Lower Churchill is in the best interest of Newfoundland and Labrador.

We have full confidence in the analysis that Nalcor has completed.

Nalcor provided over 15,000 pages of material during the EA process. Their work has been detailed, and comprehensive.

Muskrat Falls and Gull Island will be developed to meet our energy needs, to ensure that we can stabilize electricity rates, and will provide economic and environmental benefits for Newfoundland and Labrador.

We will consider all recommendations and results of all independent studies, and reports and will consider all information available when we make the final decision on proceeding with the development of Muskrat Falls.

I am confident that future generations will look back on the Lower Churchill project and feel proud, and recognize that government had detailed, organized and comprehensive information to make an informed decision, and that a decision to develop was made for the right reasons and with the best interest of the people of our province in mind.