



## Shelve Muskrat Falls, MUN economist urges



James Feehan says proceeding with project now would be 'premature and imprudent'

CBC News · Posted: Jan 11, 2012 2:25 PM NT | Last Updated: January 11, 2012



Economist James Feehan says the province should focus on regulation changes that would promote energy conservation. (CBC)

A Memorial University economist is calling for the Muskrat Falls hydro project to be shelved.

James Feehan says proceeding now would be "premature and imprudent."

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Nalcor is citing increased domestic power needs for building the \$6.2-billion hydro megaproject.

Raising prices would reduce demand, Feehan says, and push back the decision on meeting future power needs.

## Less costly

Feehan says supplementing the island's wind and hydro projects with proper pricing could make it less costly than the Muskrat Falls project — at least until the oil-fired generating station at Holyrood outlives its usefulness, two decades from now.

That would push the decision on whether to proceed with Muskrat Falls back to the mid-2020s.

"The electricity options facing Newfoundland are costly," Feehan wrote in a paper published by the C.D. Howe Institute.

"Making the right choice, getting the timing right, and maximizing the net benefits have to be based on the correct price signals. The provincial government should allow efficient pricing and then reconsider the options. Authorizing Muskrat Falls now would be premature and imprudent."

When the Muskrat Falls plan was first announced in the fall of 2010, Feehan was [guardedly optimistic about the project](#).



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Nalcor Energy CEO Ed Martin is defending Muskrat Falls as the best long-term option. ((CBC))

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He said at the time that Muskrat Falls was more expensive, but also more realistic, than other options.

### **'Theoretical analysis'**

Meanwhile, Nalcor Energy CEO Ed Martin says Feehan's current comments must be put in perspective, calling his work "a theoretical analysis."

Martin says it's not realistic to expect that raising electricity rates will result in people using less energy, particularly during the winter months.

"I go over to see my Dad, an 80-year-old gentleman living on his own, and I say to Dad, 'I have a solution for you — why don't we raise your electricity rates so high that you won't use electricity?' ... He's going to say to me, 'I think you're going to have to find another solution here.'"

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