

From: [REDACTED]
Sent: February 29, 2012 1:01 PM
To: PUB Muskrat Falls Review
Subject: Muskrat Falls Review

There's an old adage that says one should never lend money to someone who's in a hurry. I get the distinct impression that NALCOR is in a hurry, and perhaps as well, is feeling some pressure to justify their existing organizational structure.

At certain moments in the history of a successful organization, bold decisions are necessary. Sometimes these decisions can challenge the best of our engineering and financial expertise. Sometimes the most challenging decision is a conscious decision to do nothing.

In my opinion, NALCOR is at such a crossroads and needs to step back from the precipice. Its most prudent and conscientious decision would be to mark time. With the collapse of the paper industry, and the pending availability of Deer Lake power, we do not need additional island generation within the near future. What we do for future energy requirements on the island is, to a large degree, influenced by external factors. The United States is on the cusp of an energy renaissance that will not only make that country self-sufficient, but may very well position them as an exporter of low cost reliable energy. (At the very least, it will restore the U.S. as the world's premier economic superpower.) Ten years from now, any attempt to sell relatively high-priced hydro power south of the border will be analogous to the proverbial buggy-whip manufacturer who still attempted to ply his trade as Henry Ford went driving by in his ModelA. That window of opportunity has closed.

Further hydro development in Labrador should only take place if the energy can be delivered to the end user at a competitive price.

Current cost estimates, (under estimated as they may be), indicate that this is not even close. If there is a case to be made for the Lower Churchill, it can only be by made by utilizing the existing transmission system that feeds into Quebec. Any attempt to build a transmission line to the island is both prohibitively expensive, and of questionable reliability. It is all very well for Manitoba Hydro to talk of a two-week tower restoration time. The reality is something quite different when a severe icing storm brings down any number of structures at the same time. Where are all the materials, where is the qualified manpower, how do you even access the site? And it isn't a question of whether this will happen; it's just a question of when.

We are fortunate in that we can defer a decision on future power supply. Let's keep all our options open - maybe someday we'll buy low cost energy from the U.S. - maybe we'll install a nuclear reactor- maybe private enterprise, (Fortis ?), will spearhead development, - whatever - let's not rush to judgment. Time is on our side.