

Taltson expansion project promoted as green

By DON JAQUE

Dezé Energy Corp is pushing ahead with plans to expand the Taltson hydro plant to generate an additional 56 mega watts of electricity to sell to diamond mines, and hopes to break ground on the project by 2010.

The Northwest Territories Energy Corporation (03) Ltd. (NTEC), a subsidiary of the NT Hydro Corp (owner of the NT Power Corp) is one of three partners in the Dézé Energy Corp, a joint venture proposing the Taltson hydro expansion. Virtually the same officials run all those companies and are actively selling their approach to the project, a commercial undertaking that will profit the three shareholders and involves an overland power line around the east arm of Great Slave Lake.

There are many critics of the plan, with the loudest detractors labeling it a poor investment given the comparatively short lifespan of diamond mines. But optimistic, visionary, brash or simply dead wrong, the NWT Hydro Corp is plowing ahead.

Lew Voytilla, chairman of NWT Power Corp, claims available power from the Taltson, a source they say outshines already established diesel plants at the mines, will make them more economic, encouraging future expansion. Voytilla points out the two existing

mines, Diavik and Ekati, are projected to have less than 20 year life-spans, but expansion and increased life might occur if hydro power is available. He says the De-Beers Snap Lake mine that just opened and Gahcho Kue mine are projected to have a 20 - 25 year life.

"Oil is at \$43 a barrel now and was at \$143 this summer. With that kind of volatility and with energy one of your most expensive parts of production, how do you forecast with confidence your mine is going to be profitable over its life," asks Voytilla.

"Stable-priced hydro power allows predictions with confidence and large capital investment takes place accordingly."

Yellowknife Mayor Gordon Van Tigham observes that if Taltson expansion goes ahead to serve the diamond mines and those predictions don't pan out, the resource will sit unused with power lines dead-ended in the middle of a vast wilderness, a wasted undertaking. He suggests the plan may be too risky and fears a situation similar to the current one where Taltson power has sat unused for two decades after the shut down of the Pine Point mine.

The NWT Hydro Corp hopes the current international financial crisis will be resolved, credit will be freed up and money flowing in

time, two years hence when the Taltson expansion is ready to go. But Van Tigham, a former veteran banker with the Canadian Imperial Bank of Commerce, said a major problem with the project will likely be financing because of the uncertainty, and that the ability to deliver revenue will be suspect.

Van Tigham says when you borrow money, no matter who it is, bankers want three things:

1. How much do you want?
2. How are you going to pay it back?
3. How are you going to pay it back if the first method does not work?

He says that is true from buying a house to constructing a mega project.

"You have to be able to show repayment, starting with a willing buyer [of the electricity], but if the willing buyer goes away, then what?"

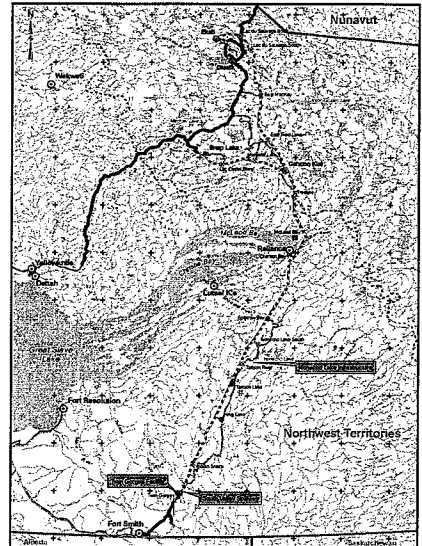
Van Tigham also points out the 700 km power line route around the east arm of Great Slave Lake the proponents favour would cross land set aside for a new national park. In the eyes of many Lutsel K'e residents, it would also interfere with their traditional areas and come too close to their sacred sites. Van Tigham suggests that route may ultimately be opposed for either of those reasons

and is a bad choice.

The NWT government is the only shareholder of the Power Corp and so far supports the proposal as is. It has announced a round of community consultation across the NWT regarding the future of power and is also doing an internal review of the NT Power Corp.

Bob McLeod, minister responsible for energy projects, told *The Journal* he generally agrees with projections made by the Power Corp for future mine development. His department has long had a policy that there is a likelihood of other mine developments in the Slave Geologic province where the diamond mines are found and feels available hydro power there would stimulate those developments.

A review of the proposed Taltson hydro expansion project has been ordered by the Mackenzie Valley Environmental Review Board. It is asking for three areas of investigation in addition to the one being sold by the Hydro Corp; around the western end of Great Slave Lake as well as crossing north of Fort Resolution via tall towers on the Simpson Islands, bringing the lines close to Yellowknife, but not connecting to it. A fourth and most expensive option would be an underwater cable crossing Great Slave Lake.



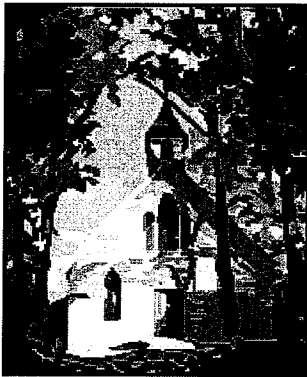
Map courtesy of Dené energy
Proposed powerline route from Taltson to the diamond mines.

All four options target the commercial sale of power to diamond mines. None of them involve residents of the NWT using the new power. There is no consideration of creating a southern NWT power grid enabling the elimination of the backup diesel power plants in each community.

In its presentations selling the Taltson expansion project, power corporation offi-

cial point out the substantial amount of green house gases that would be eliminated by displacing diesel power at the four diamond mines, currently 13 to 15 percent of all that is produced in the NWT, they say. Additionally, money would be generated for the three shareholders: the GNWT, the NWT Métis Nation and the Akaitcho Tribal Council.

St. John's Anglican Church



The Parish of St. John's Church wishes to express deepest thanks and appreciation for the help and support of this community, which has enabled us to complete our church addition and renovations. Please come and see the results for yourselves by attending our Christmas services.

May God bless you all, by the measure you have blessed us.

Christmas Services Fort Smith
 Sunday December 21st at 11:00 a.m. - Carol Service
 Christmas Eve at 4:00 p.m. - Christingle
 Christmas Eve at 11:00 p.m. - Holy Communion
 Christmas Day at 11:00 a.m. - Holy Communion

Tel: 867-872-3438

Smith's Landing First Nation

Community Planning Meeting



Tuesday, December 16, 2008

at 6:30 p.m.

Pelican Rapids, Blue Room

Stew & bannock will be provided

All members urged to attend.

From: Gordon Van Tighem [mailto:gvantighem@yellowknife.ca]
Sent: January 19, 2010 11:02 AM
To: Tawanis Testart
Subject: FW: taltson expansion article

Tawanis,
Speaking notes and attached Journal article, FYI.
GVT

Thank you Mr. Chairman, My name is Gordon Van Tighem and as I have not presented my position to my Council this will not be a formal City presentation. I will be speaking as a private citizen, however as my comments have been published since December 2008, no surprises.

First an observation on the Economic Environment. As most are aware I am a retired Bank Manager and I was involved in the financing of the most recent Snare Hydro project for the Dogrib Power Corporation. One of our first steps was to ensure economic viability. Sales agreements were confirmed for 60 years into the future to offset an anticipated 30 year repayment plan and capital investment to maintain the facility. As the longest mine life forecast for this project is 30 years and the only one with a publicly advised interest in hydro power a 7 year life, I trust the Board will be ensuring appropriate sales agreements are in place to ensure economic viability over the anticipated long life of a transmission line.

The bio-physical environment in the area proposed is interesting. When we bought the Bank Branch in Fort Smith there was no ATM. This was because there were no phone lines, only satellite. We adapted and installed a satellite link upon learning there were no phone lines to safeguard the Whooping Cranes. Are there whooping cranes in proximity to the proposed line?

Also times change, when this was originally proposed we were not in the process of determining a "recovery" strategy for the Bathurst Caribou Herd who winter along the proposed "East" Transmission line. In addition, proposals for a "recovery" strategy include recommendations to limit mining and exploration in the North Slave Geological Province, potentially restricting future exploration and perhaps current mine life projections. This brings us right back to the Economic Environment and how sustainable this project is. Do we want another Pine Point with power being sent to closed mines? It seems foolish to add the stressors of construction through a winter range, a traditional territory and a National Park to have it sit idle after only a few years.

Assuming the project proves to be economical, there are alternatives identified: Crossing the lake either over or under would bring the transmission line closer to 3 other mines all of whom have requested power. The "west" route uses existing road corridors for minimal disruption to the environment. Additionally these alternatives bring us closer to creating an interconnected grid, increasing reliability, future customer and community growth while allowing the shorter route from Snare to the mines to be a considered reality and possibly improving the affordability to customers.

I encourage stronger consideration to the alternative routes.

Gordon Van Tighem
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"Climate Change is not a spectator sport"