

Lower Churchill could be off if Innu insist on reparations, Williams says

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ST. JOHN'S, N.L. - The multibillion-dollar Lower Churchill hydroelectric project in Labrador could be derailed if the Innu Nation insists on compensation for the Upper Churchill Falls project, Premier Danny Williams said Tuesday.

The proposed Lower Churchill has been hailed as one of the most promising sources of untapped, clean, renewable energy in North America, but its development is contingent on an agreement with the Innu Nation of Labrador.

Peter Penashue, deputy grand chief of the 2,000-member Innu Nation, recently called on the provincial government to provide reparations on the original hydro development before proceeding with the Lower Churchill project.

Penashue says the Innu weren't consulted before the province went ahead with the Upper Churchill Falls project, and lost 6,000 square kilometres of land - roughly the size of Prince Edward Island - as a result of its development nearly 40 years ago.

But Williams warned that Penashue's demand for compensation could scuttle negotiations to proceed with the Lower Churchill.

"If, in fact, a deal on Lower Churchill development is contingent upon redress, then that may be a condition that we just cannot fulfil. Therefore it will be off the table," Williams said at the legislature.

"We've got a lot of projects on the go, a lot of important things to do, but we need to know whether the Innu are serious."

Williams said it would be difficult to give the Innu reparations when the province has not been compensated for its much-maligned deal with Quebec to develop the Upper Churchill.

Penashue said he agrees that Newfoundland has not received its fair share of revenues from the Upper Churchill, but showed no sign Tuesday of budging from his position.

"If that's not going to be on the table, then Lower Churchill is off the table," Penashue said in an interview.

"It's very important to our elders and many people. Many of our elders have passed on and have not seen any redress, any considerations for the past damages of the Upper Churchill."

Williams has said the Lower Churchill could begin generating energy in 2015, but the massive project still faces several major hurdles.

It is under an environmental assessment with the provincial and federal governments, requires engineering planning, a deal to sell its power, and a land-claims agreement with the Innu.

If approved, two generating facilities would be constructed in Labrador with a combined capacity of 2,800 megawatts of power - enough to supply the energy needs of nearly every home and business in New Brunswick.

The province is currently examining the feasibility of transmitting power through Quebec or into New Brunswick using subsea cables.

Williams has also called on Ottawa to provide a loan to help cover the costs of developing the Lower Churchill, estimated to be between \$6 billion and \$9 billion.

But he has also said the province will try to develop the project itself if the federal government does not come through with a loan.

Penashue told a media outlet last week of his demand for compensation - something Williams said he did not appreciate.

"Peter Penashue and his group should treat us with respect as we treat them with respect," he said.

"If there's going to be conditions . . . laid out publicly on a radio show, well then that's just not the way I operate."

Penashue defended his right to openly call for redress.

"The province of Newfoundland, when they have concerns with the government of Canada, they certainly air their views," he said.

"I don't understand why we would be prohibited from doing so."

The Lower Churchill project has been on the drawing board in one form or another for several decades.

The desire to build more power plants on the Churchill River in central Labrador can be traced back to 1972, when the Churchill Falls hydroelectric dam was completed with Quebec's help.

Under that deal, set to expire in 2041, \$1 billion has flowed into Newfoundland's coffers while Quebec has pocketed \$19 billion, according to Newfoundland's estimates.