



## **Editorial's assumptions are flawed**

I'm writing about the editorial published in your January 25 edition: **Shocking business plan; Taltson expansion too risky**

There are a couple of specific points I'll address, but first and foremost I want to address the project planning and generally poor economic assumptions throughout the editorial.

Major capital projects require absolute balance between regulatory, design and financial affairs during the planning phase. Deze has been doing just that; prudently making sure each aspect supports the overall progress of the project. Everything is synchronized. Unless you're part of the planning process it's difficult to fully appreciate.

With regard to the project's economics, we're negotiating a long-term contract that ensures cost recovery and a return on investment. If the diamond mines are unable to meet the contract offer then the project won't proceed. No one has an upper hand. Both parties are meeting in good faith. If the project is viable it will proceed; simple as that.

In 2002, when the first mine began operations, the bulk price of diesel was roughly \$0.56 per litre. Today it's \$0.93 per litre. That's a 69 per cent increase. The mines use about 100 million litres of fuel per year to generate electricity. The math is pretty straight forward. Diesel cost-increases make Taltson an attractive alternative.

Another consideration is weather. A few years ago the mines had to fly diesel fuel to sites because the ice road season was so short. This winter could present similar difficulties. Fuel-flying significantly impacts operating costs. Taltson ensures a predictable supply at predictable costs. And that also makes Taltson an attractive alternative.

Of course, the price of power has to be acceptable to both the buyer and the seller. That's a fundamental principal of commercial transactions and the goal that the parties are working toward. Your editorial makes it sound as if only you understand those principals.

You correctly state that we've proceeded despite opposition from Lutsel K'e First Nation over the transmission route. While Lutsel K'e has opted out, more than 10,000 First Nation and Métis people have granted support for the project through their leaders.

We continue to work through the Mackenzie Valley Environmental Impact Review Board to, hopefully, satisfy the interests of Lutsel K'e.

Throughout the editorial you refer to the Northwest Territories Power Corporation. Once again, I would like to remind you that NTPC has little to do with the Taltson Hydro Expansion Project. (See corporate profile below). NTPC's new corporate structure was

adopted to enable these types of projects to proceed on a commercial basis and ensure that regulated customer rates are unaffected by commercial investments.

It's worth noting for your readers that every major hydro project ever undertaken in Canada has been built because governments had the foresight to step in and foster development. This includes the Snare Rapids hydro facility serving Yellowknife and the Taltson facility serving Fort Smith and Hay River. The Government of the Northwest Territories deserves credit for seizing the Taltson opportunity and supporting it to the point we're at today. The government's involvement is pivotal, but it's foresight never seems to reach your editorials.

The Taltson Hydro Expansion Project has manageable risks like any major project and it also has many inherent benefits. Aboriginal peoples are the majority owners, so they'll share in the majority of economic returns. There are no new dams or flooding. The project will provide significant economic stimuli, including more than 800 direct and indirect jobs. And Taltson will eliminate burning 100 million litres of diesel fuel annually for electricity at the mines. That's a significant reduction in GHG emissions and a significant benefit for our northern environment.

We're looking forward to moving project to the next stage.

Dan Grabke  
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