

### Chair's Message

# Taltson is our Legacy

*"The Taltson Expansion is our shot at economic parity."*

**L**egacy – a small word with a big meaning. A legacy bridges the past, the present and the future. It's built on the foundations we inherit and proof that we did our best for generations that follow. The Taltson Hydro Expansion Project will be our legacy to the people of the South Slave and Akaitcho Territory.

Dezé Energy was established in 2006. Its sole purpose is to make Taltson a reality. But building the project is much more than concrete and steel; it's also a means to an end.

Many peoples of the North have benefitted from the socio-economic agreements negotiated with diamond mines. Many of the people of the South Slave and Akaitcho were not included



Don Balsillie, Chair, Dézé Energy Corporation

in those agreements. The Taltson Expansion is our shot at economic parity.

The Taltson ownership structure means that for the first time in history First Nations people are participating as majority owners of a resource development. We'll have steady returns to invest in the economic prosperity of the region. It means our people can better their education, open new businesses, and grow opportunities for themselves and their families.

That's the legacy of Taltson Hydro Expansion: an end to the endless dependencies on government and the beginning of economic independence. By any definition of legacy, Taltson is a very important one.

*Masi cho*

## What's in it for the North?

**D**ezé Energy is committed to business, employment and training opportunities for South Slave residents. The Taltson Hydro Expansion Project would create more than 800 direct and indirect jobs, making it the largest single project since the mines went underground.

But Taltson's importance to the NWT goes beyond the project benefits. It can extend the life of our diamond mines assuring jobs and prosperity for some time to come.

The reality is that some of our diamond mines have a projected life of 10-15 years. Right now they rely on diesel generation for all their energy.

*Continued*

*“Change the fuel source to something more affordable and you could extend the life of the mines.”*

## What’s in it for the mines?

It’s been six years in the making, but 2010 promises to be a pivotal year for Taltson. It’s expected that a Partners Development Agreement will be finalized, environmental approval will be received, and a conditional power purchase agreement will be signed. (Dezé already has letters of interest from the diamond mines that spell out their willingness to purchase.)

Contract negotiations are occurring monthly. The near term objective is to finalize demand and operational considerations with each of the mine customers and work towards conditionally signed power purchase

agreements this fall.

The project offers the mines a number of benefits, such as an end to diesel fuel price volatility. In 2002, when the first mine began operations, the bulk price of diesel was roughly

\$0.56 per litre. That’s the last time anyone has seen that price. 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. Future winters could present similar difficulties. Fuel-flying significantly impacts operating costs. Taltson ensures a predictable supply at predictable costs. That also makes the project 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.

The diamond mines of the Slave Geologic Region are the only customers ever contemplated for the Taltson Expansion because they’re the only customers with an immediate need for bulk hydro electric supply. Once built, Taltson could supply other projects in the future (see map).

### What’s in it for the North? continued

Change the fuel source to something more affordable and you could extend the life of the mines.

If Taltson doesn’t come on stream the NWT has to roll the dice and hope something else comes along to drive the economy in the next 10 years. That’s a gamble we don’t have to take.

Another key benefit for the Territories is the reduction in greenhouse gas emissions. Currently, the mines burn about 100 million litres of diesel per year to generate electricity. Supply from Taltson can reduce mine emissions by an estimated 300,000

tonnes annually...that’s about 15% of all emissions in the NWT.

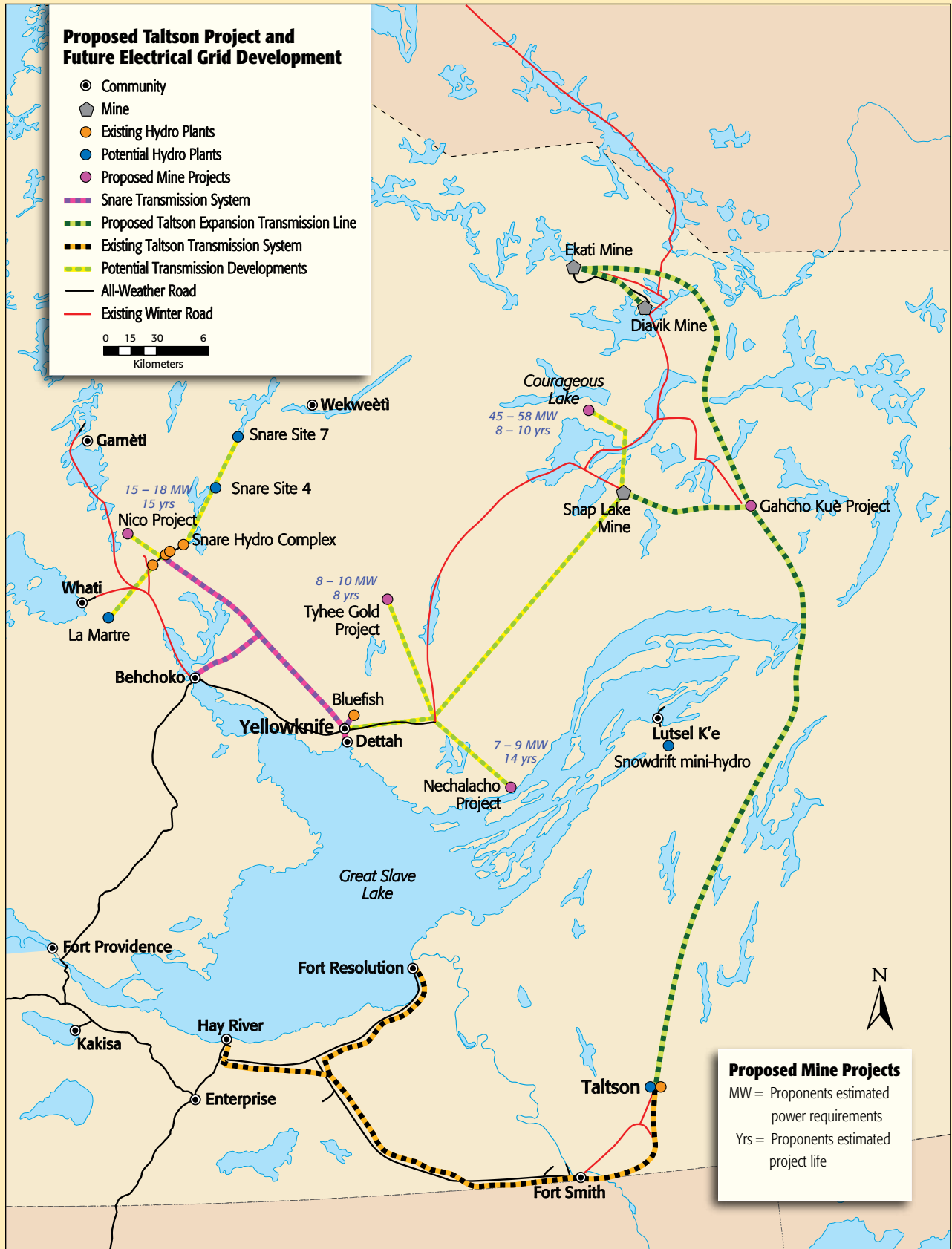
Then, there’s the added benefit of eliminating 2,000 fuel trucks from ice roads annually. That’s 2,000 more hauls to and from the mines that can be filled with more significant materials and supplies.

Last, but not least, Taltson Hydro Expansion is a cornerstone for the GNWT’s Hydro Strategy, providing the Territories with legacy infrastructure for economic development and future grid connectivity.

What’s in it for the North? A lot.

# MILESTONES

The Taltson Hydro Expansion Project



## A cornerstone for the GNWT's Hydro Strategy

The vast majority of the Northwest Territories' world-class hydro potential is undeveloped. The NWT has more than 11,500 megawatts of hydroelectric potential, of which less than 0.5% is being used. Some potential projects are ideal for local needs. Others lend themselves to export markets in southern Canada.

Whether for domestic or export markets, hydro projects must be developed within the constructs of a carefully thought-out plan. Enter the GNWT's Hydro Strategy, authored by the Ministerial Energy Coordinating Committee.

The Strategy identifies many environmental, economic and local objectives that can be fulfilled through successful implementation: Taltson fulfills all of those objectives. And it is the one project that has the potential to lay the foundation for a territorial transmission grid and move the NWT toward long-term export sales.

The Northwest Territories Hydro Corporation (NT Hydro) and its subsidiary, the NWT Energy Corporation (03) Ltd., were established by the GNWT to undertake primary responsibility for fulfilling hydro and renewable energy projects.



To review the Strategy click on the document thumbnail above

The accompanying table illustrates the most likely near-term hydro-electric projects. It's important to note that apart from the Taltson Project, potential medium and large scale developments are a long way off. On the other hand growth in energy demand must be met from new generation. Hydro offers the most environmentally attractive alternative.

### Spreading the word

Dezé Energy was busy building awareness and understanding this spring with a presence at the Fort Smith Trade Show, Start Your Engines in Hay River and a number of presentations to government and stakeholder groups.



River	Developed Megawatts	Potential Megawatts	Proposed Developments
La Martre	0	23	12-14 MW
Snare	30	43	13 MW
Snowdrift (Lutsel K'e)	0	1	1 MW
Taltson	18	172	56 MW

### Dezé Energy

Established in November 2006, Dézé is a partnership between the Akaitcho Energy Corporation, Métis Energy Company Ltd., and NWT Energy Corporation (03) Ltd. Akaitcho Energy Corporation and Métis Energy Company Ltd. are business ventures of the Akaitcho First Nations and Northwest Territory Métis Nation respectively, while NWT Energy Corporation (03) Ltd. is a wholly-owned subsidiary of Northwest Territories Hydro Corporation, a crown corporation owned by the Government of the Northwest Territories.



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Pursuing our Potential  
An NT Hydro Company