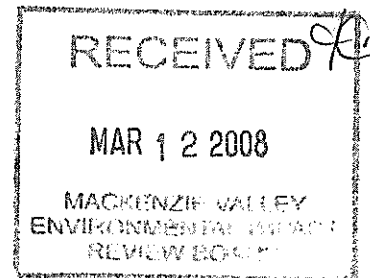


Facsimile



Name: Patrick Duxbury

Organization: Mackenzie Valley Environmental Impact Review Board

Fax: (867) 766-7074

From: Candace Ross, Environment and Conservation, INAC-AINC

Phone: (867) 669-2407

Fax: (867) 669-2701

Date: March 12, 2008

Subject: Comments on Deze Energy Corporation's Taltson Hydro Expansion Project – Draft Workplan and Terms of Reference

Pages: 5, including cover

Hi Patrick,

Please find attached comments from INAC in response to the request for comments on the Draft Workplan and Terms of Reference for the Taltson Hydro Expansion Project.

Please do not hesitate to contact me if there are any problems with the transmission. I can be reached by email rossc@inac-ainc.gc.ca or by phone at (867) 669-2407.

Regards,

Candace Ross



Indian and Northern
Affairs Canada

Affaires indiennes
et du Nord Canada

P.O. BOX 1500
YELLOWKNIFE, NT X1A 2P1

March 12, 2008

Patrick Duxbury
Environmental Assessment Officer
Mackenzie Valley Environmental Impact Review Board
P.O. Box 938
Yellowknife, NT X1A 2N7

VIA FAX: (867) 786-7074

Dear Mr. Duxbury:

RE: Comments on the Draft Terms of Reference for EA0708-007 – Taltson Hydroelectric Expansion Project

In response to the call for comments dated February 20, 2008, Indian and Northern Affairs Canada (INAC) is pleased to provide comments on the draft Terms of Reference issued by the Mackenzie Valley Environmental Impact Review Board (Review Board).

General Comments

As the Lutsel K'e scoping session was held after the draft Terms of Reference was issued for comment, notice and an opportunity to comment regarding any changes to the Terms of Reference required as a result of the said scoping session, would be appreciated.

Section 3.1.5 Existing Environment, Vulnerable Species

INAC recommends that the developer use the "Environmental Assessment Best Practice Guide for Wildlife at Risk in Canada" (Canadian Wildlife Service, Environment Canada 2004) as a reference for the development of this section. This document is available online at <http://www.cws-scf.ec.gc.ca/publications/AbstractTemplate.cfm?lang=e&id=1059>.

Section 4.1.2 Water fluctuations in the Taltson River watershed

INAC suggests adding some detail to the first, second and tenth bullets to the following effect:

- Effects of altered flows and changes to water quality on water bodies both upstream and downstream of the Taltson Twin Gorges.
- An analysis of the geographic extent of any hydrological effects, as well as a water balance for all affected water bodies, including anticipated rates and timing of water level changes and flow rates, and changes to the winter ice regime.

- Predicted effects to the rates of erosion that may be experienced as a result of the new flow regime, including a characterization of sediments and an analysis of sediment entrainment velocities.

Section 4.1.3 Ecological changes in Trudel Creek

INAC suggests adding some detail to the first bullet to the following effect:

- Assessment of the expected environmental shift in Trudel Creek, including: water level fluctuation range, timing, duration and frequency, habitat shift, erosion potential and impacts to the winter ice regime.

Section 5.2.3 Access; Table 7.2 Socio-Economic Issues

In section 5.2.3, it states under the fifth bullet that the DAR must provide "mitigation measures to reduce access to areas along the winter road if deemed necessary". While exploration of mitigation measures resulting from impacts related to access is a reasonable request, mitigation measures that "reduce access" appears to pre-suggest the form of mitigation. Further, at Table 7.2 under Access, the references to "restricting access" and the "effectiveness and location of any gating" suggests the form of measure needed rather than focusing on the impact assessment. The issue of restricting access and gating is also a concern because INAC understands that the proposed winter roads will be located on public lands, which means that there is a general right of public access over such lands, unless restricted by law. Therefore, the developer does not have the authority to restrict access to such roads.

Section 5.3 Socio-Economic Subjects of Note

INAC suggests that the Review Board consider including a section in the Terms of Reference that requires the developer to provide a record of community engagement; any issues or concerns raised; and any resolutions or next steps.

Section 5.3.4 Legacy Issues

In terms of the second bullet, it is important that the proponent not be held responsible to redress legacy concerns from the original project. However, it is important for the proponent to indicate how it plans to avoid such concerns with its project. Accordingly, INAC proposes the following wording for the second bullet, "Efforts made by the developer to ensure that such legacy concerns are avoided in the current design planning for the Expansion Project."

If you have any questions regarding these comments, please do not hesitate to contact Lorraine Seale at (867) 669-2590 or Candace Ross at (867) 669-2407 in the Environment and Conservation Division.

Sincerely,



For David Wingstone
Director Renewable Resources and Environment



Indian and Northern
Affairs Canada

Affaires indiennes
et du Nord Canada

P.O. BOX 1500
YELLOWKNIFE, NT X1A 2P1

March 12, 2008

Patrick Duxbury
Environmental Assessment Officer
Mackenzie Valley Environmental Impact Review Board
P.O. Box 938
Yellowknife, NT X1A 2N7

VIA FAX: (867) 766-7074

Dear Mr. Duxbury:

RE: Comments on the Draft Workplan for EA0708-007 – Taltson Hydroelectric Expansion Project

In response to the call for comments dated February 20, 2008, Indian and Northern Affairs Canada (INAC) is pleased to provide comments on the draft Workplan issued by the Mackenzie Valley Environmental Impact Review Board (Review Board).

General Comments

As the Lutsel K'e scoping session was held after the draft Workplan was issued for comment, notice and an opportunity to comment regarding any changes to the Workplan required as a result of the said scoping session, would be appreciated.

Section 3 Roles and Responsibilities

INAC requests that the role of government be included in Section 3 Roles and Responsibilities. This pertains to the role of government in the EA process including INAC's role as a regulatory body, a Responsible Minister, a Federal Minister and a technical advisor to the Review Board.

Section 3.1 Review Board

The first bullet indicates that the Review Board will "conduct the EA in accordance with Section 126(3) of the MVRMA". This section of the MVRMA relates to conducting an EA on the Review Board's own motion. As the Taltson Project was referred to the board following the preliminary screening completed by the Mackenzie Valley Land and Water Board, it is suggested that Section 126(1) is the appropriate reference.

In the second bullet, it is not clear how Section 127 applies in this instance as the section focuses on the subject "proposal for a development" and reports made in relation to "that proposal" prior to Part 5 coming into force. Clearly this proposed development was applied for in 2007, which is well after the coming into force of Part 5.

Section 4.3 Analytical Phase

INAC finds technical sessions to be a very useful part of the EA process. INAC will participate in any technical sessions, hearings and related meetings during this EA.

If you have any questions regarding these comments, please do not hesitate to contact Lorraine Seale at (867) 669-2590 or Candace Ross at (867) 669-2407 in the Environment and Conservation Division.

Sincerely,

A handwritten signature in black ink, appearing to read 'F. Jackson', written over a horizontal line.

For David Livingstone
Director Renewable Resources and Environment