



Natural Resources  
November 28, 2011

### **Provincial Government Finalizes Memorandum of Understanding for Business and Employment Benefits Associated with Development of Muskrat Falls**

The Government of Newfoundland and Labrador has completed a Memorandum of Understanding with the Government of Nova Scotia which outlines the business and employment opportunities for Newfoundland and Labrador and the Atlantic region of the \$6.2 billion Lower Churchill Project.

"This agreement identifies a shared interest by both provinces to adopt a framework for appropriate business and employment benefits, and articulates the benefits commitments that our government expects to be in place for the duration of the Lower Churchill Project," said the Honourable Jerome Kennedy, Minister of Natural Resources. "The Lower Churchill Project will provide tremendous benefits for our province and the Atlantic region through the development of a reliable, renewable source of energy, and long-term opportunities for employment and business. The primary goal of the agreement is to create opportunities for the benefit of all Newfoundlanders and Labradorians throughout the construction stage."

The Memorandum of Understanding identifies the employment and business benefits for each province associated with the construction phase of the Lower Churchill Project which includes construction employment on the hydroelectric generation facilities at Muskrat Falls and Gull Island, the Labrador-Island Transmission Link, and the Maritime Link. The Lower Churchill Construction Projects Benefits Strategy between Nalcor Energy and the Government of Newfoundland and Labrador released in July 2010 outlines a construction hiring protocol for the generating stations and transmission link to the Island. The protocol requires that the province first honour commitments made to Aboriginal groups through any signed impacts and benefits agreements. After these commitments are met, first consideration for employment will be given to qualified residents of Newfoundland and Labrador. For construction of the generation projects, qualified residents of Labrador will be considered first, followed by qualified residents of Newfoundland.

The development of Muskrat Falls will create significant social, employment, income, and taxation benefits for Newfoundland and Labrador, as well as the Atlantic region and Canada. Peak direct employment in the province will be approximately 2,700 people in 2013, and will generate more than \$1.4 billion in total income for labour and business. The project will generate some \$210 million in provincial tax revenues, plus some \$525 million in federal tax revenues.

"In conjunction with the New Dawn Agreement and development of a Gender Equity and Diversity Program, our government is committed to ensure that the maximum amount of work associated with this project occurs here in the province for the benefit of Newfoundlanders and Labradorians," said Minister Kennedy. "The development of Muskrat Falls will result in 8,600 person years of direct provincial employment, produce long-term stability for electricity consumers in the province, and strengthen the Atlantic and Canadian energy marketplace through the development of a stable and reliable source of renewable energy."

The Memorandum of Understanding can be found in the backgrounder below.

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**BACKGROUNDER**  
**Memorandum of Understanding**

Memorandum of Understanding  
Between  
The Government of Newfoundland and Labrador  
(as represented by the Minister of Natural Resources and the Minister for Intergovernmental Affairs)  
And  
The Government of Nova Scotia  
(as represented by the Minister of Energy)

Whereas Nalcor Energy has negotiated an IBA with Innu Nation, and the Government of Newfoundland and Labrador has adopted the "Lower Churchill Construction Projects Benefits Strategy", July 14, 2010 which provides direction to Nalcor Energy regarding industrial and employment practices for Gull Island and Muskrat Falls Plants and the Labrador-Island Link and that the overriding objective of the Lower Churchill Benefits Strategy is to provide employment and business benefits to the people of Newfoundland and Labrador during the construction phase of those projects;

Whereas Emera Inc. and Nalcor Energy have entered into a Term Sheet establishing the basis for formal agreements regarding, among other things, the construction of a Maritime Link transmission project between Newfoundland and Labrador and Nova Scotia;

Whereas there is presently no direction provided by the Government of Newfoundland and Labrador to Nalcor Energy regarding industrial and employment benefits with respect to the Maritime Link transmission project; and

Whereas the Governments of Newfoundland and Labrador and Nova Scotia share an interest in adopting a framework for appropriate industrial and employment benefits from these projects;

The parties agree as follows:

1. The Government of Newfoundland and Labrador will provide the following direction to Nalcor Energy's Lower Churchill Project division or subsidiaries (LCP) in regard to the construction of the Muskrat Falls Plant and the Labrador-Island Link:
  - i. provide Nova Scotia contractors, service providers, consultants, and suppliers with open, timely and transparent access to procurement opportunities and activities in relation to the projects;
  - ii. provide reasonable advance notice to the Nova Scotia supply and service community of all procurement opportunities ;
  - iii. conduct a supplier information workshop in Nova Scotia;
  - iv. communicate with unsuccessful Nova Scotia proponents, when requested, to help the proponents better prepare for future opportunities.

The Government of Nova Scotia will identify a government or industry contact point in Nova Scotia that LCP can use to coordinate and communicate the above activities.

2. The Government of Newfoundland and Labrador will provide direction to LCP to ensure equal treatment to Nova Scotia and Newfoundland and Labrador-based contractors, service providers, consultants and suppliers in regard to the construction of the Maritime Link transmission project as follows:
  - i. LCP shall provide full and fair opportunity to participate, on a competitive basis, in the supply of goods and services.
  - ii. LCP shall require that their primary contractors and their immediate subcontractors constructing the Project be aware of the terms of this MOU that are relevant to the activities of such contractor and shall cause such contractors to comply with the terms of this MOU that are relevant to the activities of such contractor under such contract.
  - iii. LCP shall conduct appropriately-timed supplier development workshops so potential suppliers and contractors can prepare for bidding opportunities and establish business relationships, and promote and encourage technology transfer opportunities.
  - iv. LCP shall conduct one or more safety workshops open to potential contractors and sub-contractors to ensure

that potential bidders have the opportunity to meet necessary safety requirements.

- v. LCP shall provide open, timely and transparent access to procurement opportunities and activities in relation to the Project.
  - vi. LCP shall develop and conform to a contracting and purchasing policy. LCP shall require that its primary contractors conform to this policy. This policy shall, at minimum, require LCP and its primary contractors to:
    - (a) provide reasonable advance notice to the supply and service community of all procurement opportunities;
    - (b) become familiar with Nova Scotia and Newfoundland and Labrador contractor capabilities, and size and design packages in a manner which recognizes those capabilities;
    - (c) communicate with suppliers and contractors and when requested make reasonable efforts to guide them in qualifying for future proposals and contracts;
    - (d) make the tendering and request for proposal processes, including names and locations of key procurement personnel available to potential suppliers and contractors where appropriate;
    - (e) require benefits information as part of the tendering and request for proposal processes in sufficient detail to assess the benefits to be derived from a proposal or tender, including requiring bidders to complete a benefits questionnaire as part of that process; and
    - (f) communicate with unsuccessful proponents, when requested, to help the proponents better prepare for future opportunities.
  - vii. LCP's procurement process shall be published on LCP's website.
  - viii. The procurement process of LCP shall be consistent with the requirements of the Energy Corporation Act.
3. A construction hiring protocol will be established for the Maritime Link transmission project. This protocol will be consistent with the Canadian Charter of Human Rights and Freedoms, as well as associated terms and conditions of environmental assessment approval. First consideration for employment will be provided to qualified residents who reside anywhere in Newfoundland and Labrador and Nova Scotia. Any collective agreements entered into by LCP or its primary contractors shall contain provisions consistent with this protocol.
  4. LCP and its EPCM contractor for the Maritime Link transmission project, and their sub-contractors, shall perform all engineering and project management for the Project in any place or places in Nova Scotia and Newfoundland and Labrador (The Provinces). Specialized Engineering may occur outside The Provinces when the following conditions are met: (a) the work is integral to a Project; and (b) the work is of such limited duration or intensity that relocating the necessary expertise to The Provinces is impractical. LCP shall use all reasonable efforts to have Specialized Engineering performed in The Provinces, including: (a) paying commercially reasonable costs of relocating required personnel to The Provinces; and (b) providing wages, benefits, and accommodations that are competitive with those paid in jurisdictions from which the required expertise or experience is obtained. In the event there is Specialized Engineering undertaken outside The Provinces, LCP shall ensure that such Specialized Engineering work is in full collaboration with engineering effort within The Provinces, and the results of such Specialized Engineering shall be integrated into this engineering effort as soon as practicable.
  5. The Parties agree that the primary contact for each government on matters in relation to this Memorandum shall be the following:
 

For the Government of Newfoundland and Labrador

For the Government of Nova Scotia
  6. This Memorandum of Understanding may be amended with the mutual written consent of Nova Scotia and Newfoundland and Labrador. Any amendment becomes part of this Memorandum of Understanding.
  7. Nova Scotia and Newfoundland and Labrador will endeavour to resolve any disputes regarding the interpretation or implementation of this Memorandum of Understanding by consultation amongst themselves.

8. This Memorandum of Understanding will come into effect on the date of the execution of the Term Sheet between Nalcor Energy and Emera Inc. It will remain in force for the duration of the Maritime Link transmission project.

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