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Product Summary:

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TED BLADES: One of the big hurdles to get over in the development of the Lower Churchill power project is how to get that electricity to the North American market. Newfoundland and Labrador Hydro is considering a number of routes for future development. Today Premier Danny Williams and the CEO of Newfoundland & Labrador Hydro took some questions from reporters about a number of possible routes. Here's part of what they had to say.

REPORTER: The application to go through New Brunswick, would that be more (inaudible) for the route there as opposed to going through Quebec?

PREMIER WILLIAMS: Well I can answer initially. Yeah I guess so. It certainly . . . it shows that we're serious about the other route, the maritime route, but as well we kept both options open. As well, we can also go through Quebec and source into New Brunswick as well. But I think the message . . . you know there's been indications that perhaps there might be some concern as to whether the transmission capacity in Quebec gets overloaded and we're not able to go through there. We've said all along that we've always looked at the maritime route, that that was a serious option and by filing with the NBSO I think we're showing that we are serious about it. So we're keeping all options open. What I'm very pleased about this process, I've said it all the way through, we're doing things right here. We're keeping all our options open, we're not closing any doors at all and if one door happens to get closed to us than we have another one open and that gives us leverage. The other thing is I think there's a lot of attention, a lot of interest now in the Lower Churchill Project. I think a lot of it is because of the national interest now not only from the government, but from all national ears on the environment

and the whole greenhouse gas concern that is going on in the country. That makes the Lower Churchill Project all the more attractive. There seems to be an even keener interest now. So we want to make sure that we've got all of the options in place now and we can move this forward.

ED MARTIN: In the initial application into Quebec we put in 2800 megawatts and we split that up into several potential ways to deliver that. Some into New Brunswick, some into New England, some into New York and a big piece into Ontario. That hasn't changed. That's still there. What we've done now is we're saying if we try the maritime route that's another option for us and at the same time we're rearranging some of the distribution of power in through Quebec to see if there's are other options there. Can we bring some more into New Brunswick than we did before, as well as come this way with the power and that can be more in through New Brunswick and into the US. In the meantime we've been clear and we've talked to Ontario as well that this in no way infringes on the fact that Ontario is still the key market for us and there's still a significant portion of the application headed towards Ontario potentially. The province has asked us to lay out all potential options and all we're doing is standing back and advising the Premier and the province and the minister on a regular basis that these are options that are viable technically and cost wise we have to get more data. And that's what we're in the process of doing, is laying out the full package to the province.

PREMIER WILLIAMS: And just if I can add too, like New Brunswick has expressed an interest. The new Premier there Shawn Graham and I had discussions and his officials have had discussions with people in New Brunswick. They're interested in a block of power. Shawn Graham is interested in positioning his province from an energy perspective on a go forward basis. So we've got a lot of people now stepping up to the table which is a good thing. So you know we can look at a block of power for New Brunswick and obviously we'll be reserving for the island, for Newfoundland & Labrador, whatever we needed. And as well than surplus power can then go into the northeastern area, the States and in through Maine.

REPORTER: It was only a little while ago that (inaudible) sent experts over I believe it was to the Scandinavian country, the Sussex routes. How would that work? (inaudible fringes I understand, (inaudible) is that the work that he's going to do?

ED MARTIN: There's no question that the maritime subsidy route is technically feasible, we're very clear on that. We have several examples of situations where distance as well as capacity that we know we can do this. Cost we'll come back to it. Cost is a critical piece and that's what we're in the process of getting the numbers on now and we need to have that to properly compare that to the other piece before we can sit down with anybody. Because as the Premier indicated to us before, how can you sit down to discuss a deal with anybody unless you basically have all of the

facts and numbers in front of you before you open discussions. And that's what we're in the essence of trying to get at now.

PREMIER WILLIAMS: I'm just going to add to that. There's one thing too which we as a government has said to Hydro. Is that, even if the other route is not acceptable or is not timely right now because of transmission capacity and it means that its going to be a little more expensive or more expensive to go the maritime route, well than as a government we're prepared to defer our return on that for a period of time if absolutely necessary in order to give the province proper options. So if it's more expensive to go the maritime route rather than wait until Quebec happens to free up or obtain or acquire or construct transmission capability, than we'd like to get on with this project. We think it's a good project. So the economics, one is more economical than the other, there's absolutely no doubt about that, but we haven't dismissed the maritime route.

REPORTER: (inaudible) correspondence from Quebec, are they on side or are they putting up some road blocks?

ED MARTIN: We've had excellent relations with Hydro Quebec Trans Energy who are handling the application. So there's lots of correspondence going back and forth and at this point it's just a fair exchange in technical data and we're assessing.

PREMIER WILLIAMS: The biggest problem is sometimes there's isolated stories that have come out of Quebec with regards to transmission capacity. They're not coming officially from Hydro Quebec, they're not coming from the Government of Quebec, they're coming from independent opinions that are stating that. So I think that's probably caused some consternation throughout and people have reacted to that. So it's not official.

TED BLADES: That's Premier Danny Williams speaking with reporters earlier today, standing beside him at the microphone was Ed Martin, he is the CEO of Newfoundland & Labrador Hydro.