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Hydro Continues to Explore Market Access Options for Lower Churchill Power

As part of its continuing assessment of market access options for the power from the potential Lower Churchill Project, Newfoundland and Labrador Hydro (Hydro) has filed an application for long-term transmission service from the New Brunswick System Operator (NBSO). The NBSO is a not-for-profit, independent body that oversees access to and use of the transmission grid in New Brunswick, ensures transmission system reliability, and administers the Open Access Transmission Tariff (OATT) and market rules.

“The Lower Churchill Project has great potential as a long-term, reliable, clean electricity supply that can contribute to a made-in Canada solution to meeting our nation’s clean energy requirements,” said the Honourable Danny Williams, Premier of Newfoundland and Labrador. “The recent heightened attention to climate change reinforces our view that new hydroelectric development has an important role to play in reducing greenhouse gas emissions from power generation. The Lower Churchill is an ideal project which fulfills this country’s ambition to see more environmentally-sensitive energy development. We look forward to receiving clarity from the Federal Government on their plans to achieve the reduction of greenhouse gas emissions, and in particular specific mechanisms to facilitate the reduction of greenhouse gas emissions from electricity generation.”

The Premier said that Hydro is continuing to explore market options within Canada and the United States to capitalize on the increasing demand for renewable, clean, electricity. The request to the NBSO will enable access to markets in the Maritimes and the northeast United States and initiate a study of the upgrades required to the New Brunswick transmission system to accommodate Lower Churchill power into these markets.

“It is estimated the Lower Churchill Project can displace 16 mega tonnes of carbon dioxide emissions annually from comparable production from coal thermal generation,” said the Honourable Kathy Dunderdale, Minister of Natural Resources. “Clean, renewable production from the Lower Churchill Project can contribute to significant reductions in greenhouse gas emissions from electrical generation in Nova Scotia, New Brunswick and Ontario.”

In addition to Lower Churchill power being available for domestic use, Hydro continues to evaluate two potential market access options. These options include obtaining transmission service on Hydro-Québec’s transmission system through Québec to neighbouring markets, and secondly transmission via a sub-sea high voltage direct current (HVDC) line through Newfoundland, connecting into New Brunswick’s transmission system and providing access to New Brunswick and neighbouring markets.

Hydro filed a request with Hydro-Québec TransÉnergie in January 2006 for transmission service for Lower Churchill power on Hydro-Québec's transmission grid. Additionally, in July 2006, Hydro filed a request with the Ontario Independent Electricity System Operator (IESO) for a connection assessment and approval to transmit Lower Churchill power into Ontario. Studies are ongoing and will provide Hydro with the information necessary to evaluate the access option via the Hydro-Québec TransÉnergie system.

“The application we have filed in New Brunswick is required as part of our analysis of the sub-sea cable option. It is another very important step in our planning process for the Lower Churchill Project,” said Ed Martin, Newfoundland and Labrador Hydro President and CEO. “We are collecting the information necessary to make informed decisions on the best market access options for Lower Churchill power.”

Mr. Martin also noted the NBSO application also builds on the previous transmission service request to Hydro-Québec TransÉnergie since an entry point into New Brunswick was identified in that application. Concurrently with this new application to NBSO, Hydro is also making a request to Hydro Québec to increase the transmission capacity it is reserving from Québec into New Brunswick to be consistent with the NBSO request.

The Premier noted that the province has never before undertaken such a comprehensive approach to potential development options for the Lower Churchill. “In the context of environmental concerns and market demands, the timing for this development could not be more perfect,” said Premier Williams. “Our government is committed to fully exploring all options for the development of this clean energy, and this includes ensuring that all avenues are thoroughly investigated and plans set in place so that we are ready to proceed with the option which fully maximized benefits for the people of Newfoundland and Labrador.”

In addition to the significant efforts underway relating to market access, work is proceeding in all key functional areas, including: environmental assessment, Impact and Benefit Agreement negotiations with the Labrador Innu, engineering, project execution planning, commercial terms and financing. The NLH project team is working in accordance with the project execution plan to achieve project release in 2009, and first power by 2015.

The Lower Churchill Project includes the development of two hydroelectric sites on the lower Churchill River – Gull Island and Muskrat Falls. The potential energy to be generated from the proposed 2,800 MW development is enough electricity to power close to 1.5 million homes.

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