

Date : 11/18/2010 8:18:09 AM
From : "Matthews, Elizabeth"
To : "'leonabarrington@nlh.nl.ca'"
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From: Matthews, Elizabeth
To: Matthews, Elizabeth; Nolan, Andrea; Ings, Christine
Sent: Wed Nov 17 23:07:27 2010
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In case one of us needs to make changes for him.....

Elizabeth Matthews
Director of Communications
Office of the Premier
Government of Newfoundland and Labrador
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PREMIER DANNY WILLIAMS
LOWER CHURCHILL ANNOUNCEMENT
NOVEMBER 18, 2010
PLEASE CHECK AGAINST DELIVERY

Thank you Kathy.

Good morning everyone and thank you for being here today.

I want to particularly thank my colleague and friend Premier Darrell Dexter of Nova Scotia for being here; and of course Mr. Chris Huskison of Emera Energy, Mr. Ed Martin, President and CEO of Nalcor Energy, Joseph Riche, Grand Chief of the Innu Nation and Sebastian Benuen, Chief of the Sheshatshiu Innu First Nation. I would also like to acknowledge Minister of Labrador Affairs John Hickey and Minister of Aboriginal Affairs Patty Pottle, and of course my entire Cabinet and Caucus.

Well folks, this is a day of great historic significance to Newfoundland and Labrador and Nova Scotia as we move forward with development of the Lower Churchill project.

On this day the people of our province are realizing a dream that some thought would never be possible. We have a history in this province of give-aways, particularly when it comes to our natural resources. And without question the most substantial and unjust give-away was that of the Upper Churchill hydro electric project to the province of Quebec.

Even today, several decades after that deal was signed it remains as a defining moment in our history that has served as a warning to the generations who followed of what not to do. That deal set a benchmark against which we have often measured ourselves as we partner with industry to develop projects.

It was in fact that deal that in many ways motivated me to enter public life. And I and my team have said from day one that give-aways are no longer a way of life in Newfoundland and Labrador. Give-aways are a thing of the past. That is not the way we have done business over the past seven years, and we will continue to make deals that benefit us first!

The added benefit of this deal is that it enables us to bring clean, renewable power to our partners in Nova Scotia and the rest of the Maritimes.

And it is my hope that today, November 17, 2010 will go down in history as a day that finally eclipses that day back in 1969 when the Upper Churchill agreement was signed.

It is also a historic day as we sit here with our Innu Nations partners who will be substantial beneficiaries of this development. The New Dawn Agreement which we have finalized between the province and the Innu nation provides significant jobs and economic benefits for the Innu Nation, and we look forward to the ratification of that agreement in the near future.

It also provides redress for the Upper Churchill, something which the Innu have long sought, and which unfortunately we cannot get as a province from Quebec.

We are so pleased to have several representatives of your community here with us today and we look forward to a long and prosperous partnership.

Today, we sign an agreement on our own terms with another great partner, Emera that is free of the geographic stranglehold which Quebec has for too long had on us. Today, we are saying that Quebec will no longer determine the fate of Newfoundland and Labrador and of the most attractive clean energy project in North America.

So how did we get here? Well, as we all know Nalcor Energy is mandated to forecast electricity requirements in the province and bring forward the lowest cost option for meeting these requirements.

Nalcor has estimated that an energy capacity deficit will emerge in this province by 2015, and an actual energy deficit will emerge by 2019, even taking into account the surplus power available from the closure of two pulp and paper mills.

Therefore, Nalcor evaluated alternatives to develop new generation sources to avoid this deficit and assessed five realistic alternatives. They found that developing the Muskrat Falls project with a transmission link to the Island is the lowest cost alternative even on a stand alone basis.

In addition to being by far the most cost effective, the development of Muskrat Falls is clearly the most environmentally preferable arrangement.

And so, Nalcor Energy has been pursuing this development option for sometime. Of course, they have done so with a view to not only supplying the needs of our province, but also for finding markets for the excess lucrative, clean energy.

And in our search for the best project, Emera emerged as a natural partner.

Today, we are pleased to announce that Nalcor Energy is signing a Term Sheet with Emera for the development of Muskrat Falls in Labrador, with power being transmitted from Labrador across the Strait of Belle Isle for use on the island of Newfoundland. It is also very important to note that surplus capacity from Muskrat Falls can be recalled as needed for industrial development in Labrador.

The power sent to the island will be used to meet our growing electricity demand and to displace Holyrood. Nalcor will then transmit additional power from the island to Nova Scotia Power, a subsidiary of Emera, across the Cabot Strait into Lingan, Nova Scotia.

No one denies that as a province we must take steps to clean up those polluting emissions from the thermal generating station in Holyrood. Under this arrangement, 2.0 terawatts of power will be used to displace that expensive, dirty bunker "C" oil used in Holyrood.

As a result, the Newfoundland and Labrador electricity system will be run on 98 per cent renewable, emission-free energy, meeting our Energy Plan commitments. This is something very few jurisdictions in the world can boast.

Approximately one terawatt hour per year, or 20% of the output of Muskrat Falls, will be provided to Emera Inc. for use in Nova Scotia. In exchange, Emera will invest 1.2 billion dollars, or 20% of the overall capital cost of the project, and will be responsible for 20% of the operating costs for the 35 year life of the contract.

As an additional investment, but not associated with a power sale, Emera will invest 600 million dollars towards the island transmission link.

If not required for recall in the province, the remaining power will be sold into the Maritime Provinces and New England market place. Nalcor Energy will be able to sell power in these jurisdictions as a result of gaining existing transmission rights from Emera, which is a tremendous strategic value for Nalcor.

The benefits of this project for our province will be enormous including thousands of jobs and billions of dollars of economic activity.

There will be 8600 person years of work on the project within the province between 2011 and 2017, with 5400 of these person years occurring in Labrador. Employment will peak at approximately 2700 people. Adding the indirect and induced economic impact, there will be 18,400 person years of work in the province, and 47,800 person years in the whole country.

The generating station at Muskrat Falls will be 100% owned and operated by Nalcor Energy.

The total transmission systems will be majority owned by Nalcor Energy (51 per cent) and minority owned by Emera Inc. (49 per cent); this ownership structure will be assigned to assets as follows: Nalcor will hold 100 per cent of the Labrador transmission line; and 71 per cent of the Labrador-Island Link; while Emera will hold 29 per cent of the Labrador-Island Link and 100% of the Maritime Link).

At the end of this 35-year agreement ownership of the Maritime Link will revert back to Nalcor Energy for 1 dollar.

All engineering for the generation and the Labrador-Island link will be done in the province, and first consideration for jobs in Labrador will go to the Labrador Innu as outlined in the New Dawn Agreement, then to Labrador residents, and then to residents of our province generally.

At a total cost of approximately 6.2 billion dollars this is one of the most significant projects ever to be taken on in our province.

From day one our government has taken a long-term, strategic approach to developing this project. Our priorities have remained steadfast; that is to achieve maximum benefits for our people, and to secure stable markets with a return for the people of this province.

This agreement achieves these goals and also solidifies a mutually beneficial partnership with Emera and the province of Nova Scotia. As exciting as this day is for Newfoundland and Labrador today also marks the beginning of a new era of Atlantic Canadian cooperation. Together we are telling the marketplace both in Canada and the United States that badly needed competition in the hydroelectric marketplace is on the way.

This Term Sheet will be fully open to debate and questioning both in the public domain and in the House of Assembly. In fact, I have always said that anytime this government ever signs an agreement, passes legislation, whatever the case may be we are open to constructive and positive criticism and ideas.

The issues associated with climate change and environmental stewardship are increasingly important globally, and the need to face these associated challenges head on are not going away. Indeed, they will become even more pronounced over time as we see increasingly innovative solutions to deal with climate change and green house gas emissions.

That is where the beauty and simplicity of the Lower Churchill comes into play. **We are talking about** the development of tried, tested and true technology. **We are talking about** a clean, renewable energy source. And **we are talking about** a project whose time has come.

It is more important than ever before that we seize this opportunity to partner with the Innu Nation and with our Atlantic Canadian neighbours and get this project underway.

To summarize this is an outstanding project and an outstanding agreement for the following key reasons. First, it is a tremendous clean, green energy solution.

Second, it will provide for the people of this province not only thousands of jobs and billions in economic activity, but it will ensure for stable rates electricity rates not dependant on the price of oil.

And lastly, we finally have a strategic route into the Maritime and US markets, avoiding the stranglehold of Quebec.

The time is right. The agreement is right. And the people of this province will reap the benefits for years to come.

Thank you.