

Date : 11/18/2009 3:00:07 PM
From : "Matthews, Elizabeth"
To : "Nolan, Andrea" , "Walsh, RONALDA"
Subject : RE: Copy of Premier's speech
Attachment : New York 2009 DIST.doc;

Hi RONALDA. Attached is a copy of the Premier's speech for Minister's use only. If anyone else is looking for a copy please ask them to contact our office directly. Thanks!

Elizabeth Matthews
Director of Communications
Office of the Premier
Government of Newfoundland and Labrador
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From: Nolan, Andrea
Sent: Wednesday, November 18, 2009 10:39 AM
To: Matthews, Elizabeth
Subject: Fw: Copy of Premier's speech

Sent Via BlackBerry

From: Walsh, RONALDA
To: Nolan, Andrea
Sent: Wed Nov 18 10:36:43 2009
Subject: Copy of Premier's speech

Hello Andrea,
Minister Marshall would like a copy of the speech the Premier gave in NYC.
If possible, please forward to me.

Kind regards,
RONALDA

RONALDA WALSH
Director of Communications
Department of Finance/Public Service Secretariat
Government of Newfoundland and Labrador
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PREMIER DANNY WILLIAMS
NEW YORK CITY
NOVEMBER 16, 2009
(PLEASE CHECK AGAINST DELIVERY)

Thank you so much for that kind introduction and for the very warm welcome we have received here in New York. I am truly delighted to be here in the home of the World Champion New York Yankees!

Our province of Newfoundland and Labrador has a great affinity for New York and there are many incredible ties that bind our jurisdictions.

Perhaps the most poignant and the one our people are most proud of would be those bonds that were forged on that dreadful day in history known as 9/11.

As US airspace was closed on that tragic day, 77 flights carrying some 13,000 passengers were rerouted to airports in Newfoundland and Labrador.

Some of our towns saw their populations more than double as people opened up their homes to welcome strangers as friends. And like the fine people of New York, we took the opportunity in the face of tragedy to allow the best of human nature to prevail over the evil that attempted but failed to break the human spirit.

In fact, Tom Brokaw just traveled to our province to do a feature story on this time in history to air during the 2010 Olympics next year.

Of course, long before that fateful day, over 60 years ago Newfoundlanders and Labradorians opened our homes to thousands of American servicemen during times of war and peace.

Our young people were also drawn to Manhattan's rising forest of skyscrapers, which they helped to construct. Some of them were especially proud to be able to work on the construction of the twin towers of the World Trade Center.

So our history of friendship and camaraderie is long and enduring, and is a natural foundation for business partnerships that I hope we can continue to build.

If I might, I would like to take a moment to tell you just a little about myself.

Over my lifetime, I built a successful career in business and law. I also founded a cable television company with 2,500 dollars of borrowed money which later gave me a six figure multiple of the investment, and went onto establish businesses in the petroleum, tourism, recreation and real estate sectors.

My proudest moments were in criminal law, successfully defending the interests of the wrongfully convicted, the young victims of sexual abuse, a woman who struck back after years of spousal abuse and an American sea captain who defended himself from a mutiny in Canadian waters.

But after 30 years in the courtroom and the boardroom, I was ready for a new challenge. And I became something I never ever wanted to become – a politician. Of course, as someone once said “The problem with political jokes is that they usually get elected.” And here I am today.

The up side of being labeled a politician is that I have had the privilege over the past six years of leading one of the most innovative, creative, proud and uncomplicated places in the world.

We are described by national music associations as the cultural capital of Canada; and by national magazines as Canada’s “youngest, coolest province,” where restaurants equal those in Toronto and boutiques sit comfortably alongside the hippest places in Vancouver.

In Newfoundland and Labrador, storytelling is a competitive sport and 15 minutes is considered a long commute to work.

And while we don’t have Broadway or Central Park, and ten story buildings are considered skyscrapers, within 30 minutes of our capital city you can see whales, icebergs, bird sanctuaries and a breathtaking ocean coastline second to none.

We also have the unique geographic benefit of being strategically located as the most easterly point in North America, poised as the nexus between North America and the European Union, serving both in the same business day.

Our university, Memorial, is at the forefront of marine technology innovation and has positioned the province as a world leader in ocean technology research with world-class facilities and creative people.

We have the lowest personal income tax rates in Atlantic Canada and extremely competitive corporate tax regimes, tax credit programs and student benefits.

Major global companies including ExxonMobil, Chevron, Shell, Schlumberger, Halliburton, ConocoPhillips, Vale Inco, Rio Tinto and others have chosen to invest in our province and enjoy very healthy returns.

Recently Rolls Royce chose to expand in the province and establish a state-of-the-art engine maintenance, repair and overhaul (MRO) facility to service clients in its marine division.

If you are looking to invest, there is simply no better place to be.

In fact, it is hard to believe that it is just over a year, that a thriving global economy crashed head-on into the wall of a major recession.

And when the global recession hit, unlike most we were ready for it. In fact, one of our national news networks said that Newfoundland and Labrador has weathered the recession better than any Canadian province or territory.

When the recession did hit full on, we simply took our already aggressive infrastructure strategy from four years ago, and we expanded it. “Stimulus spending” was well underway in our province long before they became the new buzz words of 2009.

And while we did not escape the turmoil unscathed as investors around the world were backing off and hunkering down, investor confidence and optimism in Newfoundland and Labrador remained strong.

In January, a national independent research firm reported that consumer confidence in our province ranked possibly the highest in the western world.

Our housing market has been so robust that prices are at an all time high and trades workers are impossible to find. In fact, housing prices over the past year are up almost 15 per cent.

This year, retail sales increased by 5.7 per cent and labour income increased by 4.8 per cent.

Our recent survey of businesses reported that an astonishing 94 per cent of respondents said present local economic conditions were good or excellent; nearly half said their company’s financial position mid-way through 2009 was better than last year; and more than half predicted employment growth within the next year.

And in a year when tourism is generally suffering everywhere else, we are once again bucking the trend with internationally acclaimed tourism marketing resulting in increased visitation.

Of course, one of the most significant reasons for our robust economy has been the development of offshore oil and gas which has been a major boost during the last six years, reversing decades of low employment and incomes.

We currently have three mega-projects in the works – one new offshore oil development; one expansion of an existing offshore oil field; and a new nickel processing facility. These three projects alone are valued at over \$10 billion.

Not only do we have the resources, we have the skilled workers, we have the post-secondary institutions, we have experience, we have the world-class fabrication facilities, and most importantly we have developed the strategic partnerships between government, business and labour to ensure we are a place where folks like you will want to do business.

And of course, our greatest natural asset of all is energy.

Energy markets, climate change, international trade and global politics are complex realities in 2009; and they are complex realities that we all face whether as individuals, as governments or as businesses.

As an energy warehouse, Newfoundland and Labrador is clearly a jurisdiction that can help our neighbours address real problems related to energy supply and demand, and climate change targets that need realistic solutions.

We currently export more than 5,000 megawatts of stable, clean, green, renewable hydroelectricity. In total, we have almost 13,000 mega watts of developed and waiting to be developed hydro power.

In terms of electricity, Newfoundland and Labrador produces more electricity per capita than anywhere else in the world and 85 per cent of it comes from hydro.

As well last year, we hit production of our one billionth barrel of oil and produced about 100 million barrels of conventional crude oil last year alone. This represents production of about one-third of Canada's light sweet crude.

And with significant undiscovered gas reserves, and untapped petroleum potential both on and offshore, we have much to be optimistic about.

Our long term vision is to use our non-renewable petroleum revenues to fund a clean, renewable energy future.

As a province, we produce far more electricity and petroleum than we consume. In fact, with a population of just over 500,000, we are among the largest per capita crude oil producers on the planet.

We export petroleum to the United States and our hydro power is already making its way into the New York market.

But we have much more to offer. Newfoundland and Labrador has more than 3,000 megawatts of undeveloped hydroelectricity in a project called the Lower Churchill. It is without question, the best undeveloped large-scale hydroelectric asset in North America.

Using coal fired generation as a comparison, these 3,000 megawatts would reduce green house gas emissions by 16 million tones, the equivalent to taking 3.2 million cars off the road. This is enough power to light up one and a half million homes. This clean power will be exported to other regions of Canada and the United States to displace carbon intensive generation.

It is an outstanding green project and low hanging fruit in the world of clean energy. The environmental footprint will be minimal as the project is downstream from the much larger existing reservoir created during the existing Upper Churchill phase of the project, which was completed in the 1970s.

Governor Paterson's *45 by 15 Program* sets a goal that 45 per cent of New York State's electricity needs will be met through improved energy efficiency and clean renewable energy by 2015.

And Mayor Bloomberg's plan also has goals of fostering the market for renewable energy and providing cleaner, more reliable power for every New Yorker.

These are all laudable and important goals. And Newfoundland and Labrador can help you get there. I believe strongly that as governments tackle the issues of clean energy and green solutions, we need to build partnerships and work together.

With the emergence of new powers in the global economy, it is more important than ever that we maximize our strengths on this continent through cooperation in every sector at every level.

One very real concern that I have that I will get into in a few moments, is regarding the province of Quebec and my fear is that monopoly-like practices could mean that New York does not enjoy the cheap, competitively priced power that it should. And this is something that should concern every person in this room, every resident in this state and every business that operates here.

It is why the development of the Lower Churchill River is such an important project that can help meet demand in New York while helping the state meet its climate change commitments. Expanding New York energy portfolio to include more electricity from our province would also increase competition among Canadian sources of power and help to lower rates in this state.

Our government has provided our crown corporation, Nalcor Energy with the mandate to develop the Lower Churchill project.

Our engineering and environmental assessment work is quite advanced on both the generation and transmission components of the project. And we have issued an Expression of Interest for the project's detailed engineering design work.

Simply put, the Lower Churchill is a clean, affordable and stable project. The capital and operating costs are known and reasonable.

Developing the Lower Churchill and connecting it to the North American grid will also facilitate the development of our significant wind energy. According to the Canadian Wind Energy Atlas, Newfoundland and Labrador has the most attractive wind regime in North America and we conservatively estimate we have 5,000 megawatts of undeveloped wind power at our disposal.

Our plan is to develop this wind capacity in a coordinated fashion with the Lower Churchill project. The synergies are natural and leverage the benefits for the consumer and for our shared climate change objectives.

And so, we have forged ahead with the Lower Churchill development as a province and we are very optimistic about advancing this project to sanction.

As we progressed with development of this project, we were looking at a couple of transmission options. Broadly speaking, we are looking at two routes: the Quebec route - straight through Quebec into markets in Canada and the US; or the sub-sea Maritime route which would have brought our power through Nova Scotia and New Brunswick into US markets. These both represented paths that could see markets like New York as the final destination.

It all sounds quite simple and straightforward, particularly in light of open access regulations and organizations that police open access such as FERC. Newfoundland and Labrador on the face of it would be ideally positioned to be an energy powerhouse and a welcome competitor in the marketplace. Well, not so simply due to Hydro Quebec.

To wheel our power through the Quebec route, Nalcor Energy rightly took the appropriate steps under open access rules and applied for transmission service through Hydro Quebec Transenergie – a non arms length subsidiary of Hydro Quebec.

By way of explanation, the rules of open access mean that we request service, pay a fair rental to the transmission owner for use of the transmission and we also pay for any upgrades which are not covered in the basic usage fees.

Essentially, we get transmission, Quebec ratepayers get a hefty rental fee which reduces their rates, and destination markets get more competition with resulting better rates.

The regulatory process in Quebec has been cumbersome to put it politely and has slowed our progress to an unacceptable pace.

Hydro Quebec has not only refused to accept the jurisdiction of the regulator, but refused to provide to us the most basic information on available capacity in its system.

In fact, Nalcor is now in its third year of the application process in Quebec, in a process that should take about nine months. And as our applications grind through the Quebec bureaucracy, Hydro Quebec's own projects speed along.

But in good faith, we are working with the company to establish a fair and reasonable tariff for transmission service through Quebec to the US. But as a result of the slow moving process we have been forced to lodge several complaints with the province's regulator. We expect more clarity on this routing option early in the New Year, when our complaints finally go before Quebec's independent regulator - the Régie de L'Energie.

I am highlighting this process as one example of the importance of competition in the delivery of power as an industry. Hydro Quebec is already a well-established player in the New York market and a dominant player on the Canadian side of the border. And while we respect Hydro Quebec's strength and market offerings, we believe it's time for more competition in Canadian electricity exports.

We all need to progress the vision of an enhanced transmission system in the spirit of what open access represents which is open, non-discriminatory market access.

The state of New York has a direct interest here. Market dominance by Hydro Quebec north of the border is bad for consumers. It is that simple. You should all be paying very close attention to Quebec's open access system and ensure that it is operating in a transparent and fair manner.

Consumers wield power in energy markets and your focused attention will help ensure that the system is responsive and fair.

Quite frankly put, we now have a situation where Hydro Quebec has decided that their current stranglehold on power exports into the United States is not quite strong enough. They have decided they need even more control over the power and the prices that are available to our friends on the Eastern seaboard.

In their latest move, they have convinced the Government of New Brunswick to sell its utility company New Brunswick Power, to Hydro Quebec. This move, if allowed to proceed, will mean that Quebec Hydro has full control over transmission, generation, pricing and regulation for all land routes into the United States east of Ontario.

I cannot imagine a worse case scenario for the north eastern United States.

For me it is equally alarming that this move could have negative repercussions on our province's alternate route for Lower Churchill power. Even as we have been working on the issues surrounding access through Quebec, we have continued work on the underwater Maritime route that I mentioned earlier.

Nalcor Energy is working with Emera Inc., Nova Scotia Power, and Bangor Hydro and had been working in good faith with New Brunswick Power to evaluate how to combine our energy resources and get them flowing between our provinces and into New England.

Unfortunately, the deal between Hydro Quebec and New Brunswick Power has meant that we must now step back and reconfigure or re-negotiate plans to go through New Brunswick.

Our confidence in New Brunswick's open access system is eroded because under its agreement with Quebec, it is eliminating the independent system operator, selling both generation and transmission assets to Hydro Quebec, and changing its applicable laws to be the same as those governing Quebec.

The same laws that have left our open access applications languishing in the system for three years.

Hydro Quebec has also frustrated our attempt at achieving a water sharing agreement on the Churchill River. Even though this agreement would benefit both the Upper and Lower Churchill projects, Hydro Quebec, as shareholder in the Upper Churchill project has blocked that agreement.

Another roadblock, but one that will be resolved by a fair and independent public utility regulatory commission.

But our experience with Hydro Quebec has not been a good one, as a result of the lopsided agreement which we have with that company on our Upper Churchill River. The history is long and sordid and the bottom line is that this contract which was negotiated in the 60's and does not expire until 2041, sees Hydro Quebec reap extraordinary and unconscionable profits from our province's resource.

Last year alone, Quebec made 1.7 billion dollars from the Upper Churchill project while our province made approximately 63 million dollars. Power which is bought from us by Hydro Quebec is flipped by them and sold for as high 36 times more than what they pay for it.

It sounds unbelievable, yet that is the reality our province has been facing for years. And despite numerous entreaties to renegotiate a fairer deal, Quebec Hydro will have no part of it.

But make no mistake – we are still very much on track to deliver the clean, green, reliable energy that this region needs if we can come to the appropriate arrangement with customers.

In North America today, and indeed much of the world, there are few projects offering the combination of benefits that we find in the Lower Churchill project. Our project is positively unique.

The key benefits of this project to your state and city are clear: 1) the long-term supply of electricity from the Lower Churchill will be constant and reliable; 2) prices will be stable and competitive; 3) the source of the energy is environmentally-friendly and will help meet climate change goals; and 4) the entry of a new supplier in the Canadian energy export market increases competition from north of the border.

And so, there it is folks. Simply put – we have the energy; you need the energy; and we need to work together to deal with the unreasonable obstacles that stand in our way.

And we are hitting our key milestones.

We have made tremendous strides in finalizing an agreement with our Aboriginal Partners, the Innu of Labrador, who will also be key stakeholders in this development.

Likewise, we are still working towards completing long-term Power Purchase Agreements. And of course, another important piece of remaining work is securing transmission through to the US.

Like Canada, the United States possesses an electrical grid consisting of various independent and interdependent smaller grids. Governments at all levels have concluded that major work is necessary to upgrade the national grid to better accommodate today's supply and demand profiles.

Obtaining long-term access to the grid remains an important issue for this project, and I believe strongly that our federal governments must assist in this regard.

But I know that working in cooperation – as opposed to throwing up road blocks – we can make this work for everyone's benefit.

As the late Henry Ford once said "Coming together is beginning. Keeping together is progress. Working together is success."

And really folks, that is what our government and our province is all about. I came to New York today to start spreading the news. All we want is a level playing field and we will compete with anyone.

Our province is charting a course of long-term prosperity and we know that the best is yet to come if we remain tenacious, innovative and competitive.

I want to encourage you to learn more about the green energy opportunities that are available from my home to yours. And I ask you to be vigilant in ensuring that those who indulge in anti-competitive practices are forced to play by the rules of open access or be penalized for their conduct. The result will be a win-win situation for all.

In closing, I also ask you to keep an eye on our province between Europe and America as it is the new Atlantis rising; a centre of bold new resurgence of culture and education; industry and ingenuity; wealth and promise; and full of energy with equal opportunity for all.

Come and visit us, as Newfoundland and Labrador is a wonderful, mythical place that you will never forget.