

**CAP – Backgrounder – Reaction to Lower Churchill Announcement  
Intergovernmental Affairs Secretariat**

**Issue:** An overview of reactions to the Nalcor – Emera deal to develop Muskrat Falls.

**PEI**

- Premier Ghiz has said "[t]his announcement today has really just increased our possibilities going into the long term." He added that the project, "will give Prince Edward Island the opportunity at that time to purchase some of that electricity," and that, "the more competition there is, the more likely our province is to get a better price."
- PEI Energy Minister Richard Brown said, "[t]his is a win-win-win situation for Atlantic Canada...[and]...this is a perfect scenario with Lower Churchill, a cable through Nova Scotia, through New Brunswick to PEI Consumers will see big benefits from this kind of system ... Atlantic Canada is starting to get its act together."

**NB**

- Following a meeting with Premier Dexter on November 19, Premier Alward said that the agreement, "is positive for New Brunswick, and is a terrific vehicle for increased regional collaboration and mutually beneficial co-operation." He also stated that NB has a strategic role to play in this agreement in terms of increased transmission and export of electricity. Alward also noted that the agreement was, "very positive in terms of lowering green house gas emissions and promoting increased renewable energy in Atlantic Canada."
- Following a meeting on November 19, 2010, Premiers Alward and Dexter agreed to ask government officials to work with Nova Scotia Power and NB Power on how to take advantage of the Lower Churchill agreement to foster co-operation to improve transmission, system operation, renewable energy production and other aspects of their electric power systems.
- NB Energy Minister Craig Leonard has said: "We feel that there's no question that we'll be benefiting from this on a transmission side ... it gives us a new source of clean, emission-free power that we'll be able to utilize. It's a great vehicle for regional collaboration between partners, so it's a good day for all of Atlantic Canada."
- However, former NB Energy Minister Jack Keir believes NB stands to lose the competitive advantage it enjoys because of its geographic location, saying "Williams and Dexter are grinning like two cats who ate the canary" and, "I see the advantage for Nova Scotia, but by the time it gets to New Brunswick it's like being in the third row of a three-row mini van - we're no longer in the driver's seat which is where we should be."

**QC**

- Premier Jean Charest maintains his strong opposition to federal support requested in the NL-NS application to PPP Canada to support the Maritime Link. In the QC National Assembly on November 18, Premier Charest said that he called Premier Dexter that morning and, "reiterated again that the Quebec government is strongly opposed that the federal government intervene in the financing of transmission lines." Premier Charest has reportedly suggested that federal support for transmission infrastructure may violate Canadian international trade agreements.
- He further said that, "Quebec always keeps the door open to cooperation with Newfoundland (and Labrador) on the development of the Lower Churchill...but the choice belongs to Newfoundland (and Labrador) and they signed an agreement with Nova Scotia."
- QC Minister of Natural Resources Nathalie Normandeau has added: "[Such funding would] amount to creating an unfair trade advantage on the open market and result in a government subsidy for each kilowatt hour of electricity transported to Nova Scotia." Minister Normandeau also claimed that she had received assurance from federal Natural Resources Minister Christian Paradis that the federal government will not directly fund the construction of transmission lines.

- PQ MNA Bernard Drainville argued that “Quebec has always paid itself for towers with its money... [and]...it is still ironic that Danny Williams... who describes Quebecers as highway robbers requests federal money paid in part by Quebecers for unfair competition to the energy of Quebecers.”

### Federal

- Recent discussions about the deal in the House of Commons have focused on QC concerns about the NL-NS application to PPP Canada. During Question Period on November 18, BQ leader Gilles Duceppe asked, “Can the government confirm that it will not provide financial assistance to these two provinces, which, with their project, will be competing with Hydro-Québec, which did not receive any federal funding to develop its facilities?” Natural Resources Minister Christian Paradis responded: “... PPP Canada operates at arm's length from the government... and applications are assessed on their merit.”
- BQ MP Paule Brunelle said “... the federal government has ... not invested a dime in hydroelectricity in Quebec. Why does the Conservative government want to add funding power transmission lines to the long list of injustices perpetrated against Quebec and its hydroelectricity?” Minister Paradis responded: “Our government is making investments to ensure that we have a healthy mix of energy. We want to be a major player on the world stage. We can become a clean energy superpower, and hydroelectricity is part of that equation. Once again we see that the Bloc Québécois is trying to stir up trouble over energy issues. All of sudden the Bloc is interested in the oil industry, shale gas and issues involving the Gulf of St. Lawrence. Why? Only to stir up trouble. One thing is certain: the Bloc has no credibility when it comes to this issue.”
- On November 19, Government House Leader John Baird clarified that Minister Paradis had told Minister Normandeau that Natural Resources Canada would not fund such a project because it had no programs to do so but that PPP Canada is considering the NL-NS application. Minister Baird also went on to say, “I want to be very clear about the fact that Quebec must receive its share. The federal government has provided many programs and, if Quebec wants to submit a request to the same crown corporation, it is welcome to do so.”
- Quebec Conservative MP Bernard Genereux stated that Hydro-Quebec and/or the Quebec government could also make requests for funding under P3, “what prevents them from making demands? The program is there...the Quebec government has plans left and right to do research, it could easily qualify.”

### Analysts and Think Tanks

- Bill Marshall, a power industry analyst and former NB Power and New Brunswick System Operator employee, is supportive of the project and believes that the project will prove beneficial to NB and the entire region. Mr. Marshall said, “I think there's an opportunity here to use some of this energy in New Brunswick to displace fossil (fuels)...In the short term, the economics are not about the New England market. But, as you go forward in time, New England has increasing renewable energy requirements and increasing carbon requirements ... so once you get out to 2020 and beyond, there may be an opportunity here for some of this energy to find its way into New England.”
- NB businessman David Ganong supports the announcement and has said: “I would be starting to negotiate for a price for as much of that hydro power as I could lay my hands on.”
- John Herron, president of the Saint John-based Atlantica Centre for Energy, said: “You can never optimize the energy assets that we have in the region unless they're interconnected ... The business case for large-scale wind development, or a natural gas plant and, perhaps further down the road, a second nuclear reactor, are all predicated on having robust transmission.”
- Gordon Weil, President of Standard Energy in Maine said, “[t]here's adequate need in both Newfoundland and Nova Scotia for the 800 megawatts that would come out of Muskrat Falls...[and]... they wouldn't really need to export it any further.”

- Charles Cirtwill, president of the Atlantic Institute for Market Studies saying: "In terms of this project actually happening, I'll believe it when I see the light switched on."
- Memorial University economist James Feehan, said that, while the deal appears "promising" on the surface, its viability will hinge on financing: "It will depend on what interest rates will be when they have to finance the project, and ultimately, what prices any excess power can be sold at."

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