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Natural Resources
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Provincial Government Signs Memorandum of Agreement for Loan Guarantee with Government of Canada

The Government of Newfoundland and Labrador today signed a Memorandum of Agreement on a loan guarantee for the Lower Churchill hydroelectric project.

“Today’s signing is a testament to Premier Dunderdale’s leadership in getting us to this point with the Lower Churchill Project,” said the Honourable Shawn Skinner, Minister of Natural Resources. “This Memorandum of Agreement represents yet another important milestone, and a federal endorsement of the project as we move towards project sanction of the Muskrat Falls development. The loan guarantee will lower project costs through reduced interest rates, and this benefit will flow directly to electricity consumers in our province.”

Minister Skinner was joined this morning by the Honourable Joe Oliver, Federal Minister of Natural Resources; the Honourable Peter Penashue, Federal Minister of Intergovernmental Affairs and Regional Minister for Newfoundland and Labrador; the Honourable Tom Marshall, Minister of Finance for Newfoundland and Labrador; the Honourable Charlie Parker, Minister of Energy for Nova Scotia; Ed Martin, President and Chief Executive Officer, Nalcor Energy; and, Rick Janega, President, Emera Newfoundland and Labrador.

Muskrat Falls will supply clean, renewable, and affordable energy for the people of Newfoundland and Labrador, the Atlantic region, and other markets. During this year’s federal election campaign and in the Speech from the Throne, the Government of Canada stated its support of clean energy developments such as the Lower Churchill Project. In order to qualify for financial assistance, the project was required to demonstrate national and regional significance, economic and financial merit, and its ability to significantly reduce greenhouse gas emissions. The agreement to provide a loan guarantee confirms the project has met these criteria.

There will be no fees payable for the loan guarantee, and it will extend to both the construction and post-construction periods for the project. The guarantee will apply to the project’s aggregate construction debt and the initial long-term debt arranged with lenders at the financial close for each phase of the project. The Government of Canada will engage financial advisors to undertake a process to aid in finalizing the details of the loan guarantee. This process will not affect the timelines associated with the project’s development schedule.

“Using revenues from the development of our province’s non-renewable resources to support renewable energy projects for the future benefit of Newfoundland and Labrador was a central component of the provincial Energy Plan,” said Minister Marshall. “I believe that Muskrat Falls and, ultimately, the development of the entire Lower Churchill Project will be major pillars of the provincial economy for decades to come.”

Muskrat Falls has been determined to be the most economic and least-cost option to address future electricity demand in Newfoundland and Labrador, and will provide significant economic and environmental benefits to the province. Muskrat Falls will create an estimated 18,000 person years of employment in Newfoundland and Labrador, with 7,500 of those person years occurring directly in Labrador. Over \$210 million in taxes will accrue to the Government of Newfoundland and Labrador.

“This project will strengthen the Atlantic and Canadian energy marketplace, and solidifies Newfoundland and Labrador’s contribution to our country’s position as an energy leader,” said Minister Skinner. “As a significant source of renewable electricity generation, the Muskrat Falls development will meet the energy needs of our province and ensure electricity rates are stabilized for consumers, while providing significant economic, employment and social benefits for the people of Newfoundland and Labrador, the region, and country.”

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Media contacts:

Heather Maclean
Director of Communications
Department of Natural Resources
709-729-5282, 697-4137
heathermaclean@gov.nl.ca

Luke Joyce
Director of Communications
Department of Finance
709-729-6830
lukejoyce@gov.nl.ca

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