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Hydro development still attractive: Marshall

By NADYA BELL
THE TELEGRAM

Finance Minister Tom Marshall says despite the credit crunch in the United States, he doesn't think there will be a problem attracting financing for the Lower Churchill hydroelectric project in Labrador.

The project cleared a significant milestone this week with the signing of an agreement with the Innu Nation of Labrador that clears the way for development.

"The Lower Churchill project is the biggest potential clean and green hydroelectric project in North America," Marshall said Wednesday.

"When that project is sanctioned, I really can't see credit being difficult for a project that is going to benefit so many people."

But Liberal finance critic Kelvin Parsons said he thinks the American financial crisis may impact the province's efforts to raise money for the development and affect the efforts to sign a long-term energy agreement

with the United States marketplace.

Newfoundland and Labrador Hydro CEO Ed Martin told CBC news Wednesday he thinks the project could be delayed by as much as six months.

Like Marshall, Martin said the project is good enough that his company is ready to wait for the time to be right for investment.

Marshall said it is still too early to tell the specific impact on the province's financial situation, but he does expect that borrowing money will become more difficult.

"The turmoil in U.S. financial markets brought on by the U.S. sub-prime mortgage crisis does have a potential to impact our province in several ways, and one way is access to capital," he said.

The province already saw a second refinery project put on hold because of difficulty with financing, and Parsons says that was likely the first effects of the financial situation, although it wasn't recognized at the time.

nbell@thetelegram.com