

Date : 11/25/2010 6:48:37 PM

From : "Marshall Q.C., Hon. Thomas"

To : "'Robert Wall'"

Subject : RE: DANNY

Thanks Bob. Quite a day . Danny went out on a high with grace and dignity leaving the party with money in the bank and high in the polls with lots of members and leaving the province in the best fiscal shape I since we joined Canada. We have three producing oil fields and a fourth, Hebron, under development.

I well remember our talk on the Lower Churchill and as I mentioned at the time it was his plan and subject to the environmental review and ratification of the "New Dawn" agreement by the Innu it will now happen.

We will need more power in five years and there are two options. One is Island generation. This would mean rebuilding Holyrood and adding scrubbers and precipitators (sic) ; doing three hydro projects on the island namely Round Pond, Island Pond and Portland Creek as well as some wind. If this option was selected our hydro rates would rise sharply and the fact that it would be heavily reliant on oil would make rates rise at an even steeper rate. The alternative option is Muskrat Falls which can generate 4.9 terra watts of power (824 megawatts) and transmit to the island. Hydro needs 1.9 of those terra watts to meet NL anticipated energy needs and replace Holyrood to get us off reliance on oil. Hydro rates will go up also under this option but at a much flatter rate than the island generation option. Go to the Government website and click on the "Lower Churchill Deal" and you will see a link for a chart that shows a comparison of what the rates will be under both options.

Emterra will pay for a 1.2 billion link from Bottom Brook near Stephenville under the Gulf to Linghan near Sydney and tie into to the Atlantic electrical grid . Nalcor pays for this by providing to Emterra 1 terra watt of power each year for 35 years at which time Nalcor acquires full ownership of this Maritime Link. In addition Nalcor is allowed to , if it so wishes, to push the other 2 terra watts of power through the Maritime Link free of charge and then sell the power to either NS, NB, PEI or Maine after going over the transmission lines in the appropriate province or state. As an alternative to sending the other 2 terra watts over to NS Nalcor could use that power on the island or in Labrador to provide clean, stable hydro to any new industrial users who may choose to locate here.


This deal will:

Keep our hydro rates stable and lower than the other alternative of island generation and allow us to wean off having a large amount of our electricity dependant on oil.

Keep us warm for as long as the river flows

Add to our prosperity by providing us on average with \$600 million each year for the life of the project (this will be around 200MM in the early years and reach \$800MM per year in the later years out of which we will pay off the \$2.8 billion NL will borrow to finance the generation at MF. It will take 5 years of dividends to pay off a \$3 Billion loan at \$600 Million a year and another year for interest leaving 29 years of profit that will go into general revenue of the province to fund health care, education etc. Nalcor will borrow \$1.6 Billion and will pay this off out of internally generated funds. Danny put it together as only he could.

I found your comments that I should stay in and run again very interesting. Remember I have to take some time to catch Tiger. Regards Tom

From: Robert Wall [mailto:robertwall@] 
Sent: Thursday, November 25, 2010 4:02 PM
To: Marshall Q.C., Hon. Thomas
Subject: DANNY

Tom, sat & cried today with news. God this hurts as I loved that man for his tenacity & vigor. I got feeling you won't hang much longer. Hope you do though as who in the hell are we going to get for humber west & east if you go also , surely to god not any of present councilors here or previous ones either. Anyway old friend god bless & would love to hear from you. I don't know if you remember a few years ago when I brought up idea of power coming across . I was & am a firm believer in this & it took a good man to do it. Glad that your, e a silent part in it cause I know you don't want limelight. "BOB".