

Date : 8/9/2011 8:24:36 PM

From : "Bown, Charles W."

To : "Skinner, Shawn"

Subject : presentation

Attachment : cabinet draft deck Aug 9 430.pptx;

The LCP presentation is attached; speaking notes are available on some of the slides

Lower Churchill/Muskrat Falls

Presentation to Cabinet
August 10, 2011

Boundless Energy



Safety Moment



Today's Presentation

- Project Overview and Rationale
- Schedule & Status Update
- Project Benefits

Project Overview and Rationale



Lower Churchill Hydroelectric Generation Project

A dam and powerhouse at
Gull Island



2250 MW/ 12 TW-h/yr
Reservoir length – 232 km
Flood area – 85 sq km

Two dams and powerhouse at
Muskrat Falls



824 MW/ 5 TW-h/yr
Reservoir length - 60 km
Flood area – 41 sq km

- Interconnecting Transmission Lines between Muskrat Falls, Gull Island, and Churchill Falls

Labrador – Island Transmission Link

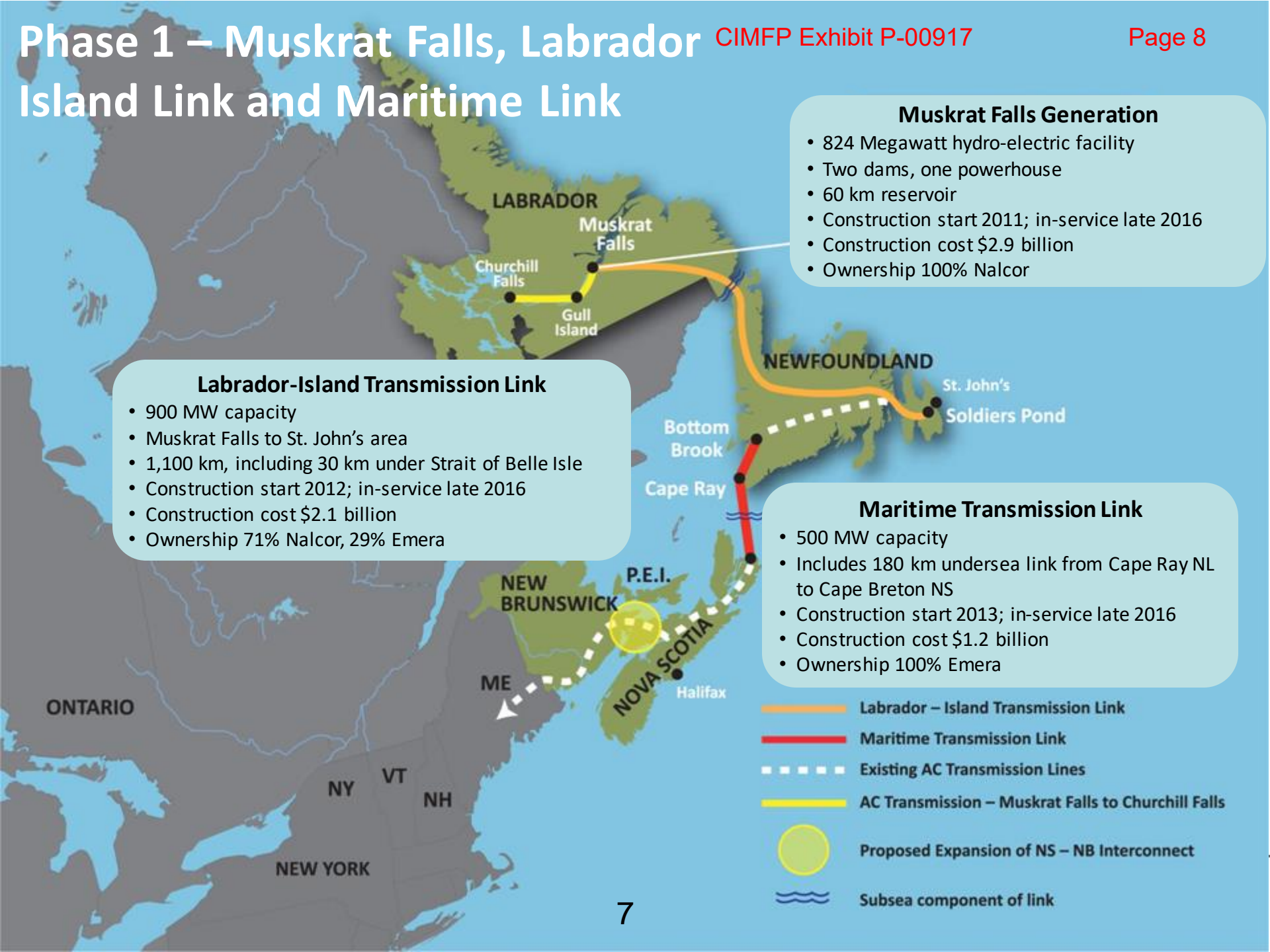


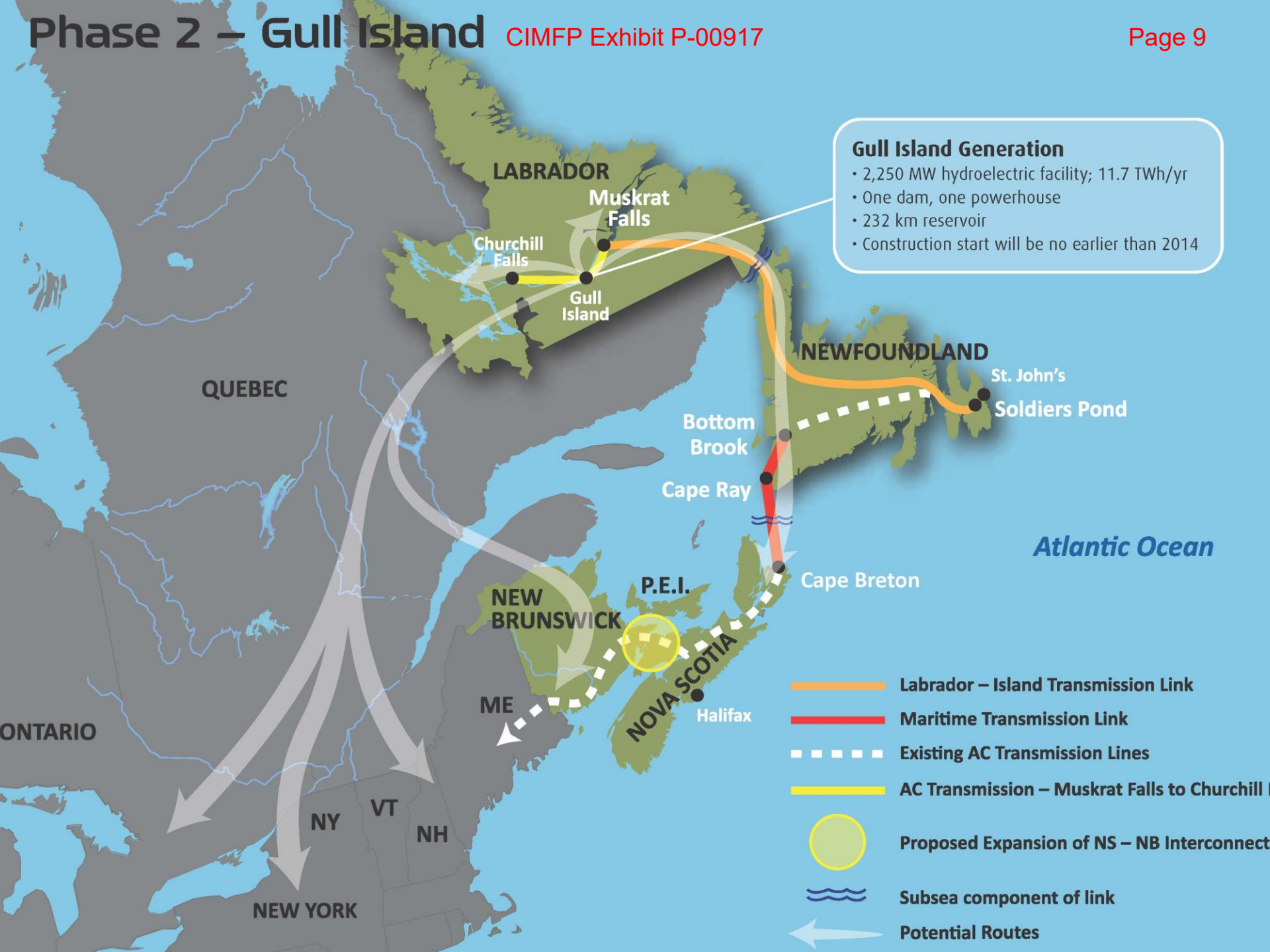
Phase 1 – Muskrat Falls, Labrador

Island Link and Maritime Link

CIMFP Exhibit P-00917

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Gull Island Generation

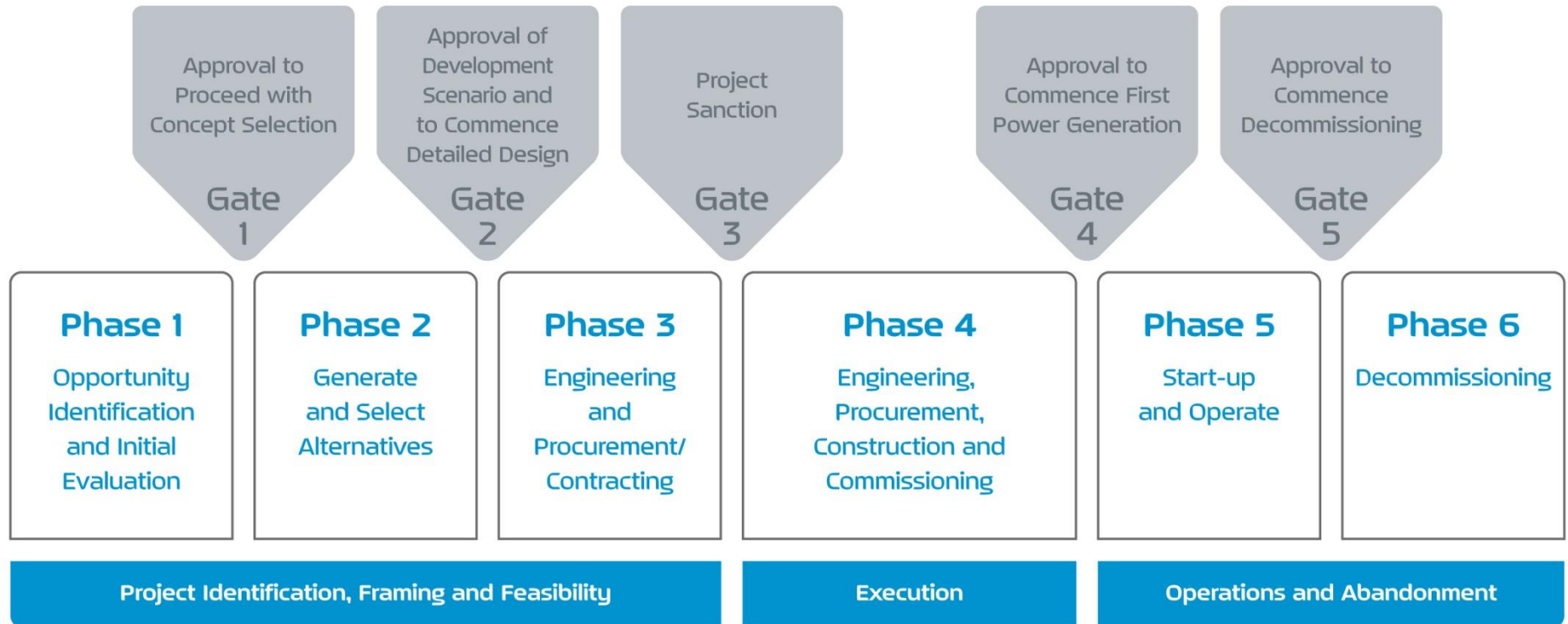
- 2,250 MW hydroelectric facility; 11.7 TWh/yr
- One dam, one powerhouse
- 232 km reservoir
- Construction start will be no earlier than 2014

- Labrador – Island Transmission Link
- Maritime Transmission Link
- - - Existing AC Transmission Lines
- AC Transmission – Muskrat Falls to Churchill Falls
- Proposed Expansion of NS – NB Interconnect
- ~ Subsea component of link
- ← Potential Routes

Schedule & Status Update



Decision Gate Process



Phase III Work Streams

1. Environmental Assessment
2. Labrador Innu IBA
3. Engineering and Project Planning
4. Project Reviews
5. Financing and Commercial

1. Environmental Assessment

- Generation
 - Joint Panel Report - Due August 2011
 - Public/Aboriginal Consultation prior to referral to federal/provincial cabinets
 - Expect Release from EA early 2012
- Transmission
 - EA Guidelines Released
 - EIS to be filed Fall 2011
 - Expect EA release in mid 2012

2. Labrador Innu IBA

- Agreements have been ratified
- Final legal/technical review under way
- Land Claim AIP requires federal cabinet direction – expected early September
- Signing dates in September currently discussed with Innu

3. Engineering and Project Planning

- SNC Lavalin (EPCM) mobilized in St. John's
- 130 staff assigned to the Project
 - Muskrat Falls and Labrador – Island Link
- Activities
 - Detailed engineering design
 - Construction Estimates and Schedules
 - Procurement

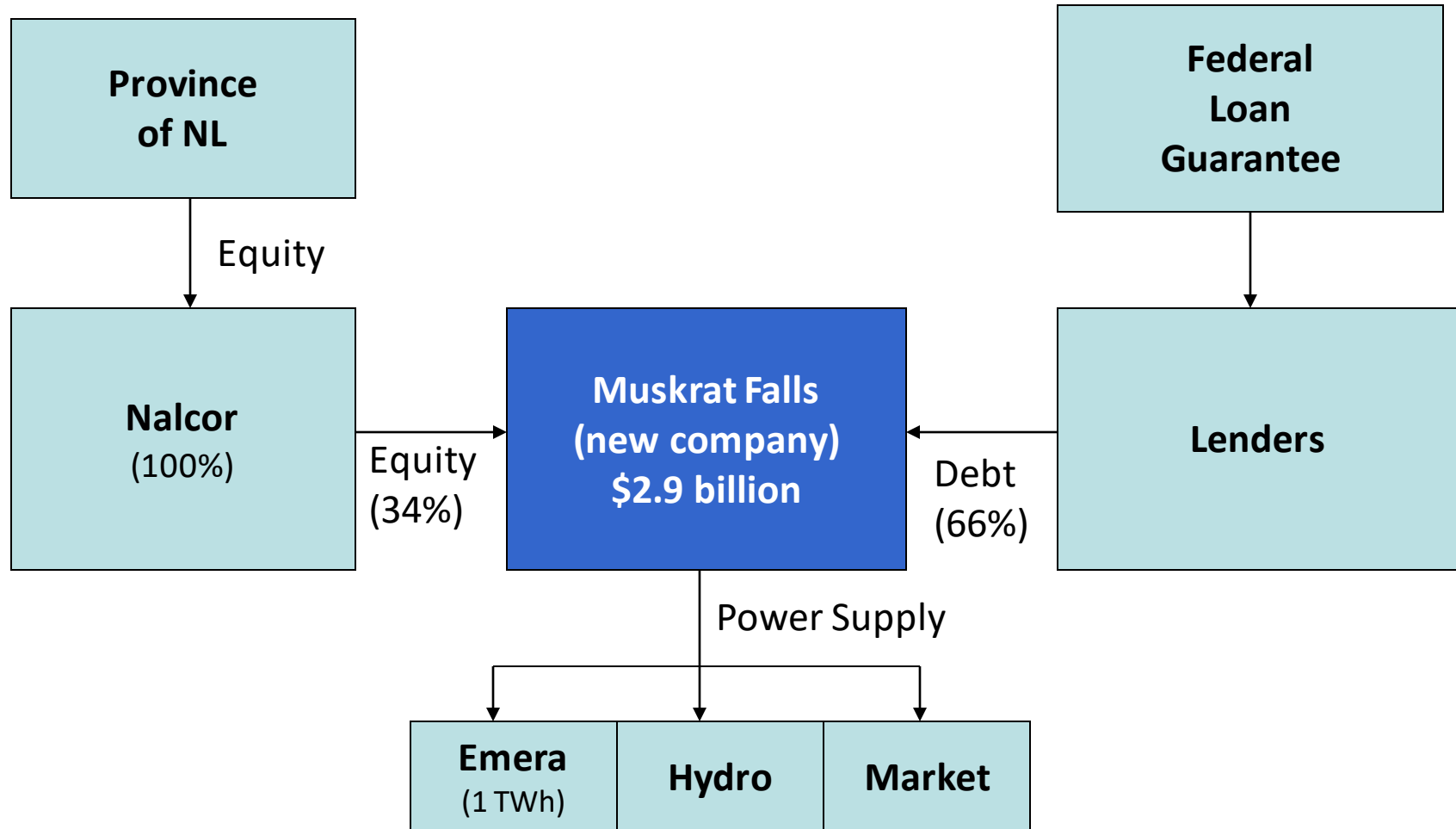
4. Project Reviews

- Two processes under way
 - External review by Navigant – due Aug 31
 - PUB Review – due Dec 31
- Nalcor team providing information to both
- PUB process includes written submission by Nalcor, public hearings/events, and report from Manitoba Hydro International (MHI).

5. Financing & Commercial

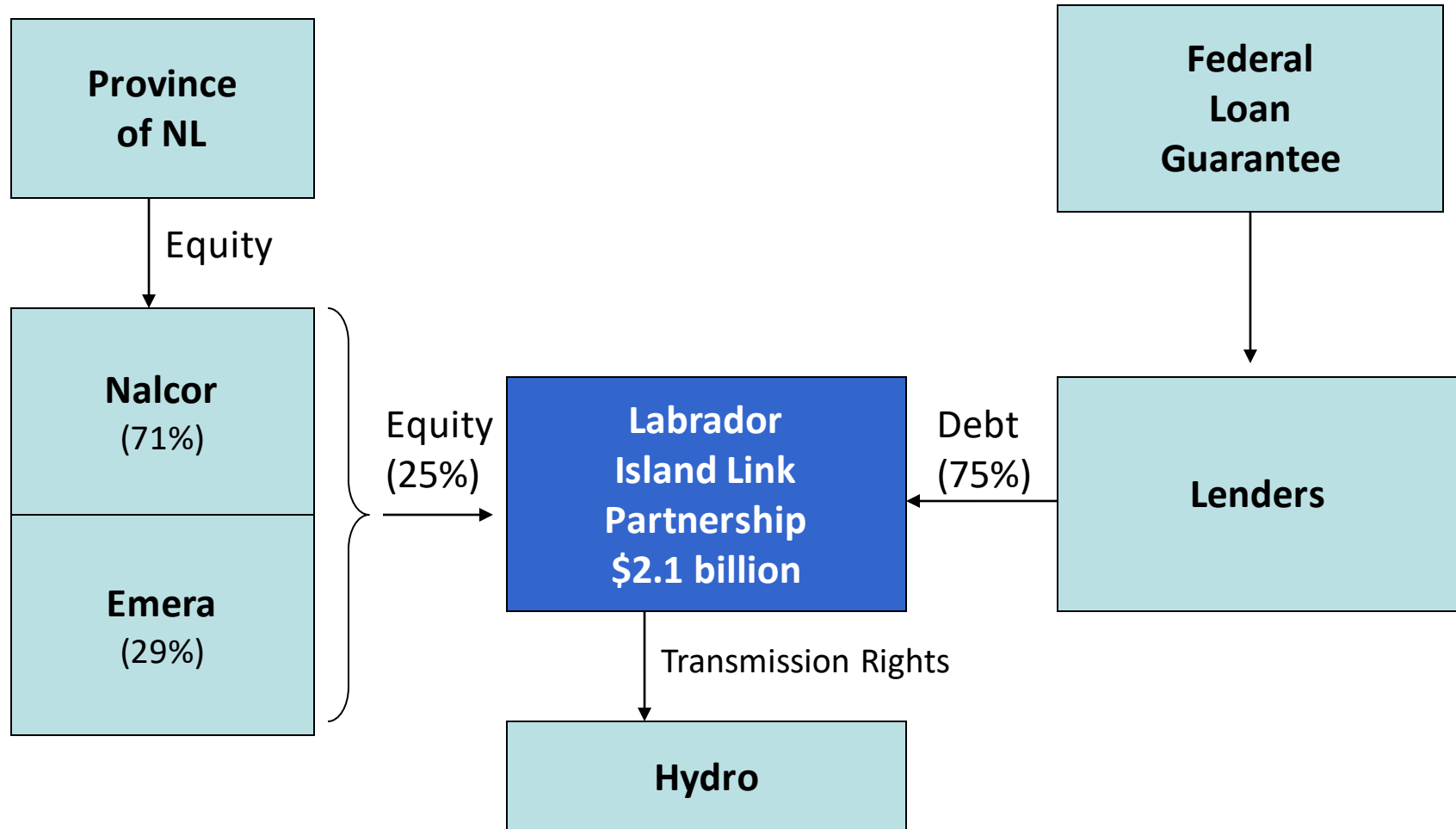
- Financing Strategy
 - Capital Structure
 - Provincial Equity Commitment
 - Cash Flow Stream to Support Financing
- Financing Process
- Commercial Arrangements
 - Emera
 - NLH

Muskrat Falls



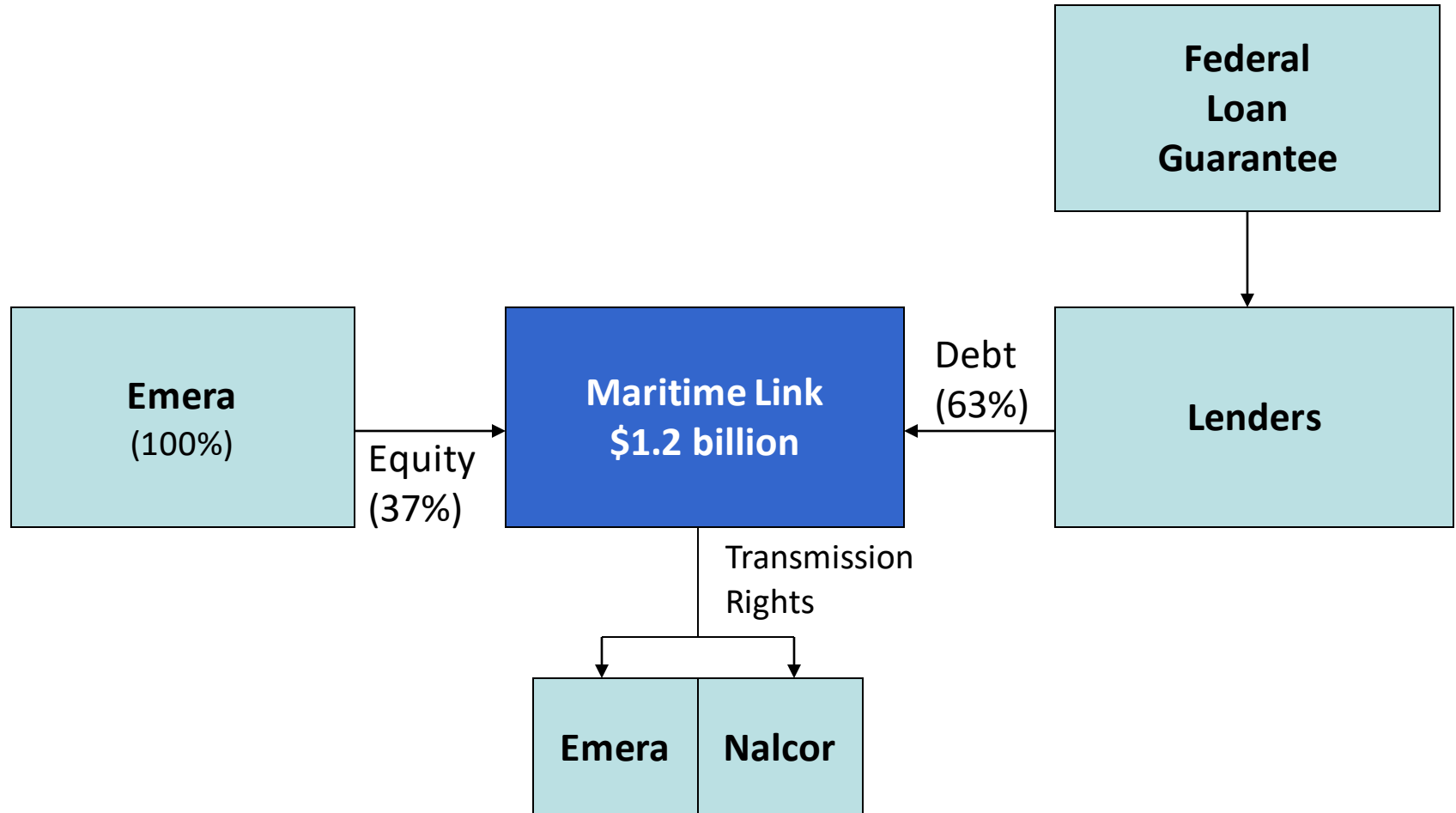
Note: Capital Costs do not include Interest During Construction ("IDC")

Labrador-Island Link



Note: Capital Costs do not include Interest During Construction ("IDC")

Maritime Link



Note: Capital Costs do not include Interest During Construction ("IDC")

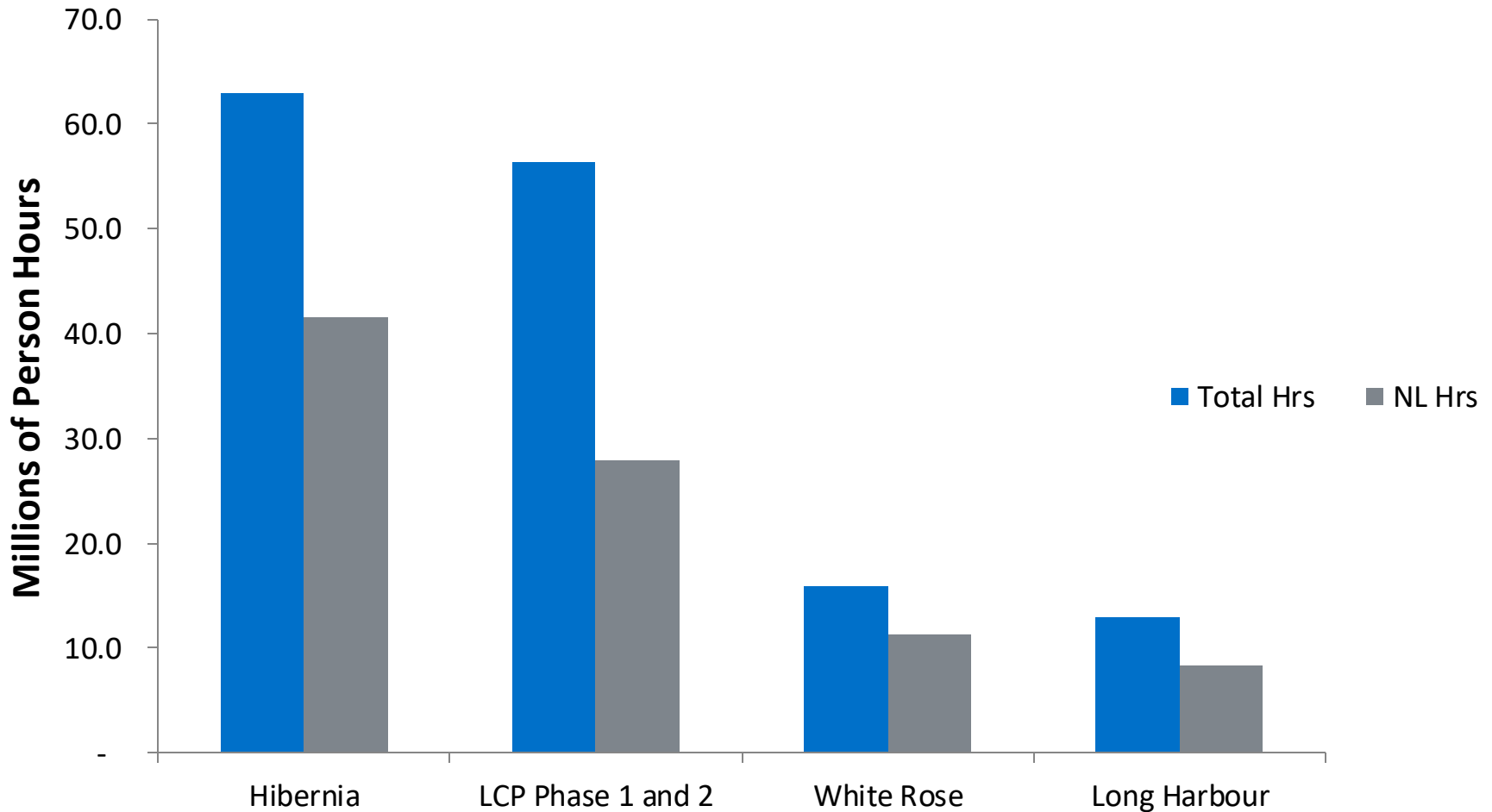
Financing Process

1. Federal Loan Guarantee
2. Preliminary Confidential Credit Ratings
3. Financing Road Show
4. RFP / Selection of Lead Arranger
5. Arranging Financing
6. Final Credit Ratings
7. Financial Close

Project Benefits

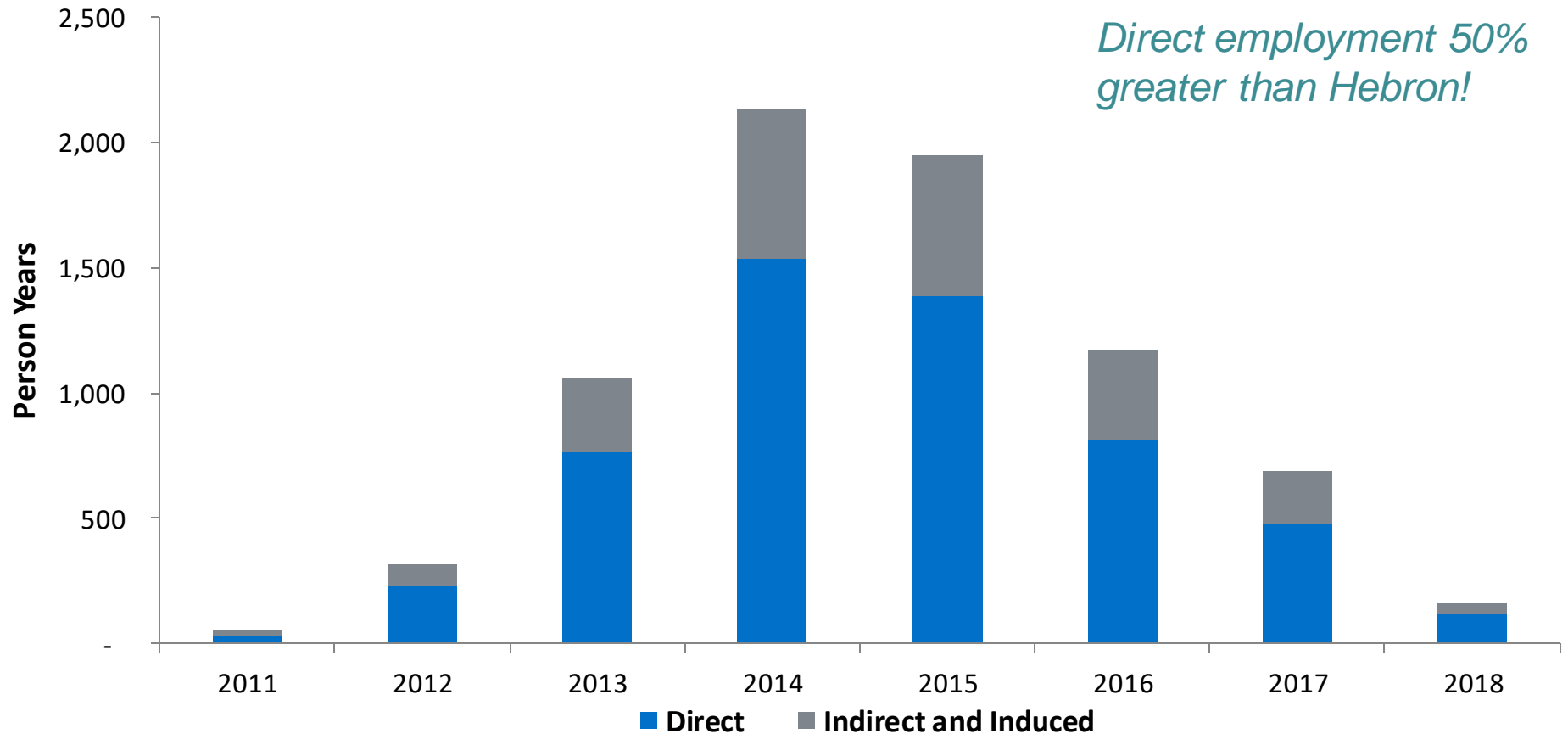


NL Project Employment Comparison



Labrador Employment

Total Employment in Labrador – Muskrat Falls & Labrador-Island Transmission Link



Building Labrador's Labour Force

- 5,400 person-years of direct employment in Labrador
- More than 7,500 person-years of direct, indirect and induced employment in Labrador – average of 1,150 people/year
- More than 40 direct full-time jobs during operations in Labrador
- Approximately 60 total direct, indirect and induced employment in Labrador during operations
- More than 75% of direct labour for Muskrat Falls in Labrador

Honouring Our Adjacency Principle

- First consideration for construction employment will be given to qualified, experienced personnel adjacent to the resource.
 - Nalcor and its contractors will establish qualifications and experience required for the Project.
- The hiring protocol for the generation project:
 1. IBA Commitments
 2. Qualified and experienced residents of Labrador
 3. Qualified and experienced residents of Newfoundland
 4. Qualified and experienced Canadians
 5. Qualified and experienced non-Canadians

Ensuring Gender Equity and Diversity

- Committed to a diverse construction labour force
- Proactive programs and practices for an inclusive work environment
- Accountability and responsibility for Nalcor, SNC-Lavalin and contractors
- Working to recognize barriers and incorporate programs policies and procedures to address them
- Comprehensive workforce analysis

Supplier Development Next Steps

- Meet IBA and Benefits Agreement commitments
- Will hold supplier information sessions
- Currently developing the various contract and purchasing packages
- Will post Expression of Interests on SNC and Nalcor websites
- Conduct pre-qualification process
- Establish Bidders Lists

Thank-you

