

Date : 10/2/2012 5:03:28 PM
From : "Thompson, Robert"
To : "Hammond, Lynn"
Subject : New edit to new text

Lynn - I re-read the new text that I sent you and found that the my description made it appear that Muskrat was second best. I have made some further edits to improve that part. See below.

Sent Via BlackBerry

From: Thompson, Robert
To: Thompson, Robert
Sent: Tue Oct 02 16:59:50 2012
Subject:

Developing the potential of the Lower Churchill has always been a key element of that strategy, but we were initially planning to develop Gull Island and send power to both the Island and, through Quebec, to the North American market place. After all, Quebec is a market participant in the United States and in this capacity is required to make its grid available to its neighbors to wheel power to market on reasonable terms. But that has not stopped Quebec from finding ways to block and interfere with our access to their grid.

Indeed, as we witnessed between 2006 and 2010, Quebec's actions through its regulatory process forced us to reconsider Gull Island for the initial stage of the Lower Churchill development. Therefore we turned to the other scenarios that had been under development and chose to pursue the Muskrat Falls project based on the primary market being Island customers combined with a strategic export customer, Emera of Nova Scotia. The cost structure of Muskrat Falls is better than any other option for addressing the power needs of our provincial market, and still offers the potential for export of surplus power.

How much clearer it is today why securing an agreement with Nova Scotia's Emera is absolutely a game-changer. Not only does it give us a buyer for a portion of our surplus power but it opens up a whole new route to the export marketplace. The arrangements in the deal with Emera allow us to access the Maritime and US markets with a partner that knows the value of collaboration rather than seeking to extract and manipulate the value of our resources to their benefit. This partnership also proves that the legacy of the Upper Churchill contract does not need to be a noose around our necks. When we apply creative thinking with good business practices we can avoid the yoke of geography that Quebec has tried to place around us.

Quebec was trying to make us choose between a deal with them or no deal at all. They thought we would have to slam on the brakes of our own economic development. Instead we have charted a bold new course that establishes a template for the future. We are not burdened by the mistakes of the Upper Churchill contract. The choices we have made with the Muskrat Falls development demonstrate that we control the agenda, now and in the future. It is this kind of focus and determination we will use in regard to Upper Churchill