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The loan guarantee provides $1.1 billion in value, which is everything we asked. This value is part of the $2.4 billion preference for the MF project and will go into the pockets of ratepayers.

The loan guarantee will become legally effective when certain conditions are met, all of which are normal commercial conditions including sanction and regulatory approval.

An important condition is that both the Maritime Link and the MF project reach financial close. This condition will be met only after UARB approval.

The UARB operates under the following regulation: "**5(1)** The Review Board must approve the Maritime Link Project if, on the evidence and submissions provided, the Review Board is satisfied that...the project represents the lowest long-term cost alternative for electricity for ratepayers in the Province."

The risk that the Maritime Link will not be the lowest cost alternative is low. Emera's conservative estimates show a $200-300m preference. Reasonable estimates show a higher preference.

Emera and Nalcor also have an agreement that ensures that financial impacts of an unexpected UARB decision can be addressed in order to maintain approval. all the parties have a substantial financial motivation to make this deal succeed.

Nonetheless, there is a highly unlikely scenario that the UARB may block the Maritime Link and place the FLG in jeopardy. If the two companies cannot repair this problem, and barring any legislative sanctioning of the project by the NS government, the NL government will have to be prepared to pursue the MF project without a FLG. The project remains better than the alternatives and will provide strategic value for the province.

Robert Thompson
Clerk of the Executive Council and
Secretary to Cabinet