

Speaking Notes

The Honourable Jerome Kennedy, Minister of Natural Resources

July 31, 2012

9:45 a.m.

Confederation Building - Media Centre

Ground Floor - East Block

afternoon
Good morning everyone.

Planned to be here in. beeshki
I want to extend a warm welcome to the Honourable Charlie Parker, Nova Scotia's Minister of Energy; Ed Martin, President and Chief Executive Officer of Nalcor Energy; and Chris Huskilson, President and Chief Executive Officer of Emera Inc. Thank you for joining me here today.

On behalf of Premier Dunderdale and the Government of Newfoundland and Labrador, I am pleased to be here this morning to announce the reaching of the formal agreements regarding the construction of the Maritime Link between Nalcor and Emera.

Today represents a major step forward for the province of Newfoundland and Labrador, and the Muskrat Falls development.

Since a framework agreement to develop Muskrat Falls was first announced, Nalcor and Emera have been working diligently to convert the principles of the original Term Sheet into formal legal and commercial agreements.

Today's announcement is yet another significant milestone we can include on our list of accomplishments as we move closer towards a decision to sanction the project.

All of these milestones have contributed to the public debate and discussion on the proposed development, and will help to inform the upcoming debate and special vote on Muskrat Falls in the House of Assembly.

Muskrat Falls will provide significant economic, employment, and social benefits for the people of Newfoundland and Labrador, the Atlantic region, and country.

Muskrat Falls will deliver least-cost renewable power for ratepayers and provide long-term stable electricity rates; support economic development and mining developments in Labrador; provide long-term revenue through the export of electricity; reduce dependence on fossil fuel generation; and connect our province to the North American grid.

I have always emphasized two key points concerning Muskrat Falls.

First, ^{do} we need the power. [?] Second, ~~if we do, then~~ what is the lowest cost option to get it.

There can be no doubt that we need the power, and Muskrat Falls is the cheapest alternative to meeting the energy needs of Newfoundland and Labrador, and it will provide lower rates to the people of Newfoundland and Labrador than its alternatives.

Today I would like to emphasize the added benefits that are associated with the Maritime Link. And these benefits are very real. Let me explain.

^{At present we have a whole system.}
This interconnection is crucial and the construction of the Maritime Link means we finally have a transmission route to sell power for profit that is surplus to our domestic needs. ~~No longer is Hydro Quebec able to hamper this activity.~~ We will finally be able to escape the geographical stranglehold of Quebec.

It means that in addition to simply having a transmission route, we can finally secure a competitive price for our power.

It means we can finally move forward with our vision of unleashing the power of Newfoundland and Labrador's energy warehouse.

In closing, I am ~~so~~ glad that we are once again working with our friends from the Government of Nova Scotia.

I find it truly refreshing to work with partners who share our desire to work in collaboration so that we all succeed.

As Minister Parker said the agreement is a example of what Atlantic Canada can do when we work together

With today's announcement, Newfoundland and Labrador takes another step forward to truly becoming masters of our energy destiny. Minister Parker, we look forward to working with you and our friends at Nalcor and Emera for many years to come.

Thank you.

July 30/12

EMERGENCY INTERCONNECTION

CIMFP Exhibit P-01266

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① NS getting free power

- ① Summary of Nelson / Emere agreement
- 170 MW of energy - 29% of port for 20% of the port
 - "1.2 M for Meritline Link (29%)"
 - "600 M for LIL - 29% ownership - 1.88 investment"
 - after 35 years NL owns Meritline Link and block of power returned
 - access to additional capacity of line → 1/3 of power

- ② importance of interconnection - 500 MW capacity of the link
- back-up of power - emergency situation
 - opportunities to export
 - develop small hydro and wind

↓ no longer held hostage by Quebec,

- ③ importance to loan guarantee
- based on regional energy project
 - action - building project
 - national energy plan

LOAN GUARANTEE

- ④ 163 numbers - continuing to finalize
- capital costs, operating costs, financing costs

✗ Costs are going up, final numbers are not completed.

⑤ when will AHE report be prepared?

⑥ Timing of LOAN GUARANTEE -

⑦ CLW of natural gas -

"Negative" questions

~~Positive message~~

- ① NS getting power for "free" — JPK → 20% of the power for 20% of the cost.
- ② UAFB vs. FCB process — Minutes later
- ③ delays (increased capital costs) Ed
- ④ who is leading port revision? — Ed
- ⑤ Federal loan guarantee — JPK
- ⑥ timing of HOF debate — JPK
- ⑦ has Nuclear Board approved? — Ed
- ⑧ NS getting extra 3 TW — 50 years of power but over 35 year period; — Ed
 ↓
 50 MW. → 220 MW for 5 years.
- ⑨ gas and oil prices — JPK / Ed
- ⑩ markets in New England — Ed.

"Nation-building exercise"

Escape the
stronghold of
Quebec

Timing - for end of September
debate

DG3#s

MHI Report

Mid-August

MHI Report in Word

→ Review Hatch

will include CPW

→ other steps may also necessary

3rd week
of August,
depending on
Hatch report
availability

national gas

end of this week

Ensure agreements

* loan guarantee *

→ the only unknown

8:00 - Press briefing

9:00 - Media - Ed: Chris Haskins
 - Stakeholders - Greg Jones / Derrick Pargo / Nancy Towner
 - Opposition (w/ Liberal) - Charles / Greg

9:45 - Announcement in Media Center

JPK
 Minister Parker
 Ed
 Chris

- 6: A session with media

10:15 - photo op w/ official signing

Cluster - 1 hour flight.

= Luncheon

2:00 - Signing in North Sydney



2:30 -

speaking remarks
 2:15 AM

5:00 - back in dh.