

Date : 2/11/2010 2:56:03 PM
From : "Dunderdale, Kathy"
To : "Thompson, Robert"
Subject : Re: Nalcor Op-Ed Article

This is ok with me

Sent Via BlackBerry

From: Thompson, Robert
To: Dunderdale, Kathy
Sent: Thu Feb 11 14:13:50 2010
Subject: Nalcor Op-Ed Article

Minister: as part of Nalcor's media strategy related to the Regie hearings, they have drafted an Op-Ed article that would be placed in the Gazette, Globe and LaPresse, possibly tomorrow. Deadlines are today. The article was circulated to Brian, Elizabeth and ourselves. Elizabeth has provided feedback We have also provided feedback, and we feel the article is in good shape, making strong points. The text is below in case you would like to review it.

Robert

Opportunity Awaits

Newfoundland and Labrador ready to invest in Quebec

The lower portion of the Churchill River in Labrador represents a tremendous opportunity for the production of clean, renewable and affordable energy.

To diversify revenues coming from the offshore oil industry and to eventually reduce our own dependence on non-renewable sources of electricity, Nalcor Energy is looking to build two hydroelectric facilities that would produce more than 3,000 MW annually - enough electricity to power over a million homes.

Of course, we would only need a portion of that electricity for our own province. The rest, we would sell to markets such as Quebec, Ontario, Atlantic Canada and the Northeastern portion of the United States. In order to do that, we need transmission.

For the last four weeks, Nalcor Energy and Hydro-Québec have been debating an important and crucial question in front of the Régie de l'Énergie, Quebec's energy regulator.

While there has been much detailed discussion around technicalities and legalities, it all boils down to a very simple question: Does Hydro-Québec provide fair and reasonable access to its transmission lines as it is supposed to do under tariff rules adopted from the United States?

We don't think so and for this reason we have filed a number of complaints with the Régie.

This process has been ongoing for four years. We are hopeful that our access will be finalized in an open and transparent manner, however, the process to date clearly highlights the need to evolve this service provider from its current approach, to one that demonstrates it is an eager and willing supplier of transmission services.

Newfoundland and Labrador is not looking for favourable treatment or a free ride. We are only requesting that Hydro-Québec interpret and apply their Open Access Transmission Tariff (OATT) in a fair and non-discriminatory manner. It is clear to us that we could pay as much as \$250 million a year in royalties to use Hydro-Québec's power lines. We also know that line upgrades will be required to carry large amounts of power to our key markets. We are willing and able to do both if these estimates are deemed fair and reasonable.

The development of the Lower Churchill is a 6.5 billion dollar project. Obviously, Newfoundland and Labrador will be the main beneficiary of the Project's development, but the sheer magnitude of the Project makes it equally obvious that the entire country will also benefit. For instance, due to its geographic proximity and the expertise it has developed since the construction of the Daniel-Johnson dam in the 60s, Quebec is assured to benefit greatly from the construction of the Lower Churchill complex as well as the upgrade of Hydro-Québec's lines. This is not to mention the line rental fees which could represent as much as \$6 billion over 30 years.

One can only be perplexed by the attitude of Hydro-Québec, which is putting billions of dollars and employment opportunities at stake for Quebec.

Much like people from Quebec, Newfoundlanders and Labradorians have great aspirations. We hope to build a strong economic future for generations to come. The Lower Churchill Project is part of those aspirations. We hope that Quebecers and other Canadians will be a part of it as we all stand to benefit.

Ed Martin
President and CEO, Nalcor Energy