

*Check if Ed Martin
has received a copy
& if not, pls send*

Evans, Catherine

From: Bailey, Bev
Sent: Tuesday, March 08, 2011 4:37 PM
To: Thompson, Robert; Wardle, Richard; 'emartin@nalconenergy.com'
Cc: Evans, Catherine; Butland, Anne; 'BLane@nalconenergy.com'
Subject: FW: TRIM INCOMING CORRESPONDENCE : ICOR2011/0502 : Letter from Stephen Harper to Premier concerning federal support for the Muskrat Falls hydroelectric project, and this province's interest in acquiring the Government of Canada's ownership share in Hibern
Attachments: Letter ~ project, and this province s interest in acquiring the Government of Canada s ownership share in Hibernia.PDF

THIS MESSAGE HAS BEEN SENT ON BEHALF OF SEAN DUTTON (DM-IGAS).

For your information.

Cheers,

Bev Bailey
Administrative Assistant to DM
Intergovernmental Affairs Secretariat
P.O. Box 8700
St. John's, NL A1B 4J6
Tel: 729-2134, Fax: 729-5038
Email: bbailey@gov.nl.ca

-----Original Message-----

From: English, Jayla
Sent: Tuesday, March 08, 2011 12:10 PM
To: Bailey, Bev
Subject: TRIM INCOMING CORRESPONDENCE : ICOR2011/0502 : Letter from Stephen Harper to Premier concerning federal support for the Muskrat Falls hydroelectric project, and this province's interest in acquiring the Government of Canada's ownership share in Hibernia

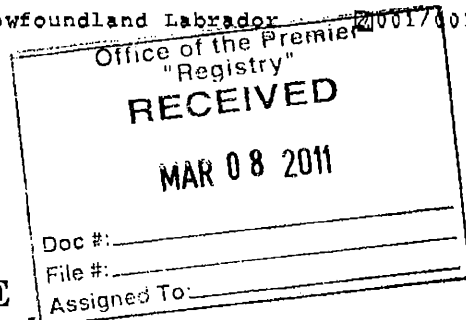
For appropriate action

-----< TRIM Record Information >-----

Record Number : ICOR2011/0502
Title : Letter from Stephen Harper to Premier concerning federal support for the Muskrat Falls hydroelectric project, and this province's interest in acquiring the Government of Canada's ownership share in Hibernia

3/8/2011

03/08/2011 TUE 10:04 FAX 613 947 1699 Provincial Analysis --- Newfoundland Labrador 2001/003



**PRIVY COUNCIL OFFICE
BUREAU DU CONSEIL PRIVÉ/
PRIME MINISTER'S OFFICE
BUREAU DU PREMIER MINISTRE**

Date: March 8, 2011

TO/DESTINATAIRE : The Honourable Kathy Dunderdale
Premier of Newfoundland and Labrador

FAX/TÉLÉCOPIEUR : (709) 729-5875

FROM/EXPÉDITEUR : The Right Honourable Stephen Harper
Prime Minister of Canada

TEL/TÉL : (613) 992-4211

FAX/TÉLÉCOPIEUR : (613) 941-6900

OF / DE PAGES : 3
(Including this page/incluant cette page)

NOTES : Original to follow by mail.

(Should you experience transmittal problems, please call the above-mentioned phone number/
Si vous avez des problèmes de transmission, s.v.p. communiquer au numéro indiqué ci-dessus)



PRIME MINISTER • PREMIER MINISTRE

March 7, 2011

Kathy
Dear Premier:

Thank you for your letter of February 8, 2011, concerning federal support for the Muskrat Falls hydroelectric project, and your province's interest in acquiring the Government of Canada's ownership share in Hibernia. I appreciated the opportunity to discuss these issues with you during our meeting in St. John's on February 11.

I understand the importance your government attaches to the development of Lower Churchill, and the economic and environmental benefits you foresee for Newfoundland and Labrador and the Atlantic Region.

The Government will give your request for a loan guarantee careful consideration. As I explained during our meeting, the necessary due diligence will require further information on the financial structure of the proposed transaction including the business case and an examination of both the economic viability of the project and its environmental benefits. The Government will also need to consider the broader financial and energy policy implications of providing loan guarantees, something it has not done for many years, including the precedential impact for other megaprojects.

The Honourable Kathy Dunderdale
Premier of Newfoundland and Labrador
Confederation Building
P.O. Box 8700
St. John's, Newfoundland and Labrador
A1B 4J6

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The process we discussed for facilitating dialogue and information exchange regarding the Lower Churchill proposals has been put in place. Janice Charette, Associate Secretary to the Cabinet and Deputy Minister of Intergovernmental Affairs, and Ed Martin, President and Chief Executive Officer of Nalcor, have already had a number of discussions, including meetings most recently on February 23, 2011.

With respect to Hibernia, you have indicated an interest in refocusing discussions solely on Canada's 8.5 percent working interest. I will ask Minister Flaherty to re-engage with you on the basis of a revised proposal from the province.

I am forwarding a copy of our exchange of correspondence to the Honourable James Michael Flaherty, Minister of Finance, for his consideration and to the Honourable Peter Gordon MacKay, Minister of National Defence, the Honourable Tony Clement, Minister of Industry, the Honourable Josée Verner, Minister of Intergovernmental Affairs, President of the Queen's Privy Council for Canada and Minister for La Francophonie, and the Honourable Christian Paradis, Minister of Natural Resources, for their information.

Yours sincerely,

