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*Address by the Honourable Kathy Dunderdale, Premier of Newfoundland and Labrador, to the New England-Canada Business Council's 19<sup>th</sup> Annual Energy, Trade and Technology Conference, November 4, 2011 - Please check against delivery:*

Thank you, for those warm words of introduction. And let me, in turn, warmly welcome all of you to the New England-Canada Business Council Energy Trade and Technology Conference. I sincerely thank you for this opportunity and I am honoured to be here on behalf of the people of Newfoundland and Labrador.

Those of you who have visited our shores already know that our province is unique in its character, customs, and culture. And those of us who call Newfoundland and Labrador home are an independent, strong and self-reliant people who take pride in our unique identity and in what sets us apart. In a very similar way, New England possesses a rich historical and cultural identity that is deep rooted and uniquely its own. Interestingly, we both – New England and Newfoundland and Labrador – are the birthplaces of what would become our great nations. We both are the sites of the earliest English settlers in North America. I often contemplate what it took for those settlers to abandon their homeland and to journey across the ocean literally into uncharted territory. I can only imagine what it must have required of them to eke out an existence in what had to be harsh and unforgiving conditions. They proved their mettle, with courage, confidence, ingenuity and hard work.

It brings to mind the words of one of Massachusetts' greatest sons, John F. Kennedy, who famously said we choose to do things "not because they are easy, but because they are hard, because *that goal* will serve to organize and measure the best of our energies and skills, because *that challenge* is one that we are willing to accept, one we are unwilling to postpone, and one which we intend to win, and the others, too."

Few of you would be here in this room today if you did not share my belief that there is indeed a time for courage, a time for stepping forward, a time for stepping up to do things that are hard, not out of hubris or reckless bravado, but out of a pure and rational conviction that greater things can be achieved by facing a challenge than by backing away from it. Fear has been running rampant through the marketplace in recent months. There are some who say this is a time not to build on great dreams, but to bury our ambitions – not to do the hard things, but to hunker down. I suspect that hunkering down is not why you are here. I suspect that you believe this is the time, not to bury or hunker or flee, but to "accept" the challenge, "to organize and measure the best of our energies and skills", to "intend to win", and to energize this economy the way economic growth has always been energized – with courage, confidence, ingenuity and hard work.

Newfoundland and Labrador is a jurisdiction built rock-solid through hard work, a jurisdiction rich in energy – both the energy of our character and conviction, and also the

energy of our rivers, our reserves of oil and gas, our tides and winds and other resources that make our province one of the richest energy warehouses in eastern North America.

In our offshore,

- Already 3.1 million barrels of crude oil and 11 trillion cubic feet of natural gas have been discovered;
- Already 1.2 billion barrels of oil have been drawn to the surface;
- 250,000 barrels of oil and often more are being produced every day;
- And another six billion barrels of oil and 60 trillion cubic feet of natural gas await discovery.

In Labrador,

- The greatest untapped hydropower resource in North America, the Lower Churchill, offers over 3,000 megawatts of power – 16.7 terawatt-hours of electricity a year – enough to supply hundreds of thousands of homes.
- That's in addition to the 5,000 megawatts we currently produce on the Upper Churchill.

As if that weren't energy enough, the Canadian Wind Energy Atlas cites Newfoundland and Labrador as having among the best wind resources in North America. Energy of this magnitude means opportunity for those willing to work with us to access it.

Appreciating the magnitude of what we have, our government has taken a strategic, concerted approach to energy planning and development. In 2007 we launched our province's first-ever comprehensive Energy Plan to set out our principles and priorities. This Energy Plan charts a course toward energy security and stability based upon reliance on clean, renewable energy. It establishes goals and ground rules that will ensure our resources are developed in ways that are economically and environmentally sustainable. We have also established an entity to take the lead in bringing our vast energy potential to fruition. Nalcor is a diverse energy company, led by President and CEO Ed Martin, who joined you yesterday. Nalcor is empowered with expertise and responsibility for energy development across a broad range of sectors. With a clear understanding of the needs and complexities of this industry, Nalcor has quickly earned a reputation for professionalism, clarity, evenhandedness and reliability as a partner in energy development.

What does Newfoundland and Labrador's energy resource warehouse and our new approach to developing these resources mean for you? It means opportunities to grow. Let me begin by looking a little closer at our oil and gas sector. Our province today has four producing offshore oil fields – Hibernia, Terra Nova, White Rose and the first of several White Rose satellite fields, called North Amethyst. The White Rose proponents are currently assessing development and scheduling options for another satellite called West White Rose, and the feasibility of using a Gravity Base Structure to drill the wells required to develop the field's growing resource base. Total discovered reserves and resources at White Rose are estimated to be 373 million barrels. The original Hibernia field has now grown to include an area known as the Hibernia Southern Extension. Preparation for the first new

production well is some 18 months ahead of the date proposed in September of last year. Then, there's Hebron, the province's next stand-alone oil project. Exxon Mobil, on behalf of the project's proponents, has submitted its Development Plan to our province's offshore regulator, the Canada-Newfoundland and Labrador Offshore Petroleum Board. Construction of the Gravity Base Structure for the project is set to start in 2012. First oil could come as early as 2017. Through Nalcor, our province is an equity partner in the development of the White Rose satellite fields, the Hibernia Southern Extension and the Hebron project. With partnership comes responsibility, respect and rewards, including returns on investments and significant hands-on experience.

Oil production is the single most significant source of revenue in Newfoundland and Labrador, representing nearly 30 per cent of our Gross Domestic Product. Understanding how vital the industry has become for Newfoundland and Labrador, we have made exploration attraction a key priority. We are ready to work with industry to promote new discoveries and pursue opportunities for further growth and development that will sustain economic activity. We are confident that we have made the provincial offshore industry very attractive to international oil companies and will continue to attract exploration at a significant rate. We have a healthy portfolio of outstanding work commitments at approximately \$1 billion, with additions over the past five years amounting to in excess of \$500 million. The province has an open and transparent land management system allowing interested parties the opportunity to participate in acquiring exploration acreage. The 2011 Call for Bids announced by our offshore regulatory board was based on nominations that came from industry. The level and diversity of the nominations clearly indicated the interest in the exploration opportunities and resource potential of Newfoundland and Labrador. There are eight parcels of land up for bids, covering a massive offshore area of 1.6 million hectares.

Increased exploration activity is a key priority of our Energy Plan and is supported by our commitment to enhance the availability of high-quality well and seismic data to assist exploration companies with investment decisions. Under our Petroleum Exploration Enhancement Program and the Offshore Geoscience Data Program, we are investing in geoscience data acquisition and collection. Nalcor Energy–Oil and Gas has begun investment of about \$6 million in a two-year regional seismic program using advanced acquisition technologies. We are also moving toward a more-modern system for the release of digital seismic data after the confidentiality periods have expired. These activities will help support the long-term sustainability of the province's oil and gas sector.

We also have an attractive fiscal regime compared to those of other countries and a stable political climate. Our workforce has the experience and capabilities to succeed in harsh, ice-prone operating environments, and a world-renowned reputation for delivering first-rate results. Through our leadership in cold-ocean and deepwater operations and our innovative approach to international partnerships, we have demonstrated that Newfoundland and Labrador is not only a player but also a leader in the offshore oil and gas sector, and a world-class partner for those interested in sharing in the success.

Now we are ready to bring that same successful approach to the international hydropower sector, for just as oil has been a major driver of economic growth in our province for the past several years, hydropower will soon become another. A key tenet in our Energy Plan was to reinvest a significant portion of our non-renewable resource revenue into renewable energy developments. We are taking our financial strength from the oil industry and building a green renewable energy future. By 2020, we envision Newfoundland and Labrador will be a highly efficient consumer and large scale exporter of clean energy. Development of our renewable energy resources in an environmentally-sustainable manner will bring lasting benefits to our own people as well as to neighbouring provinces and states. Reliance on clean, renewable energy will contribute to a strong, sustainable and environmentally responsible foundation for economic growth.

One of the most exciting energy projects in Canada and indeed North America is the development of the Lower Churchill River. The project is the lowest cost hydroelectric energy project on the continent, with benefits available not only to Newfoundland and Labrador but also to Atlantic Canada, Canada generally, and customers here in New England. Composed of two sites, Muskrat Falls and Gull Island, the Lower Churchill is the largest undeveloped hydro project in North America with 3,074 megawatts of power. Phase One is the development of Muskrat Falls which, though smaller than Gull Island, is not a small project by any means. The energy generated is significant – 824 megawatts of power.

Muskrat Falls is being built, first and foremost, because it is the least-cost option to meet our own projected electricity needs. The project will bring stability to electricity rates with lower costs for consumers over the long term because it will eliminate the province's dependence on the supply of imported fuel, and remove future volatility in electricity prices. Our electricity system will be more than 98 per cent carbon free.

But Muskrat Falls will produce more power than Newfoundland and Labrador can use. That's why we have brought Emera into the picture, using the strengths of a new partnership to bring renewable energy into the regional marketplace. In November 2010 Nalcor Energy entered into a Term Sheet with Emera, soon to be converted to binding legal agreements, under which a block of power will be sold to Nova Scotia Power in return for the construction of an undersea transmission link between our two provinces, as well as transmission access for Nalcor across the Emera system to the Maine border.

When power from Muskrat Falls begins to flow in 2017, 40 per cent of the power will be for our own use and 20 per cent will be sold to Nova Scotia. The remaining 40 per cent of the power will be available to sell to customers in the Maritime Provinces and the Northeast United States. What does this mean for the New England market? It means a new source of renewable, reliable energy and, therefore, a new source of opportunity. The Muskrat Falls development will provide for greater choice of renewable energy supply, reduced reliance on thermal generation, and increased electricity trade with the U.S. The Muskrat Falls development will result in the reduction of green house gas emissions by over one million tonnes annually. Supplying surplus power to other jurisdictions will enable the

province not only to help meet the growing demand for renewable energy, but also to offset the release of greenhouse gases and other harmful emissions into the atmosphere.

The Government of Newfoundland and Labrador has worked closely with Nalcor to bring this project to fruition. We have a strong and positive relationship with Aboriginal governments and groups in Labrador. We appreciate the value of their input and inclusion in the development of resources. We are delighted the project has received endorsement from the Innu Nation. We are also delighted that the Government of Canada has signed a Memorandum of Agreement for a loan guarantee to facilitate this project in recognition of its importance to the Atlantic region and to the country, both economically and environmentally.

After Muskrat Falls, the next step in our long term plan is to develop the 2,074 megawatt Gull Island project. As many of you will know, Nalcor has sought transmission access through the Quebec transmission system to bring Gull Island power to energy markets in the United States, but has not found the process to be transparent or cooperative. Nalcor is appealing some of the regulatory determinations to the Quebec courts as we pursue our market goals. We believe the Quebec regulatory system must honour its reciprocal access obligations and provide efficient access for the benefit of consumers. The consumers in the United States share an interest with Nalcor to bring Labrador's highly competitive energy into the marketplace. We appreciate your continued interest in our quest. But of course, as I noted previously, we already have announced the construction of an access route to Nova Scotia, through the Maritime Provinces to Maine, that will deliver competitively-priced energy to US markets. Our determination is clear. Additional power will be making its way to your marketplace, both from Gull Island, Muskrat Falls and other sources.

We are sometimes perplexed by the resistance in the Quebec regulatory system because the market opportunity in New England and New York is enormous over the long term. Nalcor's research shows that by 2020, there will be a market for 100 terawatt-hours of energy. To put that in perspective for you – the Lower Churchill project alone is 16.7 terawatt-hours. When Nalcor took all the potential new projects in the queue (including the Lower Churchill project) in Atlantic Canada and Quebec – it came up with an estimated 25 terawatt-hours that could be used to fill only a portion of that 100 terawatt-hour market. So as you can see, the demand is there for renewable energy projects – and there is an opportunity for everyone.

In this region, the New England Governors and Eastern Canadian Premier's have publicly encouraged increased utilization of transmission assets between New England and Eastern Canada and this support is evident in the studies being undertaken to address this issue in the region. It is in the interests of both Canada and U.S. to cooperate in taking full advantage of the resources and interconnections that exist in our corner of North America. And the good news is there is ample clean energy, renewable energy within our regions. The development of all these resources will significantly reduce greenhouse gas emissions, assist in providing price predictability for our customers and increase competition within the market.

Furthermore, projects like Muskrat Falls will facilitate the development of additional renewable wind energy potential in the United States. Hydro power is an enabler for wind developments and associated infrastructure requirements. Hydropower generating facilities can quickly ramp up or down the flow of power from the facilities, and this ability can be used to enhance the stability of the overall grid, enabling additional development of other intermittent renewable resources.

That leads me to the importance of having “large hydro” qualify as a renewable resource under most Renewable Portfolio Standards. A New England Governors and Eastern Canadian Premiers resolution passed in 2009 recognizing hydroelectricity as a renewable resource should be recognized as such in U.S. and Canadian federal legislation. The United Nations Intergovernmental Panel on Climate Change has also recognized the role that increased development of hydropower and other renewable resources can have in reducing global greenhouse gas emissions. The State of Vermont has approved a bill which will include all hydro as “renewable” starting in 2012. Now we need the others to come on board.

It is in the interests of both Canada and the U.S. to cooperate in taking full advantage of the electrical system’s potential to obtain energy security and economic development within North America. To be truly effective we need to increase our cross-border coordination. We need access to transmission and we need large hydro to qualify under the Renewable Portfolio Standards. The results are mutually beneficial.

In closing, I note that the theme of this year’s conference is “reliability and affordability in an interdependent market – challenges and opportunities.” To put it another way: When it comes to energy trade, the questions you need to ask yourselves are quite simply these: Can I afford it? Can I rely on it? Can we make it work? The answers, when it comes to the Lower Churchill Development, are resoundingly YES.

Thank you so much for this opportunity today. I wish you well in all your deliberations.

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