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Executive Council  
Natural Resources  
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### **Harper Government Announces Final Loan Guarantee for Lower Churchill Projects**

**ST. JOHN'S** — The Honourable Rob Moore, Regional Minister for Newfoundland and Labrador and Minister of State (Atlantic Canada Opportunities Agency), on behalf of the Honourable Joe Oliver, Canada's Minister of Natural Resources, today announced the finalization of the federal loan guarantee for Nalcor's Lower Churchill projects. Minister Moore was joined by the Honourable Kathy Dunderdale, Premier of Newfoundland and Labrador, and the Honourable Andrew Younger, Nova Scotia's Minister of Energy.

"The Lower Churchill projects will create jobs and economic growth for people in Atlantic Canada, while substantially reducing greenhouse gas emissions," said Minister Oliver. "The federal loan guarantee will not only provide a stable source of clean energy for the region, but will also save over \$1 billion for ratepayers in Newfoundland and Labrador and Nova Scotia."

"This is an important step towards realizing the full potential of one of North America's most ambitious clean energy projects," said Minister Moore. "The Lower Churchill projects will generate major economic benefits and create thousands of high-quality jobs in Newfoundland and Labrador."

"Our government stands up for the stabilization of power rates and energy security for our region and country," said the Honourable Peter MacKay, Federal Justice Minister, Attorney General of Canada and Regional Minister for Nova Scotia. "The benefits of this loan guarantee will be passed on directly to ratepayers in both provinces. As a Nova Scotian, I view this loan guarantee as the single best thing the federal government could do for ratepayers in my province."

The federal loan guarantee will apply to up to \$5 billion of project debt for Nalcor's Muskrat Falls Hydroelectric Generating Station, the Labrador Transmission Assets and the Labrador–Island Transmission Link. An additional \$1.3 billion of debt for the Maritime Link will also benefit from the loan guarantee when the agreement is finalized for that project. The guarantee will lower the costs of borrowing for the proponents, with projected savings of over \$1 billion for ratepayers in Newfoundland and Labrador and Nova Scotia.

"The Muskrat Falls hydroelectric development will establish Newfoundland and Labrador as a leader in clean, renewable energy and secure significant economic and employment opportunities that will benefit not only this province, but Atlantic Canada and the rest of the country," said Premier Dunderdale. "This is truly a nation-building project and today's announcement represents a strong commitment by all partners involved to move the project forward."

The projects will make a major contribution to meeting Atlantic Canada's energy needs while reducing annual carbon dioxide emissions by up to 4.5 megatonnes per year, equivalent to taking one million cars off the road.

"The Maritime Link project will enable competition and the development of our renewable electricity market, and helps us meet the federal requirements to reduce our greenhouse gas emissions," said Minister Younger. "We are pleased that the federal government is supporting this important regional project that will provide a clean and renewable source of electricity for decades to come."

The Lower Churchill River Projects will create approximately 1,500 jobs during each year of construction. The Muskrat Falls Hydroelectric Generating Station alone will provide approximately 3,100 direct jobs during the peak of construction. The projects will also inject more than \$1.9 billion in economic activity in Newfoundland and Labrador and deliver nearly \$300 million in revenue to the Government of Newfoundland and Labrador during construction for critical social programs such as health care and education.

The Lower Churchill projects are a clear reminder of the crucial role natural resource development plays in creating jobs, growth and prosperity in every region of Canada.

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**BACKGROUNDER**  
**The Lower Churchill River Projects**

The Government of Canada is committed to developing Canada's natural resources wealth in a way that protects the environment. In the June 2011 Speech from the Throne, the Government committed to supporting the Lower Churchill Hydroelectricity Projects.

On November 30, 2012, Prime Minister Stephen Harper announced that the federal government had reached an agreement with the Governments of Newfoundland and Labrador and Nova Scotia, as well as with two companies, Nalcor Energy and Emera Inc., on the terms and conditions for the federal loan guarantee for the Lower Churchill Hydroelectricity Projects. All of the term sheet conditions necessary for the loan guarantee for Nalcor's Lower Churchill projects have been satisfied. As per the term sheet, the federal loan guarantee for the Maritime Link will be finalized within 90 days of the guaranteed funds being available to Nalcor. Nalcor is expected to have guaranteed funds available to them by mid-December.

## **OVERVIEW OF THE PROJECTS**

### **Muskrat Falls Hydroelectric Generation Facility**

Nalcor Energy is developing the 824-megawatt Muskrat Falls Hydroelectric Generating Station (located on the Churchill River in Labrador, downstream from the existing Churchill Falls facility). The Muskrat Falls facility is expected to generate 4.9 million megawatt-hours (MWh) annually.

### **Transmission Lines**

1. Labrador Transmission Assets: The Labrador Transmission Assets will be a 315-kilovolt, high-voltage alternating current transmission interconnection between the proposed Muskrat Falls Hydroelectric Generating Station and the existing Churchill Falls Hydroelectric Generating Station.
2. Labrador–Island Transmission Link: The Labrador–Island Transmission Link will be an estimated 1,135-km, high-voltage direct current transmission line between Muskrat Falls Generation Facility in Labrador and the Island of Newfoundland with a transfer capability of 900 megawatts.
3. Maritime Transmission Link: The Maritime Transmission Link will be a 520-km transmission line consisting of high-voltage direct current line and high-voltage alternating current line to bring power from the Island of Newfoundland to Cape Breton, Nova Scotia, with a transfer capability of 500 megawatts.

## **PROJECT PROPONENTS**

In November 2010, Nalcor Energy, Newfoundland and Labrador's Crown-owned energy corporation, and Emera Inc. of Nova Scotia announced plans to develop the Lower Churchill River Hydroelectric Projects, comprising the Muskrat Falls Hydroelectric Generating Station and the three transmission lines.

Nalcor Energy and Emera Inc. estimate the total projected cost of the Lower Churchill River projects to be approximately \$7.7 billion. Nalcor Energy will construct and own 100 percent

of the Muskrat Falls Hydroelectric Generating Station and will also build the Labrador–Island Transmission Link through a joint venture with Emera Inc. (with Emera Inc. having an option to take a stake in this transmission line). Emera Inc. will also build, operate and own the Maritime Transmission Link for 35 years, after which the ownership of the Maritime Transmission Link will revert to Nalcor Energy.

## **THE FEDERAL LOAN GUARANTEE**

The Government of Canada has committed, through the signing of a term sheet agreement, to guarantee project-related debt of up to \$6.3 billion for the Lower Churchill River Projects for a period of 35 to 40 years from the time the project debt is raised, which will apply to the construction and operating phases of the projects. By backing the projects with Canada's Triple-A credit rating, the loan guarantee will significantly reduce borrowing costs.

It is estimated that the loan guarantee will save over \$1 billion for the projects and, correspondingly, for ratepayers in Newfoundland and Labrador and Nova Scotia. The loan guarantee will be managed by Natural Resources Canada.

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6:35 p.m.