

Premier Kathy Dunderdale
Press Conference
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UNIDENTIFIED MALE SPEAKER: Go ahead.

PREMIER DUNDERDALE: Okay, well first of all, let me begin by saying thank you very much for coming this evening.

This is a historic day for Newfoundland and Labrador, for Atlantic Canada and Canada as we said in our remarks. It's been wonderful to have all our partners here with us this evening and Minister Moore sends his regrets; he's got to catch a flight back.

We're particular pleased to have Minister Younger join us today. As you know – you know, a brand-new government and – freshly minted – that had to have a look at this particular project with a lot of scrutiny in the last couple of weeks. And to have them here fully signed on as our partner – it's a wonderful day for Newfoundland and Labrador.

I want to particularly thank the minister and former ministers for the great job that they've done guiding this file forward. And, you know, there's not words enough for me to say how much I respect and admire Ed Martin and the work that he's done with Nalcor from the very beginning.

And the people of Newfoundland and Labrador can be very proud of their state-owned energy company and Nalcor. And this is just the beginning of great things to come and great benefits that will accrue to the people of the province because of Nalcor and the work they do on their behalf.

UNIDENTIFIED MALE SPEAKER: You have a \$5 billion loan on a project that's around \$8 billion. So where's the rest of the money coming from?

PREMIER DUNDERDALE: Well, there's an equity investment from Newfoundland and Labrador. And of course Nova Scotia – the Maritime Link is not included in that amount of money.

UNIDENTIFIED MALE SPEAKER: So apart from actually building the dam itself, is this the last hurdle? Is there anything else left to do –

PREMIER DUNDERDALE: No. this – well, you know, Nova Scotia has a piece of work that it needs to complete now, on its Maritime Link, but as far as Newfoundland and Labrador is concerned, all the Ts are crossed, the Is are dotted, loan guarantee is in place and secured, financing is in place and secured, interest rate is secured, and now we just get on with the project.

UNIDENTIFIED MALE SPEAKER: Mr. Martin, right now a Government of Canada Bond for 30 years is going for 2.5 per cent. Why is this rate so much higher than that?

MR. E. MARTIN: First off, we should note that at a rate of approximately – blended rate of approximately 3.8 per cent for 40 years locked in for a project of this magnitude, you know, a \$5-billion financing is a very, very, very strong rate. We're not gonna see this again in our lifetimes. We know which way rates are going and we've managed to lock this in for actually 40 years. So we know with complete certainty where this is going.

We have the Canadian AAA credit rating behind us, and this is a normal financing. We've picked up basically a Canada bond rate, which is a fantastic opportunity – a small spread, they call it – which would put us in line with something like the post office or a Canadian institution.

And what we're seeing here – we've gone into the market at just the right time. It's been timed perfectly. You know, we know where rates are going following this and we could not have picked a better time to be in the market or to get a better rate. And, as I said, locked in for 40 years, that's given us certainty that is unheard of in many projects.

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UNIDENTIFIED MALE SPEAKER: Minister Younger, the Nova Scotia Liberals been very critical about the Maritime Link, certainly, for a while now. Does your government now fully support this project?

MR. YOUNGER: Yeah. To clarify, our current Premier was here visiting former premier Williams about this project two elections ago to express out support for something going ahead. We were never – and you can go back and read the *Hansard* records in Nova Scotia – neither I nor the Premier have ever spoken against the project. We had concerns with some of the structure on the Nova Scotia end of it. In the past eight weeks we've able – we've been able to address our concerns on the structure that we had with Emera and so forth and now we're satisfied. We think it's in the best interest of ratepayers, and additionally it actually deals with a number of other issues we would like to address in Nova Scotia, where we have a lot of coal-powered energy. This will allow us to get other imports in addition to what we get from Newfoundland.

UNIDENTIFIED MALE SPEAKER: Just to clarify on the \$5 billion loan. So that \$5 billion covers the \$6.2 billion Muskrat portion and so the equity is 1.2 that the province is putting in?

PREMIER DUNDERDALE: Well, we haven't disclosed the amount of equity up to this point but we have guarantee for \$5 billion. Ed, you might want to speak in some more detail?

MR. E. MARTIN: Yeah, so in essence, you know, what you're saying is correct, you know, 6.2 is the capital – was the capital cost estimate at DG3. Five billion of that will be the loan portion of it. Equity – additional equity will be the remaining amount plus, as we've said before, there's interest during construction that builds up as well.

So when you look at the equity portion, it hasn't been finalized just yet, but it's going to be \$5 billion plus an equity portion to cover off the remaining capital plus the remaining interest during construction component. And all those numbers are being finalized now and certainly will be made available, you know, in a reasonable amount of time. But we've just completed a massive financing. Folks are running the numbers and as soon as we get ourselves organized with that we'll be releasing, you know, the numbers but – nothing new.

UNIDENTIFIED MALE SPEAKER: When you say a 40-year financing arrangement, is it expected at the end of 40 years it will be paid back 100 per cent?

MR. E. MARTIN: Well there's – a little bit of detail now. There's two separate financing: one is for Muskrat Falls and the Labrador Transmission Assets. That's one, and that's the \$2.6 billion financing. And the Labrador Island Link is a separate financing for \$2.4 billion. Both of those together, obviously, is \$5 billion.

With respect to Muskrat Falls and the Labrador Transmission Assets, that will be fully paid off in 35 years. Five years for construction and 30 years for the actual amortization of the full bond paid off entirely. With respect to the Labrador-Island Link, that's a five-year financing with 35 years guaranteed. And then that is a 50-year asset that we financed that over so there will be a smaller portion at the end of it for 15 years, 35 years from now – or 40 years from now that we will be refinancing.

UNIDENTIFIED MALE SPEAKER: It's been about a year since we got the initial – the DG3 cost estimates, or more than that actually – but since the project was sanctioned contracts have been awarded, construction has started. Is there any sense of what sort of time frames before we start getting updated cost estimates, now that we're in construction and we know how much things are going to be costing?

MR. E. MARTIN: So, you know, it's still early days in a project of this nature and we've let – first of all, we have well over 90 – I think it's close to 95 per cent plus of the engineering done at this point, which is very helpful for us to begin to, you know, create more certainty. We've let several of the largest

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contracts – some left to come. We have experience on site thus far, and it's very encouraging. And that being said, we're not ready to really give, you know, a cost update at this point. But I think, suffice to say, you know, some – it's a typical project. We have some costs which are coming in where we thought they would be – some a little bit under; we have some cost pressures in other areas that are being experienced in this project and elsewhere in the country.

So there's the puts and takes, and we'll be able to report on that as we go and give you more of a flavour. I will say, though, that, remember, costs of a project of this nature are comprised of capital, operating and financing. And although, you know, we're still developing where we are in the capital side of things, one thing we know now today is, from a financing perspective, the actual financing of this project came in significantly less costly than we expected at DG3. So it's a big component of cost that we know now is much lower than we thought it would be. On the project capital side, there's puts and takes, and we're not yet ready to give, you know, a final flavour for that until we get a little bit further into it.

UNIDENTIFIED MALE SPEAKER: What were you banking on for the financing in terms of a rate?

MR. E. MARTIN: Well, we had – I think – publicly said it was approximately a billion dollars in present-value savings. And we know that the rates that we have achieved and the fees that have come in under this bid arrangement are better than we expected. Haven't got a final number on that just yet, but suffice to say, it's – you know, it's gonna be a significant help to us because we know we've done better than we budgeted.

UNIDENTIFIED FEMALE SPEAKER: And, Sir, in terms of timelines, are you still expecting first power in 2017?

MR. E. MARTIN: At this point, we're definitely expecting the first power in 2017. But I will be, you know, open and transparent as well, is that this really, from my perspective, is more of a cost-driven job than a schedule-driven job. What we're doing now is we're working with some of the major contractors. For instance: very experienced contractors, they'll come in, and if they indicate to us that, look, this is quite a peak of people here, you know, that could cause us an issue or two from a productivity perspective, we're saying, let's work that out. If we have to move – smooth some of those people out and adjust the schedule here a little bit, extend it here a little bit, bring it forward, we're gonna do that.

But right now, we're still focused on 2017 first power, and what I think – what we're gonna see is as we level out the resourcing and the people and the productivity pieces, we may see some movement there, but it would be for the right reasons.

UNIDENTIFIED FEMALE SPEAKER: And, Premier, just to give you a chance to respond to Aboriginal groups in Labrador, you know, that they're still raising some concerns about their environmental issues, the consultation issues that they say are still before the courts. Your response to them tonight?

PREMIER DUNDERDALE: You know, we take Aboriginal rights very seriously, and this project is squarely in Innu lands. And we took a long time to negotiate the New Dawn Agreement, and one of the biggest outcomes was not so much the benefits that we were able to agree on between us, but it was the relationship that developed and the trust that developed between us. And I'm happy to say that they're a daily presence on the project site, working with Nalcor, you know, to resolve issues as they arrive. Very positive, very proactive.

In terms of consultation, we have, you know, very stringent guidelines that we follow. We've been very inclusive from the very beginning. We understand that some people with Aboriginal claims that, you know, have not yet been recognized by the Government of Canada can get sometimes frustrated by this process. But, however, you know, there is a process laid down in Canadian law. That's the one that, you know, we're all required to follow. If somewhere along the line they have rights that are established, we

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will absolutely respect and honour them and whatever requires to go along with that. But until then, we have to meet all the requirements that have been laid down in the courts in Newfoundland and Labrador and by our own Aboriginal consultation policy.

UNIDENTIFIED FEMALE SPEAKER: I know there was many references while you were speaking today to the members of the Innu Nation who are here today. I was wondering if anybody who knows who those members were (inaudible).

PREMIER DUNDERDALE: Oh, we can – we'll give you the list of the names, yes.

UNIDENTIFIED FEMALE SPEAKER: (Inaudible)

PREMIER DUNDERDALE: The Grand Chief and the Chief are in Ottawa on other business and couldn't be with us today. But we're delighted to have the representatives they asked to come on their behalf.

UNIDENTIFIED FEMALE SPEAKER: (Inaudible) – there are a couple of media who did call from outside. We just checked to see whether there might be any questions from outside there. If there is somebody who has a question, could they please indicate their name and their affiliation and ...