

The Maritime Link Project





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OVERVIEW

The Application – What it is and what it isn't

NSP Maritime Link Inc. (NSPML) — a subsidiary of Emera Inc. and an affiliate of Nova Scotia Power Inc. — is applying to the Nova Scotia Utility and Review Board (UARB) for approval of The Maritime Link Project (ML).

The Maritime Link Project application asks the UARB to approve the costs of the project, estimated at \$1.52 billion (with a variance of up to \$60 million). The application is not a request to recover the project costs through Nova Scotia Power rates; that will happen through a separate application to the UARB in 2017 once the Maritime Link Project is reaching completion.

There are options as to how this could be reflected in Nova Scotia electricity rates; this will depend on the preference of customers and, ultimately, the decision of the UARB.

The rate impact will be a 0.95% increase in each of the first five years of operation, with no further increase after that time. This would add approximately \$1.50 per month to the average household's power bill in each of the first five years, and then remain stable or decline for the following 30 years. This calculation takes into consideration the costs of the Maritime Link and the projected savings due to reduced reliance on coal-fired generation.

A final decision about how customers will pay for this new source of electricity, and over what period of time, will actually be determined as part of a general rate application process before the UARB in 2017.

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Maritime Link – Why it's the best option

The Maritime Link Project provides the lowest long-term cost alternative for a guaranteed supply of renewable energy, and the best option for Nova Scotia Power to accomplish legislative requirements to transition away from coal. Here are the project's key benefits:

1. **ML will increase rate predictability and reduces volatility for electricity customers through a long-term (35 year) fixed cost contract** – The cost of the Nova Scotia block of Muskrat Falls energy will be fixed based on NSPML paying 20% of the cost of the project in return for 20% of the energy.
2. **ML provides greater long-term electricity security** – Nova Scotia will have access to a new energy supply, which has capacity and renewable attributes that can be dispatched when needed.
3. **ML offers a strategic transformational opportunity for enhanced access to competitive markets** – The interconnection with Newfoundland provides a strategic advantage to Nova Scotia by putting us first in line for energy from Muskrat Falls and Upper Churchill after 2041.
4. **ML offers access to large, new, renewable electricity supplies for 50 years** – Newfoundland and Labrador has a growing warehouse of renewable energy at competitive prices under development and planned for the future.
5. **ML provides enhanced reliability** – The Maritime Link provides Nova Scotia with a second electrical connection (to the east) which enhances the Nova Scotia system.
6. **ML strengthens Nova Scotia's connection to the North American grid to prepare for and to take advantage of many future energy scenarios** – The Maritime Link will create a new Atlantic electricity loop, opening access to other energy import options available in a new market, as well as future renewable energy developments in Newfoundland and Labrador.
7. **ML supports the development of additional intermittent renewable energy resources in Nova Scotia, such as wind and tidal** – By providing firm hydro back-up, the Maritime Link enables more wind development in Nova Scotia. This will free Nova Scotia from a century-old pattern of overdependence on a single, non-renewable fuel source – first oil, and then coal.
8. **Provide energy that is carbon dioxide free** – This assists Nova Scotia Power in meeting new federal regulations that require reductions in carbon dioxide emission from coal plants.
9. **Reduce Nova Scotia's dependence on coal** – This assists Nova Scotia Power in complying with federal regulations intended to phase out existing coal plants in Canada. As well, it reduces the environmental impact of electricity production, and lessens the exposure of Nova Scotia households and businesses to power rate increases caused by price spikes in imported coal.
10. **Be a firm electricity supply** – Muskrat Falls electricity via Maritime Link will be available to Nova Scotians when they need it, unlike wind, tidal, and solar energy, which generate based on environmental conditions outside of human control.
11. **Require minimal upgrade to Nova Scotia Power's transmission system** – This is because the Maritime Link will come onshore close to the majority of Nova Scotia Power's current coal generation. Muskrat Falls energy will displace coal generation and take its place on the transmission and distribution grid.



The Maritime Link Project – Comparison to other options

As part of its application to the UARB, NSPML has considered and assessed other alternative energy sources that would comply with federal GHG reduction requirements.

Options examined included:

- **Biomass** – Nova Scotia Power already has plans to make electricity using biomass at or near the provincial cap on biomass fuel.
- **Tidal** – Not commercially ready for widespread application.
- **Gas** – Cannot reliably meet Federal GHG objectives post 2030.
- **Nuclear** – No technology currently licensed in Canada for new construction.
- **Wind with gas backup** – Developing equivalent wind generation, with the necessary backup generation, in Nova Scotia, would cost in excess of \$1B – \$1.9B more than the Maritime Link.
- **Other imported hydro** – Purchasing the electricity capacity and attributes and building the necessary infrastructure for other imports into Nova Scotia would cost close to \$300M – \$500M more than the Maritime Link.

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The Lower Churchill Project – At a glance

Under finalized agreements reached in 2012 between Emera and Nalcor Energy, the Newfoundland and Labrador government owned energy company, NSPML will invest 20 percent of the total cost of developing Phase One of the Lower Churchill Projects and the Maritime Link in return for 20 percent of the energy from Muskrat Falls for 35 years.

The Maritime Link Project is a 500 MW interconnection that will, for the first time, link the island of Newfoundland to Nova Scotia. Phase One of the Lower Churchill Projects will harness and transmit hydroelectric power from Muskrat Falls, which includes:

- The Muskrat Falls Generating Station: a hydro plant owned and operated by Nalcor and capable of producing 824 MW of electricity.
- The Labrador Transmission Assets: a high voltage transmission line connecting Muskrat Falls to Nalcor's existing 5,428 MW Churchill Falls Generating Station, which in turn connects to the North American transmission grid.
- The Labrador-Island Link: an 1100 km, 900 MW, high-voltage direct current (HVDC) transmission system and subsea cable jointly owned by Nalcor and Emera, and connecting Muskrat Falls to the electricity grid on the island of Newfoundland.

The Maritime Link Project – Why now? Three key reasons

1. The Government of Canada has declared Phase One of the Lower Churchill Projects and the Maritime Link to be of “regional and national significance”¹, and has offered its support with a loan guarantee for project financing. The loan guarantee will directly benefit Nova Scotia customers, saving more than \$250 million (more than \$100 million on a net present value basis) over the life of the project.
2. Interest rates are currently at historical lows in North America making this the very best time in our history to finance a large capital investment like this one.
3. Nalcor and the Government of Newfoundland and Labrador are proceeding with Phase One of the Lower Churchill Projects. We have the opportunity to invest now, to move our province forward and to obtain the resulting, long-term benefits for Nova Scotians.

¹Office of the Prime Minister of Canada - Press release - PM announces agreement on terms for the federal loan guarantee for Lower Churchill River Projects - 30 November 2012 (<http://www.pm.gc.ca/eng/media.asp?id=5184>)

**The Maritime Link project is the lowest long term option for Nova Scotians.
The value it offers includes:**

1. A base block of energy from Muskrat Falls – and the increased system reliability associated with this new, firm supply of electricity.
2. Access to surplus energy, not only from Nalcor Energy but also from any other potential supplier in the market.
3. Transmission of electricity from Newfoundland and Labrador through Nova Scotia, which will continue to be a source of income for Nova Scotia electricity customers.

CONTACT US

If you have any questions about the Project or would like to be included in ongoing communications, you may contact Emera Newfoundland & Labrador at:

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For Project updates please visit www.EmeraNL.com.