



Nalcor Energy provides update on the Muskrat Falls Project

June 26, 2014, St. John's, NL – Today Nalcor Energy provided an update on the Muskrat Falls Project, including an updated capital cost forecast for the hydroelectric and transmission development ongoing in Newfoundland and Labrador.

“The Muskrat Falls Project continues to be the right decision for long-term energy supply for Newfoundland and Labrador and will deliver significant long-term value to the people of the province,” said Ed Martin, President and CEO, Nalcor Energy.

When the Muskrat Falls Project was sanctioned by the Government of Newfoundland and Labrador in December 2012, the estimated capital cost of the development was \$6.20 billion, which included capital costs for the generating facility at Muskrat Falls and associated transmission lines and infrastructure in Newfoundland and Labrador. External market pressures, combined with strategic investments to enhance system reliability, operation and productivity throughout construction, have resulted in an updated capital cost forecast for the project of \$6.99 billion.

Since construction of the hydroelectric development at Muskrat Falls began, changing market conditions in an extremely competitive construction industry locally, nationally and globally, have increased the facilities capital costs on the project by approximately four per cent. Since sanction, Nalcor has also made several design enhancements to improve system quality and reliability, construction productivity and operational efficiencies, which increased the facilities capital costs on the project by an additional nine per cent.

“Over the life of the Muskrat Falls Project, significant value and cash flows in excess of \$30 billion will be generated by the project. This will provide a substantial benefit for all Newfoundlanders and Labradorians,” said Martin. “The decisions to invest in additional reliability and productivity measures will help ensure this important asset will provide long-term value to the province well into the future.”

With the updated capital cost forecast for the project, electricity rates are expected to increase in the range of about seven per cent to the average homeowner on the island using electric heat. This means that when Muskrat Falls comes into service, there will be an average electricity bill increase of \$8 per month over what was projected at sanction.

Since construction of the Muskrat Falls Project began in 2013 detailed engineering and design is now more than 98 per cent complete. Construction has started as planned on all major work sites for the project, including Muskrat Falls, Soldiers Pond, Churchill Falls, the Strait of Belle Isle, and the transmission routes and today, more than 1,800 people are working on the project of which about 85 per cent are Newfoundlanders and Labradorians. Employment is expected to peak at 3,300 in 2015. Contracts have been awarded or are through the advanced evaluation stage for more than 90 per cent of project costs, with all major contract awards expected by the end of 2014.

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