



PRIME MINISTER • PREMIER MINISTRE

Dear Premier Wakeham,

I am writing to commend the leadership and commitment that your government has brought to the negotiations on Churchill Falls, the development of Gull Island, and related transmission infrastructure.

Both Newfoundland and Labrador and Quebec have demonstrated what can be achieved when governments work together in pursuit of a common objective. The agreement between Hydro-Québec and Newfoundland and Labrador Hydro represents more than a bilateral arrangement between two strong electricity utilities, it reflects a shared commitment to strengthening Canada's energy future. These initiatives will result in the largest reliable, clean, affordable electricity projects in North America by securing the potential for as much as 14,000 megawatts of generating capacity. These projects are transformative for Newfoundland and Labrador, for Quebec, and for Canada. They will create strong conditions for long-term clean growth and prosperity.

Unlocking this potential is proof that we are stronger united than apart, and that ambitious, complex undertakings become possible when good partners bring ambition, creativity, and mutual respect to the table. The Government of Canada is proud to be a partner with Newfoundland and Labrador Hydro and your government in this undertaking.

The Honourable Tony Wakeham
Premier of Newfoundland and Labrador
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I am writing to set out clearly the support that we are prepared to provide to bring these projects to fruition.

Clean Electricity and Clean Technology Investment Tax Credits (ITC)

As Canada works to strengthen economic security and build on its clean electricity advantage, the federal government will provide the long-term policy certainty needed to advance projects of this strategic importance. The scale, complexity, and long development horizons associated with these projects need certainty and flexibility with respect to Investment Tax Credits (ITCs). To this end, Canada commits that the upgrades to the existing Churchill Falls plant, the development of Gull Island and related transmission assets in Labrador and Quebec will all be eligible for the ITC or for equivalent support and remain so through to 2040. In addition, Canada will provide support for intra-provincial transmission infrastructure as announced in our electricity strategy as well as the Labrador wind project also through to 2040. I will ask the Minister of Finance and National Revenue to ensure reimbursement of eligible expenses as they are incurred on an annual basis. We anticipate that the direct net present value benefit of this commitment to Newfoundland and Labrador would be in the range of \$1.5 billion. This amount includes the value of the credits for the Churchill Falls upgrades, the development of Gull Island, the Labrador West transmission line, and the Labrador wind project. These projects unlock economic opportunities in the region that will lead to much larger and long-lasting benefits for Newfoundlanders and Labradorians including thousands of jobs as well as a major boost to provincial revenues through royalties and gross domestic product.

Labrador Trough

Canada is prepared to refer the '*Labrador Trough Clean Power, Critical Minerals and Infrastructure Corridor*' to the Major Projects Office (MPO) to coordinate and structure federal financing; coordinate and accelerate federal regulatory and permitting requirements; work with Indigenous peoples to achieve meaningful partnerships; and, ensure that the Clean Electricity Investment Tax Credits deliver very substantial financial support to the specific projects in this area. While we will refer the Labrador Trough corridor to the MPO upon signing of a revised agreement in principle, the actual listing of projects under *the Building Canada Act* would coincide with the signing of binding agreements with respect to Gull Island and Churchill Falls and following consultations with Indigenous peoples.

Gull Island: Federal Loan Guarantee

The Gull Island project will strengthen Canada's position as a global leader in clean, reliable, and affordable electricity. As one of the largest prospective hydroelectric developments in North America, it will generate significant economic investments, long-term employment and ensure strong economic partnerships with the Innu Nation of Labrador. In recognition of the importance of this project for Canada, I have asked the Minister of Energy and Natural Resources and the Minister of Finance to work with the proponents to provide a federal loan guarantee, or alternative financial arrangements to reduce the financing costs of the project.

In addition, I will ask federal financing institutions such as the Canada Infrastructure Bank and the Canada Indigenous Loan Guarantee Corporation to work with Indigenous communities where needed to support potential investments.

Equity Investment in the Labrador Wind Project

The 2000-megawatt Labrador wind project, which would be Canada's largest wind energy development to date, speaks to the comprehensive vision Newfoundland and Labrador is bringing to Canada's energy future. This project represents a significant opportunity to advance partnerships with the Innu Nation of Labrador through meaningful ownership and participation in long-term revenue generation. By ensuring Indigenous partners share directly in the value created by this major energy investment, the project will support lasting prosperity and strengthen Indigenous leadership in Canada's clean energy economy.

Recognizing that planning for this wind project is at an early stage, the details of these financial arrangements will be developed through discussions between officials on the sharing of benefits and risks between Canada and the Province.

Canada will invest up to a 40 percent equity stake in the project, alongside equity investments by an independent power producer. The independent power producer and Canada will work with the Innu Nation of Labrador to ensure new economic opportunities are available to the Nation. Canada will also provide the province with an option to purchase Canada's equity stake at a later date.

Canada's investment will provide a benefit to Newfoundland and Labrador of up to \$1 billion in net present value through this wind project or other related projects of interest to the province.

Labrador West Transmission

The Labrador Trough is one of Canada's most strategic natural resource regions. It has long been the foundation of the country's iron ore industry, reinforcing our leadership in the critical minerals supply chains and creating a significant competitive advantage for Canada in the transition to a cleaner economy. The Labrador West Transmission Project is a generational opportunity essential for unlocking the next phase of development in the Labrador Trough. By enabling the advancement of key mining projects, the Labrador West Transmission project will drive significant economic growth, support thousands of jobs, advance Indigenous economic participation and partnership, and generate long-lasting economic benefits for Newfoundland and Labrador and for Canada.

Recognizing the strategic importance of this opportunity, Canada will provide up to \$300 million in federal contributions for the Labrador West Transmission Project and will work with federal Crown corporations to build a financing package (e.g., debt and equity). This funding reflects Canada's commitment to provide up to \$1 billion in net present value and would allow the Labrador Trough to realize its full economic potential.

Regulatory Coordination

Given their national importance, Canada also intends to refer the Churchill Falls upgrades, the Gull Island Project and related transmission projects, as well as the Labrador Trough transmission line to the MPO once they are sufficiently advanced and following engagement with your government. The actual listing of projects under the *Building Canada Act* would coincide with the signing of binding agreements with respect to Gull Island and Churchill Falls and following consultations with Indigenous groups.

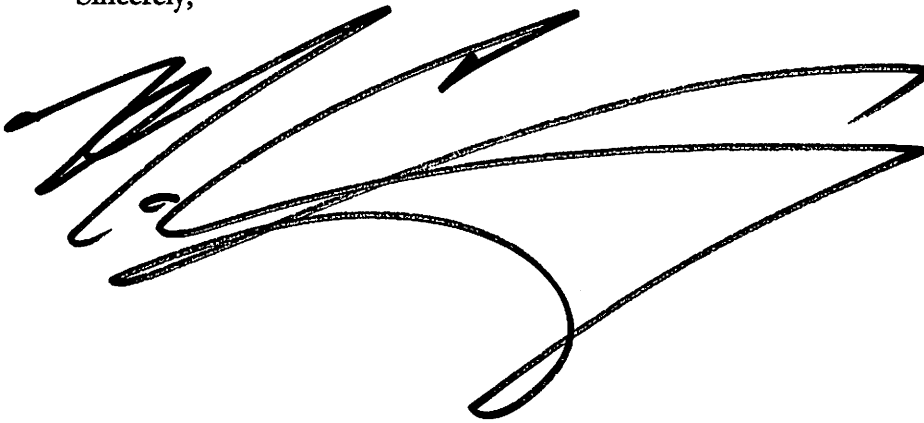
Following referral of the projects, Canada will work in coordination with the proponents, the MPO and relevant federal authorities to coordinate federal requirements in order to facilitate timely issuance and confirmation of all approvals, permits, and certifications required to advance these projects. Our objective is to support efficient project delivery and ensure that implementation proceeds in accordance with planning assumptions.

Premier, please accept my congratulations on reaching this landmark Definitive Cooperation and Implementation Agreement, which will unlock significant economic opportunities, including tens of thousands of jobs, and other long-term benefits for Newfoundland and Labrador, Quebec, and Indigenous communities and partners.

As this work moves to definitive agreements this fall and then to implementation, continued collaboration among, project proponents, and Indigenous partners will be critical to realizing the full potential of these investments and ensuring that their benefits are broadly shared.

I look forward to building on this momentum and to continuing to work together to build a strong Newfoundland and Labrador and strong and resilient Canada.

Sincerely,

A large, stylized handwritten signature in black ink, consisting of several sweeping, interconnected strokes.