

HAIDALINK BACKGROUNDER



May 10, 2007

HAIDALINK PROJECT

- **Leverages Naikun Project**
- **Brings wind energy to Haida Gwaii**
- **Replaces on-island diesel**
- **Connects Island to BC Grid**
- **Proposal will be submitted to existing on-island power assessment process managed by Sheltair**
- **HAIDALINK will be project financed and majority owned by the Haida Nation**
- **Subject to BC Hydro and BCUC approval**
- **Subject to Naikun project proceeding, which includes EAO approval as well as support from Tsimshian First Nations**



BACKGROUND

- **The issue of clean energy on Haida Gwaii (Queen Charlottes) is a long-standing concern for Island residents, as well as north coast residents concerned about regional air quality**
- **Haida Gwaii is not connected to BC electricity grid**
- **There are very few feasible sources of clean energy on the island**
- **The majority of on-island electricity is supplied by BC Hydro using high cost and non-green diesel generators**
- **BC Hydro incurs a significant annual subsidy in order to provide power to Island residents at a typical BC tariff (Zone 2)**
- **The annual energy usage on the Island is 52,000 megawatt hours, of which 35,000 (67%) is provided by burning diesel**
- **Burning this carbon fuel puts more than 26,000 Tons of greenhouse gases into the atmosphere each year**
- **BC Hydro and the Council of the Haida Nation have commissioned Sheltair to conduct a study of potential sources of clean energy to replace this diesel generation**



LEGEND

- ① Offshore Substation (NAIKUN Wind Farm)
- ② HAIDALINK - 70 kV Submarine Cable, 50 km
- ③ Proposed Tiel Substation
- ④ Proposed 25 kV, 3 Phase Transmission Line Tiel to Port Clements
- ⑤ Proposed 25 kV, 3 Phase Transmission Line Tiel to Skidegate

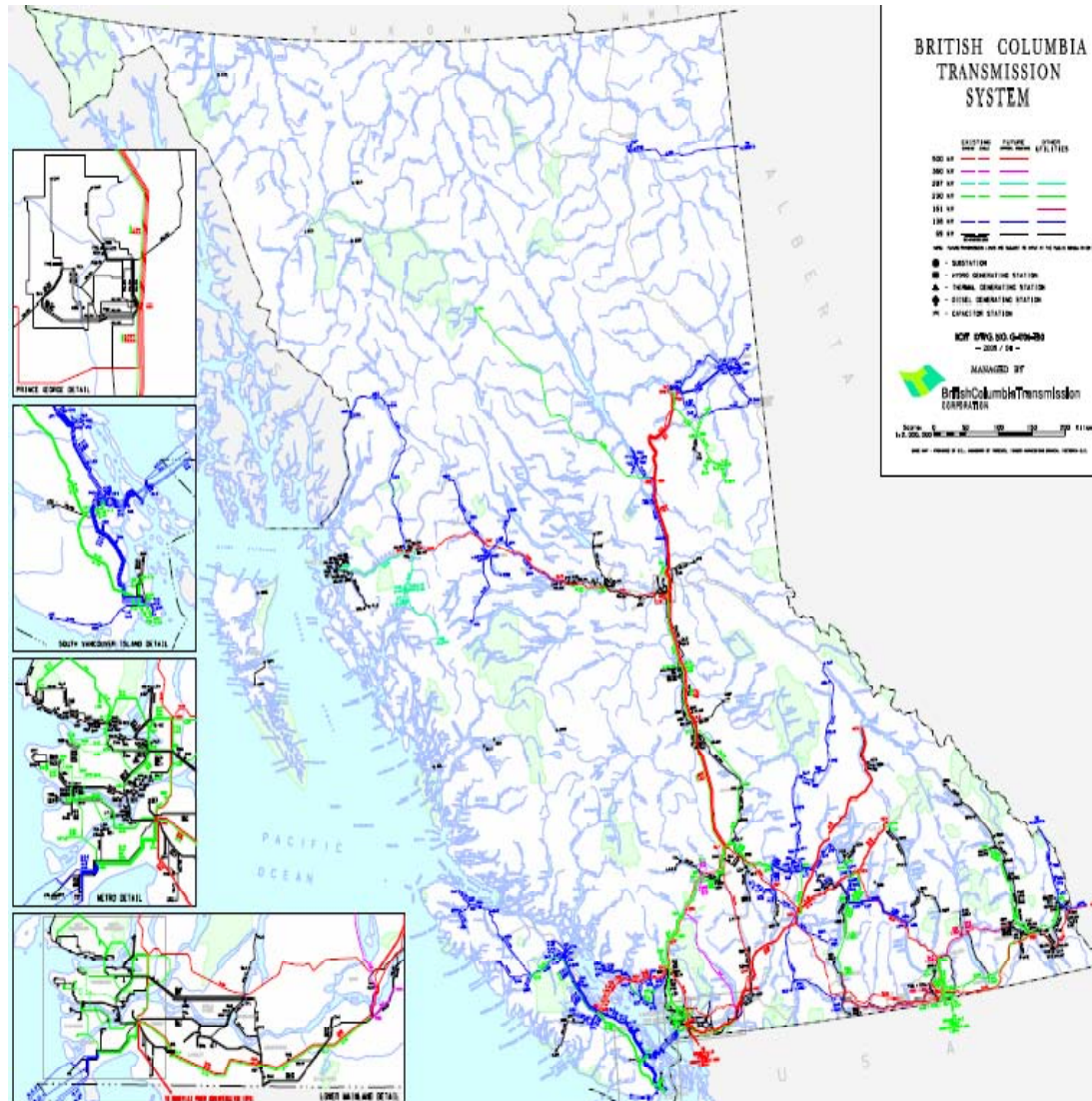
HAIDALINK LAYOUT



NAIKUN PROJECT SITE



BC ELECTRICITY GRID



HAIDALINK & THE BC ENERGY PLAN

- **This project is very much aligned with the direction of the recently announced BC Energy Plan:**
 - **Reduce Green House Gases (“GHG”) by 33% by 2020**
 - **90% clean energy generation target**
 - **Zero net GHG from existing Thermal Generation plants by 2016**
 - **Pursue Remote Community Electrification Program (ie, connect non-integrated areas like Haida Gwaii)**
 - **Ensure BC Hydro considers alternative sources of energy planning for remote communities**
 - **Focus on First Nations concerns about clean energy supply**



ADDITIONAL DETAILS

- **HAIDALINK would be connected to the proposed 320MW NaiKun offshore wind energy project, which is expected to begin construction in 2009**
- **The project would be constructed and operated jointly by the Haida Power Authority and NaiKun**
- **The cost of a “stand-alone” Island-to-Mainland grid connection is not economical (likely \$300-400 million)**
- **Since NaiKun is already building a wind project, which will include a transmission cable that stretches $\frac{3}{4}$ of the distance across the Hecate Strait, it can enable HAIDALINK for an increment that is a small fraction of the likely “stand alone” cost of an Island-to-Mainland grid connection**
- **The result is both the delivery of wind power to the Island, as well as reliable back-up generation from the BC Hydro grid.**
- **The current diesel generators would be retained, and maintained regularly, for emergency back-up purposes**
- **The connection point would likely be at Tlell, but other alternatives are also being explored**



HAIDA NATION AND NAIKUN ANNOUNCE CLEAN ENERGY SOLUTION—HAIDALINK—FOR HAIDA GWAI

May 10, 2007

Vancouver, British Columbia – NaiKun Wind Energy Group Inc., (“NaiKun”) and the Haida Nation announced today they have entered into a Memorandum of Understanding (MOU) to establish *HaidaLink*—a proposal to complete interconnection between Haida Gwaii and the mainland energy grid. The Haida Power Authority is an entity created by the Haida Nation to oversee the development of power projects within Haida Gwaii.

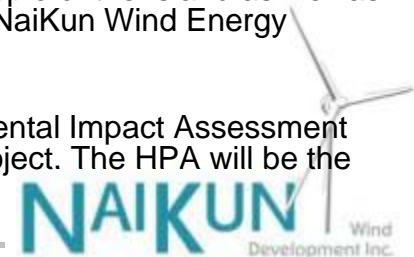
NaiKun is proposing to develop a 320 MW offshore wind energy project to be located in the waters of the Hecate Strait off the coast of Haida Gwaii (Queen Charlotte Islands). The project is currently conducting an Environmental Impact assessment and is expected to begin construction in 2009. The NaiKun project will be connected to the provincial energy grid at Prince Rupert.

As a result of this MOU, the *HaidaLink* project will be submitted to the energy resource survey currently being conducted by the Sheltair Group on behalf of the Haida Nation and BC Hydro. If the project proposal is accepted, this will result in wind power being provided to the Island as well as completing a grid-to-grid connection between Haida Gwaii and the BC mainland.

“The problem of clean energy supply on Haida Gwaii has been a long standing issue since we are not connected to the BC grid and most of our power comes by burning diesel” said Arnie Bellis, Chairman of The Haida Power Authority (HPA). “The HaidaLink concept is a win-win for everyone, the island can eliminate the majority of its diesel generation, get connected to the BC Hydro grid and provide the Haida Nation with a sustainable economic opportunity. We are eager to move forward with the establishment of *HaidaLink* if it proves to be the most suitable project for the islands’ energy requirements,” noted HPA Chairman Arnie Bellis.

“NaiKun has heard the concerns of Island communities and has spent significant time and resources developing a “on-island solution” which leverages our wind farm and the fact it already stretches $\frac{3}{4}$ of the distance across Hecate Strait. We think the addition of HaidaLink adds considerable benefits to the people of the Island as well as meets several objectives of new BC Energy Plan” said Michael C. Burns, Chairman of NaiKun Wind Energy Group.

The MOU is contingent upon the NaiKun project successfully completing the Environmental Impact Assessment process as well as the construction and operation of the 320 MW NaiKun wind farm project. The HPA will be the primary shareholder of *HaidaLink* with a portion retained by NaiKun Wind Group.



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