Date : 3/31/2008 8:43:45 AM
From : "Snook, Corey"
To : "Tobin, Pierre F."
Subject : FW: LCP Article - Economy 2008
Attachment : LCP article - Economy 2008.doc;

Good morning Pierre,

Please review the attached LCP article from Leona at the energy corp re. Lower Churchill for Economy 2008.

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From: LeonaBarrington@nlh.nl.ca [mailto:LeonaBarrington@nlh.nl.ca]
Sent: Saturday, March 29, 2008 6:11 PM
To: Snook, Corey
Subject: Fw: LCP Article - Economy 2008

Hi Corey,

I understand Tracy is out of the office - can you take a look at the article attached and let me know if you'd like any changes....

Thanks.

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— Forwarded by Leona Barrington/NLHydro on 03/29/2008 06:09 PM —

Leona Barrington/NLHydro

03/29/2008 05:52 PM

To Elizabeth Matthews, Tracy Barron
cc
Subject LCP Article - Economy 2008

Hello ladies,

Attached is a piece on the LCP for the Economy 2008 publication. Would you mind taking a look to ensure all is well. As per ususal-the turn around time on this is rather quick - I've been told Finance needs it early this week.

Thanks so much.

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With environmental impacts becoming a top global concern, the need for sustainable energy sources has never been more apparent. Delivering alternative sources of energy with minimal detriment to the environment is an important step in continuing growth while maintaining the needs of the province and future generations. The lower Churchill River hydroelectric resource has the potential to become a major energy source for Newfoundland and Labrador that will more than double the province's amount of renewable electricity available and dramatically increase the amount of power accessible for economic growth in Labrador and the Island.

As Canada's lowest cost, undeveloped hydroelectric resource, the lower Churchill River has the potential to substantially reduce Canada's greenhouse gas emissions by displacing fossil fuel fired electricity generation. The Lower Churchill Project could displace up to 16 megatonnes of carbon dioxide emissions from comparable coal thermal generation. The 2000 MW Gull Island site and the 824 MW Muskrat Falls site have a combined capacity to power 1.5 million homes.

Planning for the Build
Scheduling for the Project involves extensive planning and timely execution to ensure success. The Project has developed a six-phase process, with five 'gateways' which chart progress and ensure all development goals are met. Currently, the Project is in Phase 2, which involves initial planning and consultation for the pre-development operatives. Gate 2 will be opened upon completion of all predetermined deliverables. Such deliverables have been the major tasks of the past year.

Engineering Investigation
In 2007, Hydro conducted an extensive engineering program which included further field investigation work at both the Gull Island and Muskrat Falls project sites, as well as along the potential transmission routes. The field program consisted of surveying, test pitting, exploratory drilling and seismic investigations as well as sub-sea surveying of the Strait of Belle Isle and Cabot Strait. This engineering work will assist in preparation for environmental and engineering activities leading to project sanction.

Proceeding with Environmental Assessment
Advancement of the Environmental Assessment (EA) process is an important project deliverable. The Provincial and Federal Governments have decided that the Project will be subject to a joint environmental assessment and to an Independent Review Panel. This past year, a series of sessions were held throughout Labrador, allowing community members to speak directly to project members and have their feedback factor into the planning and development of the Project. These sessions assist in ensuring that the potential environmental and social effects of developing the lower Churchill resource are included in the Environmental Impact Statement (EIS) for the Project. These consultations will continue in preparation of the EIS submission in 2008.

Accessing Market Access Options
Market options have been further considered and reviewed and a portfolio of market destinations for power remain under consideration and include Ontario, the Maritime Provinces and the northeastern United States. Potential routing options being explored include the Maritimes submarine route and transmission through Hydro-Quebec's transmission system. Discussions are also underway with potential large-scale domestic power customers.

As part of the analysis of the sub-sea option, and to complement initiatives currently underway in other jurisdictions, Newfoundland and Labrador Hydro (Hydro), Emera Inc. and Nova Scotia Power Inc. (NSPI) announced on January 14, 2008 the signing of a Memorandum of Understanding (MOU) to explore the possibility of bringing energy from the Lower Churchill Project to the Maritimes and New England markets. As a result of this MOU, Hydro, Emera and NSPI are working collaboratively to study in detail the technical, economic, financial and regulatory aspects related to exporting power from the Lower Churchill Project to these markets. At the conclusion of this preliminary assessment, the parties will decide if there is merit in advancing potential joint initiatives.

As the demand for energy production and environmental responsibility are simultaneously rising, so too does the demand for renewable, predictably priced, clean energy. The Lower Churchill Project has the potential to generate significant financial rewards and investment returns in addition to being a viable solution that will assist in building a greener economy.