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Rec. No. 10-11/4924

November 12, 2010

Lower Churchill Hydroelectric Generation Project
Joint Review Panel
P. O. Box 8700
St. John's, NL
A1B 5J6

Attention: Ms. Lesley Griffiths/Co-Chair
Mr. Herb Clarke/Co-Chair

**Subject: Lower Churchill Hydroelectric Generation Project – Request for
Additional Information**

Dear Co-Chairs:

On November 2, 2010 the Panel requested clarification of the preferred Project phasing. Specifically, the Panel asked that “If the preferred Project phasing i.e. the construction of Gull Island followed by Muskrat Falls at a fixed interval after, with an overlap in the construction of the 2 generating facilities, has changed, Nalcor is requested to inform the Panel as soon as possible”.

As stated in Nalcor's response to IR JRP 147:

“Nalcor has identified two market access alternatives for the Project – one through the Hydro-Québec TransÉnergie system using HQT's OATT and the other through an HVdc transmission system through Newfoundland and into the Maritime Provinces. While both alternatives are expected to be achieved in the long term, the capacity availability from each alternative in the short term will affect the timing of the phases of the Project. An application for administrative review has been filed following the decision by the Québec Régie de l'énergie regarding complaints filed by Newfoundland and Labrador Hydro relating to transmission access from Hydro-Québec TransÉnergie (HQT). The application for administrative review has been made four years after the filing of the request for transmission service with HQT, and the timing and results this ruling and any subsequent appeal are beyond Nalcor's control.

Ms. Lesley Griffiths/Co-Chair
Mr. Herb Clarke/Co-Chair
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The following transmission options exist, including:

1. 1100 to 2824 MW via HQT (application under appeal)
2. 740 MW via HQT (queued valid application with HQT)
3. 800 MW via Labrador – Island Transmission Link (under EA)
4. 500 to 1000 MW from Newfoundland to Nova Scotia (under study by Nova Scotia Power)

The construction of either phase of the Project will not start until a level of market access that supports at least the construction of either Gull Island or Muskrat Falls is achieved. Greater available transmission capacity will favor Gull Island first, and lesser available capacity will favor Muskrat Falls first.”

Given the undetermined outcome of the HQT applications and appeal regarding transmission options 1 and 2 above and negotiations with other markets it has become prudent to advance the planning of Muskrat Falls first followed by the development of Gull Island with an overlap in construction. This Project phasing is considered viable and we are seeking EA approval which includes this sequencing.

A change in Project phasing will not result in changes to the overall duration of construction activities, the locations where they will be undertaken, dam heights and locations, areas of inundation or power output at the Muskrat Falls or Gull Island generation facilities or in the predicted environmental effects of the Project.

Nalcor will provide detailed responses to information requests IR#JRP 165 and IR#JRP 166 on or before 10 January 2011, as indicated in our email to you dated 4 November 2010. In addition, Nalcor wishes to allay at this time, any concerns that the Panel may have regarding this development sequence resulting in alterations to the Muskrat Falls or Gull Island facilities as described in the EIS as submitted.

Nalcor is confident that the information filed with the Joint Review Panel and the responses to the information requests IR#JRP 165 and IR#JRP 166 will be sufficient to allow the Panel to proceed to public hearings.

Sincerely,

[Original signed by]

Todd Burlingame
Manager,
Environment & Aboriginal Affairs