

MINUTES OF THE TWELFTH MEETING OF THE BOARD OF DIRECTORS OF ENERGY CORPORATION OF NEWFOUNDLAND AND LABRADOR HELD IN THE BOARDROOM, SIXTH LEVEL, HYDRO PLACE, ST. JOHN'S, NEWFOUNDLAND AND LABRADOR ON FRIDAY, NOVEMBER 21st, 2008 AT 08:00 A.M.

**Present in
Person:**

J. Ottenheimer, Chair
C. Bennett
T. Clift
E. Martin
G. Shortall

Present by Telephone: K. Marshall (8:30)

**Present by
Invitation for
Part of the
Meeting:**

Derrick Sturge, Vice-President
Finance and Chief Financial Officer
Gerard McDonald, Vice-President
Human Resources & Organizational
Effectiveness
Gilbert Bennett, Vice-President,
Lower Churchill Project
Dawn Dalley, Manager, Corporate
Communication & Shareholder
Relations

Secretary:

W. Chamberlain

122.

CONSTITUTION OF THE MEETING

Notice for the meeting was sent on October 29, 2008. A quorum of Directors being present, the meeting was declared duly called and validly constituted for the transaction of business.

G. McDonald and D. Sturge joined the meeting.

123. SAFETY MOMENT

G. McDonald presented a safety moment on Framework for Safety Excellence.

K. Marshall joined the meeting by telephone part way through safety moment.

G. McDonald left the meeting and G. Bennett joined the meeting.

124. BUSINESS UNIT REPORTS**125. Lower Churchill Update**

G. Bennett reviewed the Lower Churchill Project update report that was included with the Board papers. He reported that direct costs have increased which reflects industry trends. He further advised that even with the significant increase in costs to the project the scoping economic analysis indicates the potential for a viable project.

C. Bennett suggested that it may be useful to have at a future meeting a presentation on historical information on oil commodity market to get a sense on how such long term risks are managed. E. Martin advised that a presentation will be made to the Board at a future meeting on historical information on oil commodity market.

G. Shortall stated that as a result of the recent turmoil with the financial markets short term access to capital will become a problem not only for this project but also for some of the other oil and gas projects that the company has an interest.

G. Bennett stated that once the EA process commences the project schedule to some degree will be impacted by the EA progress. The current schedule for project indicates sanction in late 2010 or early 2011. The EA panel is expected to be established in the coming weeks and there are hearings scheduled before the Regie in Quebec with respect to transmission access in Quebec in February

2009. Additional work will be completed with respect to how best to cross and protect the transmission across the Strait of Belle Isle.

E. Martin advised that some discussions are underway with ExxonMobil to compare the labour requirements for this project and the Hebron project that are potentially occurring in a similar time frame.

K. Marshall left the meeting.

G. Bennett circulated and reviewed the Lower Churchill Project Scoping Analysis including key modeling assumptions, to all members of the Board and advised that the information is highly confidential and would be requesting return of this analysis document at the conclusion of the presentation.

E. Martin provided a brief overview of water management and advised that the legislation and regulations are expected to be proclaimed in the next few weeks. G. Bennett provided an update with respect to the negotiations with Emera and the aluminum project proponents.

G. Bennett left the meeting.

126.

VERIFICATION OF MINUTES

A copy of the minutes of the **TENTH and ELEVENTH** meetings held on October 8th, 2008 and October 27th, 2008, respectively, which were included in the meeting papers circulated prior to the meeting.

On motion duly made by G. Shortall, seconded by C. Bennett and unanimously carried, it was resolved:

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THAT the minutes of the **TENTH and ELEVENTH** meetings of the Board of Directors of the Energy Corporation of Newfoundland and Labrador held on October 8, 2008 and October 27, 2008, respectively, which minutes are currently before this meeting, be and they are hereby verified as being correct; and

THAT the Chairman be and he is hereby authorized to verify minutes by signing the Minute Book.

127. BOARD COMMITTEE REPORT

128. Governance Committee

T. Clift circulated the Board Committee Structure table at the meeting. He reported that the Committee reviewed the committee structures for the Corporation and its subsidiaries. The Committee was of the opinion that a Health, Safety and Environment Committee was required for boards. An Audit Committee was considered necessary for the Churchill Falls (Labrador) Corporation ("CF(L)Co") and for Energy Corporation whereby the latter would have responsibility for its other subsidiaries. A Compensation Committee was required for Newfoundland and Labrador Hydro and also for the Corporation. Critical issue with board committee is having a sufficient number of members on the respective boards to populate these committees.

Chair advised that he met with the Minister of Natural Resources to discuss several Board related concerns including Board composition, issue with being unable to fully staff committees and Board compensation and expects to receive some news on these issues soon.

T. Clift also advised that a review of the mandate of the Board would suggest that the Board should be more involved in the corporate strategic planning process. He also briefly reviewed the proposed revisions of the mandates of the respective committees. E. Martin advised that an off-site meeting should be scheduled with the Board on this issue.

T. Clift also advised that the Committee reviewed the assessment provided by D. Sturge with respect to the Corporate Governance Index in order to determine the progress of the corporation with respect to governance. The corporation scored approximately 70 out of a total score of 100 with respect to the index. Best in class with respect to corporate governance is likely achievable in a relatively short period of time. The areas of concern related to performance and composition which could be addressed with additional appointments to the Board. The Board will need to assess this annually.

T. Clift briefly reviewed the Code of Business Conduct and Ethics which was previously approved by Newfoundland and Labrador Hydro and has been amended to apply to the Energy Corporation group of companies.

On motion duly made by C. Bennett, seconded by T. Clift and unanimously carried, it was resolved:

THAT the Code of Business Conduct and Ethics which was presented to the Board of Directors at its meeting of November 21, 2008, is hereby approved, and

BE IT FURTHER RESOLVED THAT the Code of Business Conduct and Ethics shall apply to the Corporation and all of its affiliates.

129. BUSINESS UNIT REPORTS

130. Business Development Update

E. Martin reviewed the Business Development Update report that was included with the Board papers. The Hibernia South negotiations have commenced. The status of the respective interests in White Rose and Hebron were briefly reviewed.

131. Recall Contract with Hydro Quebec Update

E. Martin referred to the Recall Contract with HQ report that was included with the Board papers. He advised that negotiations with Hydro Quebec have commenced with respect to the Recall Contract. [REDACTED]

[REDACTED] As an alternative we have filed an open access application to HQT which was subsequently rejected by HQT on an OATT interpretation matter. We will be filing a complaint with the Regie. Negotiations are continuing with Hydro Quebec. D. Sturge advised that negotiations are cordial and business focused.

132. Bull Arm Site Corporation Acquisition

[REDACTED]

133. Equity Contribution to Oilco

It was agreed to defer this matter to the next Board meeting when dealing with approval of the budget.

134. FINANCIAL REPORT**135. Financial Summary**

D. Sturge reviewed the Financial Results for the nine months ended September 30, 2008 that was circulated at the meeting.

136. 2009 Operating and Capital Budget

D. Sturge reviewed the Energy Corporation 2009 Budget that was circulated at the meeting. He advised that until revenues are received from oil and gas interests the Corporation will be heavily reliant on sale of recall power to Hydro-Quebec which represents 63% of the 2009 consolidated net income. Significant impacts on the 2009 budget are the reduction in the GWAC revenue due to the recent cable fire, the capital expenditures related to the Lower Churchill Project, and potential acquisition of an equity interest in the Hibernia South project. The key assumptions were reviewed as well as the net income statements for 2008 and 2009.

D. Sturge reviewed the Consolidated Balance Sheet. The net income in 2009 is budgeted to be 68.7 million.

The Board members requested that it would like Operating Expenses on one page and Revenue in a one page summary similar to the Capital Expenditures.

D. Sturge committed to provide this breakdown next week. They would like to see the variances related to subsidiaries year to year. He also reviewed the highlights with respect to Newfoundland and Labrador Hydro, Churchill Falls (Labrador) Corporation, Oil and Gas, Lower Churchill Project and Bull Arm Corporation.

137. 2009 Financing Plan

D. Sturge reviewed the Energy Corporation 2009 Financing Plan that was circulated at the meeting. The Plan also provides that there would be no dividend payment to the Province in 2009.

K. Marshall returned to the meeting by telephone.

A significant equity injection will be required over the next few years. To date the shareholder has not approved the additional \$198 million for 2009 and may need to have a contingency plan in place if not approved. The current short term financing facility has an "accordion factor" to expand from \$150 million to \$300 million and may be an option if equity is not approved. The capital structure was also reviewed.

D. Sturge agreed to provide cash flow projections for the subsidiaries in the 2009 Financing Plan.

It was agreed that the approval of the Budget and Financing Plan be deferred to next week when additional information will be provided and made available.

138. CORPORATE DEVELOPMENT**139. Vision and Values**

E. Martin briefly referred to the Energy Corporation Vision that was included with the Board papers. It was agreed that this was a good corporate vision and will provide a good basis for the Governance Committee.

140. Organization Design Update & Goal Framework

D. Sturge and W. Chamberlain left the meeting. E. Martin briefly referred to the Organization Structure that was circulated by him at the meeting.

141. Branding

D. Sturge and W. Chamberlain rejoined the meeting along with D. Dalley who joined the meeting.

D. Dalley circulated a children's book entitled "Why My Dad's Job Is So Important" that was produced by Newfoundland and Labrador Hydro which is written in English and French.

E. Martin advised that the President's Award dinner was held the previous night and was well received by the recipients of the awards and those who attended.

D. Dalley briefly referred to the ECNL Branding report that was included with the Board papers. The firm M5 were retained to assist in developing the corporate branding. The primary audience went beyond the Province and was an energy sector focus. The brand vision aligned with the corporate vision, and it was determined that it was necessary to keep Newfoundland and Labrador Hydro separate and distinct but still be a part of the Energy Corporation branding.

D. Dalley unveiled the Nalcor Energy brand that has been approved by shareholder. Trade mark testing was completed and although there may be other corporate names that may be similar since the company is a government or public authority it has priority with respect to the use of the name and the brand. A legal opinion has been provided with respect to the use of the name and branding and similar legal opinions will be provided with respect to trademark rights in the U.S. The corporate logo or symbol has been cleared for use both in Canada and U.S.

T. Clift left the meeting.

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All members of the Board commented on and approved of the name and corporate branding.

D. Dalley left the meeting.

142. 2009 MEETING SCHEDULE

The 2009 meeting schedule that was included in the Board papers was approved.

Messrs. Martin, Sturge and Chamberlain left the meeting for the In Camera.

143. IN CAMERA

Messrs. Martin, Sturge and Chamberlain returned to the meeting after conclusion of in camera meeting. The Chair advised that it will be necessary to move forward with respect to the outstanding governance issues previously identified.

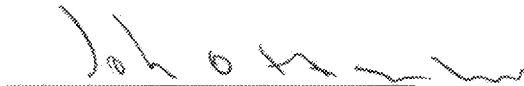
144. ADJOURNMENT

There being no further business the meeting was adjourned to Friday, November 28, 2009.


Secretary

Verified at a meeting held on

March 6, 2009



Chair

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ACTION LIST
November 21, 2008

November 21, 2008	Management to provide a presentation on historical information on oil and pricing in the oil commodity market (#124)	E. Martin	Future Meeting
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