

**MINUTES OF THE FOURTEENTH MEETING OF THE BOARD OF  
DIRECTORS OF NALCOR ENERGY HELD BY TELECONFERENCE ON  
WEDNESDAY, FEBRUARY 18<sup>th</sup>, 2009 AT 02:30 P.M.**

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**Present by  
Telephone:**

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

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

**Derrick Sturge, Vice-President  
Finance and Chief Financial Officer**

**Secretary (by  
Telephone):**

**W. Chamberlain**

163.

**CONSTITUTION OF THE MEETING**

Notice for the meeting was sent on February 13, 2009. A quorum of Directors being present, the meeting was declared duly called and validly constituted for the transaction of business.

D. Sturge joined the meeting.

164.

**SAFETY MOMENT**

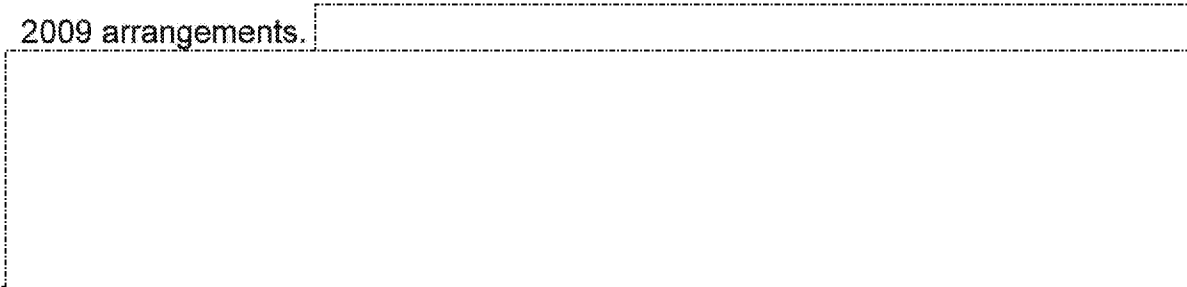
E. Martin presented a safety moment on the current safety performance of the Corporation over the last few months.

165.

**RECALL POWER UPDATE**

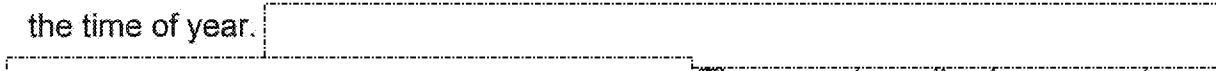
E. Martin commenced to review the Recall Power Update that was circulated by email immediately before the meeting. A brief overview and history was provided with respect to the current 5-year contract for the sale of recall power to Hydro

Quebec which is due to expire on March 31, 2009. Negotiations were commenced with Hydro Quebec in October 2008 with respect to post March 31, 2009 arrangements.



It was decided to explore other alternatives as well for the sale of the recall power. An open access transmission service application was filed with Hydro Quebec TransEnergie ("HQT") for transmission access to New York markets.

D. Sturge commenced to review the Update. The recall block is 300 MW whereby approximately 50-250 MW is required for use in Labrador depending on the time of year.



The current recall sales account for approximately 2/3 of Nalcor's earnings.



E. Martin advised that the open access transmission application filed with HQT was for 265 MW (250 MW after line losses) of capacity for a 5 year term and is renewable. The Lower Churchill Project could also benefit from the use of and marketing of its power. The transmission capacity can also be redirected to other markets and the transmission bookings are for 100 MW and three 50 MW bookings to provide for flexibility in redirection.

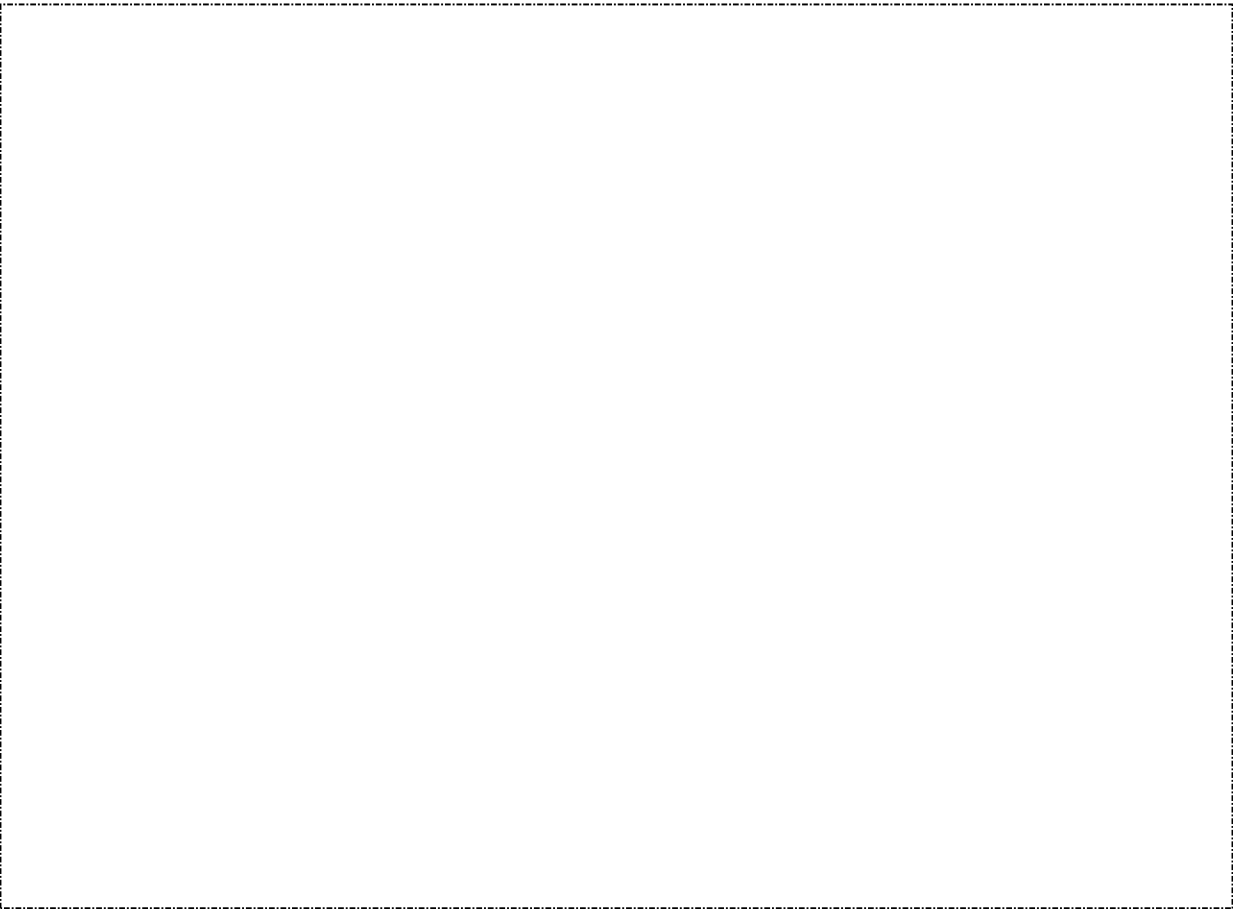
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D. Sturge reviewed the recall sale options that are currently being analyzed including sale to Hydro Quebec, sale to a third party marketer and Nalcor selling  He also provided a summary of the status of the contract renewal and outstanding issues regarding the negotiations with Hydro Quebec.

E. Martin advised that a sale of power into the New York market is subject to price fluctuation and has greater risk than a fixed price contract but there is opportunity for upside over the long term.

The strategic advantages associated with the transmission access requests were examined and the particulars of the recall booking from Labrador to New York. The Transmission service agreement has been received from HQT and we have 45 days to execute and has been reviewed by external counsel and there are no substantive issues. The transmission tariff and associated charges is \$19 million annually and a refundable deposit of \$1.6 million is required. He also summarized the other activities that have been undertaken to permit a direct sale to the U.S. including meeting with FERC, registration with NERC and NPCC and application for registration with NYISO and NY State and IRS.

The market options risk matrix was examined and E. Martin advised that this is a step change for the company. In addition to the fluctuating price there are also credit requirements and taxation issues associated with the various options with respect to the sale of the recall power which are being analyzed and assessed. Since the Corporation is not a market participant it is primarily basing its



166.

**APPOINTMENT OF OFFICERS**

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

**THAT** James Keating be appointed as Vice-President, Oil and Gas effective December 24, 2008.

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


**THAT** Chris Kieley be appointed as Vice-President, Strategic Planning and Business Development effective December 24, 2008.

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167.

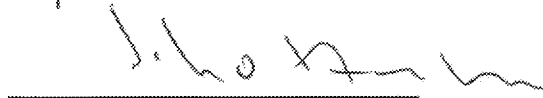
**ADJOURNMENT**

There being no further business the meeting was adjourned.

  
Secretary

Verified at a meeting held on

April 29, 2009

  
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Chair

***ACTION LIST***  
November 21, 2008

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