

**MINUTES OF THE SIXTEENTH MEETING OF THE BOARD OF DIRECTORS
OF NALCOR ENERGY HELD IN THE BOARDROOM, SIXTH LEVEL, HYDRO
PLACE, ST. JOHN'S, NEWFOUNDLAND AND LABRADOR ON FRIDAY,
APRIL 24th, 2009 AT 08:10 A.M.**

**Present by
Telephone:**

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

**Present by
Invitation:**

**Derrick Sturge, Vice-President
Finance and Chief Financial Officer
Gilbert Bennett, Vice-President,
Nalcor Energy - Lower Churchill
Development
J. Keating, Vice-President, Nalcor
Energy – Oil and Gas Inc.
J. Steele, Nalcor Energy – Oil and
Gas Inc. Board member
C. Kieley, Vice-President, Strategic
Planning and Business Development**

Secretary:

W. Chamberlain

186. CONSTITUTION OF THE MEETING

Notice for the meeting was sent on April 1, 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.

187. SAFETY MOMENT

E. Martin presented a safety moment on outdoor fire safety.

188. VERIFICATION OF MINUTES

A copy of the minutes of the **FOURTEENTH** and **FIFTEENTH** meetings of the Board of Directors of Nalcor Energy held on February 18th and March 6th, 2009, respectively 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, be it resolved:

THAT the minutes of the **FOURTEENTH and FIFTEENTH** meetings of the Board of Directors of Nalcor Energy held on February 18th and March 6th, 2009, respectively, which minutes are currently before this meeting, as amended by the Secretary, be and they are hereby verified as being correct; and

THAT the Chairman be and he is hereby authorized to verify the minutes by signing the minute book

189. BUSINESS ARISING

There was no other business arising.

190. PRESIDENT'S REPORT

E. Martin reviewed the 2009 Nalcor Performance Report that was included with the Board papers. The performance report has been reformatted such that it is now reduced to one page and identifies performance of the lines of business with the corporate goals. Performance with respect to the goals and lines of business were on target. He advised that progress is being made with respect to improving asset management. The asset management framework was developed and rolled out and it is expected that the asset management plans for this year will be implemented by the fourth quarter. There will be a single point of accountability for all asset maintenance and a critical spares plan will be developed. An office of asset management will be established and that person will likely report directly to him.

191. BUSINESS UNIT REPORTS**192. CF(L)Co**

E. Martin provided an update on the water management matter. The water lease was issued and a letter was sent by the corporation to CF(L)Co to commence negotiations with respect to a water management agreement related to the Churchill River. Negotiations with CF(L)Co have commenced and both companies have retained local law firms to assist them in the negotiations.

193. Lower Churchill

G. Bennett joined the meeting. E. Martin reported that with respect to the HQT OATT complaints that the Regie has ruled that it has jurisdiction to hear the majority of the complaints except for the complaint related to the Ontario Intertie. G. Bennett explained the nature of the jurisdictional arguments raised by HQ. The Regie is scheduled to hear the complaints in October and has set aside 3 weeks. It is important to see this through so as to have a final determination on the OATT applications.

E. Martin advised that the negotiations with respect to the Maritime route are active with both Emera and N.B. Power. The utilities are jointly preparing a presentation to the Atlantic premiers and the federal government representatives.

Chair expressed concern that a press conference had been called with respect to the sale of recall power to Emera and before Board members were made aware and that Board members should have been invited to the press conference. E. Martin advised that in this case the matter developed very quickly and that in future greater efforts will be made to ensure the Board is made aware of such matters, where possible, before such press releases are made.

E. Martin reported that aluminum discussions are progressing and that the next step is to pick one proponent to progress discussions further. The downturn in the economy has slowed negotiations a little.

G. Bennett advised that environmental matters are progressing and that consideration is being given to merging the generation and transmission EAs. There has been consultation with specific stakeholders. Further work is ongoing to determine whether it is advisable to continue with the route through Gros Morne Park. Negotiations with respect to an Impact and Benefits Agreement with Innu are also progressing with a target of June/July to get this concluded with the federal government.

E. Martin circulated budget information. The current limit of approvals of both the Board and the shareholder were examined and attempting to align the Board's and shareholder's approval for the project. The amount expended to date is 160.5 million

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

THAT Management is authorized and approved to expend up to \$184 million and this authorized expenditure is within the previously approved budget.

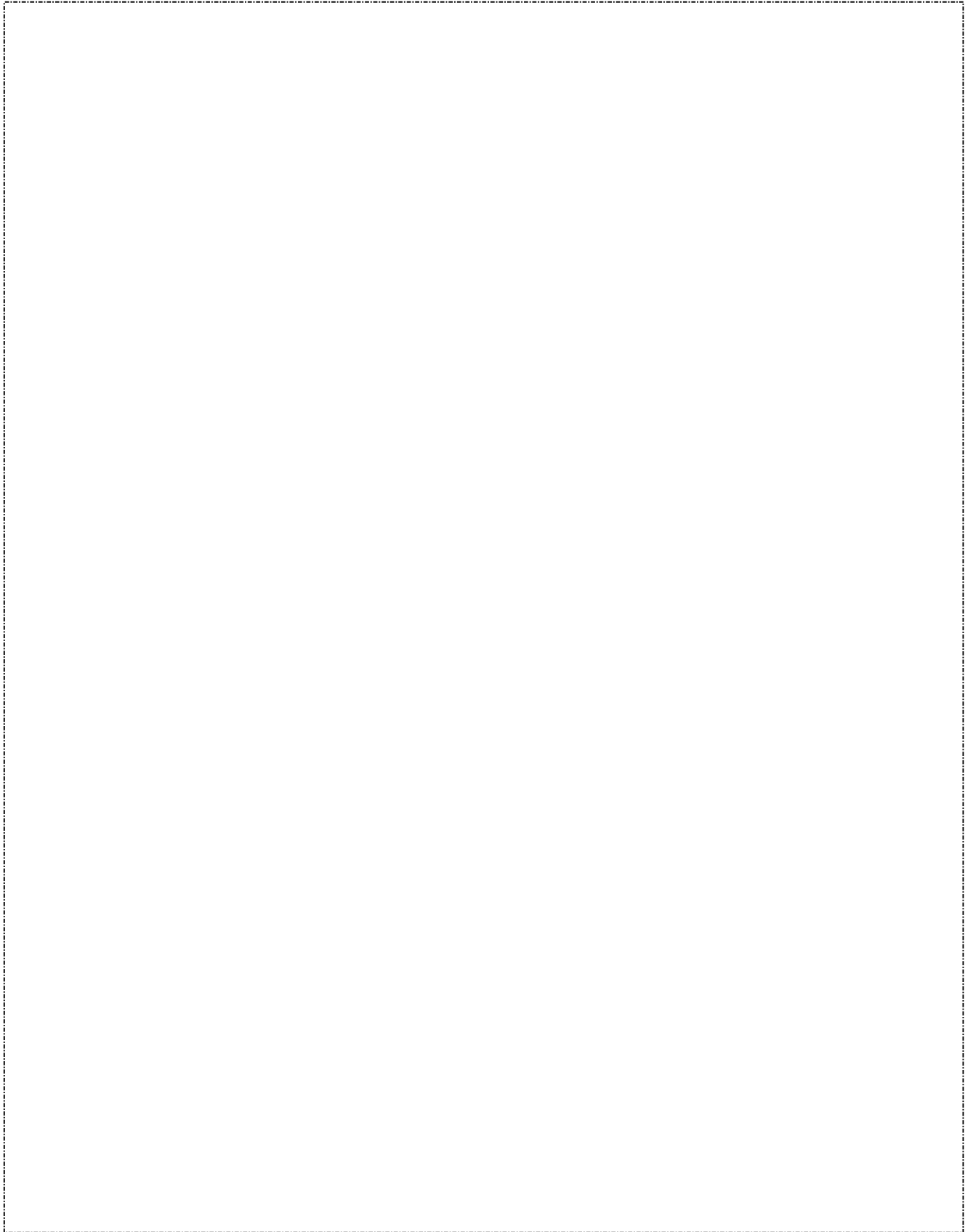
G. Bennett left the meeting.

194.

Oil and Gas

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J. Keating and J. Steele left the meeting.

195.

Bull Arm



196.

Other Activities

C. Kieley provided an update on the recall power sales arrangement with Emera Energy and is currently looking at establishing an energy market analyst position. He also provided an update with respect to the expropriated Abitibi hydro assets whereby the corporation assumed full operation of the hydro assets on March 29th. Twenty-two employees (17 unionized) were hired to operate the assets and HR and Operations strategies are being undertaken with respect to this acquisition. A new subsidiary may be created to manage these hydro assets. A

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power purchase agreement will need to be negotiated with NL Hydro with respect to the sale of power from these assets.

C. Kieley reported that EnerSea Canada has been engaged to undertake the next phase of study re export of natural gas delivery and storage. Update was also provided on island and Labrador wind, Ramea WHD and Menihek.

C. Kieley left meeting.

197. PLANNING FOR BOARD OF DIRECTORS RETREAT

E. Martin reviewed the Board Retreat Planning presentation included in the Board papers.

198. FINANCIAL REPORT

199. Financial Summary

D. Sturge circulated and reviewed a copy of the Financial Results for the three months ended March 31, 2009 which was circulated by email on April 22, 2009. He advised that over the last three years equity has been increased by \$438 million, debt has been reduced by \$265 million and the financial position is much better than it was three years ago. The PUB has been directed by the Province to provide NL Hydro with the same rate of return as Newfoundland Power following the next rate hearing. Government has also waived its debt guarantee fee for 2008, 2009 and 2010. The Provincial budget provides for a \$228 million equity contribution in 2009 - 2010.

D. Sturge further reported that Management is exploring a two year derivative hedge with respect to the foreign exchange risk associated with the Emera Energy recall power sale transaction. Financial advice to date that this is a good time to implement such a hedge and will contact Emera to see what measures they have taken with respect to the foreign exchange risk.

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

THAT Management is hereby authorized to enter into negotiations with financial institutions to establish a U.S. dollar foreign exchange risk hedge for a period not to exceed 2 years.

D. Sturge reported that the GWAC revenue was higher than anticipated as one of units was repaired quicker than anticipated.

200. OTHER BUSINESS

There was no other business.

201. NEXT MEETING


The next meeting is scheduled for Friday, June 26, 2009. Messrs. Martin, Sturge and Chamberlain left the meeting for the in camera meeting of the Board.

202. IN CAMERA

Messrs. Martin, Sturge and Chamberlain returned to the meeting after conclusion of in camera meeting. The Chair advised that there were no matters requiring any further discussion.

203. ADJOURNMENT

There being no further business the meeting was adjourned to Friday, April 24, 2009.


Secretary

Verified at a meeting held on

June 26, 2009



Chair

ACTION LIST
April 24, 2009

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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