

MINUTES OF THE SEVENTEENTH 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, JUNE 26th, 2009 AT 10:20 A.M.

Present: 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, Lower Churchill Development
Greg Jones, Manager, Business Development

Secretary: W. Chamberlain

204. CONSTITUTION OF THE MEETING

Notice for the meeting was sent on June 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.

205. SAFETY MOMENT

E. Martin presented a safety moment on knife safety.

206. VERIFICATION OF MINUTES

A copy of the minutes of the **SIXTEENTH** meeting of the Board of Directors of Nalcor Energy held on April 24th, 2009, were included in the meeting papers circulated prior to the meeting.

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

THAT the minutes of the **SIXTEENTH** meeting of the Board of Directors of Nalcor Energy held on April 24th, 2009, 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 the minutes by signing the minute book

207. BUSINESS ARISING

There was no other business arising.

208. PRESIDENT'S REPORT

209. Corporate Performance Report

E. Martin reviewed the 2009 Nalcor Performance Report that was included with the Board papers. He advised that there are 4 lost time and 3 medical treatment injuries and close to target. The environmental management system target is behind but believes the target will be met.

210. 2008 Transparency & Accountability Annual Report

E. Martin reviewed the 2008 Annual Performance Report Transparency and Accountability that was included with the Board papers. He noted that this report should reflect what the Board has seen previously.

G. Bennett joined the meeting.

211. BUSINESS UNIT REPORTS

212. Lower Churchill

E. Martin advised that negotiations are on track with Innu Nation and a closing strategy is being developed to conclude the outstanding issues with respect to the New Dawn Agreement. Preparation for discussions with Emera and N. B.

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Power are also progressing with respect to possible delivery of power to the Maritimes.

G. Bennett reported that the environmental assessment process is a significant activity and are receiving requests for information from both the Panel and the public. A hearing is currently anticipated to be held in the first quarter of 2010 assuming there are no issues arising for the RFI responses. Upon the conclusion of the hearing expect to receive a recommendation from Minister within 2 to 4 month time frame. The schedule of activities that were planned in 2010 will likely be delayed to 2011.

E. Martin reviewed the Lower Churchill Update that was included with the Board papers. He reviewed the 2009 Expenditures plan and advised that these expenditures have been reviewed with the Shareholder.

G. Bennett advised that the key deliverables are market access, environmental assessments and the IBA. Additional engineering costs include further assessment of the Strait of Belle Isle crossing and will be undertaking additional testing and seismic work to further explore tunnel and submarine cable alternatives. Power sales and market access costs are primarily legal and financial consultant costs.

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

THAT the additional expenditures of \$41.9 million to the end of December 31, 2009 be approved.

E. Martin circulated and reviewed at the meeting the Margin Analysis for Gull and Maritime Link and negotiation strategy with Emera and N.B. Power. The Island Rate Analysis was also circulated and reviewed at the meeting and provided an

analysis with respect a Lower Churchill transmission in feed to the Island and potential impact on interconnected rate structure. This information is considered commercially sensitive.

G. Bennett further reported that if the Island DC transmission link is routed through Gros Morne it is quite likely that a Panel will be appointed with respect to the Transmission EA as Parks Canada will likely be strongly opposing this route. Further engineering work is required with respect to a transmission route through the Long Range Mountains.

G. Bennett left the meeting.

213. Oil and Gas

E. Martin advised that there was nothing new to report.

G. Jones joined the meeting.

214. Bull Arm

E. Martin did not review the Bull Arm Fabrication Update that was included in the Board papers but asked if there were any questions. T. Clift advised that he would like to partake in the Bull Arm Site tour when the Bull Arm Fabrication Board meets in July.

215. Other Activities

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G. Jones briefly reviewed status of central hydro assets, natural gas activities , island and Labrador wind projects, key activities of Ramea WHD and Menihék.

G. Jones left meeting.

216. FINANCIAL REPORT

217. Financial Summary

D. Sturge reviewed the Financial Results for the five months ended May 31, 2009 that was included with the Board papers. He advised that there was an approximate \$2 million positive Net Income variance from budget and that \$142 million of equity has been received in 2009 from the Shareholder, resulting in the full \$315 million approved by the Shareholder for 2008 - 2009 now received. The Corporation is considering making an application to PUB to freeze industrial rates until a reassessment of the RSP re industrial rates is undertaken to determine if the current savings resulting from the shut downs in the pulp and paper industry should reduce industrial rates or should reduce rates of all classes of customers.

D. Sturge clarified that the Recall Sales revenue and advised that the \$5 million above budget is attributable to the energy sales related to the recall contract with Hydro Quebec prior to April 1, 2009. He also noted that projected recall sales are based on forward estimates, and that gas prices, one of the key drivers for electricity prices, have been lower than expected thus far. Actual sales numbers

for the year will depend on how the market develops over the year. The CF(L)Co revenues are higher than budget due primarily due first unit was completed earlier than anticipated and as a result increased GWAC revenue.

218. OTHER BUSINESS

The Chair raised an issue that there was some concern whether the current director's indemnity that is in place is adequate and it was agreed that a further assessment need to be completed to ensure that it is appropriate.

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

THAT Management undertake an assessment of personal and legal liability of appointees to CF(L)Co Board and if necessary to take steps to ensure there is adequate and complete indemnification provided by appropriate means.

219. NEXT MEETING

The next meeting is scheduled for Friday, September 25, 2009. Messrs. Martin, Sturge and Chamberlain left the meeting for the in camera meeting of the Board.

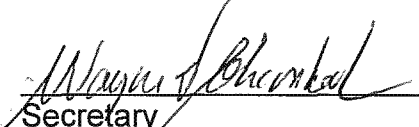
220. IN CAMERA

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.

221.

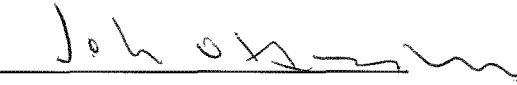
ADJOURNMENT

There being no further business the meeting terminated.


Secretary

Verified at a meeting held on

September 25, 2009



Chair

ACTION LIST
 June 26, 2009

<p>November 21, 2008</p>	<p>Management to provide a presentation on historical information on oil and pricing in the oil commodity market (#124)</p>	<p>E. Martin</p>	<p>Future Meeting</p>
<p>June 26, 2009</p>	<p>Increase font of Financial Summary Statements (#</p>	<p>D. Sturge</p>	<p>Next Meeting</p>
<p>June 26, 2009</p>	<p>Assessment of personal and legal liability of appointees to CF(L)Co Board and if necessary to take steps to ensure there is adequate & complete indemnification by appropriate means</p>	<p>W. Chamberlain</p>	<p>Future Meeting</p>