

MINUTES OF THE EIGHTEENTH 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, SEPTEMBER 25th, 2009 AT 08:00 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
Jim Haynes, Vice-President Regulated Operations
Chris Kieley, Vice-President Strategic Planning and Business Development
Jim Keating, Vice-President Oil and Gas

Present by Invitation by Telephone: Gilbert Bennett, Vice-President, Lower Churchill

Secretary: W. Chamberlain

222. CONSTITUTION OF THE MEETING

Notice for the meeting was sent on August 21, 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.

223. SAFETY MOMENT

W. Chamberlain presented a safety moment on personal health preventative maintenance. The Chair asked that this personal preventative maintenance chart be circulated to all employees.

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224. VERIFICATION OF MINUTES

A copy of the revised minutes of the continuation of the **TWELFTH** meeting of the Board of Directors of Nalcor Energy held on November 28, 2008, were included in the meeting papers circulated prior to the meeting.

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

THAT the minutes of the continuation of the **TWELFTH** meeting of the Board of Directors of Nalcor Energy held on November 28, 2008, 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

225. VERIFICATION OF MINUTES

A copy of the minutes of the **SEVENTEENTH** meeting of the Board of Directors of Nalcor Energy held on June 26, 2009, were included in the meeting papers circulated prior to the meeting.

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

THAT the minutes of the **SEVENTEENTH** meeting of the Board of Directors of Nalcor Energy held on June 26, 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

226. BUSINESS ARISING

There was no other business arising.

227. PRESIDENT'S REPORT**228. Corporate Performance Review**

E. Martin reviewed the 2009 Nalcor Performance Report that was included with the Board papers. The asset management system framework is near completion. There were 9 lost time and 3 medical treatment injuries which exceeds the target but lead lag ratio on reporting is on target and areas of concern have been isolated and are being addressed. The environmental management system targets are behind but believe the target will be met. The Holyrood 2009 variance from ideal production schedule performance is on target.

229. Strategic Discussions - Update

E. Martin reviewed the Strategic Discussions Update that was included with the Board papers. The Strategy Framework was reviewed and he advised that internal discussions have been ongoing to develop a corporate strategy and a strategic plan for each of the line of business, department, region and plant. When the strategic plan is finalized Management will provide the strategic plan for review by the Board. For NL Hydro and CF(L)CO the strategic focus will be in safety and asset management, for Nalcor Oil will be an assessment and development of opportunities and for Bull Arm will focus primarily on long term strategic focus.

G. Bennett joined the meeting.

230. BUSINESS UNIT REPORTS**231. Lower Churchill**

E. Martin provided a brief overview of the current state of the negotiation of a water management agreement and advised that the representatives of Nalcor Energy and CF(L)Co have successfully negotiated a Water Management Agreement and would be submitting it for the review and approval of the

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respective Board of Directors. If the parties are unable to finalize an agreement then either party may apply to the Public Utilities Board seeking approval of a water management agreement. He advised that G. Bennett and A. MacNeill have been leading the negotiation of a water management agreement on behalf of Nalcor Energy and CF(L)Co respectively.

The Chair declared that he is the Chair of the Board of Directors of each of Nalcor Energy, Churchill Falls (Labrador) Corporation Limited ("CF(L)Co") and Newfoundland and Labrador Hydro and as such he is an officer of each of these companies and accordingly may be considered under the Canada Business Corporations Act ("CBCA") to have an interest in any material contract between Nalcor Energy, CF(L)Co or Newfoundland and Labrador Hydro, including a water management agreement, and as a result cannot be considered an independent director.

E. Martin declared that he is a member of the Board of Directors and is an officer, as President and Chief Executive Officer, of each of Nalcor Energy, Churchill Falls (Labrador) Corporation Limited ("CF(L)Co") and Newfoundland and Labrador Hydro and as such he is an officer of each of these companies and accordingly may be considered under the Canada Business Corporations Act ("CBCA") to have an interest in any material contract between Nalcor Energy, CF(L)Co or Newfoundland and Labrador Hydro, including a water management agreement, and as a result cannot be considered an independent director.

It was the consensus of the other Board members that they did not see any reason at this time to warrant the imposition of any restrictions on the Chair and E. Martin and further that they should participate in the review and any decision with respect to the approval of a water management agreement.

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E. Martin reviewed the Strategy Discussions Update that was included with the Board papers.

G. Bennett reviewed the Water Management Update that was circulated to Board members at the meeting and advised that a copy of the draft negotiated water management agreement was available should Board members wish to have a copy to review. He reviewed the rationale and requirement for Nalcor Energy to have a water management agreement, the legislative and regulatory basis with respect to water management, the negotiation process and teams involved with respect to the negotiation of the agreement, the general principles of the agreement, due diligence undertaken and next steps with respect to submission and approval of the water management agreement to the respective Boards of Directors and the PUB.

E. Martin confirmed that both the legislation and the water management agreement clearly provide that there shall be no adverse affect on existing contracts for the supply of power which would include the Power Contract between CF(L)Co and Hydro Quebec. He further confirmed that the costs related to the water management agreements and its administration will be paid primarily by Nalcor Energy since it receives the most benefit from a water management agreement.

It was agreed that the Board would defer approval of the water management agreement until CF(L)Co has reviewed and decided on whether to approve the negotiated water management agreement.

W. Chamberlain provided an update with respect to the review of the current Government indemnity provided to directors of Crown corporations and agencies and in particular to the declarations made by the Chair and E. Martin. It was also noted that Management assess the need for any further indemnities that may be

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required with respect to other officers of Nalcor Energy that are also officers of CF(L)Co.

G. Bennett left the meeting.

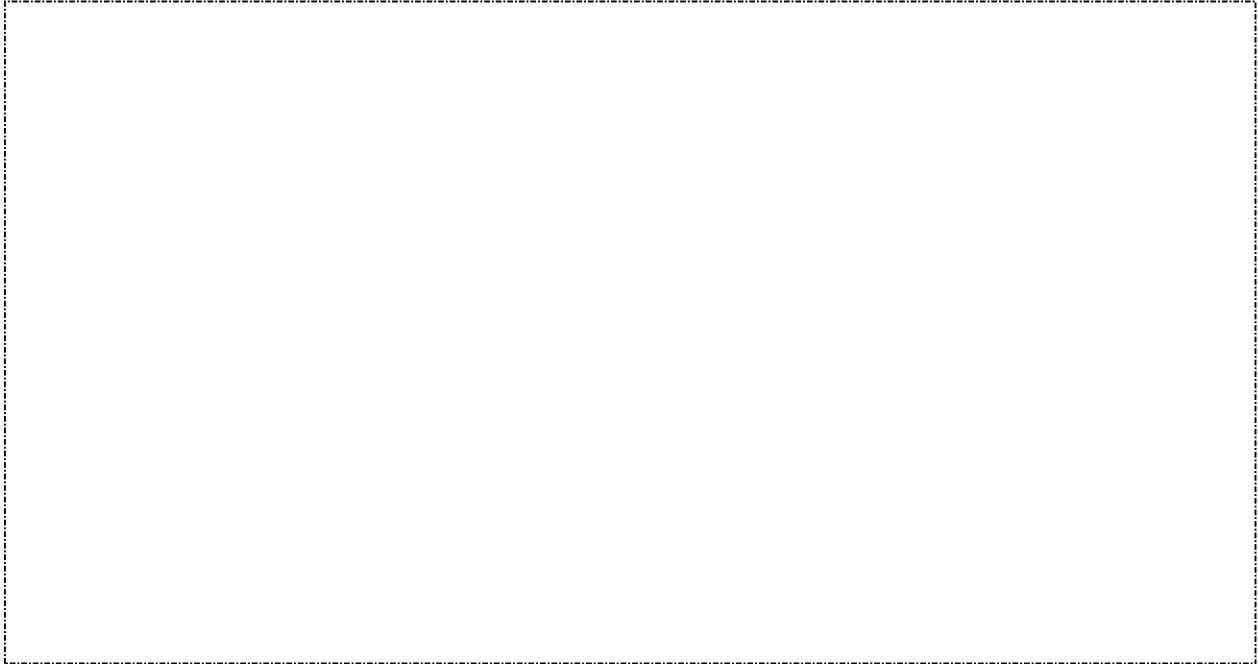
E. Martin reviewed the Lower Churchill Project Update that was included with the Board papers. He advised that with respect to the Environmental Assessment process that responses are being provided with respect to Information Requests and it is expected that this will be completed in October. With respect to the transmission EA the Gros Morne National Park transmission route option was abandoned.

He further advised that the OATT application before the Regie in Quebec is proceeding and the hearing has been delayed due to health issues of one of the commissioners. Meetings have also been held with Faskens Martineau in order to engage a public relations firm in Quebec to assist with respect to OATT hearing process and public relations messaging. Negotiations are ongoing with Emera and N.B. Power with respect to the Maritime Route.

233.

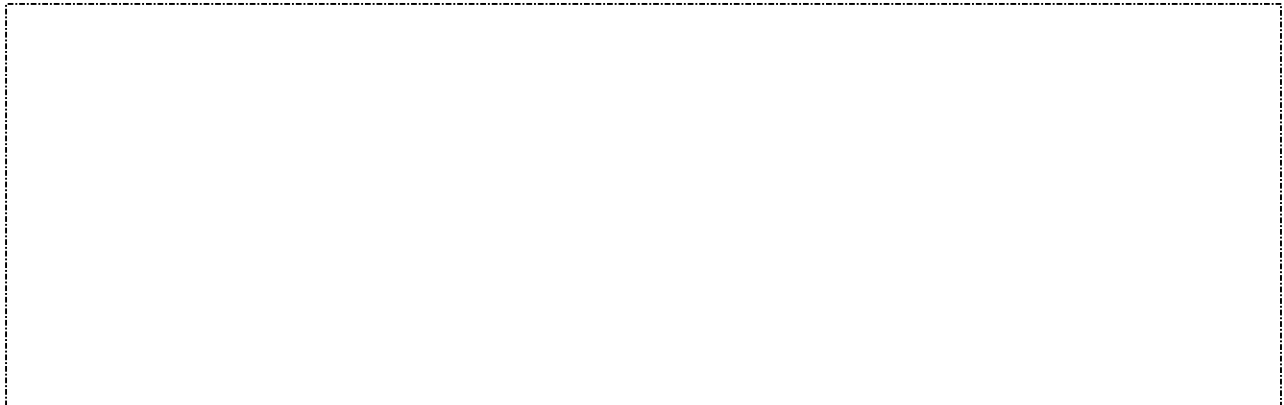
Newfoundland and Labrador Hydro





234.

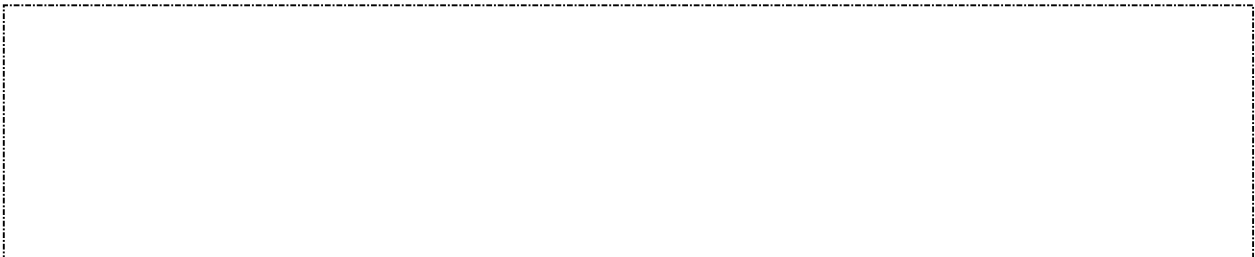
CF(L)Co



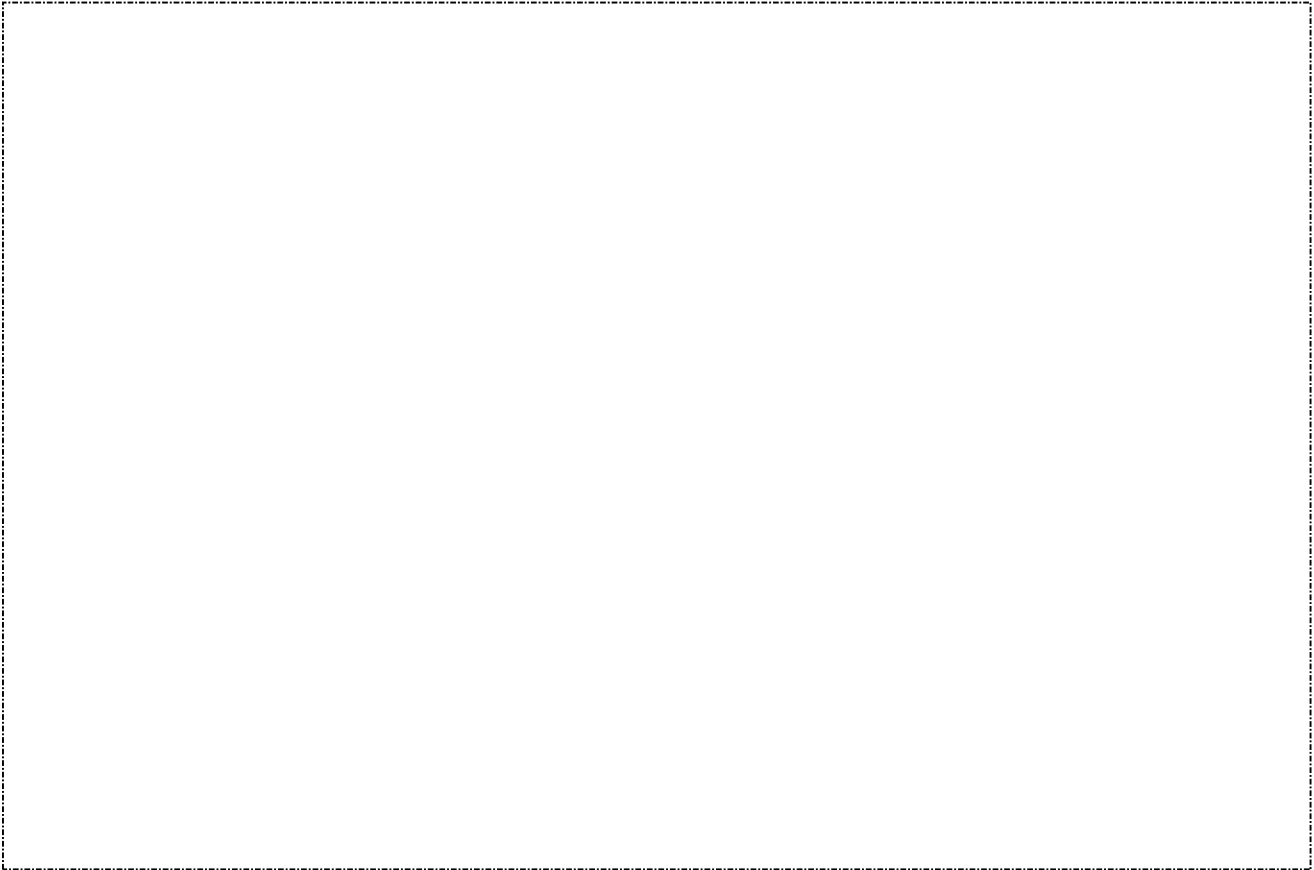
C. Kieley joined the meeting.

235.

Oil and Gas



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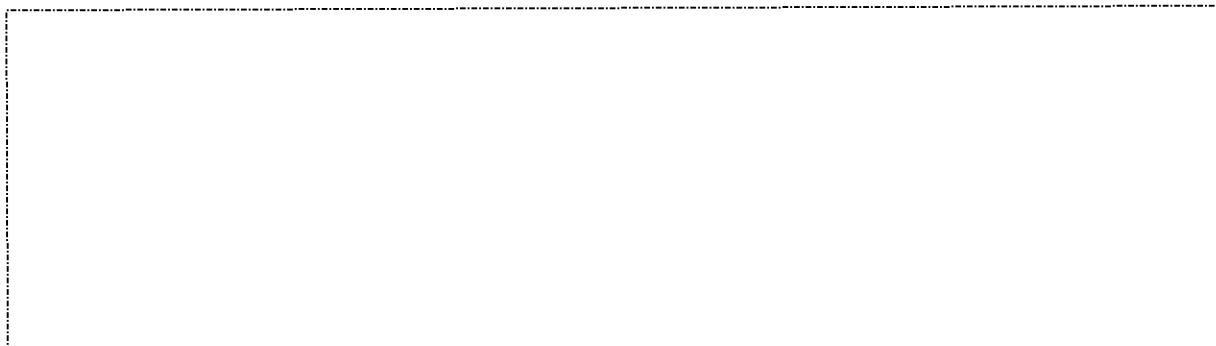


J. Keating left the meeting.

236.

Bull Arm





237. Other Activities

C. Kieley provided an update on recall power sales including review of variances between the monthly net revenue and budget and monthly energy volumes and netback prices. The destination of available energy for the previous 5 months was reviewed as well an overview of the current electricity market which is depressed and there is high congestion related to HQ imports. He outlined the key activities that have been undertaken or ongoing with respect to optimizing recall power sales.

He also provided an update with respect to the non-regulated generation (Exploits, Star Lake and Menihek). The Exploits transition is proceeding relatively well and we are continuing to make progress with respect to labour relations, training and assessment issues. The environmental assessment of Star Lake is ongoing and a draft operating agreement has been completed. The Menihek SWOP and Work Protection Code is on schedule and the environmental management system assessment and planning is progressing.

With respect to Natural Gas the final report on natural gas study has been received. Both island wind projects are in service although one of the operators is in CCAA protection. The Ramea WHD project is progressing with the turbine erection completed in August and the electrical services contract was awarded and is ongoing.

C. Kieley left the meeting.

238. FINANCIAL REPORT

239. Financial Summary

D. Sturge reviewed the Financial Results for the eight months ended August 31, 2009 that was included with the Board papers.

240. Q2 Financial Statements

D. Sturge did not review the Consolidated Financial Statements dated June 30, 2009 that was included in the Board papers but advised that he would respond to any questions Board members had.

241. 2009 Net Income Forecast

D. Sturge reviewed the 2009 Net Income Forecast that was included in the Board papers. He advised that the budget net income budget was \$65.3 million and is now reforecast to \$55.4 million due primarily to two factors being a decrease in energy trading of \$14.1 million (Recall power and CF(L)Co and IOCC energy sales) and an increase primarily in regulated Hydro net income of \$4.7 million (debt guarantee fee waived, lower fuel consumption due to island wind and reduced industrial power purchases by Corner Brook Pulp and Paper and Abitibi mill closure).

242. Compliance Certificate

D. Sturge referred to the Compliance Certificate for the period ended August 31, 2009 that was included in the Board papers.

243. NEXT MEETING

The next meeting is scheduled for Friday, November 27, 2009. Messrs. Martin, Sturge and Chamberlain left the meeting for the in camera meeting of the Board.

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244.

IN CAMERA


Messrs. Martin, Sturge and Chamberlain returned to the meeting after conclusion of in camera meeting. The Chair advised that there needs to be a Board level discussion with respect to Risk Management and it needs to be uppermost in the mind of all Board members.

The Chair further advised that they would like to be informed of public events involving Nalcor such as the St. Lawrence wind ceremony whereby Nalcor personnel were invited and participated. Board members would like to be informed of the event and in some cases be provided with an opportunity to attend or participate.

245.

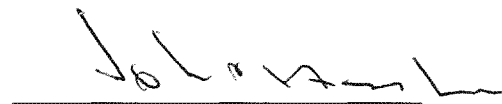
ADJOURNMENT

There being no further business the meeting terminated.


Secretary

Verified at a meeting held on

November 27, 2009



Chair

ACTION LIST
September 25, 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>September 25, 2009</p>	<p>Management assess the need for any further indemnities that may be required with respect to other officers of Nalcor Energy that are also officers of CF(L)Co.</p>	<p>E. Martin</p>	<p>Future Meeting</p>