

**MINUTES OF THE TWENTY-SEVENTH MEETING OF THE BOARD OF DIRECTORS OF NALCOR ENERGY HELD IN THE BOARDROOM, SIXTH LEVEL, HYDRO PLACE, ST. JOHN'S, NEWFOUNDLAND AND LABRADOR ON WEDNESDAY, AUGUST 11<sup>th</sup>, 2010 AT 1:00 P.M.**

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**Present:** J. Ottenheimer, Chair  
 C. Bennett  
 T. Clift  
 K. Marshall  
 E. Martin

**Present by Telephone:** G. Shortall

**Present by Invitation:** Derrick Sturge, Vice-President Finance and Chief Financial Officer  
 Gilbert Bennett, Vice-President Lower Churchill Operations

**Secretary (Acting):** P. Hickman

**376. CONSTITUTION OF THE MEETING**

Notice of the meeting was forwarded to Directors on July 6, 2010. A quorum of Directors being present, the meeting was duly called and validly constituted for the transaction of business.

**377. LABOUR NEGOTIATIONS**





378.

**CHHC INTEREST IN HIBERNIA**



379.

**SAFETY MOMENT**

Mr. Bennett provided a safety moment whereby he recounted a near miss which had occurred during brush clearing work being carried on the Lower Churchill Project. One of the workers snagged his pants with a chainsaw. There was no injury, however, work was shut down in order to provide the opportunity to re-evaluate and assess the work that was being carried out. The decision was made to ensure more of a balance of more experienced cutters with less experienced cutters on the cutting teams.

**380. LOWER CHURCHILL PROJECT UPDATE**

Mr. Martin provided Board members with a copy of a presentation which contained information on the Lower Churchill Project, specifically an outline of the decision review criteria and process.

Mr. Martin explained to the Board that there are two decisions under consideration, the first being a decision as to next generation source required to meet Newfoundland and Labrador's domestic needs and the second being the optimum configuration and sequence for sales of Lower Churchill Power outside of the Province. He stated that the Corporation is not yet in a position to make a final decision with respect to either of these issues, however a decision is required with respect to the next generation source for the Province's domestic needs within the next six months.

Mr. Martin reviewed the presentation, describing the decision flow which is followed with respect to the above noted issues, the various case scenarios that have been studied, the Island rates analysis that has been carried out and the communications issues which would face the Corporation with respect to these matters. He stated that although the recommended option at this time for the next generation source for the Province's domestic needs is Muskrat Falls with an Island link, all of the analysis is subject to verification and finalization.

Mr. Martin reviewed various key milestones that have to be achieved in order for work on Muskrat Falls to commence in May of 2011. He then outlined a proposal made by Emera to Nalcor with respect to a link between the Island of Newfoundland and Nova Scotia. A number of issues that have yet to be resolved with respect to that proposal were reviewed, as well as the pros and cons of the proposal. Mr. Martin stated that discussions with Emera are continuing.

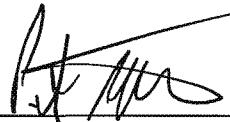
Mr. Sturge outlined the interface between the Muskrat Falls Project and Oilco's potential acquisition of the CHHC interest in Hibernia. He stated that if Oilco were to acquire the CHHC interest in Hibernia at a favorable oil price, then the cash flow from that development could be used in the financing of the Muskrat Falls project and greatly reduce the need for assistance from the Province in the financing of the project.

**381. NEXT MEETING**

It was agreed that the Board would hold its next meeting at the end of August or early September.


**382. TERMINATION**

There being no further business, the meeting was terminated.

  
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Secretary

Verified at a meeting held on

Sept. 24, 2010

  
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Chair

**ACTION LIST**  
 August 11, 2010

November 21, 2008	Management to provide a presentation on historical information on oil and pricing in the oil commodity market (Minute #124)	E. Martin	Future Meeting
September 25, 2009	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.	E. Martin	Future Meeting
April 30, 2010	Review Committee Meeting Minutes	J. Ottenheimer/ E. Martin/ D. Sturge/ P. Hickman	September 24, 2010
June 25, 2010		E. Martin	Future Meeting
June 25, 2010		E. Martin	

