

**MINUTES OF THE TWENTY-NINTH 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 24<sup>th</sup>, 2010 AT 08:00 A.M.**

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**Present:** J. Ottenheimer, Chair  
C. Bennett  
T. Cliff  
K. Marshall  
E. Martin  
G. Shortall

**Present by Invitation:** D. Sturge, Vice-President  
Finance and Chief Financial Officer  
J. Keating, Vice-President Oil and Gas  
G. Bennett, Vice-President Lower Churchill Project  
C. Kieley, Vice-President Strategic Planning and Business Development

**Secretary:** W. Chamberlain

**390. CONSTITUTION OF THE MEETING**

Notice of the meeting was forwarded to Directors on September 3, 2010. A quorum of Directors being present, the meeting was duly called and validly constituted.

Mr. Sturge joined the meeting.

**391. SAFETY MOMENT**

Mr. Chamberlain provided a safety moment on the top five hidden home hazards.

**392. VERIFICATION OF MINUTES**

A copy of the minutes of the **TWENTY-SIXTH, TWENTY-SEVENTH** and **TWENTY-EIGHTH** meetings of the Board of Directors of Nalcor Energy held on June 25, 2010, August 11, 2010 and September 10, 2010 were included in the meeting papers circulated prior to the meeting.

On motion duly made by Mr. Martin, seconded by Mr. Cliff and unanimously carried, it was resolved:

**THAT** the minutes of the **TWENTY-SIXTH, TWENTY-SEVENTH** and **TWENTY-EIGHTH** meetings of the Board of Directors of Nalcor Energy held on June 25, 2010, August 11, 2010 and September 10, 2010, which minutes are currently before this meeting, be and they are hereby verified as being correct, and

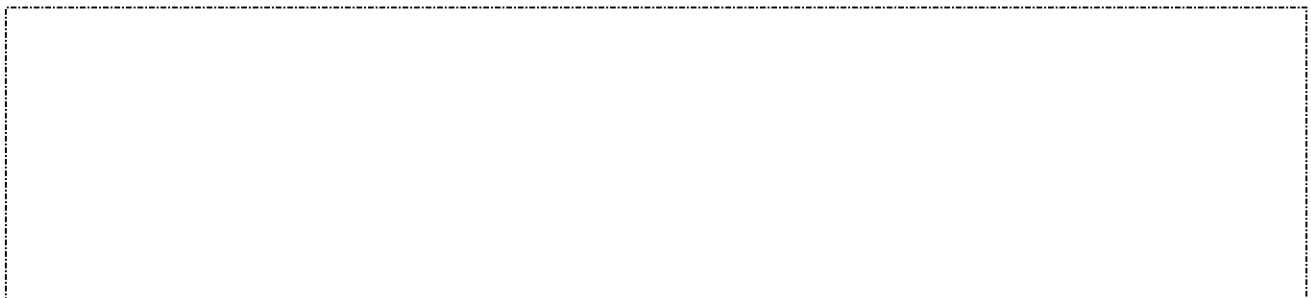
**THAT** the Chairman be and he is hereby authorized to verify the minutes by signing the Minute Book.

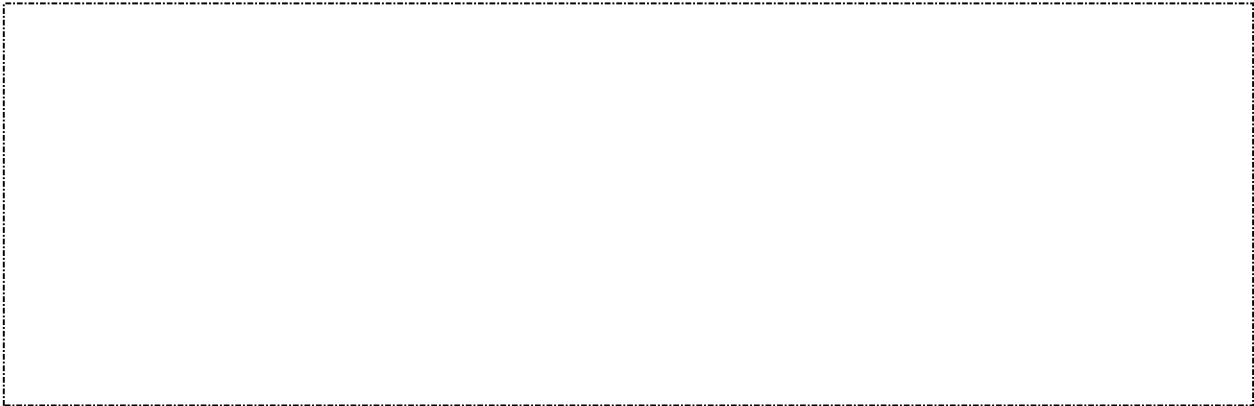
**393. BUSINESS ARISING**

The Action List was reviewed. Mr. Martin advised that a corporate quarterly market outlook report has been prepared which provides market outlook on oil and gas markets and includes historical information and projections. A copy of the current market outlook report dated August 2010 was provided to Board members at this meeting.

It was agreed that the action item with respect to whether any further indemnities are required with respect to other officers of the corporation that are also officers of CF(L)Co would be forwarded to the Governance Committee to determine if any further action is required.

Mr. Martin reported that the review of Board Committee meeting minutes was completed.





Mr. Marshall left the meeting temporarily.

**394. BOARD COMMITTEE REPORTS**

**395. Audit Committee**

Mr. Shortall reported that the Audit Committee meeting was rescheduled to November.

**396. PRESIDENT'S REPORT**

**397. Performance Report**

Mr. Martin reviewed the 2010 Corporate Plan Performance Report which was included in the Board papers distributed prior to the meeting. He reviewed the corporate plan highlights and noted that reporting has increased with a lead/lag ratio at 410:1. He reviewed the particulars of the incidents to date and is satisfied that the safety culture is taking hold and moving in the right direction.

Mr. Martin reported that although performance is lagging with respect to the environmental leadership target, the target is expected to be achieved by year-end.

Mr. Martin advised that the project execution organization structure is being finalized with the recent hiring of Mr. John MacIsaac as Vice-President, Project

Execution and Technical Services and the project execution strategy and plan are being developed and are on track.



**398. BUSINESS UNIT REPORTS**

**399. Newfoundland and Labrador Hydro**

It was agreed that the Newfoundland and Labrador Hydro update would be presented and provided at the Newfoundland and Labrador Hydro Board of Director's Meeting, immediately following this meeting. Accordingly, it was agreed that the Board would not be provided with an update at this meeting.

**400. CF(L)Co**

It was agreed that the CF(L)Co update would be presented and provided at the Newfoundland and Labrador Hydro Board of Director's Meeting, immediately following this meeting. Accordingly, it was agreed that the Board would not be provided with an update at this meeting.

**401. Lower Churchill Project Update**

Mr. Bennett joined the meeting. Mr. Martin commenced to review the Lower Churchill Project Report which was included in the Board papers distributed prior to the meeting.

Mr. Martin provided a brief overview of the LCP plan highlights. Mr. Marshall joined the meeting.

Mr. Martin provided an update with respect to significant issues of concern. He provided a comprehensive update on the negotiations with respect to a Term Sheet with Emera Inc. regarding the delivery of power by means of the Maritime

Link. He further advised that New Brunswick Power has also expressed an interest in the Lower Churchill Project power and discussions are ongoing with them as well.

Mr. Martin noted that an independent review was completed by third parties with respect to the state of preparedness of the Lower Churchill Project and they confirmed that the Muskrat Falls plus Island Link position of Lower Churchill Project is ready to pass through Decision Gate 2 and that there are a few things to complete before the project is ready to proceed through Decision Gate 3. He also advised that Independent Project Analysis Inc. (IPA) also reviewed the project and they rated the project at 7.5 out of 8 with respect to project readiness, an optimum score for projects at Decision Gate 2.

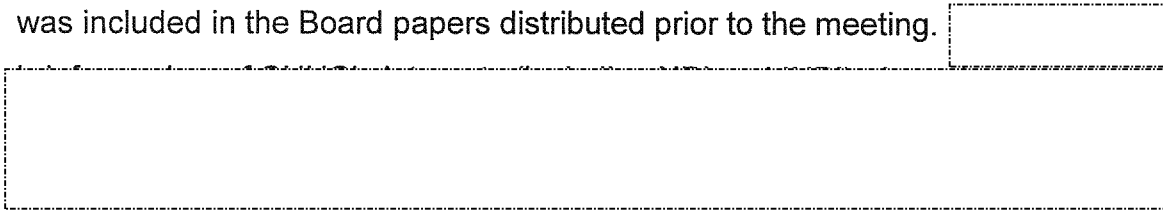
Mr. Martin reported that the environmental assessment process is progressing and a hearing with respect to the generation EA is scheduled in January 2011. He advised that aboriginal consultation with the Innu leadership has been delayed as a result of the recent Innu Nation elections whereby there are new Innu Nation leaders that will need to be consulted and briefed on the project and the respective agreements and timelines.

Mr. Bennett provided an update with respect to the review and evaluation of the proposals received with respect to the Engineering Design and Project Support RFP. He also advised that there are hearings before the Regie in Quebec in October and November with respect to the applications for transmission access in and through Quebec.

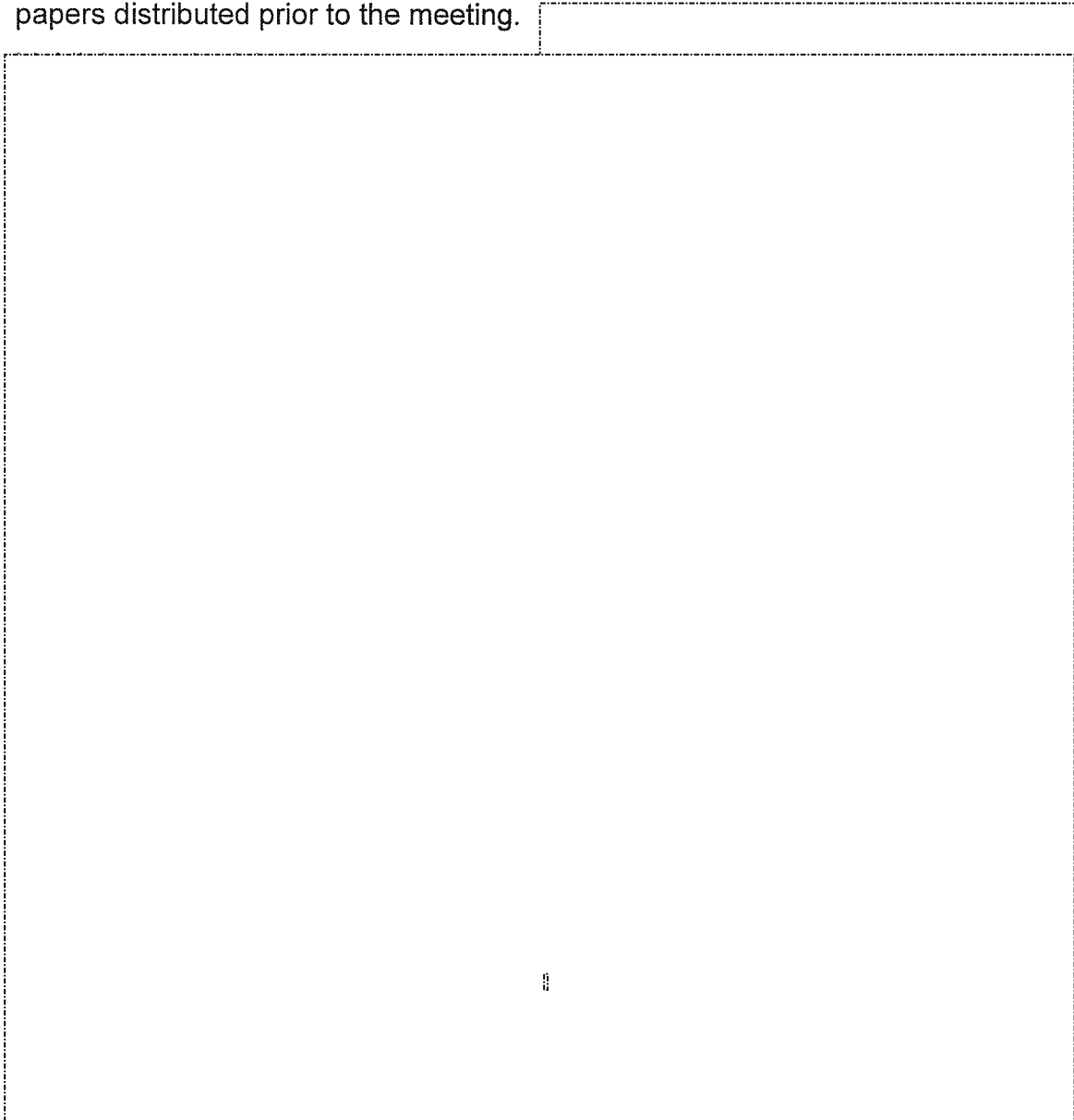
Mr. Bennett and Mr. Sturge left the meeting.

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Mr. Keating joined the meeting. Mr. Martin reviewed the CHHC Update which was included in the Board papers distributed prior to the meeting.



Mr. Keating reviewed the Oil and Gas Report which was included in the Board papers distributed prior to the meeting.

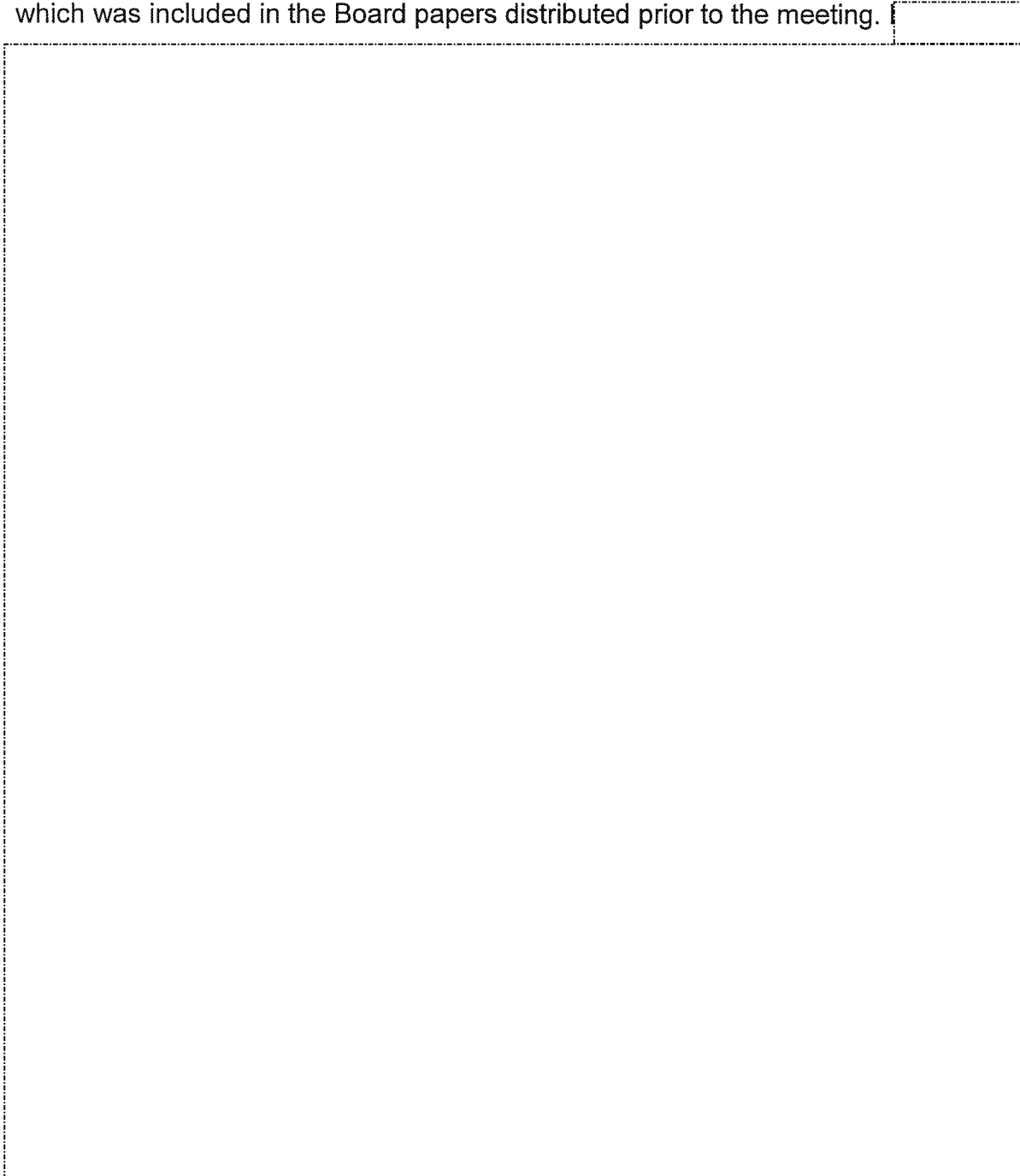


Mr. Keating left the meeting.

403.

**Bull Arm**

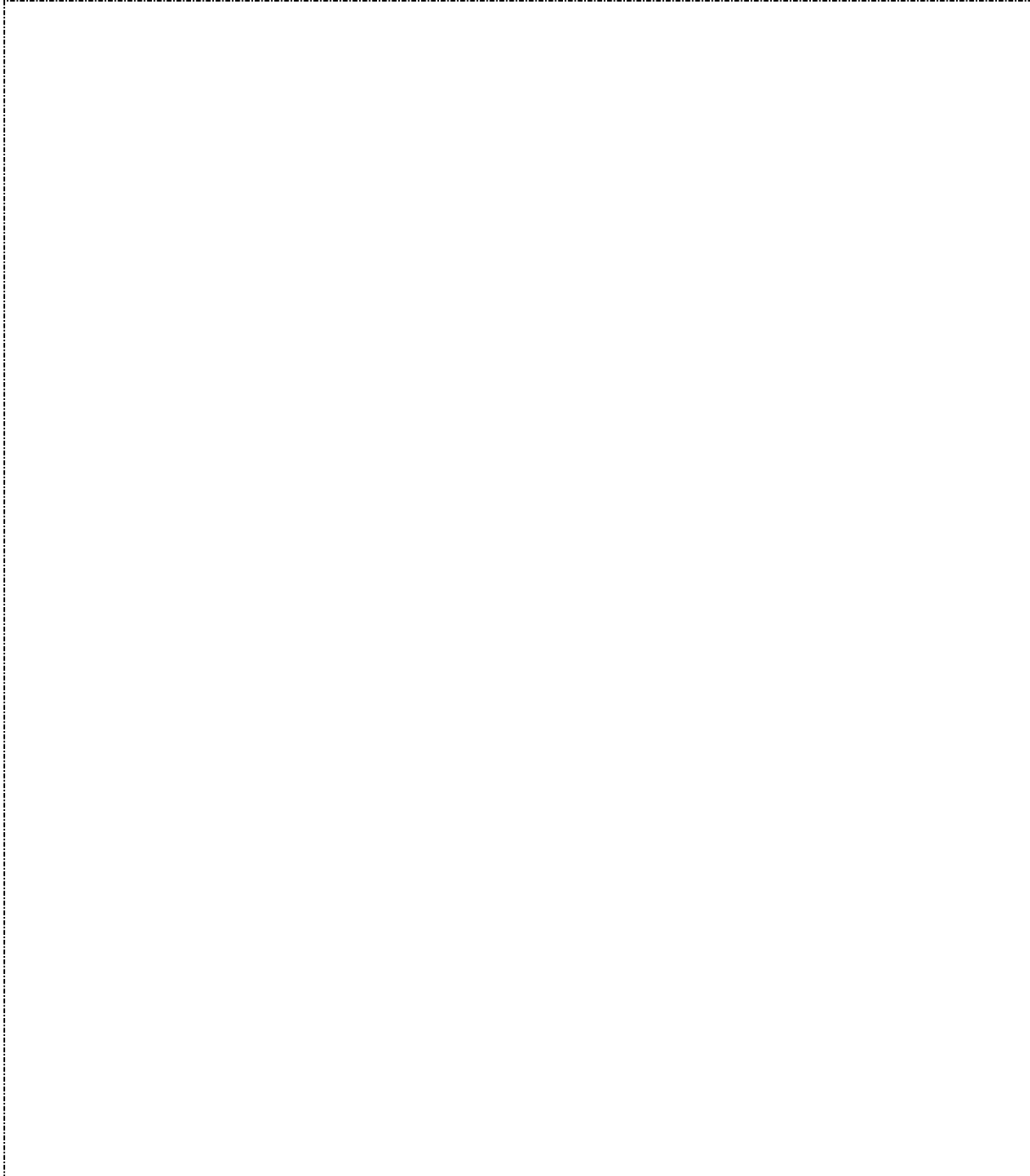
Mr. Kieley joined the meeting and reviewed the Bull Arm Fabrication Report which was included in the Board papers distributed prior to the meeting.





404.

**Energy Marketing**





**405. Other Activities**

Mr. Kieley reviewed the Other Activities Report which was included in the Board papers distributed prior to the meeting. He reviewed the non-regulated generation corporate highlights and advised that Phase I of the environmental assessment of the Exploits assets has been completed but Phase II has been delayed as a result of consultation with Government and may not be completed until 2011.

He reported that there was no lost time or medical treatment injuries at Exploits generation or Menihek and that the lead/lag ratio for both was on or ahead of target.



He provided an update with respect to the Ramea WHD project noting that commissioning activities were progressing and that the Ramea WHD project is expected to be commissioned and closed out whereby the formal operational R&D phase of the project will then commence. He also noted that there have been some issues identified in the commissioning phase which resulted in schedule delays and cost overruns.

Mr. Kieley left the meeting.

**406. FINANCIAL REPORT****407. Financial Summary**

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Mr. Sturge reviewed the Financial Report which was included in the Board papers distributed prior to the meeting. He reviewed the highlights as outlined in the report, as well as the year-end forecast, summary of earnings for the various segments of the Nalcor Companies and the corporate financial scorecard. He also reviewed the Consolidated Income Statement, Balance Sheet and cash flow and noted that actual capital expenditures were less than budget due primarily to timing issues.

With the cancellation of the Audit Committee meeting, Mr. Sturge advised that the Audit Committee was to review the IFRS transition issue with respect to the regulated utility in particular. He advised that the Canadian Accounting Standards Board has recommended that the implementation of IFRS for regulated utilities be deferred for a year. He recommends that the implementation of the IFRS be deferred for one year for both Newfoundland and Labrador Hydro and Nalcor Energy (Consolidated) whereby they would continue to apply Canadian GAAP. All of the other Nalcor Energy companies would implement IFRS in 2012.

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

**THAT** the implementation of the IFRS with respect to Nalcor Energy (Consolidated) and Newfoundland and Labrador Hydro be deferred and will not be implemented until 2012.

**408. Compliance Certificate**

Mr. Sturge referred to the Compliance Certificate for the period ended August 31, 2010 which was included in the Board papers distributed prior to the meeting.

**409. OTHER BUSINESS**

There was no other business.

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**410. IN CAMERA**

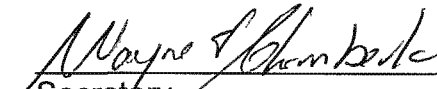
The Chair advised that a meeting of the Compensation Committee needs to be scheduled to review the implications associated with applying the collective agreement to the broader workforce and other related issues.

**411. NEXT MEETING**

The next meeting of the Board is scheduled for Friday, November 26, 2010.

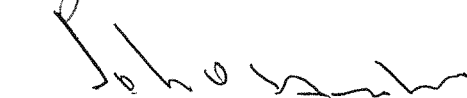
**412. TERMINATION**

There being no further business, the meeting was terminated.

  
Secretary

Verified at a meeting held on

Jan. 19, 2011

  
Chair