

MINUTES OF THE FORTIETH MEETING OF THE BOARD OF DIRECTORS OF NALCOR ENERGY HELD IN THE BOARDROOM, SIXTH LEVEL, HYDRO PLACE, ST. JOHN'S, NEWFOUNDLAND AND LABRADOR ON THURSDAY, SEPTEMBER 15, 2011 AT 10:00 A.M.

Present in Person: E. Martin, Acting Chair
C. Bennett
T. Clift

Present by Telephone: K. Marshall
G. Shortall

Present by Invitation: G. Bennett, Vice-President Lower Churchill Project

Secretary: W. Chamberlain

527. CHAIR OF THE MEETING

In the absence of the appointment of a Chair of the Board of Directors, Mr. Martin acted as Chair of the meeting.

528. CONSTITUTION OF THE MEETING

Notice for the meeting was forwarded to Directors on September 14, 2011. A quorum of Directors being present, the meeting was declared duly called and validly constituted for the transaction of business.

529. SAFETY MOMENT

Mr. Chamberlain provided a safety moment on safety tips on lifting and carrying loads.

530. NAVIGANT REPORT (LCP)

Mr. Martin circulated a hard copy of the Independent Supply Decision Review Report of Navigant Consulting Ltd. dated September 14, 2011 with respect to the Lower Churchill Project ("Report") at the meeting and an electronic copy of the Report was provided to all Board members prior to the meeting. A hard copy of the Report will be sent to those Board members attending by telephone. He advised that the Report was finalized yesterday and that he called the meeting to

provide the Board with an overview of the Report before it is released to the public.

He provided a brief summary of Navigant's background and qualifications noting that they had 2,700 employees and 1,700 consultants and noted that Navigant provides consulting services with respect to integrated resource planning and analysis of major projects and has offices around the world with a head office in Chicago, Illinois.

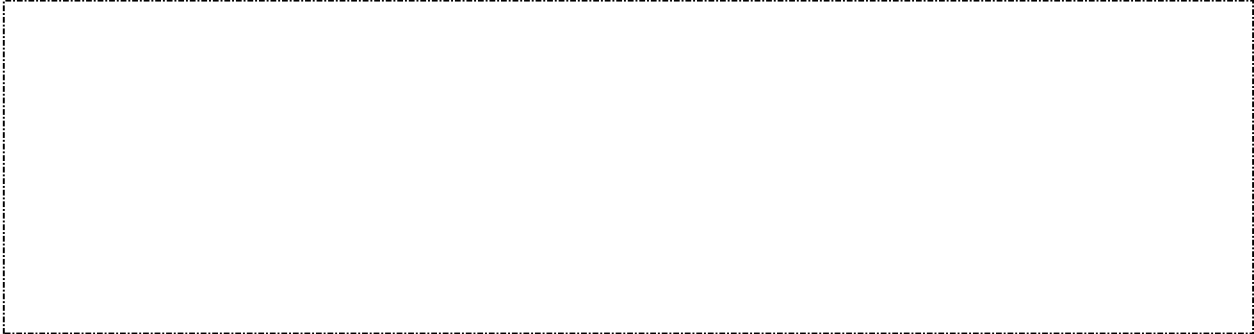
The Report provides a strong endorsement of Lower Churchill Project's (Project) gateway process and in particular the DG2 decision with respect to the Labrador-Island Link and Muskrat Falls. Navigant reviewed and analyzed the cumulative present worth sensitivities and concluded that the DG2 decision preference for the interconnected alternative was robust, taking into consideration the underlying risk and uncertainties in key assumptions. The Report recommended that the reduction in greenhouse gas emissions, loan guarantee and sensitivity to oil prices should be included in the analysis. Navigant also noted that the isolated island alternative could consider an additional 100 MW of wind generation in 2025 and in 2035 to potentially displace fossil fuel generation and that wind generation could not eliminate the need for the firm capacity of the Holyrood thermal generating station. Navigant further concluded that wind generation was less expensive than small hydro but was also not as reliable.

The Board members referred to Figure 21 on page 58 of the Report and Mr. Bennett reviewed the various cumulative present worth sensitivities therein. It was noted that CDM is an uncertainty but if realized could provide opportunities to sell such energy into the market and that if demand decreases, wind generation could possibly be sold into the marketplace.

Mr. Bennett also provided an update with respect to the review by the Public Utilities Board (PUB) of the DG2 decision and noted that the Project will likely be

filing its report in October and that Manitoba Hydro International, the PUB's consultant, will then likely file its report in late October with a possible hearing before the PUB in early 2012.

531. CHHC UPDATE




Mr. Martin left the meeting and Ms. Bennett became the Acting Chair.

532. NAVIGANT REPORT (LCP) (Cont'd.)

Mr. Bennett responded to several questions from Board members and in particular reviewed Figure 28 at Page 71 of the Report. He also noted that the Report does not comment on the commercial arrangements with Emera Inc.

533. TERMINATION

There being no further business, the meeting was terminated.


 Secretary

Verified at a meeting held on

Sept. 30, 2011


 Chairperson (acting)