

MINUTES OF THE NINETIETH 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, NOVEMBER 27, 2015 AT 11:00 A.M.

Present in person: K. Marshall, Chair
E. Martin, Member
L. Abbass, Member
T. Clift, Member
G. Shortall, Member

Present by Invitation: D. Sturge, Vice-President Finance and Chief Financial Officer
G. Bennett, Vice-President Lower Churchill Project
A. Warren, General Manager Commercial, Treasury, Risk Mgmt. & Technology
S. Pelley, Corporate Treasurer
A. Vavasour, Chief Risk Officer
G. Jones, General Manager Energy Marketing

Secretary: P. Hickman

1187. CONSTITUTION OF THE MEETING

Notice of the meeting was sent to all Directors on November 3, 2015. A quorum of Directors being present, the meeting was declared duly called and validly constituted for the transaction of business.

1188. SAFETY MOMENT

Mr. Clift provided a safety moment on safely cutting with a knife.

1189. APPROVAL OF AGENDA

On motion duly made by G. Shortall, seconded by T. Clift and unanimously carried, it was resolved:

THAT the Agenda of the 90th Meeting of the Board of Directors of Nalcor Energy, which Agenda is currently before this meeting, be and it is hereby approved.

1190. VERIFICATION OF MINUTES

Copies of the minutes of the 86th, 87th and 88th meetings of the Board of Directors of Nalcor Energy held on July 14, 2015, August 11, 2015 and October 2, 2015, respectively, were included in the meeting papers circulated prior to the meeting.

On motion duly made by E. Martin, seconded by L. Abbass and unanimously carried, it was resolved:

THAT the minutes of the **EIGHTY-SIXTH, EIGHTY-SEVENTH, and EIGHTY-EIGHTH** meetings of the Board of Directors of Nalcor Energy held on July 14, 2015, August 11, 2015 and October 2, 2015 respectively, which minutes are currently before this meeting, be and they are hereby verified as being correct; and

THAT the Chairperson be and is hereby authorized to verify the minutes by signing the Minute Book.

1191. ACTION LIST

The Board of Directors reviewed the Action List included in the meeting papers. All items on the list had been addressed. Mr. Abbass agreed to do the safety moment at the next meeting.

1192. COMMITTEE REPORTS

1193. Audit Committee

Mr. Shortall, Chair of the Audit Committee, provided a Report to the Board on the recent meeting of the Audit Committee. He stated that the Committee reviewed the Financial Risk Management Strategy with Management and approved it for recommendation to the appropriate Boards for their approval. The Committee also received a presentation on the status of the Business Systems project, as

well as a review of the Internal Audit Five Year Plan. The Committee reviewed its mandate and the performance of the Committee. He noted that the Cyber Security Annual Report was deferred to the next meeting.

1194. Compensation Committee

Messrs. Sturge, Hickman and Bennett left the meeting.

The Chair provided a Report to the Board on the recent meeting of the Compensation Committee. Mr. Martin left the meeting for a portion of this Report.

1195. FINANCIAL REPORT

Mr. Sturge noted the Financial Report that was included in the papers circulated prior to the meeting. He stated that the contents of the Report were in essence covered at a recent meeting of the Board to review the Q3 Financial Statements. The Board agreed that it was not necessary to review the Report at this time.

1196. 2016 BUDGET

Mr. Sturge reviewed the presentations relating to the 2016 Budget, copies of which had been circulated prior to the meeting.

Mr. Sturge noted that the original budget included a net income of \$130 million in 2016. After the budget had been sent out to the Board, PIRA dropped its forecasted oil price for 2016. As a result, the budgeted net income for 2016 has been revised to \$120 million. He then reviewed the risks to the budget outlined in the presentation. He noted in particular the Oil and Gas production risk, as well as the risk associated with NLH's General Rate Application.

Mr. Sturge then reviewed the budget net income by segment as outlined in the Report. He noted that the CF(L)Co net income was budgeted to be lower than 2015 due to the decrease in rates under the CF(L)Co-HQ Renewal Power Contract. Energy Marketing's net income was budgeted to increase in

anticipation of increases in prices over 2015. He noted that the Oil and Gas budget net income reflects the revised oil price.

Mr. Sturge then reviewed the Financing Plan as outlined in the Report. He also reviewed the details of the Provincial Equity requirements for 2016-2017 which were also included in the Report. The Board discussed whether contingency should be included in the equity funding. It was agreed that a blended funding contingency of \$185 million would be included to cover contingencies for both Oilco and the Lower Churchill Project.

Also, it was agreed that the budget would include a risk contingency of \$20 million for regulatory risk.

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

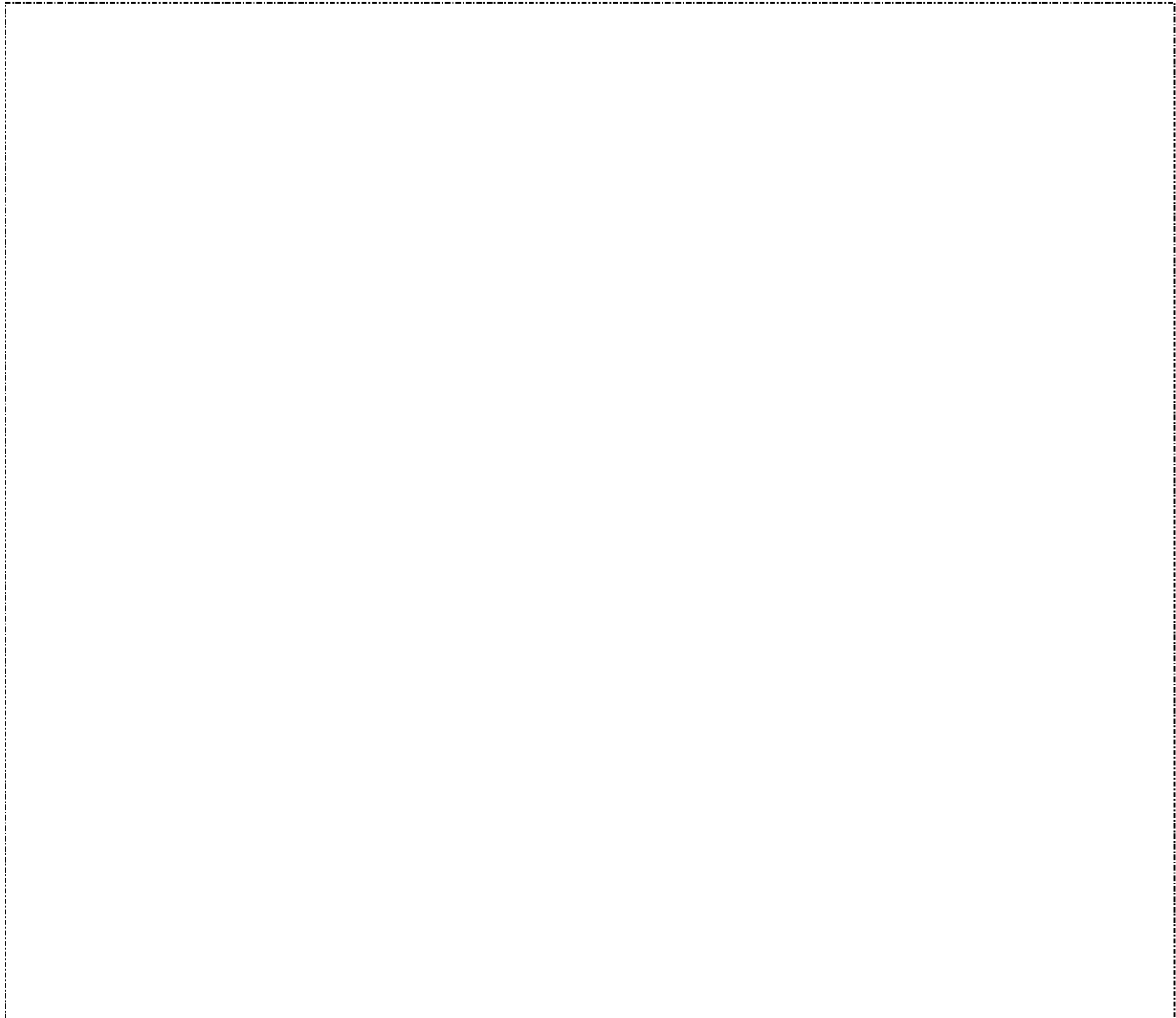
THAT the Nalcor Energy Operating and Capital Budgets for 2016, as revised, be and they are hereby approved.

Mr. Clift left the meeting at this time. A. Warren and S. Pelley joined the meeting at this time.

1197. 2016 FINANCIAL RISK MANAGEMENT STRATEGY

Mr. Pelley reviewed the presentation relating to the 2016 Financial Risk Management Strategy, a copy of which was included in the meeting papers.

Mr. Pelley reviewed the Executive Summary included in the presentation. He noted that there remains significant uncertainty over the near term path for oil prices, which continues to pose a significant cash flow risk for 2016. He stated that there were no other changes to Nalcor's consolidated financial risk profile for 2016.



On motion duly made by T. Clift, seconded by D. Shortall and unanimously carried, it was resolved:

THAT the 2016 Financial Risk Management Strategy, as tabled and initialed by the Secretary for identification, be and it is hereby approved.

1198. COMPLIANCE CERTIFICATE

The Corporate Compliance Certificate included in the meeting papers was noted.

1199. PRESIDENT'S REPORT/BUSINESS UNIT REPORTS

The President's Report and the Business Unit Reports circulated prior to the meeting were noted.

A. Vavasour and G. Jones joined the meeting at this time.

1200. ENERGY MARKETING RISK MANAGEMENT FRAMEWORK



G. Jones, S. Pelley and A. Vavasour left the meeting at this time.

1201. APPOINTMENT OF OFFICERS

On motion duly made by L. Abbass, seconded by T. Clift and unanimously carried, it was resolved:

WHEREAS Gerard McDonald has resigned as Vice-President of Human Resources and Organizational Effectiveness;

WHEREAS pursuant to Sub-section 11(1) of the Hydro Corporation Act, 2007, the Board of Directors may appoint Officers of the Corporation;

THEREFORE BE IT RESOLVED THAT Mike Roberts be and is hereby appointed as Vice-President Human Resources and Organizational Effectiveness, effective October 30, 2015.

AND

WHEREAS pursuant to Sub-section 12(1) of the Energy Corporation Act, the Board of Directors has the authority to appoint officers of the Corporation;

THEREFORE BE IT RESOLVED THAT Robert Henderson be and he is hereby appointed as Vice President, Transition to Operations (TTO), effective November 3, 2015.

AND

WHEREAS John Maclsaac has resigned as Vice-President of Project Execution and Technical Services;

WHEREAS pursuant to Sub-section 12(1) of the Energy Corporation Act, the Board of Directors has the authority to appoint officers of the Corporation;

THEREFORE BE IT RESOLVED THAT Jim Keating be and he is hereby appointed as Vice President, Project Execution and Technical Services (Acting) effective November 3, 2015.

1202. REMUNERATION OF AUDITORS

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

THAT the remuneration of the Company's auditors, Deloitte, for the examination and reporting on the accounts of the Corporation for the year ended December 31, 2015 be and it is hereby approved in an amount not to exceed [] excluding taxes.

1203. 2016 MEETING SCHEDULE

The 2016 Meeting Schedule included in the meeting papers was noted.

1204. MUSKRAT FALLS RATE IMPLEMENTATION PLAN

Mr. Warren reviewed the Muskrat Falls Rate Implementation Plan presentation, a copy of which was provided to the members of the Board prior to the meeting. He stated that the purpose of the presentation was to provide the Board with an overview of the anticipated impact on the electricity rates of an average Island residential customer after LCP in-service, and to outline potential options for developing a rate implementation plan. He reviewed the information in the presentation relating to the domestic electricity bill and the domestic retail rates. He reviewed the background section of the Report, as well as the industry landscape section.

Mr. Warren reviewed the forecasted unmitigated rate graphs which were included in the presentation. He then reviewed the sections relating to rate smoothing in Newfoundland and Labrador and other jurisdictions. Mr. Warren stated that discussions have been ongoing between Nalcor and the Government with respect to rate smoothing since 2010. He outlined the various options for rate smoothing which were described in the Report, as well as the potential sources of mitigation which were also outlined in the Report.

Mr. Bennett joined the meeting at this time.

1205. EMERA CONTRACTOR

Mr. Bennett reported on an issue relating to one of Emera's Contractors and the fact that they had entered into creditor protection. Emera is addressing the

90th Nalcor Energy Board Meeting
November 27, 2015
Page 9 of 9


situation and Mr. Bennett stated that LCP is staying in contact with Emera with respect to this issue, as there is some cost exposure with respect to overruns.

**1206. PROVINCIAL GOVERNMENT'S MUSKRAT FALLS
OVERSIGHT COMMITTEE**

Mr. Martin stated that the Provincial Government's Oversight Committee over the Muskrat Falls Project has engaged Ernest and Young to review the project, in particular cost controls. He stated that Nalcor will respond appropriately to the Report upon its issuance.

1207. TERMINATION

There being no further business, the meeting was terminated.



Secretary

Verified at a meeting held on

March 7, 2016

Chair Resigned
Chairperson