

Date : 11/11/2010 5:06:29 PM
From : "Thompson, Robert"
To : "Bown, Charles W."
Subject : Re: letter

I like I this and it is sufficient in every way. Question is can Ed get it done in time.

Sent Via BlackBerry

From: Bown, Charles W.
To: Thompson, Robert
Sent: Thu Nov 11 15:00:03 2010
Subject: letter

Robert;
I've been musing on the content of a letter from the Board and have arrived at the following outline. Thoughts?
CwB

1. Gate 2 Decision Report
 - a. The Board has received the Lower Churchill Project Gate 2 Decision Report from the CEO.
 - b. The Report recommends proceeding with phase 1 (MF, IL) of the project to meet the PUB generation expansion planning requirement.
 - i. This is the least cost, long-term option
 - ii. The project has a commercial IRR
 - iii. It will meet island load growth to 204?
 - iv. It will enable the company to shut-in the HR thermal generating facility; reduce emission and GHG's
 - c. The Report also recommends completing an arrangement with Emera to monetize the spill associated with the generation expansion decision (ML, maritime transmission).
 - i. This will generate new revenue
 - ii. Will improve IRR
 - iii. Will establish first Nalcor controlled connection to NA grid
 - iv. Will add a strategic development partner
 - v. Will reduce capital exposure and project risk

Board approves recommendation for LCP – Phase 1 to proceed through Gate 2

Board approves LCP-Phase 1 as Nalcor's generation expansion project

Board approves recommendation to conclude an arrangement with Emera to monetize spilled water

2. Term Sheet
 - a. Board received an initialed Term Sheet concluded by Nalcor and Emera senior management. The document details the commercial terms by which Nalcor will provide energy to Emera, how Emera will make investments in the transmission projects, and the terms under which Nalcor will receive transmission rights and/or access through NS, NB through to NE.
 - b. The Term Sheet is (binding / non-binding) and negotiation of a Final Agreement will follow.
 - c. There are conditions precedent to this Term Sheet and the Final Agreements

Board approves the Term Sheet concluded by Nalcor and Emera, subject to conditions precedent

Board approves CEO to proceed with negotiations on a Final Agreement

The Board also acknowledges that the support of the Shareholder is key to proceeding with the project. Representation will be made to the Shareholder, prior to sanction to consider financial support to the project