

From: mbradbury@nlh.nl.ca
To: jharris@nlh.nl.ca
Cc: dsturge@nlh.nl.ca
Subject: Re: Goal 6 Planning
Date: Sunday, November 25, 2007 7:16:33 PM
Attachments: [...png](#)
[...png](#)
[Goal 6 Revised for 2008- Rev 6 SAL.ppt](#)
[2008 Goal 3 tabular r1.ppt](#)

Seems to align with the financing plan. Here is what we have for Goal 3.



2008 Goal 3 tabular r1.ppt

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Joanna Harris/CRP/NLHydro

	To
Joanna Harris/CRP/NLHydro	cc
11/25/2007 04:21 PM	Subject

Derrick / Mark

I am not sure if you have been consulted in the Goal 6 planning process. Looks like not , I am providing market and market access feedback and can also provide some financing however I felt you should be involved in this. Pls refer to attached.



Goal 6 Revised for 2008- Rev 6 SAL.ppt

regards

joanna

Joanna Harris
Manager, Policy and Planning

Lower Churchill Project
Newfoundland and Labrador Hydro


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HYDRO
THE POWER OF
COMMITMENT

2008 Goal Working Group Goal 6: Lower Churchill November 26, 2007

Agenda

- 
- Safety Moment
 - Goal 6 Team
 - LCP Mission
 - Goal 6 Statement
 - Purpose/Working Group Mandate
 - Goal 6 Restatement
 - Performance YTD
 - Working towards 2015
 - Framework
 - Outcomes & Outcome Measures
 - Target Timeline
 - 2008 – 2012 Strategic Initiatives
 - Initiatives/Areas of Focus
 - Alignment with Energy Plan
 - Gaps to be Filled

Safety Moment

- When using outdoor Christmas lighting or other equipment, ensure that your equipment is CSA approved for use in the area (i.e. outdoor rating).
- Do NOT overload your electric circuits with too many light sets... the ratings exist for a reason!



Goal 6 Team

Goal Working Group

- Bob Barnes
- Leona Barrington
- Gilbert Bennett
- Ruby Carter
- Lance Clarke
- Charles Cook
- Paul Harrington
- Joanna Harris
- Jason Kean
- David Kiell
- Steve Lethbridge
- David Pardy
- Kyle Tucker

Stakeholders Representatives

- Wayne Chamberlain
- Kevin Dawson
- John Mallam
- Gerard McDonald
- Helen Sinclair
- Derrick Sturge

LCP Mission Statement

To develop the Lower Churchill Project, respecting shareholder and stakeholder requirements and commitments, using best-in-class planning and execution practices in order to ensure the safe and environmentally sound delivery of an economically-viable source of clean energy to the marketplace by 2015.

2007 Business Plan

Goal 6: To achieve Sanction of the Lower Churchill Project

Purpose/Mandate

- Review Goal 6 as stated in 2007 Business Plan as well as key outcomes and outcome measures.
- To expand Goal 6 beyond 2008 and into first power.
- To review the strategy being adopted for refinement of Goal 6.
- Brainstorm any strategic initiatives the LCP should undertake considering an expanded Goal 6.

**Goal 6 (Restatement):
To deliver First Power from the Lower Churchill
Project to our customers by 2015.**

2007 Corporate Plan Performance Report (Year-to-date August)

Goal 6: Lower Churchill

↓ Where we should be
○ Where we are

Goal	2007 Year End Outlook	Year to Date
		No progress ——— Achieve ——— Exceed
Goal 6: Lower Churchill	Y	
2007 Targets		
Decision Review Board (DRB), Board of Directors and shareholder approval for Gate 2 by year-end 2007.	Y	○ ↓
<u>Environmental</u>	Y	○ ↓
▪ EIS Submission		
▪ Transmission registration		○ ↓
<u>Commercial</u>	Y	○ ↓
▪ Agreement in principle/term sheet with customers		
Engineering HYDRO THE POWER OF COMMITMENT	G	

Goal 6: Lower Churchill

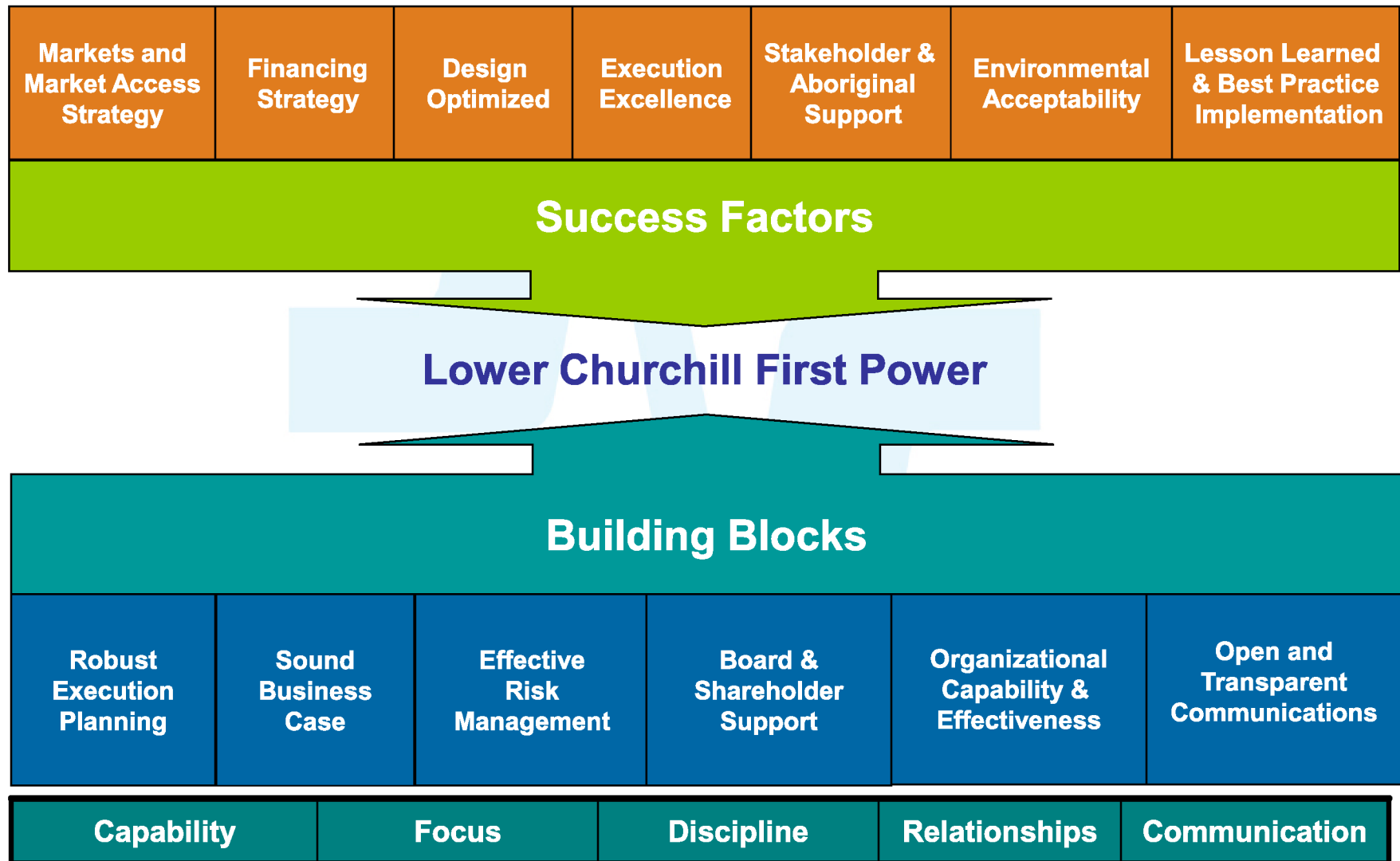
↓ Where we should be
○ Where we are

Goal	2007 Year End Outlook	Year to Date
		No progress ——— Achieve ——— Exceed
Goal 6: Lower Churchill		
2007 Targets		
<u>Aboriginal</u> ■ Impact benefits agreement memorandum of understanding/agreement in principle completed	G	↓ ○
<u>Implementation</u> ■ Ready for FEED	G	↓ ○
<u>Finance</u> ■ Financing plan in place	G	↓ ○
<u>Operations</u> ■ Operational plan ratified	G	

Working Towards 2015

- Ensure asset is developed to meet customer requirements.
- ECNL lead project management team including people, processes and systems being established.
- Planning and implementing project in accordance with Gateway Process, leveraging internal and contractor capabilities.
- Gate 2A and 2B – key decisions points in first half of 2008 regarding future direction.
- Project Sanction during Q2 of 2009

Framework



OUTCOME	OUTCOME MEASURES
6.1 Best-in-Class HSE Performance for Construction Project	<ul style="list-style-type: none"> ▪ Annual safety targets and KPIs achieved. ▪ Environmental commitments delivered. ▪ Zero Incident Mindset Philosophy adopted by team.
6.2 Sound Project Business Case Maintained	<ul style="list-style-type: none"> ▪ Project financed on commercially acceptable terms. ▪ Project economics (NPV and IRR) at first power consistent with plan at sanction. ▪ Project has no negative impact on Province's credit rating. ▪ Water management arrangements in place to secure the long-term viability of the asset. ▪ Development of an acceptable Benefits Plan for the province.
6.3 Achieve Sanction Cost and Schedule Targets	<ul style="list-style-type: none"> ▪ Sanction cost and schedule targets achieved for first power delivery (on time and on budget).
6.4 Plant delivery within an acceptable level of quality	<ul style="list-style-type: none"> ▪ Plant start-up as planned. ▪ Plant quality consistent with project business case (e.g. design redundancy and availability).
6.5 Achieve and sustain support from Innu and other aboriginal groups.	<ul style="list-style-type: none"> ▪ Impacts and Benefits Agreement (IBA) with the Innu Nation in-place. ▪ Positive working relationship with the Innu Nation. ▪ Support by other aboriginal groups with interests in the project area. ▪ No actions by aboriginal groups to stop, delay or interfere with the Project.
6.6 Project benefits the Province of Newfoundland & Labrador	<ul style="list-style-type: none"> ▪ Acceptance of project by key stakeholders. ▪ Favorable Media Reputation Index rating. ▪ Benefits Plan commitments delivered.
6.7 Stable In-Feed to Island Achieved	<ul style="list-style-type: none"> ▪ Long term, reliable power delivered to meet the Island's growth requirements.

	2008	2009	2010	2011	2012
Objectives	DRB, Board and Shareholder Approval for Gate 2B by Q2-08 and commencement of Phase 3.	Gate 3 Approval by June-09 (Project Sanction) and start of Phase 4.	Year 2 Milestones Achieved	Year 3 Milestones Achieved	Year 3 Milestones Achieved
Targets	<u>HSE</u> <ul style="list-style-type: none"> ▪ EIS submission ▪ Transmission Registration ▪ Successful Panel Hearings 	<u>HSE</u> <ul style="list-style-type: none"> ▪ Approvals in-place ▪ Environmental Management Program (EMP) for construction in-place 	<u>HSE</u> <ul style="list-style-type: none"> ▪ EMP and monitoring process in place ▪ TRIR <1.0 ▪ No harmful discharges 	<u>HSE</u> <ul style="list-style-type: none"> ▪ EMP and monitoring process in place ▪ TRIR <1.0 ▪ No harmful discharges 	<u>HSE</u> <ul style="list-style-type: none"> ▪ TRIR <1.0 ▪ No harmful discharges
	<ul style="list-style-type: none"> ▪ <u>Project Execution</u> ▪ Gate 2 with FEL >4.0 ▪ Commence FEED ▪ Finalize BOD & Layout 	<ul style="list-style-type: none"> ▪ <u>Project Execution</u> ▪ Gate 3 – June 30/09 ▪ Site Infrastructure in-place ▪ FEED Completed ▪ Commence Detailed Design 	<ul style="list-style-type: none"> ▪ <u>Project Execution</u> ▪ LC Diversion Complete ▪ Detailed Design Complete 	<u>Project Execution</u> <ul style="list-style-type: none"> ▪ Follow-on engineering and construction on-going ▪ Final Forecast Cost and Schedule < Sanction 	<u>Project Execution</u> <ul style="list-style-type: none"> ▪ Follow-on engineering and construction on-going ▪ Final Forecast Cost and Schedule < Sanction

2008		2009	2010	2011	2012
Objectives	DRB, Board and Shareholder Approval for Gate 2 by Q1-08 and commencement of Phase 3.	Gate 3 Approval by June-09 (Project Sanction) and start of Phase 4.	Year 2 Milestones Achieved	Year 3 Milestones Achieved	Year 3 Milestones Achieved
Targets	<u>Market Access</u> <ul style="list-style-type: none"> ▪ Anchor Loads Term Sheets and MOA's/MOU's in place 	<u>Market Access</u> <ul style="list-style-type: none"> ▪ PPA for Anchor Loads in-place 			
	<u>Finance</u> <ul style="list-style-type: none"> ▪ Competitive Procurement Underway 	<u>Finance</u> <ul style="list-style-type: none"> ▪ Financial Close 			
	<u>Aboriginal</u> <ul style="list-style-type: none"> ▪ Innu Nation IBA ratified ▪ IN Interim Measures Agreement in-place ▪ Other aboriginal groups consulted appropriately (negotiate agreements, if necessary) 	<u>Aboriginal</u> <ul style="list-style-type: none"> ▪ IN IBA in-effect. ▪ IN IBA monitoring process in place ▪ Other aboriginal groups consulted appropriately (negotiate agreements, if necessary) 	<ul style="list-style-type: none"> ▪ <u>Aboriginal</u> ▪ No referral of disputes to arbitration under IBA DR process. ▪ No action by aboriginal groups to stop, delay or interfere with the Project. 	<ul style="list-style-type: none"> ▪ <u>Aboriginal</u> ▪ No referral of disputes to arbitration under IBA DR process. ▪ No action by aboriginal groups to stop, delay or interfere with the Project. 	<ul style="list-style-type: none"> ▪ <u>Aboriginal</u> ▪ No referral of disputes to arbitration under IBA DR process. ▪ No action by aboriginal groups to stop, delay or interfere with the Project.

2008		2009	2010	2011	2012
Objectives	DRB, Board and Shareholder Approval for Gate 2 by Q1-08 and commencement of Phase 3.	Gate 3 Approval by June-09 (Project Sanction) and start of Phase 4.	Year 2 Milestones Achieved	Year 3 Milestones Achieved	Year 3 Milestones Achieved
Targets	<u>Operations</u> <ul style="list-style-type: none"> Operational Plan Ratified 	<u>Operations</u> <ul style="list-style-type: none"> Operability review complete Operations strategy agreed. 	<u>Operations</u> <ul style="list-style-type: none"> Recruitment Plan in-place 	<u>Operations</u> <ul style="list-style-type: none"> Key staff recruited 	<u>Operations</u> <ul style="list-style-type: none"> Staff 50% recruited and embedded with Project

2008 – 2012 STRATEGIC INITIATIVES

Health & Safety

- Implement a Substance Abuse Program (2008).
- Development and implementation of a Behavioral-based Safety Program (2009/10).

Environmental Acceptability

- Leverage NLH current ISO14001 Environmental Management System for its first time application in a construction program (2008/09).
- Work to build partnerships with government agencies / regulators which can be used to leverage goodwill for future ECNL projects (2008 – 2012).

Sound Business Case

- Establish partnership with the MUN Chair in Climate Change to study the long-term potential effects of climate change on reservoir management.

Lesson Learned & Best Practice Implementation

- Development of LCP Integrated HSEQ Management System (2008/09)
- Implementation of an Information Management Strategy as a enabler to facilitate effective Business Process Management techniques (2008/09)
- Develop and implement a lesson learned process with LCP, proving its effectiveness for usage through ECNL (2008).
- Seek technology transfer from other jurisdictions for new techniques in construction planning and execution (2009/10).

2008 – 2012 STRATEGIC INITIATIVES

Open and Transparent Communications

- Implementation of Community Engagement Plan leveraging the Province's Strategic Plan for Labrador (2008-09).
- Publish papers on lessons learned from LCP Environmental Assessment that can be leveraged for future ECNL energy projects (e.g. wind) (2010-2011).
- Work to ensure focused, strategic participation of ECNL through the LCP on key industry working groups (e.g. CEUPMN).

Stakeholder and Aboriginal Support

- Build relationships with stakeholders and aboriginal groups to help facilitate ECNL's future developments in Labrador (wind, oil & gas, etc.) (2008 – 2012).

Robust Execution Planning

- Development of project management processes, systems & capabilities within LCP that ECNL can leverage for its strategic investments and growth (2008 – 10).

2008 – 2012 STRATEGIC INITIATIVES

Organizational Capability & Development

- Work with HR to develop ECNL as the “employer of choice” by leveraging opportunities in LCP (springboard effect) (2008 – 2012).
- Undertake strategic marketing of the ECNL and specifically LCP in effort to secure the necessary skilled trades and contractors required to execute the project (2008/09).
- Work to reduce internal “barriers” or mindsets to facilitate movement of personnel resources from within NLH into LCP.
- Work with Federal and Provincial government departments to develop aboriginal training opportunities (e.g. such as JETA initiative) (2008/09).
- Establishment of four (4) engineering capability development positions filled by new grads that work as part of the detailed engineering (2008/09).
- Produce a Benefits and Diversity Plan for potential use corporate wide (2008).
- Utilize the Labour Strategy as the springboard for skilled trades development in critical areas by implementing an overall Training Plan (2008 – 2010).
- Development of corporate Project Management capability through ECNL by including 3 to 4 capability development positions during Phase 3 (2008/09).

Summary of Initiatives/Areas of Focus

Framework Element	2008	2009	2010	2011	2012

Alignment with Energy Plan Policy Actions

Policy Actions	Document Reference	Lead	Goals
Newfoundland and Labrador's Energy Warehouse			
<ul style="list-style-type: none"> Assume an ownership interest in the development of our energy resources where it fits our strategic long-term objectives. 	Managing Our Energy Warehouse, Policy Actions, P.13	Government of NL	Goals 3, 4, 5, 6
<ul style="list-style-type: none"> Leverage our non-renewable oil and gas wealth into a renewable future by investing a significant portion of our non-renewable resource revenues in renewable energy infrastructure and development. 	Managing Our Energy Warehouse, Policy Actions, P.13	Government of NL	Goals 3, 4, 6
<ul style="list-style-type: none"> Actively seek resource development partners and work with those partners, other governments and customers to develop these resources for our mutual benefit. 	Managing Our Energy Warehouse, Policy Actions, P.13	Government of NL	Goals 3, 4, 6
<ul style="list-style-type: none"> Ensure the Energy Corporation takes a lead role in the development of our energy resources. 	Managing Our Energy Warehouse, Policy Actions, P.13	Government of NL	All

Alignment with Energy Plan Policy Actions

Policy Actions	Document Reference	Lead	Goals
Newfoundland and Labrador's Energy Warehouse			
Electricity			
<ul style="list-style-type: none"> Lead the development of the Lower Churchill Hydroelectric project, through the Energy Corporation. 	Lower Churchill Project, Policy Actions, P. 32	Energy Corporation	Goal 6 (All)
<ul style="list-style-type: none"> Ensure that first consideration for employment will be given to qualified personnel adjacent to the resource. 	Lower Churchill Project, Policy Actions, P. 32	Energy Corporation	Goals 6-8
<ul style="list-style-type: none"> Implement a new policy on the issuance of water rights for new hydroelectric developments, making the Energy Corporation responsible for coordinating and controlling all new hydroelectric developments in Newfoundland and Labrador. 	Other New Hydro Developments, Policy Actions, P.34	Government of NL/Energy Corporation/NLH	Goals 5, 6
<ul style="list-style-type: none"> Address environmental concerns related to Holyrood by either: <ul style="list-style-type: none"> Replacing Holyrood generation with electricity from the Lower Churchill through a transmission link to the island; or Installing scrubbers and precipitators, and maximize the use of wind, small hydro and energy efficiency programs, to reduce reliance on Holyrood. 	Holyrood, Policy Actions, P. 38	Energy Corporation/ NLH	Goal 2, 5, 6, 8
<ul style="list-style-type: none"> Review commercial rates in Labrador coastal communities in conjunction with the sanctioning of the Lower Churchill project. 	Isolated diesel Systems, Policy Actions, P. 39	Government of NL/ NLH	Goals 5, 6, 8
<ul style="list-style-type: none"> Build a transmission link between Labrador and the Island and Labrador in conjunction with the Lower Churchill development and seek Federal Government financial assistance in the context of GHG emission reduction initiatives. 	Labrador-Island Transmission Link, Policy Actions, P. 40	Government of NL/ Energy Corporation	Goals 2, 3, 5, 6, 8

Alignment with Energy Plan Policy Actions

Policy Actions	Document Reference	Lead	Goals
Newfoundland and Labrador's Energy Warehouse			
Electricity			
<ul style="list-style-type: none"> Use our electricity resources to actively pursue new industrial development in the province, particularly Labrador. 	Island and Labrador Transmission, Policy Actions, P. 42	Government of NL/NLH/Energy Corporation	Goals 4,5, 6
<ul style="list-style-type: none"> Work closely with potential developers to ensure costs are understood and timelines are addressed. 	Island and Labrador Transmission, Policy Actions, P. 42	NLH/Energy Corporation	Goals 4, 5, 6
<ul style="list-style-type: none"> Work to establish appropriate transmission access to Canadian and U.S. national electricity grids. 	Transmission for Export, Policy Actions, P. 39	Government of NL/ Energy Corporation	Goals 5, 6
<ul style="list-style-type: none"> Work with other governments and industry to establish an effective national electricity transmission system. 	Transmission for Export, Policy Actions, P. 39	Government of NL	Goal 6
<ul style="list-style-type: none"> Identify which standard practices in the North American electricity industry are necessary for us to adopt as we become more electrically integrated, and how best to implement them in this province. 	Industry Structure, Policy Actions, P. 46	Government of NL	Goal 6
<ul style="list-style-type: none"> Ensure that the regulatory process can appropriately accommodate Lower Churchill and other power for use in both domestic and export markets. 	Regulatory Process, Policy Actions, P. 47	Government of NL	Goals 3, 5, 6
<ul style="list-style-type: none"> Maintain least-cost power as the primary objective in electricity rate setting in the province. 	Rate Setting, Policy Actions, P. 48	Government of NL/ NLH	Goals 3, 5, 6
<ul style="list-style-type: none"> Negotiate with both existing and new industrial developers to ensure that the electricity rates paid are in the best interests of the province. 	Rate Setting, Policy Actions, P. 48	Government of NL/NLH/Energy Corporation	Goals 4, 5, 6

Alignment with Energy Plan Policy Actions

Policy Actions	Document Reference	Lead	Goals
Newfoundland and Labrador's Energy Warehouse			
Energy & Our Environment			
<ul style="list-style-type: none"> By 2015, target the elimination of 1.3 million tonnes of GHG emissions per year, as well as all other pollutants from Holyrood, by building Lower Churchill and the Labrador-Island Transmission link. This will ensure more than 98 per cent of electricity generated for our own use comes from renewable sources. 	Air Emissions, Policy Actions, P. 52	Government of NL/ NLH/ Energy Corporation	Goals 2, 5, 6, 8
<ul style="list-style-type: none"> Strongly support mechanisms for investment in renewable energy projects and work to ensure that technology fund investments are directed towards regional and national initiatives, such as east-west transmission projects, with proven ability to reduce emissions. 	Creating the Value of Our Renewable Energy, Policy Actions, P. 55	Government of NL	Goals 2, 6
<ul style="list-style-type: none"> Work with the Government of Canada and other provinces as well as industry to develop a technology fund that will invest in transmission for the Lower Churchill Project and wind opportunities 	Creating the Value of Our Renewable Energy, Policy Actions, P. 55	Government of NL	Goals 2, 4, 6
<ul style="list-style-type: none"> Support and advance initiatives to regulate and limit GHG emissions in a manner that promotes renewable energy development. 	Creating the Value of Our Renewable Energy, Policy Actions, P. 56	Government of NL/ Energy Corporation	Goal 2, 5, 6
<ul style="list-style-type: none"> Ensure that the province captures the incremental value of our renewable energy as a result of emissions regulation. 	Creating the Value of Our Renewable Energy, Policy Actions, P. 56	Energy Corporation	Goals 2, 6

Alignment with Energy Plan Policy Actions

Policy Actions	Document Reference	Lead	Goals
Newfoundland and Labrador's Energy Warehouse			
Energy & Our Environment			
<ul style="list-style-type: none"> Ensure that renewable and non-renewable resources are developed in a manner which both maximizes benefits for the province while at the same time protecting the natural environment, including our land, water and wildlife, to the greatest extent possible. 	Land, Water and Wildlife, Policy Actions, P. 57	Government of NL/ NLH/ Energy Corporation	Goals 2, 4, 5, 6
<ul style="list-style-type: none"> Continue to work through the Council of the Federation, the Council of Energy Ministers and the Canadian Council of Ministers of the Environment to improve the timeliness and certainty of regulatory approval decision-making processes while maintaining rigorous protection of the environment and public interest. 	Land, Water and Wildlife, Policy Actions, P. 57	Government of NL	Goals 2, 4, 5, 6
<ul style="list-style-type: none"> Ensure that stakeholders, communities, Aboriginal governments and groups are consulted appropriately on the development of energy projects. 	Land, Water and Wildlife, Policy Actions, P. 57	Government of NL/ NLH/Energy Corporation	Goals 2, 4, 5, 6, 8

Alignment with Energy Plan Policy Actions

Policy Actions	Document Reference	Lead	Goals
Newfoundland and Labrador's Energy Warehouse			
Energy & Our Economy			
<ul style="list-style-type: none"> Work closely with our skilled trade unions and leaders to attract and retain skilled workers. 	Professional and Skilled Workers, Policy Actions, P. 65	Government of NL/ NLH/ Energy Corporation	Goal 6, 7
<ul style="list-style-type: none"> Continue to update the labour demand and supply analysis of the Skills Task Force for current and future energy projects. 	Professional and Skilled Workers, Policy Actions, P. 65	Government of NL/ NLH/ Energy Corporation	Goals 4, 5, 6, 7
<ul style="list-style-type: none"> Promote opportunities in our energy sector to skilled workers outside the province. 	Professional and Skilled Workers, Policy Actions, P. 65	Government of NL/ NLH/ Energy Corporation	Goals 6,7

Gaps to be filled

- Strategic initiatives from marketing and finance (if any)
- X-reference Energy Plan Policy Actions
- Validate targets
- Finalization of plan for implementation of strategic initiatives





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Goal 3 – Financial and Governance Structure 2008 – 2012 Plan

November 19 2007



Goal 3: To strengthen our financial and governance structure

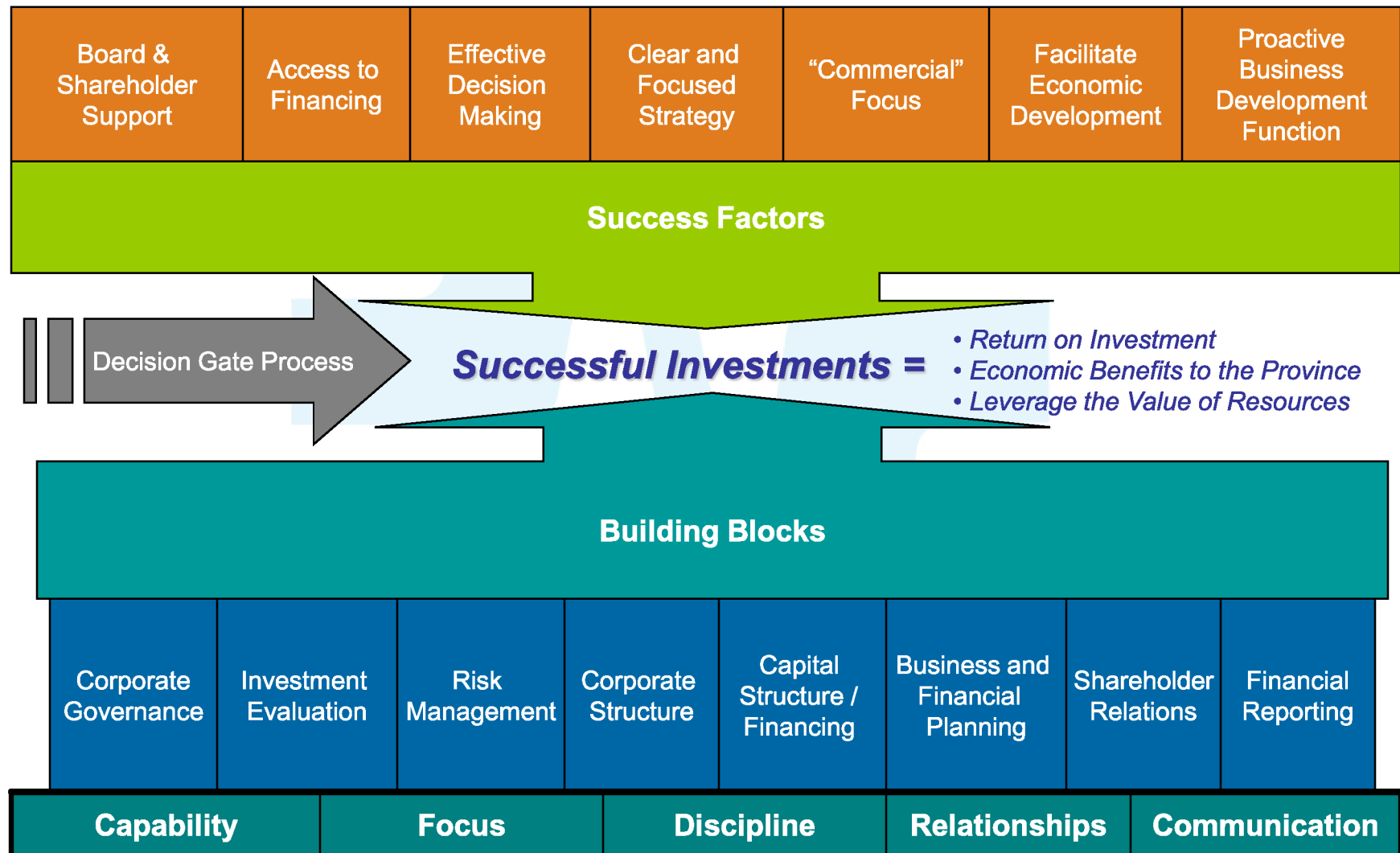
Goal 3 Working Group – Team Members

- Sponsor: Derrick Sturge
- Coordinator: Mark Bradbury
- Team Members:
 - Charles Bown (Shareholder Rep – ADM Natural Resources)
 - Bob Constantine (Shareholder Rep – ADM – Taxation & Fiscal Policy)
 - Peter Hickman (Legal)
 - Dawn Dalley – (Communications)
 - Dave Bailey – (IA)
 - Rob Hull (IE)
 - Glenn Mitchell – (Controller)
 - Christine Stratton (Asst. Controller)



Safety Moment

Framework



OUTCOME	OUTCOME MEASURES
3.1 A corporate governance structure that promotes organizational effectiveness and supports investments and financing in growth opportunities	<ul style="list-style-type: none"> ▪ Adherence to governance standards as promulgated by the Conference Board of Canada ▪ Financing secured ▪ Legal opinion/s as to appropriateness of risk allocation ▪ Regulatory approval for cost allocation methodology
3.2 A sound financial position at all corporate levels that optimizes cost of capital and supports the financing of the business plan.	<ul style="list-style-type: none"> ▪ Rate of return on equity ▪ Return on capital employed ▪ Capital structure

CORPORATE OBJECTIVES

Energy Corp

- 3.1.2 – By end of 2009 to have completed a corporate restructuring that facilitates financing and provides for appropriate risk and cost allocation.
- 3.2.1 – By end of 2009 to have secured financing for the Lower Churchill Project.
- 3.1.1 – By end of 2012 to achieve the Conference Board of Canada Award for Excellence in Governance.
- 3.2.4 – By end of 2012 to have secured debt financing capacity of \$0.6 billion.

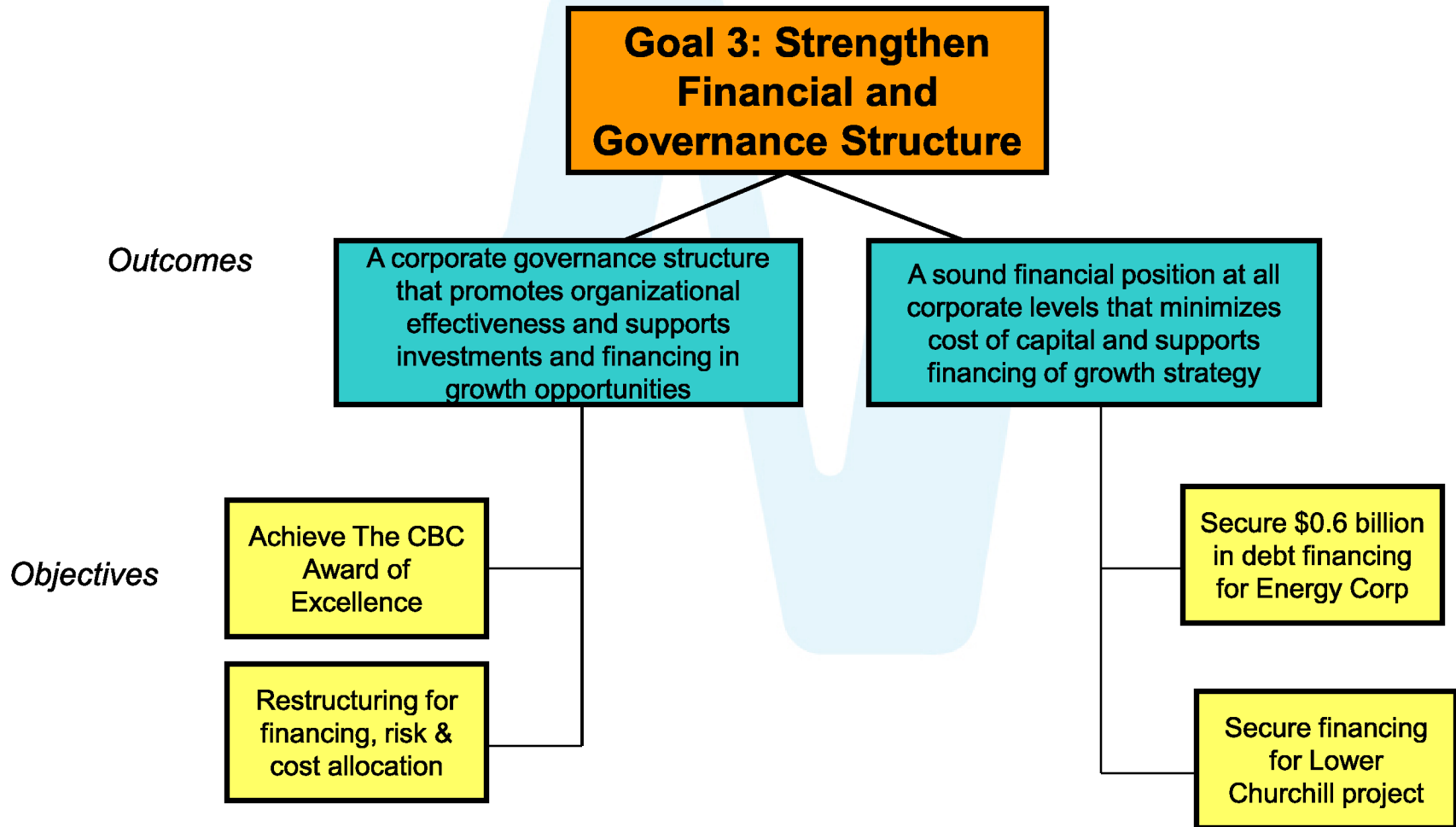
Newfoundland and Labrador Hydro

- 3.2.2 – By end of 2009 to have achieved a rate of return on equity equivalent to that of other comparable electric utilities.
- 3.2.3 – By end of 2010 to have achieved 80% debt in the capital structure.

Churchill Falls (Labrador) Corporation Limited

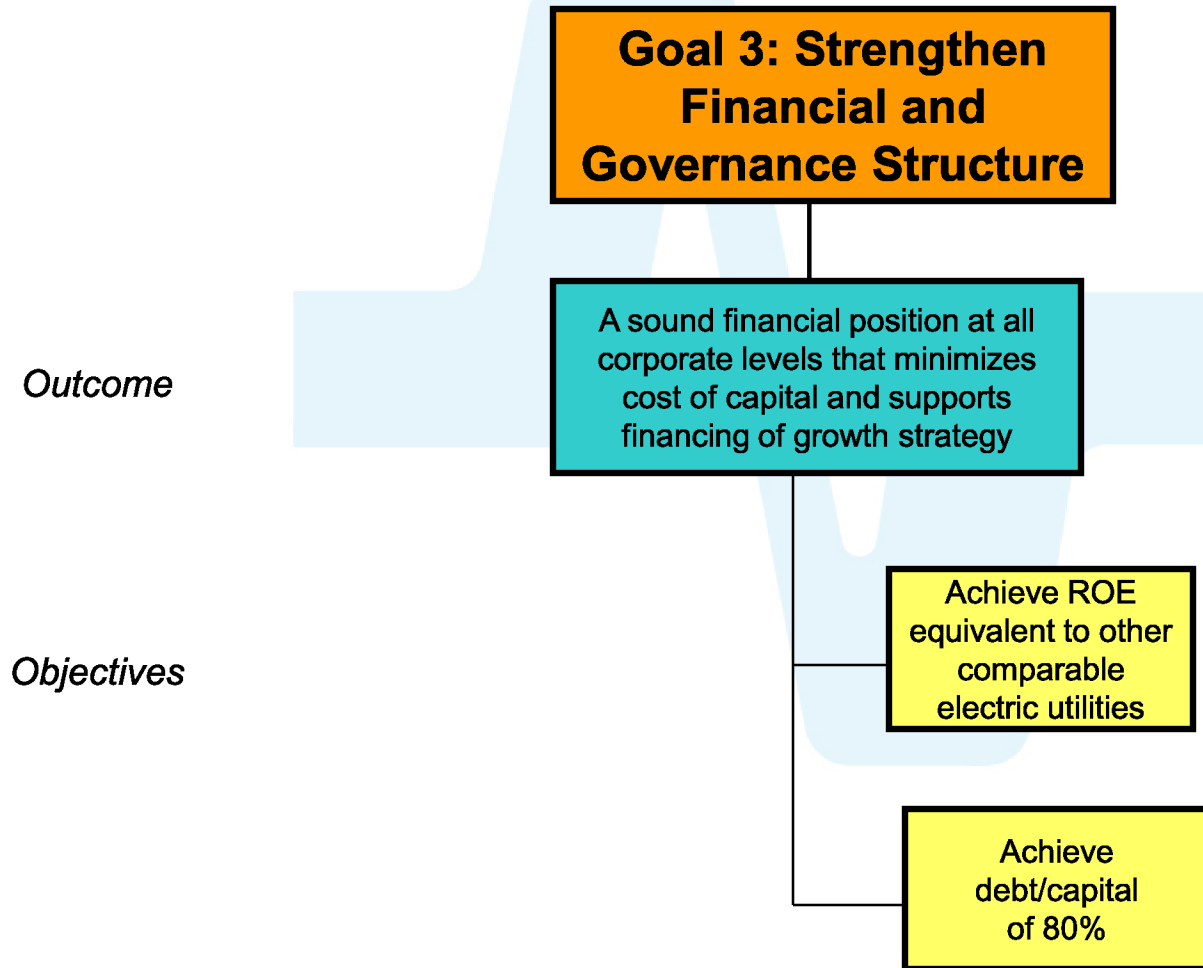
- 3.2.5 - By end of 2010 to have secured a financing platform that supports the long-term capital plan.

Defining and Measuring Success ENERGY CORP

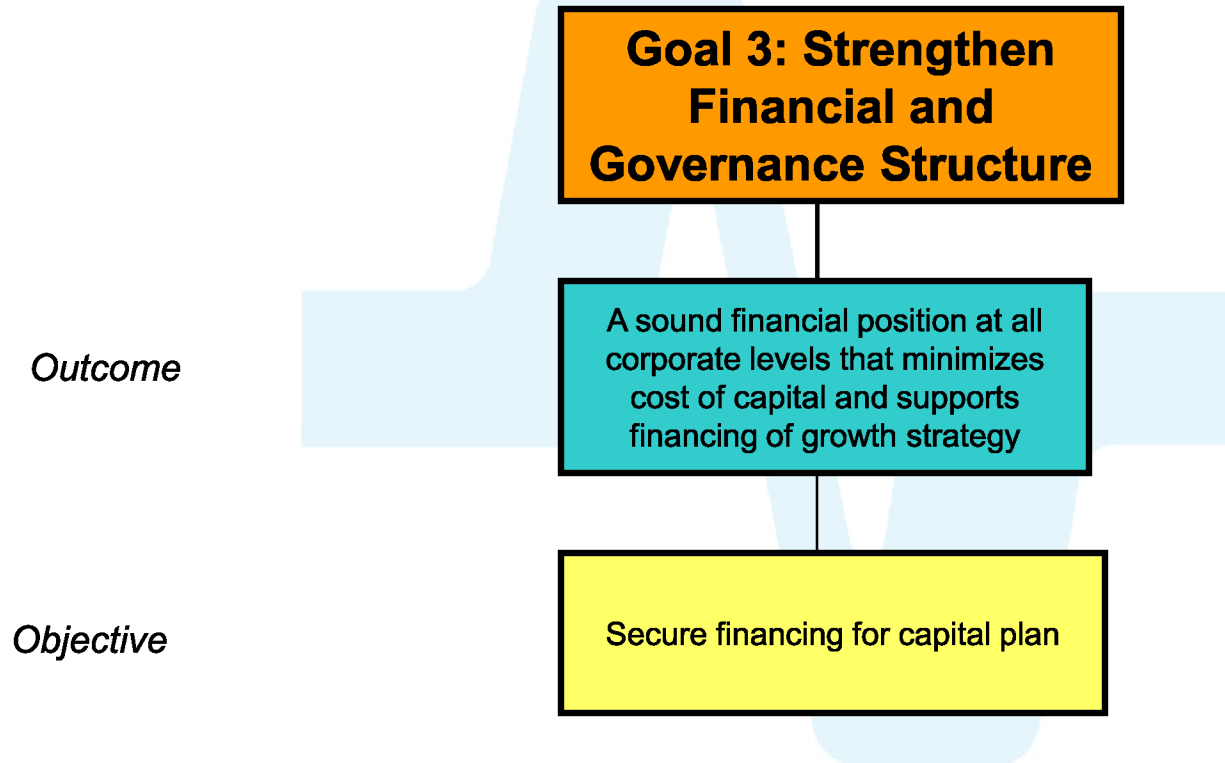


Defining and Measuring Success

NEWFOUNDLAND AND LABRADOR HYDRO



Defining and Measuring Success
CHURCHILL FALLS (LABRADOR) CORPORATION LIMITED



ENERGY CORP

Objective 3.1.2 By end of end of 2009 to have completed a corporate restructuring that facilitates financing and provides for appropriate risk and cost allocation.		
	Targets	Strategic Initiatives
2008	3.1.2.1 - Phase II of corporate structure to facilitate investments in LCP and NBD are complete	3.1.2.1.1 – Work with the shareholder to form new corporate entities in the areas of oil and gas and Lower Churchill.
2009	3.1.2.1 - 100% completion of Phase III of corporate restructuring plan.	3.1.2.1.1 – Formulate as deemed appropriate, corporate entities pertaining to HVDC link, transmission sub to accommodate OATT requirements, maritime underwater company, energy marketing sub, and financing subs.

ENERGY CORP

Objective 3.2.1	By 2009 to have secured financing for the Lower Churchill Project.	
	Targets	Strategic Initiatives
2008	3.2.1.1 – 95% adherence to financing plan for the Lower Churchill Project.	3.2.1.1.1 – Complete LCP financing plan Phases II and III and also the Phase IV steps leading to release of request for proposals to potential financiers.
2009	3.2.1.1 - To have concluded financial closure for the Lower Churchill Project.	3.2.1.1.1 – Complete remaining steps of LCP financing plan Phases IV and V.
	3.2.1.2 – To have concluded financial closure for the HVDC link	
2010	3.2.1.1 – To have completed 100% of the investment evaluation process necessary to reach a “go/no-go” decision on Muskrat Falls.	3.2.1.1.1 – Perform comprehensive investment analysis of the Muskrat Falls investment option and decide whether to proceed to FEED.

ENERGY CORP

Objective 3.1.1 By end of 2012 to achieve national recognition for excellence in governance.		
	Targets	Strategic Initiatives
2008	3.1.1.1 – To have exceeded 70% of governance readiness criteria.	3.1.1.1.1 - Compile governance hurdle criteria by an examination of Conference Board of Canada criteria and related submission documentation, as well as corporate governance guidelines and self-appraisal form as published by the Canadian Coalition for Good Governance.
		3.1.1.1.2 – Conduct benchmarking of corporate readiness to governance criteria and assess gaps and devise and implement plan to exceed 70% readiness by year end.
		3.1.1.1.3 – Incorporating recent and planned corporate structural changes, conduct a follow-up review of the current governance structure for the Group as it relates to both the Board of Directors and the Leadership Team and submit any new recommendations to the CEO.
		3.1.1.1.4 - Energy Corp/Hydro/Shareholder to jointly develop an agreed approach for planning, performance reporting and investment.
		3.1.1.1.5 – Review and revise monthly financial reporting package.

ENERGY CORP

Objective 3.1.1 By end of 2012 to achieve national recognition for excellence in governance.		
	Targets	Strategic Initiatives
2009	3.1.1.1 - To have exceeded 90% of governance readiness criteria	3.1.1.1.1 – Based on 2008 benchmarking, devise and implement plan to exceed 90% of readiness by year end.
2010	3.1.1.1 - To have exceeded 95% of governance readiness criteria	3.1.1.1.1 – Conduct benchmark of corporate readiness to established governance criteria and assess gaps.
		3.1.1.1.2 - Devise and implement plan to exceed 95% readiness by year end.
		3.1.1.1.3 - Prepare submission to the Conference Board of Canada Award for governance excellence if greater than 95% of hurdle criteria have been met.
2011	3.1.1.1 - To have won the Conference Board of Canada Award for Excellence	

ENERGY CORP

Objective 3.2.4	By end of 2010 to have secured debt financing capacity for Energy Corp of \$0.6 billion.	
	Targets	Strategic Initiatives
2008	3.2.4.1 - \$300 million in debt financing capacity for Energy Corp obtained.	3.2.4.1.1 – Map out longer term financing strategy for new potential investments including oil & gas and wind, in consultation with financial advisors and obtain necessary approvals.
		3.2.4.1.2 – Establish banking syndicate for Energy Corp with a total borrowing capacity of no less than \$300 million.
2009	3.2.4.1 – 80% of data requirements necessary to support an Information Memorandum for Energy Corp completed.	3.2.4.1.1 - Complete paper in consultation with financial advisors outlining preferred strategy for expansion of Energy Corp borrowing capacity and obtain LT and Board approval.
		3.2.4.1.2 – Work in consultation with syndicate leads in the compilation of an Information Memorandum for Energy Corp.
2011	3.2.4.1 – \$0.5 billion in debt financing capacity for Energy Corp obtained.	3.2.4.1.1 - Execute strategy for expansion of Energy Corp borrowing capacity.
2012	3.2.4.1 – \$0.6 billion in debt financing capacity for Energy Corp obtained.	3.2.4.1.1 - Execute strategy for expansion of Energy Corp borrowing capacity.

NEWFOUNDLAND & LABRADOR HYDRO

Objective 3.2.2	By end of 2009 to have achieved a rate of return on equity equivalent to that of other comparable electric utilities	
	Targets	Strategic Initiatives
2008	3.2.2.1 – Final approval of ROE plan for implementation in 2009.	3.2.2.1.1 - Present alternatives for the obtaining of an investor-owned utility ROE comparable to other utilities to the shareholder for consideration and obtain direction.
		3.2.2.1.2 – Include in 2009 test year an assumed ROE equivalent to that of other comparable electric utilities.
2009	3.2.2.1 – A rate of return for Hydro equivalent to that of other comparable electric utilities.	3.2.2.1.1 – Engage expert witness as required to support the ROE proposal during the General Rate Application.

NEWFOUNDLAND & LABRADOR HYDRO

Objective 3.2.3	By end of 2010 to have achieved 80% debt in the capital structure of Hydro.	
	Targets	Strategic Initiatives
2008	3.2.3.1 – 83% debt in the capital structure for Hydro	3.2.3.1.1 - Assist government in working toward mechanisms whereby the current regulatory process associated with rate setting can be streamlined.
2009	3.2.3.1 – 81% debt in the capital structure of Hydro.	3.2.3.1.1 – Apply dividend policy as appropriate.
2010	3.2.3.1 – 80% debt in the capital structure of Hydro.	3.2.3.1.1 – Apply dividend policy as appropriate.

CHURCHILL FALLS (LABRADOR) CORPORATION LIMITED

Objective 3.2.5	By end of 2010 to have secured a financing platform that supports the long- term capital plan.	
	Targets	Strategic Initiatives
2008		3.2.5.1.1 – Map out financing strategy for long-term capital plan.
2009		3.2.5.1.1 - Complete paper in consultation with financial advisors outlining preferred strategy for expansion of CF(L)Co borrowing capacity and obtain LT and Board approval.
2010	3.2.5.1 – Financing secured for long-term capital plan	3.2.5.1.1 - Execute strategy for expansion of CF(L)Co borrowing capacity.

Goal 3: Finance/Governance – 5 Year Targets

2008 TARGETS	2009 TARGETS	2010 TARGETS	2011 TARGETS	2012 TARGETS
70% of governance readiness criteria exceeded (EC)	90% of governance readiness criteria exceeded (EC)	95% of governance readiness criteria exceeded (EC)	Receive award for governance from Conference Board of Canada. (EC)	
Phase II of corporate restructuring complete (EC)	Phase III of corporate restructuring plan complete. (EC)			
95% adherence to LCP financing plan (EC)	Financial closure for the Lower Churchill Project and HVDC Link. (EC)	Completion of investment evaluation process for Muskrat Falls (EC)		
\$300 m in debt financing capacity for Energy Corp (EC)	- 80% of data requirements for Energy Corp IM (EC)		Debt financing capacity for Energy Corp of \$0.5 b secured. (EC)	Debt financing capacity for Energy Corp of \$0.6 b secured. (EC)
Final approval of ROE plan. (NLH)	Return on equity for Hydro comparable to other comparable electric utilities. (NLH)			
83% debt in Hydro's capital structure (NLH)	Debt to capital ratio in Hydro of 81%. (NLH)	Debt to capital ratio in Hydro of 80% (NLH)		
		Financing secured for long-term capital plan (CF)		

Summary of Initiatives/Areas of Focus

Framework Element	2008	2009	2010	2011	2012
Corporate Governance	<ul style="list-style-type: none"> - Hurdle criteria (EC) - Governance benchmarking – > 70% readiness (EC) - Governance review (EC) - EC/Shareholder joint approach (EC) 	Benchmarking of corporate readiness > 90%. Implement gap closure plan (EC)	<ul style="list-style-type: none"> - Benchmarking of corporate readiness > 95%. - Prepare CBC submission 		
Investment Evaluation	EC/Shareholder joint approach (EC)		Apply investment approval criteria to Muskrat decision (EC)		
Risk Management	<ul style="list-style-type: none"> - Streamlined regulatory process (NLH) - Hurdle criteria (EC) - Governance benchmarking (EC) 	Governance benchmarking (EC)	Governance benchmarking (EC)	Governance benchmarking (EC)	
Corporate Structure	New corp entities (EC)	Formation of additional corporate entities (EC)			
Capital Structure/Financing	<ul style="list-style-type: none"> - Long term financing plan O&G/wind/EC (EC) - Complete LCP phased plan (EC) - Reg ROE strategy (NLH) - Include IOU ROE in 2009 GRA test year (NLH) - Streamlined regulatory process (NLH) - Banking syndicate for EC (EC) - Map out financing strategy for capital plan (CF) 	<ul style="list-style-type: none"> - Complete LCP phased plan (EC) - Engage ROE expert (NLH) - Apply dividend policy (NLH) - Complete financing strategy paper and obtain LT/BOD approval (CF) 	<ul style="list-style-type: none"> - Apply dividend policy (NLH) - Execute financing strategy (CF) 	Execute expansion of EC borrowing capacity (EC)	Execute expansion of EC borrowing capacity (EC)
Business and Financial Planning	EC/Shareholder Joint approach (EC)	Recommend EC financing capacity strategy and IM (EC)			
Shareholder Relations	Structured process (EC)				
Financial Reporting	Review and revise the Monthly Reporting Package. (EC)				

Energy Plan – Relevant Policy Actions

Policy Action
Ensure the Energy Corporation takes a lead role in the development of our energy resources (Governance)
Establish policy to obtain 10% interest in offshore petroleum project (Financing)
Lead development of Lower Churchill (Governance)
Explore options for gas-to-wire generation and delivery (Financing)
Pursue other generation opportunities when they are technologically and economically feasible (Financing)
Build a transmission link between Labrador and the Island (Financing)
Seek Federal Government financial assistance in the context of GHG emission reduction initiatives (Financing)
Maintain the current industry structure in the Province with an increased focus on identifying potential synergies (Governance)
Ensure that the regulatory process can appropriately accommodate Lower Churchill and other power for use in both domestic and export markets (Financing)
Work with the Government of Canada and other provinces as well as industry to develop a technology fund that will invest in transmission for the Lower Churchill Project and wind opportunities (Financing)
Streamline the regulatory process governing the electricity sector (Governance)

