



### **Water Management Agreement in place for Churchill River**

October 22, 2012, St. John's, NL – Nalcor Energy issues the following statement to clarify inaccurate statements regarding the Water Management Agreement. Legislation in Newfoundland and Labrador requires a water management agreement to be in place between operators on a river system.

The legislation requires Nalcor Energy and Churchill Falls (Labrador) Corporation (Churchill Falls), the two power producers on the Churchill River, to use available storage, primarily in the Churchill Falls reservoir, and their respective generating facilities to optimize the production of power while maintaining the contractual obligations of Churchill Falls to its customers, including Hydro-Quebec. The terms of the agreement, which have already been established, require Muskrat Falls and Churchill Falls to operate as an integrated system.

Hydro-Quebec does not control the Churchill River nor do they have the right to determine the timing and capacity of electrical output at Churchill Falls. Hydro-Quebec has contracted rights for specific output from the Churchill Falls plant which varies slightly between winter and summer seasons. How Churchill Falls meets its contractual obligations to Hydro-Quebec is at the discretion of Churchill Falls. This obligation can be met from the upper Churchill or a combination of the upper and lower Churchill developments respecting the rights of Hydro-Quebec while meeting obligations to maximize output of the river. Hydro-Quebec has not objected to this.

“The water management agreement between Nalcor Energy and Churchill Falls defines how the two companies manage the flow of water on the upper and lower Churchill River to optimize and maximize output of the river,” said Gilbert Bennett, Vice President, Lower Churchill Project. “No agreement or consent by Hydro-Quebec is required to provide water management certainty for the lower Churchill developments.”

The water management agreement was approved by the Board of Commissioners of Public Utilities (PUB) in March 2010 and is available on the PUB web site including the final order and the reasons for the decision.

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