

Date : 11/7/2012 3:05:08 PM
From : "Bown, Charles W."
To : "Thompson, Robert"
Subject : RE: CoffEy

Mr Coffey has raised a concern that we must go to Hydro Quebec and negotiate a deal whereby we have access to the water in the Churchill River.

Mr. Coffey is not correct and had he done his homework he would have seen that water rights for the Lower Churchill, and access to water from the river are clearly detailed in the existing Upper Churchill Agreements, in the amendments we made to the Electrical Power Control Act, and finally in the agreement that Nalcor has negotiated with CFLCo, which was been reviewed and approved by the PUB.

Long before we made the decision to develop Muskrat Falls, Government and Nalcor did a thorough review of the 1969 Power Contract, the Shareholders Agreement and the Water Lease Act.

We recognized that, if we were to utilize the full benefit of the Churchill River, then we would need to make legislative changes to ensure that Nalcor and CFLCo could complete a water management agreement. The purpose of such an agreement would be to coordinate production from both facilities on the river to enable both companies to meet their electricity sales contracts.

-----Original Message-----

From: Thompson, Robert
Sent: Wednesday, November 07, 2012 1:16 PM
To: Bown, Charles W.
Subject: Re: CoffEy

Am I missing anything?

----- Original Message -----

From: Bown, Charles W.
Sent: Wednesday, November 07, 2012 12:05 PM
To: Thompson, Robert
Subject: RE: CoffEy

We recognize the importance of certainty regarding the availability of water for the Muskrat Falls Project

The purpose of the legislative changes we made and the requirement for a water amendment agreement was to coordinate production from both Muskrat Falls and the CFLCo plant so both companies to meet their electricity sales contracts and that the benefits from the same water in the river could be maximized. There is no issue here whereby we require an agreement with Hydro Quebec.

Nalcor has an agreement with CFLCo that meets the requirements of our legislation which has been approved by the PUB. In fact, Hydro Quebec has provided PUB with a letter noting that it has no issue with the Water Management agreement as long as it doesn't impact their Power Contract.

Without going into detail on the legal agreements and contracts, but Mr Coffey has not done a thorough review of all the legislation and agreements, because, if he had, he would recognize that there is no issue with respect to Nalcor having access to water for the Muskrat Falls Plant.

-----Original Message-----

From: Thompson, Robert
Sent: Wednesday, November 07, 2012 10:38 AM
To: Bown, Charles W.
Subject: RE: CoffEy

Do you have some text now?

-----Original Message-----

From: Bown, Charles W.
Sent: Tuesday, November 06, 2012 4:35 PM
To: Thompson, Robert
Subject: RE: CoffEy

I have a draft prepared and have sent to Ed and Gilbert for review.

-----Original Message-----

From: Thompson, Robert
Sent: Tuesday, November 06, 2012 2:20 PM
To: Bown, Charles W.
Subject: Re: CoffEy

Try

----- Original Message -----

From: Bown, Charles W.
Sent: Tuesday, November 06, 2012 02:18 PM
To: Thompson, Robert
Subject: Re: Coffey

I'll come up after news conf. Are you available at 3?

----- Original Message -----

From: Thompson, Robert
Sent: Tuesday, November 06, 2012 12:08 PM
To: Bown, Charles W.
Subject: Re: Coffey

Need to talk about this when you are free.

----- Original Message -----

From: Bown, Charles W.
Sent: Tuesday, November 06, 2012 11:44 AM
To: Thompson, Robert
Cc: 'emartin@nalcenergy.com' <emartin@nalcenergy.com>
Subject: Re: Coffey

[REDACTED] The legislation requires the agreement which in turn ensures there will be sufficient coordination to get 4.9 Twh.

Coffey doesn't recognize the change at renewal. Nevertheless, the legislation gives us belt and suspenders and protects from unknown legal issues.

Two important points:

The legislation protects the Power Contract; no issue

The legislation compels the completion of a water mgt agreement which CFLCo would otherwise not sign. [REDACTED]

Charles

----- Original Message -----

From: Thompson, Robert
Sent: Tuesday, November 06, 2012 11:34 AM
To: Bown, Charles W.
Subject: Re: Coffey

Ok, but in the absence of water management agreement and legislation, would his point be valid?

----- Original Message -----

From: Bown, Charles W.
Sent: Tuesday, November 06, 2012 11:05 AM
To: Thompson, Robert; 'GBennett@nlh.nl.ca' <GBennett@nlh.nl.ca>
Subject: Re: Coffey

Discussed here with Ed...

There is no concern here with respect to water rights (let's not say negated as it assumed he has a point)

Nalcor and Govt did an extensive review and analysis of the Power Contract, Shareholders Agreement and the Water Lease.

The water mgt legislation and water mgt agreement ensures that sufficient water and process arrangements are in place between MF and CFLCO to produce the 4.9 Twh per year.

Charles

----- Original Message -----

From: Thompson, Robert
Sent: Tuesday, November 06, 2012 10:30 AM
To: Bown, Charles W.; 'GBennett@nlh.nl.ca' <GBennett@nlh.nl.ca>
Subject: Coffey

Premier is asking whether, if asked about Bern Coffey's arguments on water mgmt, whether it is accurate to say that his argument is negated by the water management legislation and subsequent agreement put in place between Nalcor and CFLCo? What is the most succinct way to say this?