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### Government to Create New Energy Corporation

The province's intention to pursue greater energy opportunities on behalf of the people of the province is taking a major step forward with the tabling of legislation today to create a new provincial energy corporation.

The *Energy Corporation Act* allows for the creation of a holding company to separate the regulated operations of Newfoundland and Labrador Hydro (Hydro) from the unregulated activities associated with its expanded mandate. The creation of an energy corporation was a commitment in the 2003 election policy document, A Blue Print for the Future.

"By separating regulated activities from non-regulated activities, our government is ensuring that energy investments in non-regulated activities will not affect electricity rates," said the Honourable Kathy Dunderdale, Minister of Natural Resources. "This is about creating an entity that will play an important new role in the development of our energy resources and maximizing the return to the people of the province."

The new energy corporation will own 100 per cent of Hydro and its subsidiaries and will be fully functional with the transfer of related assets, employees and contracts slated for January 1, 2008. It will be named at a later date.

This structure follows standard practices in other jurisdictions where a utility is engaged in regulated and unregulated energy markets. Any new long-term borrowings related to new development opportunities will have to go to cabinet for approval. Hydro chief executive officer (CEO) Ed Martin will be the CEO of the new energy company.

"A tremendous amount of work has gone into the internal planning and reorganization and we have a strong team who are committed to pursuing our growth strategy," Mr. Martin said. "This legislative change is an important step in our business evolution and will provide the appropriate structure to support the long-term vision of our shareholder, the Government of Newfoundland and Labrador."

The introduction of the *Energy Corporation Act* is another in a series of steps the Provincial Government has taken since 2003 to give Hydro the expertise and authority to explore opportunities in the energy sector. Government amended the *Hydro Corporation Act* last year to give Hydro more flexibility to pursue new business opportunities while the formal corporate structure could be determined. Further amendments are also being made at this time to the *Hydro Corporation Act* to reflect the creation of the new energy corporation.

"The strategic development of our energy resources is a critical part of our government's long-term economic development plan and positioning the province for the future," said

Minister Dunderdale. “These actions being taken today demonstrate another significant step in achieving that vision.”

The leadership team, at the direction of the Provincial Government, is already discussing and advancing business development opportunities, including possible investments in oil and gas, wind development and the Lower Churchill Project.

All activities engaged in by the energy corporation will be consistent with, and guided by, the province’s approach to energy development and the soon-to-be-released provincial Energy Plan. Full control will remain with the Government of Newfoundland and Labrador, as the shareholder of the corporation.

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