

Date : 7/27/2010 9:09:21 PM
From : "Dunderdale, Kathy"
To : "Bown, Charles W."
Subject : Re: Nalcor 2011 Generation Plan

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Sent Via BlackBerry

From: Bown, Charles W.
To: Dunderdale, Kathy
Cc: Thompson, Robert; Matthews, Elizabeth; Morrissey, Ken
Sent: Tue Jul 27 21:01:45 2010
Subject: Nalcor 2011 Generation Plan

Minister;

On Friday of this week, Nalcor (NLH) will submit its 2011 Capital Budget to the PUB. This document also contains the 2011 Generation Plan. The Generation Plan provides PUB with the long-term generation growth strategy to meet future electricity demand in the province.

In each of the past 4 years, the Generation Plan has included two scenarios: interconnected and isolated island. These scenarios provide PUB with the "with and without Lower Churchill" outlook. The "with" scenario is the construction of LCP and the Labrador interconnect. The "without LCP" scenario includes the multi-year staged addition of another wind project, gas turbine generators and hydro projects at Island Pond, Round, Pond and Portland Creek. In each of the past 4 years, Nalcor (NLH) has advised PUB that a decision on either of these scenarios was not required until a sanction decision in 2010.

The 2011 Generation Plan will report that a generation expansion decision must be made before the end of 2010. If the decision is made not to develop LCP then this will allow sufficient time for RFP's to be issued and construction to take place on the projects listed above in time to meet the forecast demand. If the decision is made to proceed with LCP, then Nalcor (NLH) will proceed on the existing project development schedule.

The near-term communications messages to address questions on the Generation Plan are the same as previous years:

- A decision on the generation growth strategy will be made following a decision on whether we will proceed with LCP
- In the meantime, Nalcor is proceeding with its project execution plan which includes ongoing work on project engineering, environmental assessment, market access options, market destinations and project financing.
- We have every confidence that the project will proceed but we have also continued our planning to include other small hydro and wind projects should the project be delayed. This approach is consistent with Government's policy direction in the Energy Plan.

I met with Ed and NLH staff today to review the direction in the 2011 Generation Plan and to develop the above messages. He advises that the 2011 Capital Budget and Generation Plan must be filed with PUB before August 1, 2010. This is an information document only and no PUB decision is required.

Charles