

Lower Churchill Project

Federal Loan Guarantee Update

April 16, 2013

Boundless Energy



Confidential and Commercially Sensitive

Purpose

- To provide an update on the following key deliverables relating to the Federal Loan Guarantee (“FLG”):
 - Transaction Structure
 - Financing Structure
 - Conditions Precedent
 - Request for Financing (“RFF”)

Conditional Sanction - Emera lawyers believe Emera did Board Sanction -

(Emera sanctioned the Sanction Agreement). Feds said created situation where there is a way out of the Agreement further down the Road. (A Note \$60M out clause was evidence of this).

- Emera (Ed Comments)

- Election in September in Nova Scotia.
- UARB deadline established for July.
- Been quiet in the news.

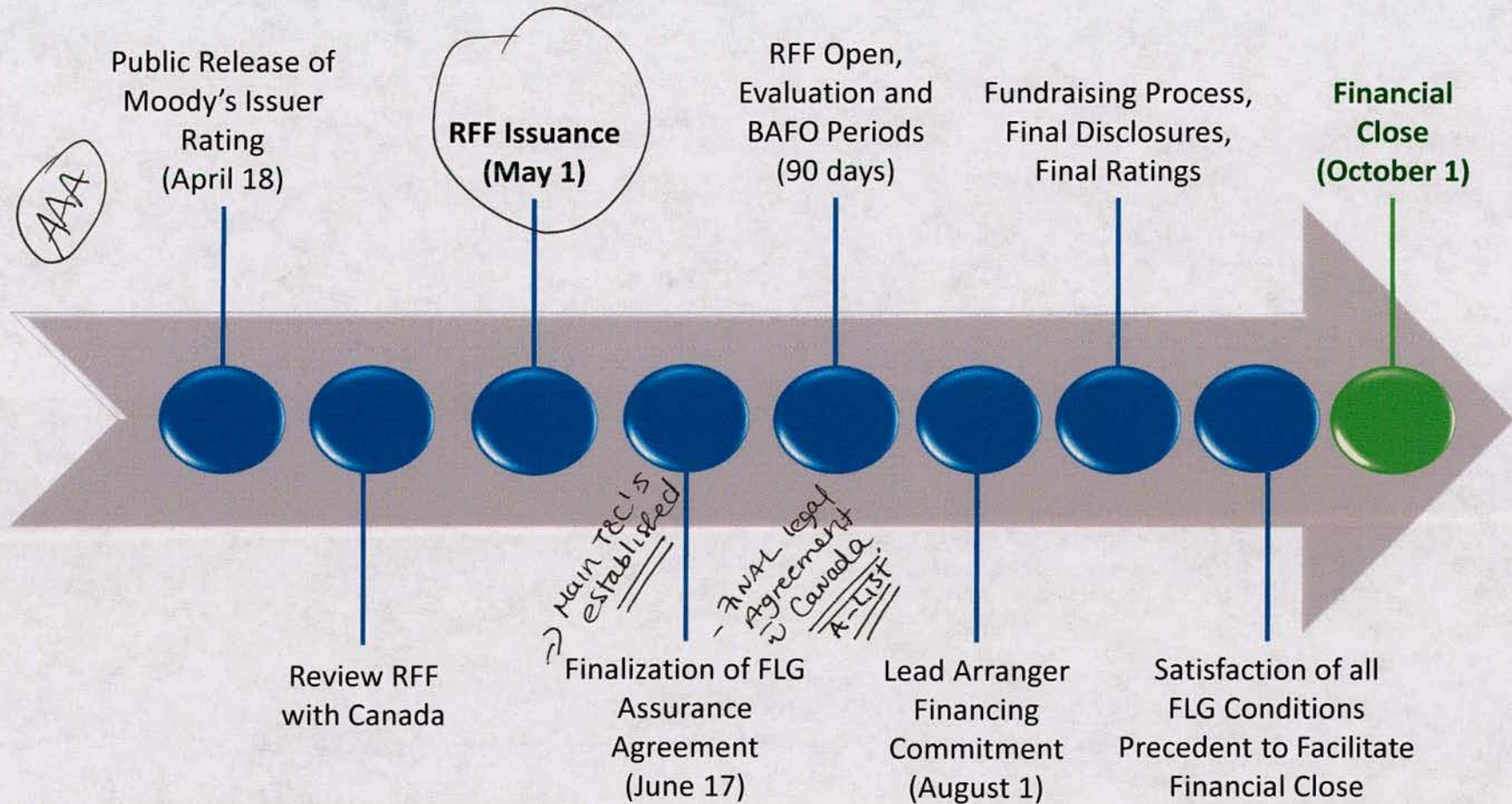
- Emera - Exchanged with Emera Re: Sanctioning in the same way as NL Sanctioned.

→ Weekly Conference Call w Status of Canada.
 → Nalcor / Commercial / Treasury / Gasping / Charles / NR. / Province's legal counsel / Emera Senior folks (EFO + Osler) / Canada may have financial advisors
 Blair Frankler / Cassels Brock / Canada - 23 people from Natural Resources / Repts from Justice Canada / Rep Dept of Finance Canada. - Tuesday AM - going on since January / Every week. / McInnis Cooper. (John Green).

→ Face to face when have a specific issue @ RFF. 4-5 meetings in Ottawa since January.

→ Detailed List + Tracking Progress.

Financing Schedule



→ w/o FLG = A Rating - we match below Province .
 → now w/ Fed's → AAA

Transaction Structure

Transaction Structure - Background

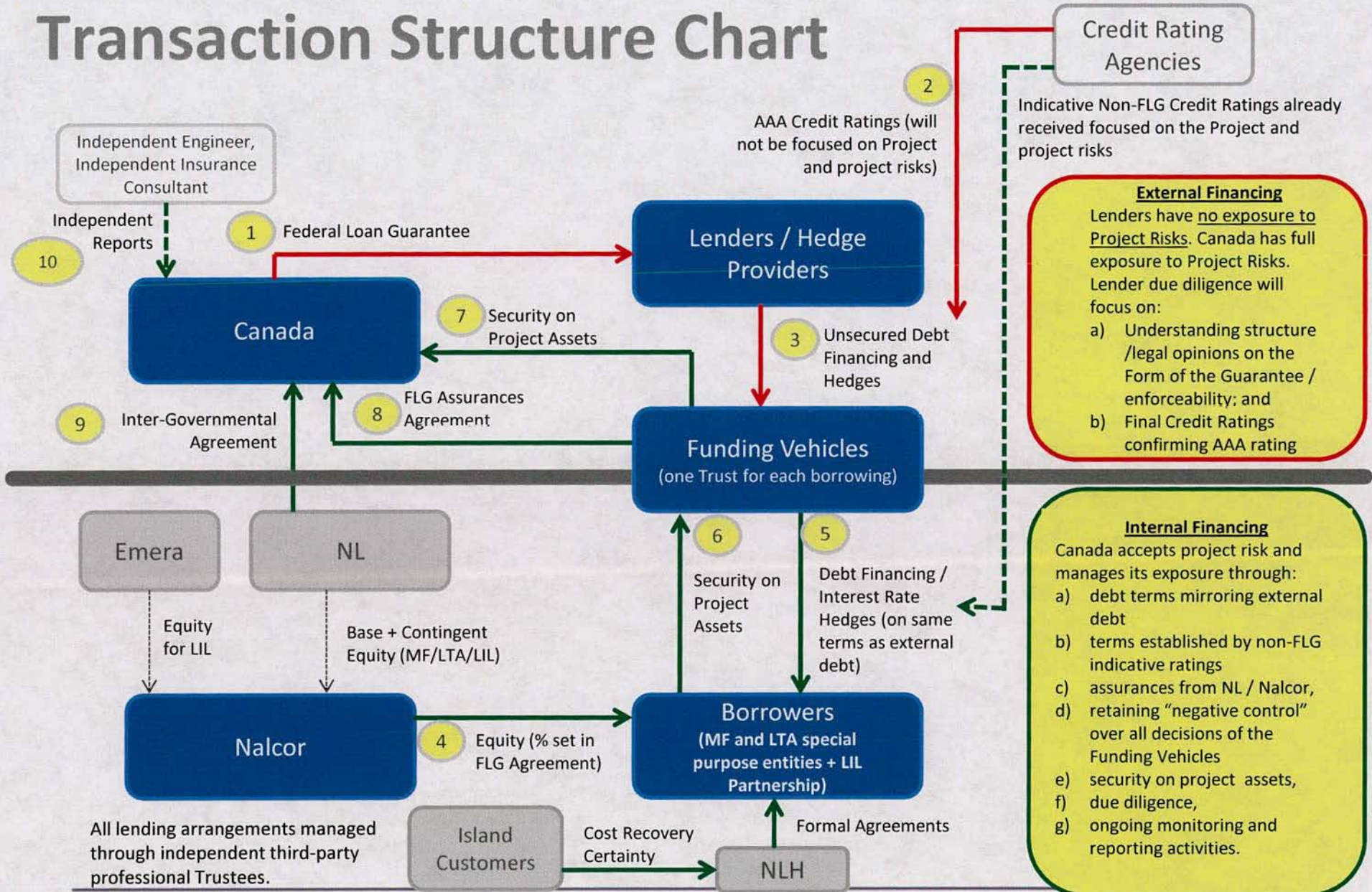
- Section 2.2 of the FLG Agreement executed with Canada on November 30, 2012 stated the following:

"Canada, the Borrowers and the Proponents will work to agree on a Transaction Structure that in conjunction with the FLG Agreement will result in the Project debt achieving Canada's AAA credit rating. The parties agree that the credit rating agencies will be asked to confirm that the FLG Agreement and Transaction Structure would achieve this objective. The Parties agree that they will work together to finalize the Transaction Structure and form of Guarantee, including obtaining confirmation from the credit rating agencies, by January 31, 2013 in order to facilitate the start of the financing process."

Transaction Structure – Background (cont'd...)

- This FLG requirement has been successfully completed, but to date the reports from the credit rating agencies have been required to remain confidential due to their internal processes
 - Transaction Structure agreed to with Canada was confirmed by S&P, DBRS and Moody's to have an AAA rating
 - Moody's rating to be publicly released April 18, with others to follow during the RFF process once their additional documentation requirements are met - this will support Nalcor's finance raising efforts for the MF/LTA and LIL projects
 - The AAA rating will be advantageous for raising debt financing for the projects with respect to interest cost savings and market availability given the amount of debt to be issued - these benefits will be fully passed onto NL ratepayers
- Where the FLG Transaction Structure is not yet public, relationship banks providing feedback to Nalcor/NL may not have a full appreciation that Lenders will view this more like a Canada bond versus a project financing transaction

Transaction Structure Chart



Financing Structure

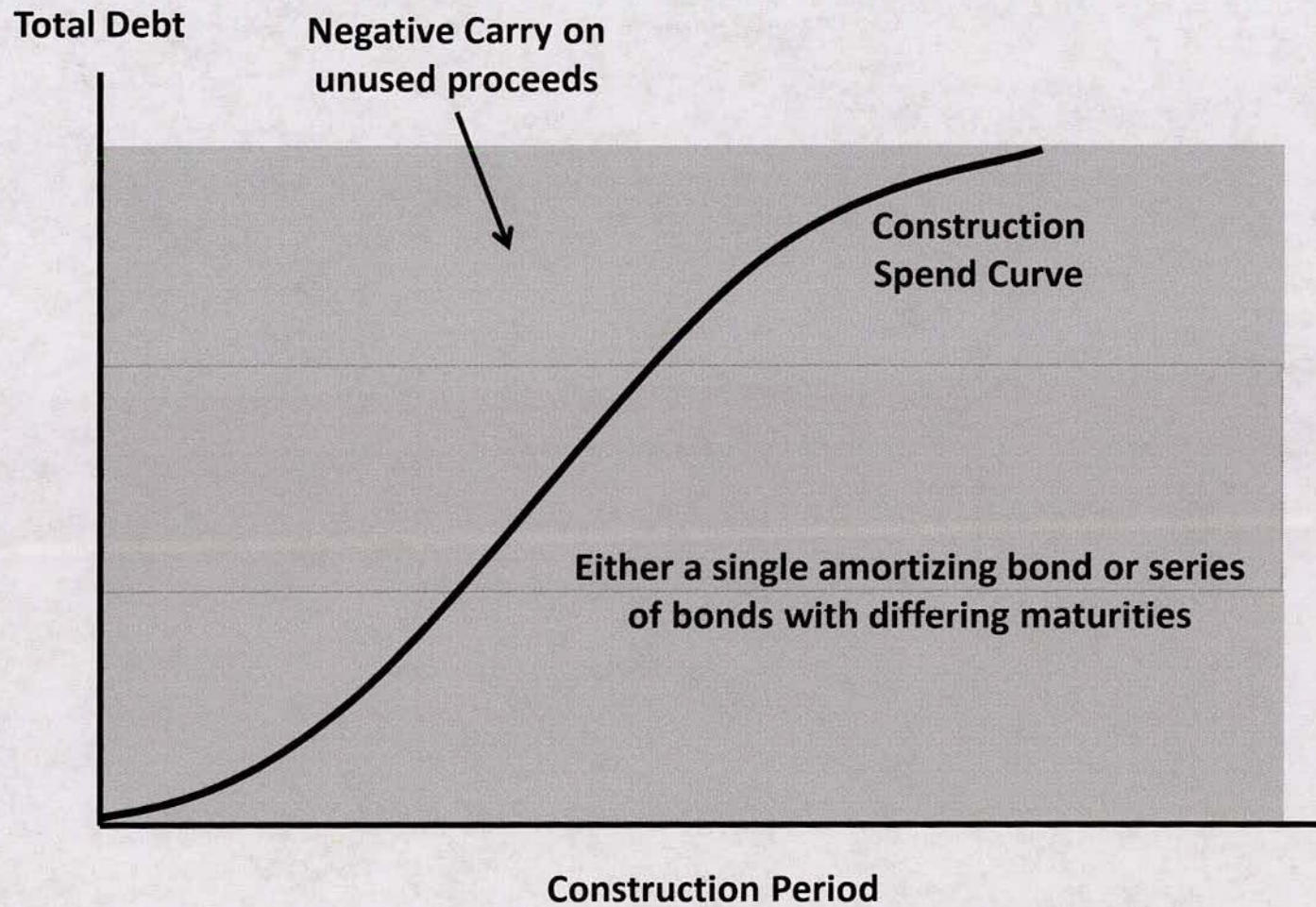
Financing Structure - Background

- Nalcor made presentation on March 22, 2013 to Canada and its advisors to obtain alignment on range of options associated with FLG Financing Structure to facilitate issuance of RFF to financial markets
- Positive discussion with consensus on key Canada/Nalcor objectives, financing considerations and conclusions
- Review of RFF was identified as Next Step from that meeting

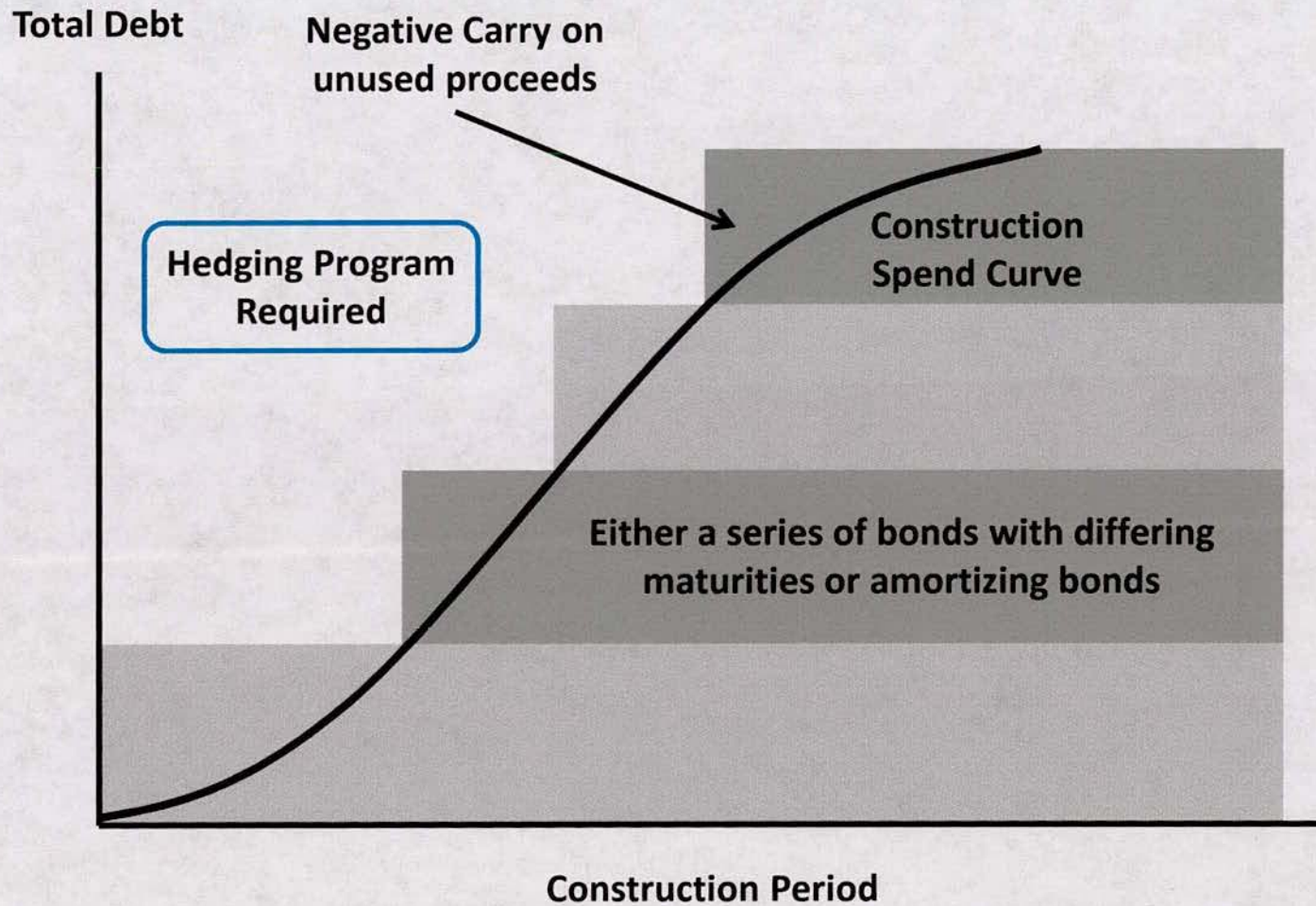
Financing Structure Options Evaluated

- Overall Financing Structure approach predicated on: (i) construction financing, (ii) long-term financing and (iii) hedging facilities, as required
- The analysis found in this presentation focuses on three representative Financing Structures:
 1. **Upfront Bond** – single issuance or series of bonds all issued at Financial Close \$5.0B.
 2. **Leading Tranched Bond** - multiple tranches of long-term bonds issued during the construction period to align with project funding requirements
 3. **Bank Facility + Trailing Tranched Bond** - appropriately sized bank facility that is drawn upon during construction and periodically refinanced through issuance of long-term bonds
- Financing Structures including tranched bonds would require implementation of a hedging program to mitigate interest rate risk
 - Additional analysis on hedging options available and related considerations found herein
- While all of these alternatives are representative of the spectrum of solutions currently being implemented in the market to fund projects of this nature, the final Financing Structure selected through the RFF process may vary slightly or include a combination of these options
 - Bidders' proposed solutions will be evaluated based on the objectives and selection criteria outlined in the RFF document

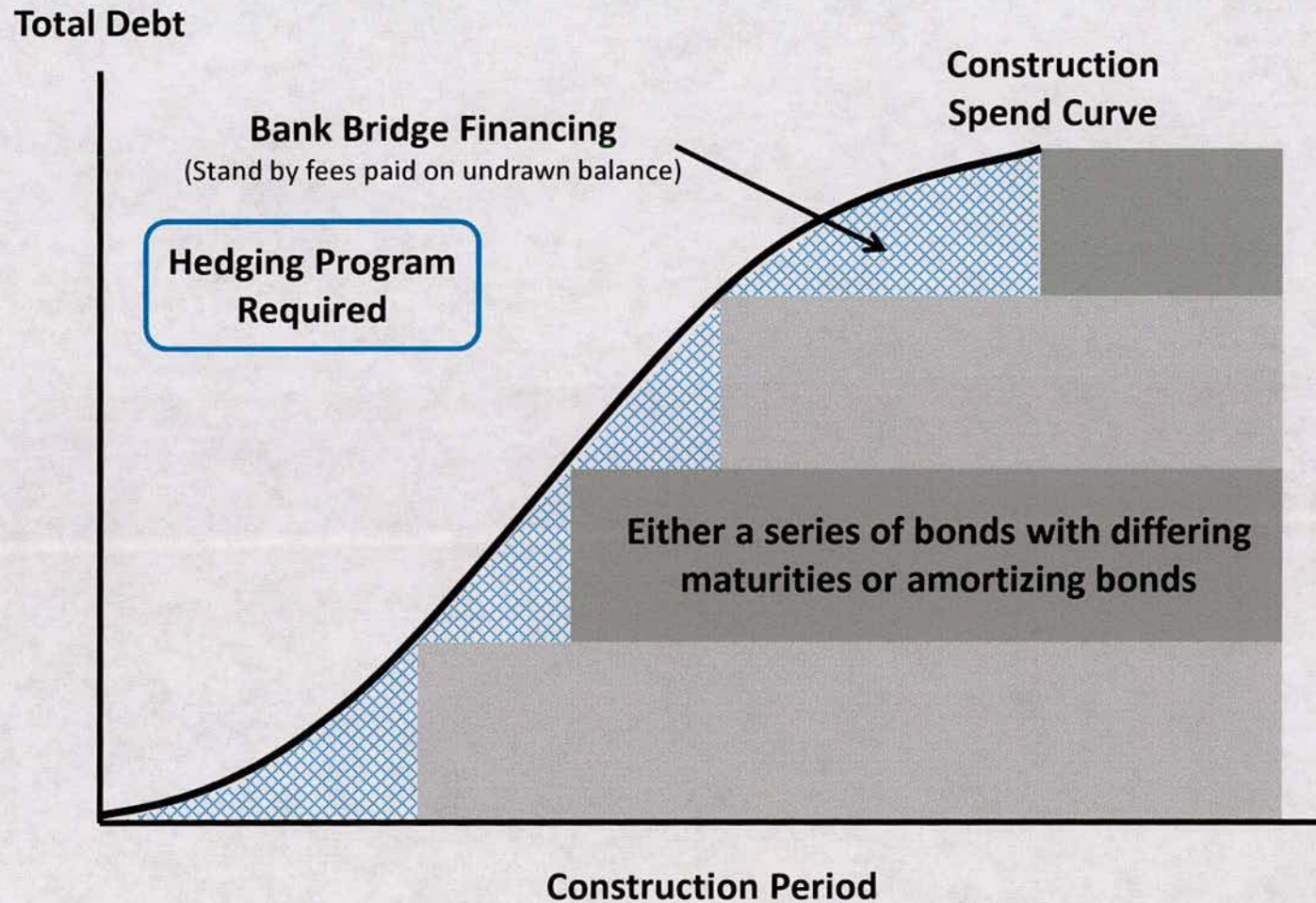
Upfront Bond – Profile



Leading Tranching Bonds – Profile



Bank Facility + Trailing Tranches Bonds – Profile



Financing Options - Summary

Key Canada/Nalcor Objectives	Upfront Bond	Leading Tranched Bonds	Bank Facility + Lagging Tranched Bonds
Maximize credit substitution benefits of FLG	Yes	Yes	Yes
Ensure total guaranteed exposure to Canada does not exceed \$5 billion	Yes	Yes	Yes
Minimize all-in cost to NL ratepayers on a risk adjusted basis	Current analysis (including sensitivity cases) indicates negligible difference in all three		
Completeness of financing solution	Yes	Partial	Partial
Mitigation of interest rate risk	Yes	Partial	Partial
Successful execution of the financing plan	Yes	Yes	Yes
Debt repayment based on amortizing profile following COD	Yes	Yes	Yes
Ensure fair and competitive RFF process	Yes	Yes	Yes
Simplified decision making	One decision	Multiple	Multiple

Although the Upfront Bond appears to better address some key objectives for both Canada and Nalcor, all options should be considered viable for evaluation through the RFF process

FLG Conditions Precedent

Conditions Precedent “A List” Status Update

#	Condition Precedent	Status
A1	<p>Nalcor Non-FLG Indicative Credit Ratings <i>Confirmation by Credit Rating Agencies of indicative credit ratings for each of MF, LTA, and LIL (prepared on a non-guaranteed basis) equal to or higher than investment grade</i></p>	<ul style="list-style-type: none"> • Canada has verbally indicated this CP has been satisfied – Canada working on providing written confirmation that CP has now been satisfied
A2	<p>Emera Non-FLG Indicative Credit Ratings <i>Provision by Credit Rating Agencies of indicative credit ratings for the ML (prepared on a non-guaranteed basis and based on information provided in the application to the UARB) equal to or higher than investment grade</i></p>	<ul style="list-style-type: none"> • Canada has confirmed indicative rating to be based on assumptions consistent with UARB application if UARB decision is as expected, then no further indicative rating required, if not, then a “B” list CP is created (“B2”) • Emera has received investment grade indicative ratings from DBRS and S&P • Ratings to be provided and reviewed by Canada
A3	<p>NL Legislation / Commitment Letter <i>Satisfactory evidence of: (a) enactment of legislation; and (b) execution of a formal agreement between NL and Nalcor (or related entities) which puts into legally binding effect the commitments made by NL as outlined in Schedule “A” to the Term Sheet</i></p>	<ul style="list-style-type: none"> • NL to finalize and provide necessary OICs that support financing / cost recovery mechanism finalized • NL to finalize Equity Support Agreements (agreement [ESA] and guarantee [ESG])
A4	<p>NS Legislation <i>Satisfactory evidence of formalization of a regulatory framework by NS in legislation and/or regulations: i. Maritime Link Act; and ii. Maritime Link Act regulations</i></p>	<ul style="list-style-type: none"> • NS finalizing minor necessary amendments re: land issues
A5	<p>NL IGA <i>Execution of an inter-governmental agreement between Canada and NL</i></p>	<ul style="list-style-type: none"> • Draft has been reviewed by both sides – with issues identified (definition of Government Action; reciprocity, standstill period)

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Conditions Precedent "A List" Status Update (cont'd)

#	Condition Precedent	Status
A6	NS IGA <i>Execution of an inter-governmental agreement between Canada and NS</i>	<ul style="list-style-type: none"> Draft has been reviewed by both sides – with issues identified
A7	Project Sanction <i>Satisfactory evidence of sanction of all Projects, including ML by: (a) Nalcor; and (b) Emera</i>	<ul style="list-style-type: none"> NL to provide support for project authorization Nalcor has provided clean sanction resolutions for MF/LIL/ML sanction Nalcor working with Emera to be able to provide "clean" unconditional sanction for ML
A8	Emera Guarantee Agreement <i>Execution of an agreement between Canada and Emera, wherein Emera shall guarantee: (a) the payment of \$60 million to Canada in the event that Financial Close is not achieved by the date set out herein or funds are not drawn from Guaranteed Debt within a reasonable time after Financial Close; and (b) following the first draw of Guaranteed Debt, Emera will guarantee to complete the ML or to provide required funds to complete the ML</i>	<ul style="list-style-type: none"> Cassels provided draft of discussion points list for Agreement to Emera
A9	Environmental <i>Satisfactory evidence that all necessary environmental legal and policy authorities have been complied with to the satisfaction of Canada in respect of: (a) MF/LTA; (b) LIL; and (c) ML</i>	<ul style="list-style-type: none"> Letter dated January 4, 2013 by Minister Oliver to Minister Kennedy confirms Canada's understanding of the arrangements related to the environmental and aboriginal issues
A10	Aboriginal Matters <i>Satisfactory evidence that all necessary aboriginal consultation obligations have been complied with to the satisfaction of Canada in respect of: (a) MF/LTA; (b) LIL; and (c) ML.</i>	<ul style="list-style-type: none"> Letter dated January 4, 2013 by Minister Oliver to Minister Kennedy confirms Canada's understanding of the arrangements related to the environmental and aboriginal issues

7/16/13 By Ed.

Nalcor has not seen this to date

one of the major issues

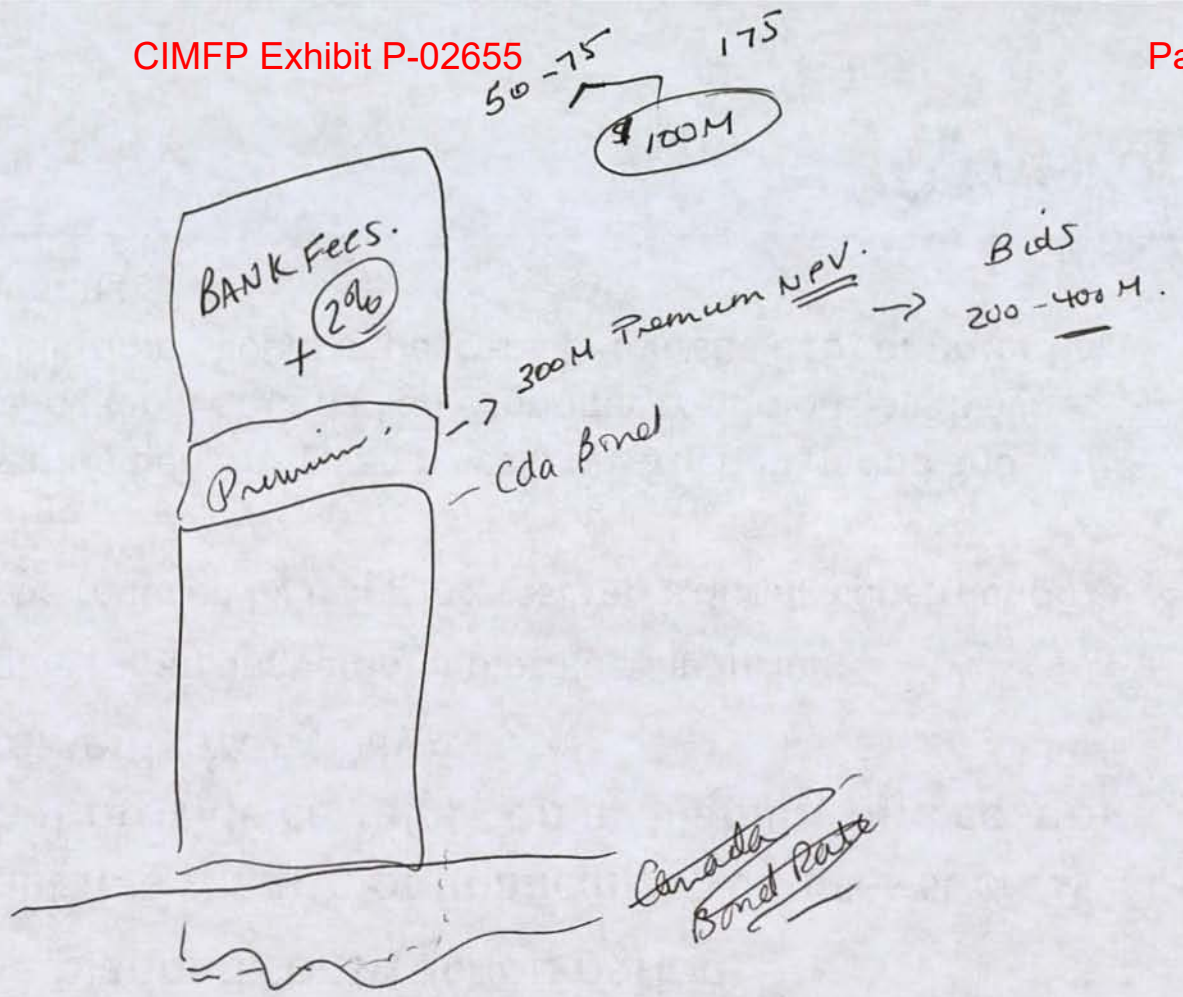
Request for Financing

RFF Objective

- Select a Lead Arranger (or Co-Leads) to provide a financing and a related hedging program, if required, for the LCP Funding Vehicles (who will in turn on-lend the proceeds to the relevant Nalcor MF/LTA and LIL SPV's) that meet the following key requirements:
 1. Provide a complete financing solution after taking into consideration elements including, but not limited to: (i) certainty with respect to pricing and the amount of funding available; (ii) interest rate risk mitigation; and (iii) the Proponent's financial commitment to implementation of the Financing; and
 2. Minimize the all-in cost for both the construction and long-term financing components of the Financing, based on the risk-adjusted Net Present Value ("NPV") to NL ratepayers
- In addition to role as Lead Arranger for the financing, RFF scope of work includes Lead Hedge Arranger (if required), Fiscal Agent under the Master Trust Indenture and the Collateral Trustee

Importance of Certainty on Price & Placement

- Magnitude of total debt amount required and NL's significant equity investment
- Opportunity to secure financing at historically low GOC base rates and spreads (which the FLG further reduces) - all forecasts pointing to increases over the planned construction period
- Presence of FLG facilitates the use of financing structures such as the Upfront Bond that provide certainty on availability and cost of total funding requirements from Day 1
 - Would not be available for an unguaranteed project financing
 - Negative carry may be reduced by rising interest rates during construction period
 - Significant risk mitigation benefits given 5 year construction period and potential for change in global or Canadian economic conditions or “black swan” events over that time - could impact ability to issue debt or potentially even Canada's AAA rating



Key RFF Submission Requirements

- To participate in the RFF, Proponents must submit a proposal for a fully underwritten Upfront Bond financing for the entire amount of funding required that is consistent with the key financing parameters provided in the RFF (the “**Benchmark Proposal**”)
- In addition, each Proponent may also propose an alternate financing and hedging program (if required) that (i) they believe best addresses the RFF objectives, (ii) provides funding to meet the construction period funding profile provided, and (iii) is consistent with the key financing parameters provided in the RFF (the “**Alternate Proposal**”)

RFF
Committee

- Price - objective - Low
- Risk Subjective

Nalcor
 Financial Advisors - PWC (John Maddovich)

Financing Legal Counsel - Jaskens
Province → Finance + NR.
 (Deputies)

Evaluation of RFF.

- Price - objective - Low Cost
- Risk - Subjective - Low
- Experience / Qualifications

- Cda's Representation will be discussed on Thursday April 18th.

Potential RFF Participants

- The following, which represents those financial institutions on the approved dealers list for Canada bonds, has been identified as the starting point for determining potential participants to be issued the RFF:
 1. BMO Nesbitt Burns Inc.
 2. Casgrain & Company Limited
 3. CIBC World Markets Inc.
 4. Desjardins Securities Inc.
 5. Deutsche Bank Securities Limited
 6. HSBC Securities (Canada) Inc.
 7. Merrill Lynch Canada Inc.
 8. Laurentian Bank Securities Inc.
 9. National Bank Financial Inc.
 10. RBC Dominion Securities Inc.
 11. Scotia Capital Inc.
 12. The Toronto-Dominion Bank
- To discuss with Canada flexibility to add other organizations to the RFF list (eg. other U.S. institutions operating in Canada, large Canadian pension funds/insurance companies who might offer private placement for entire amount of the financing)
- In the event organizations wish to team up with others to prepare an RFF Submission they must first provide written notification to Nalcor outlining the rationale for doing so, including the value such collaboration provides – Nalcor will have sole and absolute discretion on whether to accept or reject such a proposal
- Nalcor may also require more than one Proponent to act as Co-Lead Arranger

RFF Document Outline

Contents

- Invitation & Proponent Acknowledgement Letters *(includes Canada acknowledgement statement)*
- Definitions
- RFF Objectives & FLG Overview
- Terms & Conditions
- Schedule & Key Dates
- Scope of Lead Arranger Services
- RFF Submission Requirements
- Evaluation Criteria & Selection

Appendices

- Form of Canada Guarantee
- Transaction Structure Chart
- Confirmation of Moody's Aaa Rating
- Form of MTI & Declaration of Trust
- Form of Canada Guarantee Opinion Letters
- Scope of Services Chart
- Form of Financing Commitment Letter
- Key Financing Parameters
- Financial Data & Assumptions for Alternate Proposals


RFF Evaluation Criteria - Framework

- Evaluation of RFF Submissions will be conducted according to the following framework:

Element	Evaluation Weight
Qualification Criteria	
1. Proponent Team Composition	Pass/Fail
2. Financing Commitment Letter & Term Sheet for Benchmark Proposal	Pass/Fail
3. Confirmation Regarding Forms of Documents (included in RFF)	Pass/Fail
Evaluation Criteria	
4. Proponent Qualifications & Reasonableness of Financing Execution Plan	5%
5. Certainty of Placement of the Financing & Hedging Program	20%
6. Certainty of Price of the Financing & Hedging Program	25%
7. NPV of the Proposed Financing Structure	50%

15 pts subjective { } *Low level of subjectivity*
low level of subjectivity

20-80% Quantitative PTS. - no subjectivity

~ 25% 75% *Roughly* 

RFF Schedule & Key Dates

- The following provides an overview of the schedule contemplated in the RFF:

Event	Date
Release of the RFF	May 1, 2013 *
Proponent Acknowledgment Letter Submitted	May 8, 2013
Last Date for Proponent Requests to Combine with Other Organizations to Make RFF Submission	June 6, 2013
Last Date for Proponent Submission of RFI Prior to Submission Date	June 6, 2013
Last Date for Nalcor Response to RFI Prior to Submission Date	June 12, 2013
RFF Submission Date	July 2, 2013
Target Date for Announcement of Preferred Proponent	July 25, 2013
Target date for engagement of Lead Arranger and execution of the Financing Commitment Letter (or the Alternate Proposal Offer Letter)	August 1, 2013
Target date for Financial Close	October 1, 2013 *

- Once released, all Proponent communications relating to the RFF to Nalcor, NL, Emera, NS or Canada must be in writing through the contact protocol established in the RFF document

FEDERAL LOAN GUARANTEE – LOWER CHURCHILL RIVER PROJECTS

CHECKLIST - CONDITIONS PRECEDENT



CASELS BROCK
LAWYERS

DEFINED TERMS:

<u>PARTY</u>	<u>ABBREVIATION</u>	<u>REPRESENTED BY</u>
Her Majesty the Queen in Right of Canada	Canada	<u>Legal</u> : Anne Boudreau, Rhonda Lazarus <u>NRCan</u> : Anoop Kapoor (lead contact), Jonathan Will, Joseph Krupski, Lindsay Robles <u>Finance</u> : Heather Kay
Her Majesty in right of Newfoundland and Labrador	NL	Todd Stanley, Paul Morris
Her Majesty in right of Nova Scotia	NS	Chris Spencer <u>Legal</u> : Shanti Dogra, Andrew Weatherbee
Nalcor Energy	Nalcor	Derrick Sturge, Auburn Warren, James Meaney
Emera Inc.	Emera	Ken McOnie, Brian Rendell
Borden Ladner Gervais LLP, counsel to NL	BLG	Linda Bertoldi, Bruce Fowler
Cassels Brock & Blackwell LLP, counsel to Canada	CBB	Alison Manzer, Brian Dominique, Charles Newman, Jonathan Freeman, Peter Sullivan, Suhuyini Abudulai, Jennifer Wasylyk
Osler, Hoskin & Harcourt LLP, counsel to Emera	Osler	John Macfarlane, Rocco Sebastiano, Laurie Barrett
Fasken Martineau LLP, counsel to Nalcor	FMD	Xeno Martis, Angela Onesi, Félix Gutierrez
McInnes Cooper, local counsel to Nalcor	MC	John Green
Cox & Palmer, local counsel to Emera	CP	Stephanie Hickman
Utility and Review Board (Nova Scotia)	UARB	N/A
Newfoundland and Labrador Hydro	NLH	N/A

<u>PARTY</u>	<u>ABBREVIATION</u>	<u>REPRESENTED BY</u>
<u>PROJECT</u>		
Muskrat Falls Generation Facility	MF	
Labrador Transmission Assets	LTA	
Labrador Island Link	LIL	
Maritime Link	ML	

"**Term Sheet**" shall mean the Agreement Providing Key Terms and Conditions for the Federal Loan Guarantee by Her Majesty the Queen in Right of Canada for the debt financing of the Lower Churchill River Projects (which include MF, LTA, LIL and ML and are collectively referred to as the "**Projects**") attached hereto as Appendix "A". All capitalized terms used herein and not defined have the meanings ascribed thereto in the Term Sheet and all italicized section references used herein shall be those set out in the Term Sheet.

CHECKLIST - CONDITIONS PRECEDENT

	MATTER	PARTY RESPONSIBLE		STATUS OF DELIVERY AND APPROVAL		CANADA COMMENTS	NALCOR / EMERA COMMENTS
		Drafting	Delivery	Delivery	Approval		
A.	CONDITIONS PRECEDENT - ALL PROJECTS						
A1.	Confirmation by Credit Rating Agencies of indicative credit ratings for each of MF, LTA, and LIL (prepared on a non-guaranteed basis) equal to or higher than investment grade <i>(Section 3.5(A)(i))</i>	Rating Agencies	Nalcor	Initial delivered but must be affirmed	Initial approved but affirmation required	We have reviewed the following indicative rating letters: <u>Project SPVs</u> (i) DBRS November 27, 2012 (ii) Moody's November 27, 2012 (iii) S&P November 23, 2012 Formal confirmation of waiver by Canada without the need for further affirmation to be issued.	
A2.	Provision by Credit Rating Agencies of indicative credit ratings for the ML (prepared on a non-guaranteed basis and based on information provided in the application to the UARB) equal to or higher than investment grade <i>(Section 3.5(A)(ii))</i>	Rating Agencies	Emera	O/S		Application for indicative rating to be based on assumptions consistent with UARB application if UARB decision is as expected, then no further indicative rating required (if not, see B2 below).	Per Sanction Agreement, Emera is developing a commercially reasonable schedule to achieve the indicative credit ratings, targeting the achievement of such ratings no later than March 31, 2013. In this regard, meetings have been arranged with Emera's traditional rating agencies, DBRS and S&P (an indicative rating is not being sought from Moody's, with whom Emera does not have a ratings relationship). Indicative ratings to be provided likely in the first week of April. The UARB application was filed on January 28, 2013.

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A3.	<p>Satisfactory evidence of:</p> <p>(a) enactment of legislation:</p> <p>See A5 below</p>	(a) NL	(a) Nalcor	(a)	(a)	<p>(a) The legislation remains under review by CBB for Canada following due diligence meeting on March 18, 2013 & we will advise if there are any deficiencies other than those below as soon as possible.</p> <p>Outstanding items include:</p> <ul style="list-style-type: none"> • Bills 60 and 61 to be proclaimed into force • See A5 and B7 below for additional outstanding items 	
	<p>(b) execution of a formal agreement between NL and Nalcor (or related entities) which puts into legally binding effect the commitments made by NL as outlined in Schedule "A" to the Term Sheet (<i>Section 3.5(A)(iii)</i>)</p>	(b) NL/ Nalcor	(b) Nalcor	(b)	(b)	(b) See comments in relation to A5 below.	

	MATTER	PARTY RESPONSIBLE		STATUS OF DELIVERY AND APPROVAL		CANADA COMMENTS	NALCOR / EMERA COMMENTS
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A4.	<p>Satisfactory evidence of formalization of a regulatory framework by NS in legislation and/or regulations:</p> <p>i. Maritime Link Act</p> <p>ii. Maritime Link Act regulations</p> <p>(Section 3.5(A)(iv))</p>	NS	Emera	O/S		<p>The legislation remains under review by CBB for Canada.</p> <p>Outstanding items include:</p> <ul style="list-style-type: none"> Amendments to the Maritime Link Act to (a) provide additional clarity and/or (b) ensure that the project applicant has the powers and authorities conferred under the <i>Public Utilities Act</i> and other statutes related to the regulation of an electrical utility (expected to be introduced and enacted in Spring 2013) 	
A5.	<p>Execution of an inter-governmental agreement between Canada and NL (NL IGA) in which NL:</p> <p>(a) makes the following commitments to Canada as outlined in Schedule "A" to the Term Sheet:</p> <p>i. Approve the creation of those subsidiaries or entities controlled by Nalcor which are required in order to facilitate the development and operation of MF, the LIL and the LTA, and to ensure Nalcor and existing and new subsidiaries or</p>	NL	NL (Inter-Governmental Affairs) / Canada	Initial draft delivered		<p>Draft delivered but equity support agreement & equity guarantee agreement to be delivered before Canada can complete initial review of NL IGA. Remains under review and subject to discussions between Canada and NL.</p> <p>Outstanding items:</p> <p>(a)(i)</p> <ul style="list-style-type: none"> OIC for each of MF, LIL & LTA (as per s. 14.1 of the NL <i>Energy Corporation Act</i> ("ECA") which provides for incorporation of subs by OICs) Incorporation of the remaining project companies OIC authorizing Nalcor and 	<p>NL IGA to be signed at Financial Closing</p> <p>For the IGA, authorization and enforceability issues will be addressed by NL Department of Justice.</p>

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<p>entities have the authorized borrowing powers required to implement the Projects and meet any related contractual or reliability obligations.</p> <p>ii. Provide the base level and contingent equity support that will be required by Nalcor to support successful achievement of in-service for MF, the LTA and the LIL, in cases with and without the participation of Emera.</p>					<p>subsidiaries to borrow and issue security for repayment by bonds, mortgages, etc.</p> <ul style="list-style-type: none"> • Approval of Nalcor re: borrowing by subsidiaries (see s. 14.1(3) of the ECA) • If there will be short term loans, OIC fixing the limit of such loans (see. s. 23 of ECA) • Review of by-laws and board resolutions of Nalcor and subsidiaries <p>(a)(ii)</p> <ul style="list-style-type: none"> • Execution of NL Equity Support Agreement by Nalcor and the Equity Guarantee Agreement by the Province (which will demonstrate the base equity commitments and the contingency equity commitments to achieve commissioning of each Nalcor Project) • Opinion from the NL Department of Justice and McInnes Cooper (providing the requisite back up re: annual appropriation for the equity support) • Contract between Nalcor and government of NL re: obligation to make payment out of the Consolidated Revenue Fund of NL • Must allow for a contractual right to enforce in favour of Canada to 	

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<p>iii. Ensure that, upon MF achieving in-service, the regulated rates for NLH will allow it to collect sufficient revenue in each year to enable NLH to recover those amounts incurred for the purchase and delivery of energy from MF, including those costs incurred by NLH pursuant to any applicable power purchase agreement ("PPA") between NLH and the relevant Nalcor subsidiary or entity controlled by Nalcor that will provide for a recovery of costs over the term of the PPA and relate to:</p> <p>a) initial and sustaining capital costs and related financing costs (on both debt and equity), including all debt service costs and a defined internal rate of return on equity over the term of the PPA;</p> <p>b) operating and maintenance costs, including those costs associated with transmission service for delivery of MF power over the LTA (as described further in v. below);</p> <p>c) applicable taxes and fees;</p> <p>d) payments pursuant to any</p>					<p>respond to any failure to provide required equity</p> <p>(a)(iii)</p> <ul style="list-style-type: none"> • Execution of PPA and GIA • OIC restraining PUB from exercising its powers or performing its duties upon MF achieving in-service where such exercise or performance would result in regulated rates for NLH insufficient to collect the revenue required to recover amounts incurred for the purchase and delivery of energy from MF 	

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<p>applicable Impact & Benefit agreements;</p> <p>e) payments pursuant to the water lease and water management agreements; and</p> <p>f) extraordinary or emergency repairs.</p> <p>iv. Ensure that, upon the LIL achieving in-service, the regulated rates for NLH will allow it to collect sufficient revenue in each year to enable NLH to recover those amounts incurred for transmission services, including those costs incurred by NLH pursuant to any applicable agreements between NLH, the LIL operating entity and/or the entity holding ownership in the LIL assets, that will provide for a recovery of costs over the service life of the LIL and relate to:</p> <p>a) initial and sustaining capital costs of the LIL and related financing and debt service costs, including a specific capital structure and regulated rate of return on equity equal to, at least, a minimum value required to achieve the debt service coverage ratio agreed to in</p>					<p>(a)(iv)</p> <ul style="list-style-type: none"> • Execution of TFA and the LIL Assets Agreement • OIC restraining the PUB from exercising its powers or performing its duties upon LIL achieving in-service where such exercise or performance would result in regulated rates for NLH insufficient to collect the revenue required to recover amounts incurred for transmission services 	

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<p>lending agreements by the LIL borrowing entity;</p> <p>b) operating and maintenance costs;</p> <p>c) applicable taxes and fees; and</p> <p>d) extraordinary or emergency repairs;</p> <p>v. Ensure that, upon LTA achieving in-service, the regulated rates for the provision of transmission service over the LTA will provide for a recovery of costs over the service life of the LTA including initial and sustaining capital costs, operating and maintenance costs, extraordinary or emergency repairs, applicable taxes and fees and financing costs (on both debt and equity), including all debt service costs and a defined internal rate of return on equity over the term of any applicable agreement.</p> <p>(b) indemnifies Canada for any costs that it may incur under the FLG as a result of a regulatory decision or regulatory change (including through legislation or policy) that prevents a Borrower from recovering Project costs and fully servicing the Guaranteed</p>					<p>(a)(v)</p> <ul style="list-style-type: none"> • Execution of GIA • OIC restraining the PUB from exercising its powers or performing its duties upon LTA achieving in-service where such exercise or performance would result in regulated rates insufficient to provide for a recovery of costs over the life of the LTA <p>(b) To be satisfactorily addressed in the NL IGA.</p> <p>We need to receive confirmation of authorization & enforceability. Please</p>	

	MATTER	PARTY RESPONSIBLE		STATUS OF DELIVERY AND APPROVAL		CANADA COMMENTS	NALCOR / EMERA COMMENTS
		Drafting	Delivery	Delivery	Approval		
	Debt; and (c) guarantees completion of the MF, LTA and LIL Projects to COD such that, where non-completion is due to NL's failure to comply with the commitments outlined in Schedule "A" to the Term Sheet, NL shall indemnify Canada for any costs Canada may incur as a result of those Projects not achieving COD <i>(Section 3.5(A)(v))</i>					advise as to how this will be achieved. (c) To be satisfactorily addressed in the NL IGA. We need to receive confirmation of authorization & enforceability. Please advise as to how this will be achieved.	
A6.	Execution of an agreement between Canada and NS in which NS indemnifies Canada for any costs it may incur under the FLG as a result of a regulatory decision or regulatory change (including through legislation or policy) that prevents a Borrower from recovering Project costs and fully servicing Guaranteed Debt <i>(Section 3.5(A)(vi))</i>	NS	NS / Canada			Must directly reflect Term Sheet – this should be a documentation exercise consisting of a formal commercial agreement. We need to receive confirmation of authorization & enforceability. Please advise as to how this will be achieved. This agreement is currently under discussion between Canada and NS.	
A7.	Satisfactory evidence of sanction of all Projects, including ML by: (a) Nalcor; and <i>(Section 3.5(A)(vii))</i> (b) Emera	(a) Nalcor (b) Emera	(a) Nalcor (b) Emera	(a) Announced but not complete (b) Delivered	(a) (b) Conditionally satisfied	(a) Sanction condition to be satisfied upon receipt of resolutions (certified) evidencing same. (b) We note the sanction is conditional upon UARB decision – this remains under review	(a) The certified resolutions will be provided.

	MATTER	PARTY RESPONSIBLE		STATUS OF DELIVERY AND APPROVAL		CANADA COMMENTS	NALCOR / EMERA COMMENTS
		Drafting	Delivery	Delivery	Approval		
A8.	<p>Execution of an agreement (the “Emera Guarantee Agreement”) between Canada and Emera, wherein Emera shall guarantee:</p> <p>(a) the payment of \$60 million to Canada in the event that Financial Close is not achieved by the date set out herein or funds are not drawn from Guaranteed Debt within a reasonable time after Financial Close; and</p> <p>(b) following the first draw of Guaranteed Debt, Emera will guarantee to complete the ML or to provide required funds to complete the ML (Section 3.5(A)(viii))</p> <p>[Emera NTD: the terms “Financial Close” and “Guaranteed Debt” relate, in each case, to the ML Financial Close and ML Guaranteed Debt (per Term Sheet 2.3 and 3.1, and understanding of the parties)]</p>	Emera / Osler	Emera / Canada			<p>Must directly reflect Term Sheet – this should be a documentation exercise.</p> <p>Sanction agreement requires that Emera provide this by the end of May, 2013.</p> <p>We need to receive confirmation of authorization & enforceability. Please advise as to how this will be achieved.</p> <p>CBB to prepare & circulate point form outline for agreement (currently under discussion).</p>	<p>The Guarantee Agreement will reflect that the completion guarantee is in the nature of a performance guarantee (as opposed to a financial guarantee).</p> <p>Per Sanction Agreement, Emera has initiated discussions with Canada prior to January 15, 2013 to develop a commercially reasonable schedule targeting the execution of the Guarantee Agreement by May 31, 2013.</p> <p>Annual appropriation approvals not required.</p>

	MATTER	PARTY RESPONSIBLE		STATUS OF DELIVERY AND APPROVAL		CANADA COMMENTS	NALCOR / EMERA COMMENTS
		Drafting	Delivery	Delivery	Approval		
A9.	<p>Satisfactory evidence that all necessary environmental legal and policy authorities have been complied with to the satisfaction of Canada in respect of:</p> <p>(a) MF/LTA;</p> <p>(b) LIL; and</p> <p>(c) ML.</p> <p><i>(Section 3.5(A)(ix))</i></p>					To be satisfied in accordance with the letter dated January 4, 2013 from Minister Oliver to Minister Kennedy.	(Nalcor) The letter addressed to Mr. Kennedy by Mr. Oliver circumscribes this requirement.
A10.	<p>Satisfactory evidence that all necessary aboriginal consultation obligations have been complied with to the satisfaction of Canada in respect of:</p> <p>(a) MF/LTA;</p> <p>(b) LIL; and</p> <p>(c) ML.</p> <p><i>(Section 3.5(A)(x))</i></p>					To be satisfied in accordance with the letter dated January 4, 2013 from Minister Oliver to Minister Kennedy.	(Nalcor) The letter addressed to Mr. Kennedy by Mr. Oliver circumscribes this requirement.

	MATTER	PARTY RESPONSIBLE		STATUS OF DELIVERY AND APPROVAL		CANADA COMMENTS	NALCOR / EMERA COMMENTS
		Drafting	Delivery	Delivery	Approval		
B.	CONDITIONS PRECEDENT – SPECIFIC PROJECTS						
B1.	Execution of the FLG Agreements and all other relevant documents necessary to effect Financial Close for: (a) MF / LTA (b) LIL (c) ML <i>(Section 3.5(B)(ii))</i>					We need a detailed checklist done for each financial close to have the full scope for allocation of review and negotiation. CBB has started a form of checklist for guidance of expectations. This checklist will be revised further prior to circulation following financial presentation meetings on March 22, 2013.	Once the parties have settled on the Financial Structure, we will be in an appropriate position to provide a detailed checklist.
B2.	Provision by Credit Rating Agencies of indicative credit ratings for the ML (prepared on a non-guaranteed basis) equal to or higher than investment grade in the event that the UARB decision differs from the application submitted by MLCo <i>(Section 3.5(B)(ii))</i>		Emera	O/S		Not required if UARB decision is not different from application (in which case A2 above shall suffice).	

	MATTER	PARTY RESPONSIBLE		STATUS OF DELIVERY AND APPROVAL		CANADA COMMENTS	NALCOR / EMERA COMMENTS
		Drafting	Delivery	Delivery	Approval		
B3.	<p>Satisfaction, in the sole discretion of Canada, of any and all Project-related due diligence deemed necessary by Canada, including satisfactory review of all required revenue-producing agreements, commercial and other agreements including the MF PPA, TFA, LIL Assets Agreement:</p> <p>(a) MF / LTA</p> <p>(b) LIL</p> <p>(c) ML</p> <p><i>(Section 3.5(B)(iii))</i></p>					<p>Checklist re due diligence is being revised based on information made available and discussed at due diligence meeting in St. John's on March 18, 2013.</p> <p>Outstanding items include:</p> <p>1. (For ML only) Hearing re: UARB application (scheduled for Mar 27, 2013)</p> <p>2. (For ML only) UARB approval of Maritime Link Project and related transactions (on or before July 28, 2013)</p> <p>3. Revenue agreements</p>	

	MATTER	PARTY RESPONSIBLE		STATUS OF DELIVERY AND APPROVAL		CANADA COMMENTS	NALCOR / EMERA COMMENTS
		Drafting	Delivery	Delivery	Approval		
B4.	<p>Approval by Canada, acting reasonably, of the Financing, Financing Structure, Financing Documents, and the Transaction Structure including the following agreements:</p> <p>(i) Declaration of Trust (for trust funding vehicle)</p> <p>(ii) Master Trust Indenture (re bond issuance)</p> <p>(iii) Trust Indenture (re loan to SPVs)</p> <p>(iv) Financial assurance (guarantee)</p> <p>(v) Assurance agreement</p> <p>(vi) RFP documentation for lead arranger (if applicable)</p> <p>(vii) Offering marketing materials (if applicable)</p> <p><i>(Section 3.5(B)(iv))</i></p>	<p>(i) Nalcor/FMD</p> <p>(ii) Nalcor/FMD</p> <p>(iii) Nalcor/FMD</p> <p>(iv) Nalcor/FMD</p> <p>(v) Canada/CBB</p> <p>(vii) Nalcor/Emera</p> <p>(vii) Nalcor/Emera</p>		<p>(i) Draft received on March 17, 2013</p> <p>(ii) Draft received on March 17, 2013</p>		<p>Canada should also review / be included in the preparation by Nalcor and Emera of all marketing / procurement documentation relating to the transaction process (regardless of whether specifically listed here or not).</p> <p>(i) Under review</p> <p>(ii) Under review</p>	

	MATTER	PARTY RESPONSIBLE		STATUS OF DELIVERY AND APPROVAL		CANADA COMMENTS	NALCOR / EMERA COMMENTS
		Drafting	Delivery	Delivery	Approval		
B5.	<p>A report provided by an independent expert that the Projects have sufficient insurance coverage in place that is customary in projects of this nature and size</p> <p>(a) MF / LTA</p> <p>(b) LIL</p> <p>(c) ML</p> <p><i>(Section 3.5(B)(v))</i></p>					<p>Canada must be included throughout the evaluation and selection process (preference is for the same consultant to be engaged for all projects).</p> <p>Canada has the process and names under review.</p>	<p>Emera and Nalcor have proposed names of acceptable insurance consultants for Canada's consideration.</p>
B6.	<p>Satisfactory evidence that an interest rate hedging program is in place to hedge expected interest expense with respect to the Guaranteed Debt</p> <p>(a) MF /LTA</p> <p>(b) LIL</p> <p>(c) ML</p> <p><i>(Section 3.5(B)(vi))</i></p>					<p>This will be late in the process as hedging cannot be done before bond and structure and terms.</p> <p>For clarity, Canada must be satisfied with the hedging principles – it is not sufficient that a hedging program be put in place.</p>	<p>Parameters of hedging program to be addressed in the draft RFP documentation.</p>

	MATTER	PARTY RESPONSIBLE		STATUS OF DELIVERY AND APPROVAL		CANADA COMMENTS	NALCOR / EMERA COMMENTS
		Drafting	Delivery	Delivery	Approval		
B7.	<p>Satisfactory evidence that all necessary permits, approvals, water-way, land-use agreements and other authorizations required at Financial Close have been obtained</p> <p>(a) MF / LTA</p> <p>(b) LIL</p> <p>(c) ML</p> <p><i>(Section 3.5(B)(vii))</i></p>			<p>(a)</p> <p>(b)</p>	<p>(a)</p> <p>(b)</p>	<p>Nalcor & Emera to provide initial list for review. Canada is also analyzing legislation concurrently - these will be transaction deliveries.</p> <p>Canada must also be satisfied with the resolution of the issues pertaining to the Strait of Belle Isle and the Cabot Strait. (Alex Mills is counsel for Public Works responsible for ongoing discussions).</p> <p>Outstanding items</p> <ul style="list-style-type: none"> • Deeds granting the statutory easements (the creation of which is authorized by Bill 60) and surveys of land relating to statutory easements • Series of OICs (Nalcor/Emera to advise what these will relate to) • Expropriation (as needed) • Crown grant of land required for Muskrat Falls generation plant (granting instrument to be decided) • Legislation or agreements re: rights, mortgages and security interests on the seabed and the use of court in NL • Authorizing documents such as water-way leases, statutory easements (NL and NS), etc. 	<p>Regarding the SOBI, discussions have commenced about the means by which Canada and the Province will grant real rights on the seabed. It is an open question at this stage as to whether Canada may need some form of legislation for the SOBI.</p> <p>(Emera) NL, Emera and Nalcor are in discussions with Canada regarding federal land arrangements and real property rights required for subsea aspects of LIL and ML.</p>

	MATTER	PARTY RESPONSIBLE		STATUS OF DELIVERY AND APPROVAL		CANADA COMMENTS	NALCOR / EMERA COMMENTS
		Drafting	Delivery	Delivery	Approval		
B8.	Execution and delivery of the indemnity referred to in Section 4.9 of the Term Sheet (ie Liability if Canada held to be a partner or joint venturer) (Section 3.5(B)(viii))	Canada/CBB				Must directly reflect Term Sheet – this should be a documentation exercise & will be provided for in the assurance agreement.	
B9.	Review of technical aspects of the Projects, including engineering, water resource and any other required due diligence by the Independent Engineer, and preparation and finalization (as confirmed by Canada and Lenders, acting reasonably) of a technical due diligence report confirming that the Project execution plans are commercially reasonable, and consistent with Good Utility Practice (a) MF / LTA (b) LIL (c) ML (Section 3.5(B)(ix))			(a) (b)	(a) (b)	Canada preparing an interim short form reliance letter (which will be executed by Nalcor, IE and Canada) in addition to the formal reliance letter that addresses dispute resolution & other matters. The interim short form reliance letter is currently under review. The long form reliance letter is being revised based on input received from Nalcor. Meeting between Canada and IE to be arranged.	(Emera) Emera to appoint Independent Engineer following agreement with Canada on approach to engagement and approval of entity by Canada

	MATTER	PARTY RESPONSIBLE		STATUS OF DELIVERY AND APPROVAL		CANADA COMMENTS	NALCOR / EMERA COMMENTS
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B10.	<p>Other conditions precedent customarily included in commercial project financing transactions:</p> <p>(a) Scope and nature of security;</p> <p>(b) Completion of due diligence including access, interconnection, etc.; and</p> <p>(c) TBD – other.</p>						<p>Once the Financial Structure is settled, the parties will be in a better position to complete this section.</p>

APPENDIX A

TERM SHEET

[see attached]

- > ① wanted to have security.
- > ② also ~~if~~ defaulted - wanted to continue to make pmts
- > Likened to a Canada Bond. - structured like a Canada bond.
- > Triple AAA Credit Rating.

FLG.

- > Sign off in the next 2 - 2½ weeks before go to market.
- > By May 1st. - Go out with RFP
- > Bid on Lead - + Guaranteed to underwrite all the debt.

Minister

- > Noted bridge experience in Alberta.

“A List” Conditions Precedent – Path to Clear

April 11, 2013

Boundless Energy



Confidential and Commercially Sensitive

“A List” Conditions Precedent

#	CP	Task	Week ending			
			Apr 19	Apr 26	May 3	May 10
A1	Nalcor Non-FLG Indicative Credit Ratings	<ul style="list-style-type: none"> • Canada to provide written confirmation that CP A1 has now been satisfied 	✓			
A2	Emera Non-FLG Indicative Credit Ratings	<ul style="list-style-type: none"> • Emera to provide rating agency written reports to Canada • Canada to provide written confirmation that CP A2 has now been satisfied 	✓	✓		
A3	NL Legislation	<ul style="list-style-type: none"> • NL to provide “OICs” and Equity Support documents to Canada • Canada to review “OICs” and Equity Support documents • Canada to provide written confirmation that CP A3 has now been satisfied 	✓			✓
A4	NS Legislation	<ul style="list-style-type: none"> • NS to provide necessary documents to Canada • Canada to review documents • Canada to provide written confirmation that CP A4 has now been satisfied 	✓			✓
A5	NL IGA	<ul style="list-style-type: none"> • NL and Canada to finalize IGA • Canada to provide written confirmation that CP A5 has now been satisfied 				✓

“A List” Conditions Precedent (continued)

#	CP	Task	Week ending			
			Apr 19	Apr 26	May 3	May 10
A6	NS IGA	• NS and Canada to finalize IGA				
		• Canada to provide written confirmation that CP A6 has now been satisfied				✓
A7	Project Sanction	• Emera to provide “clean” Board resolution to Canada		✓		
		• NL to provide necessary documentation to Canada	✓			
		• Canada to provide written confirmation that CP A7 has now been satisfied			✓	
A8	Emera Guarantee Agreement	• Emera and Canada to finalize Guarantee Agreement				
		• Canada to provide written confirmation that CP A8 has now been satisfied				✓
A9	Environmental	• Nalcor and Emera to provide deliverables noted in Oliver letter	Delivered as items are received			
A10	Aboriginal Matters	• Nalcor and Emera to provide deliverables noted in Oliver letter	Delivered as items are received			

Workplan for FLG Conditions Precedent and NL/Nalcor Checklists

Muskrat Falls Issues List			
Issue	Process	Lead (support)	Status
FLG Conditions Precedent – Section A:			
<ul style="list-style-type: none"> • Financing Directives – Stemming from Bill 61, an Order in Council is required to direct the PUB that all Project costs will be recovered in the rates of Island ratepayers. Bill 61 must also be proclaimed by the LGIC. 	Cabinet paper - drafted	NR (JUS)	<ul style="list-style-type: none"> • Nalcor – provide wording re: Labrador • Todd re-draft OIC for week of April 8
<ul style="list-style-type: none"> • Intergovernmental Agreement - Negotiation with Canada and counsel • Issues: <ul style="list-style-type: none"> ○ Reciprocal indemnity ○ Government action ○ Standstill ○ Enforceability 	Cabinet paper	NR (JUS)	<ul style="list-style-type: none"> • NL emailed Canada March 28 re: 4 issues • Canada/NL to discuss week of April 8 • *outstanding item on NL/Nalcor and FLG lists
<ul style="list-style-type: none"> • Equity Support Agreement and Equity Support Guarantee- Negotiation with Nalcor, Canada and counsel • Issues: <ul style="list-style-type: none"> ○ 10 year guarantee ○ \$95M (1.4 DSCR) 	Cabinet paper	FIN (NR)	<ul style="list-style-type: none"> • ESG - 10 year issue (MF/LTA) • *outstanding item for NL/Nalcor and FLG lists • Nalcor – provide FIN w/modeling re 1.4 • Meeting April 10 @FIN 1-3 w/Nalcor

Thursday, April 11, 2013

Workplan for FLG Conditions Precedent and NL/Nalcor Checklists

Muskrat Falls Issues List			
Issue	Process	Lead (support)	Status
<ul style="list-style-type: none"> Nalcor-NLH Commercial Agreements – PPA, GIA, TFA, LIL Assets <ul style="list-style-type: none"> o completion of formal agreements o summaries 	Cabinet paper	NR (JUS)	<ul style="list-style-type: none"> • NL review April 9 summaries • NL review April 2 interlocking doc *outstanding item on NL/Nalcor and FLG lists • Received PPA, GIA, LIL Assets and TFA April 8 drafts • meet w/ MC re TFA and LIL Assets – April 12th? Check with OB
<p>Lands Bill (Bill 60) The cabinet papers related to this issue (potentially 3 papers) could be delegated to other departments, namely TW, ENVC, and MA.</p>	3 Cabinet papers	JUS – TW, ENVC, MA (NR)	<ul style="list-style-type: none"> • instruct depts. to write cabinet papers
<ul style="list-style-type: none"> Proclamation <i>Bill 60 and Bill 61</i> 	Cabinet paper (may not be separate paper)		<ul style="list-style-type: none"> • Same time as regulations?
<ul style="list-style-type: none"> SOBI and Possible Amendments – issues: <ul style="list-style-type: none"> o Lease or statutory easement? o Joint or single documents? o Legislation or Transfer of Admin and Control? 	Cabinet paper and Information Note	JUS – ENVC (NR)	<ul style="list-style-type: none"> • Crowns to meet before April 11 meeting • Call April 11 230pm

- SOBI - NL/Canada.
 - NL however includes Inuit waters.

Thursday, April 11, 2013

Workplan for FLG Conditions Precedent and NL/Nalcor Checklists

Muskrat Falls Issues List			
Issue	Process	Lead (support)	Status
<ul style="list-style-type: none"> Regulations, Statutory Easement and Expropriation Protocol – Developed in discussion with Nalcor and counsel. Includes the protocol and the form of the Statutory Easement. Required by Nalcor for CFLCo land acquisition in early 2013 for LTA. 	Cabinet paper	JUS – TW, ENVC, MA (NR)	<ul style="list-style-type: none"> Regulations in progress Met w/ Nalcor March 19 – negotiations in progress w/ CFLCo; offer made. Next CFLCo meeting May 25
<p>Emera Exemption Request Exemptions are required from the Public Utilities Act and the Electrical Power Control Act to provide clarity around the NL PUB’s jurisdiction over portions of the Maritime Link (i.e. for reliability purposes) and the aspects of the Maritime Link that the PUB will not have jurisdiction over (i.e. for purposes of cost recovery). This is in support of Emera’s filing with the UARB.</p>	Cabinet paper and consult w/ PUB	NR (JUS)	<ul style="list-style-type: none"> Schedule internal meeting Emera - policy doc between Nalcor and Emera re: Bottom Brook week of March 25.

Thursday, April 11, 2013

Workplan for FLG Conditions Precedent and NL/Nalcor Checklists

Muskrat Falls Issues List			
Issue	Process	Lead (support)	Status
<p>Emera Agreements Amendments Amendments are being made to Commercial Agreements as a consequence of early sanction. ML(N)TSA, IOA, MEPCO TRA, NSTUA, NBTUA, MLJDA, Supplemental Agreement, ECA, MLETSa, NLDA and JOA.</p> <p>Received to date:</p> <ol style="list-style-type: none"> 1. MLNTSA, IOA, MEPCO TSA, NSTUA, NBTUA – due Mar 27 2. MLJDA, Supplemental Agreement – due April 2 3. ECA, MLETSa, NLDA 4. JOA – due April 5 	<p>Letters from OB & Nalcor stating amendments in accordance w/ Sanction Agreement</p>	<p>JUS (NR)</p>	<ul style="list-style-type: none"> • review March 21 drafts from Nalcor by March 27 • review March 25 drafts of MLJDA and Supplemental by April 2 • review March 27 drafts of ECA, MLETSa and NLDA • review April 3 draft of JOA by April 5 *outstanding item on NL/Nalcor list • meet w/ Nalcor by April 4 • Phil's email April 5 - told Rob Hull on April 5 we need letter from Nalcor official stating in line w/ Sanction Agreement; identified NTD's and unresolved issues; NL will complete final review when Amended and Restated Emera Agreements are in final form • Nalcor - MLJDA – definition of sanction is still in square brackets
<p>Naming Directors for Nalcor Subsidiaries Requirement to appoint independent directors to the Nalcor subsidiaries responsible for Muskrat Falls. Minister will be required to advise on potential names for directors.</p>	<p>Cabinet paper</p>	<p>NR (Premier's Office)</p>	<ul style="list-style-type: none"> • NR directed to do Cab Papers; process to be determined • need the list of names • Q: what companies? How many names per company?

Thursday, April 11, 2013

Workplan for FLG Conditions Precedent and NL/Nalcor Checklists

Muskrat Falls Issues List			
Issue	Process	Lead (support)	Status
<p>System Operator / Reliability Coordinator Government approval of the structure outlined in the Emera Agreements, which will be used as assumptions for the Nalcor-NLH Agreements. Also, an established system operator structure is desired for Nalcor's dealings with Hydro-Quebec. Need further clarity from Nalcor on what exactly is required and when.</p>	Cabinet paper	NR (JUS)	<ul style="list-style-type: none"> NL met w/ NLH on March 26; will meet regularly
<p>Labour Issues Still may be an outstanding issue related to the Special Project Order. The Labour Relations Agency will likely take the lead on this cabinet paper with NR in support.</p>	Cabinet paper	LRA	<ul style="list-style-type: none"> NR engaged w/ LRA & Nalcor. 3 collective agreements signed
<p>Project Oversight/Independent Engineer As per Cabinet directive, need to finalize a cost accounting protocol that includes an independent process to review costs associated with the Project to determine reasonability and prudent spending. NR to consider requirements for pre-financing oversight, along with Nalcor corporate governance model.</p>	Cabinet paper	NR, FIN (JUS)	<ul style="list-style-type: none"> Nalcor – waiting on Canada for date w/MWH Nalcor received reliance letter March 25 – review Nalcor – talk to team and report to NL on what IE could do during equity era and send final contract for IE. Respond to April 2 email from Rob meeting April 11 @ 130 w/Nalcor and FIN

Thursday, April 11, 2013

Workplan for FLG Conditions Precedent and NL/Nalcor Checklists

Muskrat Falls Issues List			
Issue	Process	Lead (support)	Status
Funding Protocol Agreement Want the IE to certify that equity was spent properly pre October 1		NR, FIN (JUS)	<ul style="list-style-type: none"> • FIN - comments on FPA • FIN – options for managing equity risk • *outstanding items for NL/Nalcor and FLG lists • Nalcor - options for reporting requirements under FPA. To Nalcor by March 28; to NR after Easter. • meeting April 11 @ 130 w/Nalcor and FIN
RFP - Financing Structure For lead arranger to organize financing.			<ul style="list-style-type: none"> • Nalcor - complete and provide draft RFP • Nalcor – meet w/Canada April 5?
Nalcor Board Resolutions on Sanction			<ul style="list-style-type: none"> • Nalcor – follow up; working on it
Financing Due Diligence Requirements for 1 October (FLG Section B)			<ul style="list-style-type: none"> • revised CP and due diligence checklists circulated to NL April 8
<ul style="list-style-type: none"> • <i>Property</i> - All property interests required for MF, including SE, expropriations etc.; required for grant of security 			
<ul style="list-style-type: none"> • <i>Property</i> - All property interests required for LIL, including SE, expropriations etc.; required for grant of security. 			
<ul style="list-style-type: none"> • <i>Zoning Compliance</i> – All zoning compliance issues required for MF and LIL 			
<ul style="list-style-type: none"> • <i>Things to watch:</i> <ul style="list-style-type: none"> ○ LIL EA ○ ML EA 			LIL EA - Monitoring
			ML EA - Monitoring

Thursday, April 11, 2013

Workplan for FLG Conditions Precedent and NL/Nalcor Checklists

Muskrat Falls Issues List			
Issue	Process	Lead (support)	Status
<ul style="list-style-type: none"> ○ <i>UARB Filing</i> ○ <i>Emera Sanction</i> 			UARB Filing - Emera filed with UARB January 28, 2013. Have 6 months to make decision.