

**From:** [abrophy@nalcenergy.com](mailto:abrophy@nalcenergy.com)  
**To:** [carlarussell@nalcenergy.com](mailto:carlarussell@nalcenergy.com)  
**Cc:** [sonyawhite@nalcenergy.com](mailto:sonyawhite@nalcenergy.com)  
**Subject:** Fw: 114th Nalcor Energy Board Papers - tomorrow's meeting at 11:30am  
**Date:** Thursday, November 23, 2017 3:20:35 PM  
**Attachments:** [.png](#)  
[114th Nalcor Energy Board Papers - Nov. 24, 2017 V3.pdf](#)

---

----- Forwarded by Audrey Brophy/NLHydro on 11/23/2017 03:20 PM -----

From: Nalcor Corporate Secretary/NLHydro

To: Jim Haynes/NLHydro@NLHydro, Jim Keating/NLHydro@NLHydro, John MacIsaac/NLHydro@NLHydro, Gilbert Bennett/NLHydro@NLHydro, Derrick Sturge/NLHydro@NLHydro

Cc: Peter Hickman/NLHydro@NLHydro, Meredith Baker/NLHydro@NLHYDRO, Cathy Ghaney/NLHydro@NLHYDRO

Date: 11/23/2017 03:19 PM

Subject: 114th Nalcor Energy Board Papers - tomorrow's meeting at 11:30am

Sent by: Audrey Brophy

---

Please find attached the papers for the above noted meeting.



114th Nalcor Energy Board Papers - Nov. 24, 2017 V3.pdf

Tks.

Audrey

**NALCOR ENERGY**  
**ONE HUNDRED AND FOURTEENTH MEETING OF BOARD OF DIRECTORS**

**Boardroom, Sixth Level**  
**Hydro Place**  
**St. John's, NL**

**Friday**  
**November 24, 2017**  
**11:30 am**

**Conference Call Number: 1-877-216-4736**  
**Conference Code: 615 076 8825#**

**A G E N D A**

1. Constitution of the Meeting:
  - \* Chairperson – Brendan Paddick
  - \* Secretary – Peter Hickman
  - \* Notice of meeting sent on October 30, 2017
2. Safety Moment
3. Verification of the [Minutes of the 112<sup>th</sup> Meeting of the Board held on September 29, 2017](#) (RESOLUTION)
4. Chair / CEO Update
5. Board Committee Reports
  - 5.1 HR & Compensation Committee
    - 5.1.1 [Board Compensation](#)
  - 5.2 Safety, Health, Environment & Community Committee
  - 5.3 Governance Committee
    - 5.3.1 [Audit Committee Mandate](#) (RESOLUTION)
  - 5.4 Audit Committee
6. Financial Update
  - 6.1 [October Monthly Performance Summary](#)
  - 6.2 [2018 Nalcor Consolidated Budget](#) (RESOLUTION)
  - 6.3 [2018 Financial Risk Management Strategy](#) (RESOLUTION)
7. Executive Updates
  - 7.1 Chief Executive Officer
  - 7.2 President, [Newfoundland and Labrador Hydro](#)
  - 7.3 Executive Vice President, [Corp. Services & Offshore Development](#)
  - 7.4 Executive Vice President, [Power Development](#)
  - 7.5 Executive Vice President, [Power Supply](#)
8. [Draft 2018 Corporate Plan Highlights](#)
9. [2018 Meeting Schedule](#)
10. Other Business
11. For Information:
  - 11.1 [SHE Compliance Certificate](#)
  - 11.2 [LCP Environmental Compliance Certificate](#)
12. Date for Next Meeting
  - \* Friday, March 2, 2018
13. In Camera Session
14. Termination

**MINUTES OF THE ONE HUNDRED AND TWELFTH MEETING OF THE BOARD OF DIRECTORS OF NALCOR ENERGY HELD IN THE BOARDROOM, LEVEL 6, HYDRO PLACE, ST. JOHN'S, NEWFOUNDLAND AND LABRADOR ON FRIDAY, SEPTEMBER 29, 2017 AT 11:00AM**

---

- Present in person:** B. Paddick, Chair  
J. Green, Member  
S. Marshall, Member  
D. Oake, Member  
E. Turpin, Member  
B. Maynard, Member  
D. Molloy, Member  
M. MacLeod, Member  
J. Hillyard, Member
- Present by phone:** G. Goodyear, Member
- Absent:** C. Hickman, Member
- Present by Invitation:** G. Bennett, Exec. VP Power Development  
J. Haynes, President, NL Hydro  
J. Keating, Executive VP Corp. Services & Offshore Development  
J. MacIsaac, Exec. VP Power Supply (by phone)  
D. Sturge, Executive VP Finance and CFO  
J. Borden, Manager Internal Audit
- Secretary:** P. Hickman

**1477. CONSTITUTION OF THE MEETING**

Notice of the meeting was sent to all Directors on September 8, 2017. A quorum of Directors being present, the Chairperson declared the meeting duly called and validly constituted for the transaction of business.

**1478. SAFETY MOMENT**

Mr. Keating provided a safety moment on new and young workers.

112th Nalcor Energy Board Meeting  
September 29, 2017  
Page 2 of 19

**1479. VERIFICATION OF MINUTES**

A copy of the minutes of the **ONE HUNDRED** and **ELEVENTH** meeting of the Board of Directors held on August 8, 2017, was included in the meeting papers circulated prior to the meeting.

On motion duly made by D. Molloy, seconded J. Green and unanimously carried, it was resolved:

**THAT** the minutes of the **ONE HUNDRED AND ELEVENTH** meeting of the Board of Directors of Nalcor Energy held on August 8, 2017, which minutes are currently before this meeting, be and they are hereby verified as being correct; and

**THAT** the Chairperson of the Board be and is hereby authorized to verify the minutes by signing the Minute Book.

**1480. RESPONSE TO LETTER FROM PREMIER**

As she is in conflict with respect to any matters related to Access to Information and Protection of Privacy, due to the fact that her husband is the Access to Information and Protection of Privacy Commissioner for the Province, Ms. Molloy left the meeting at this time.

Formatted: Font: Not Bold

On September 12, 2017, the Premier of Newfoundland and Labrador sent a letter to the Chair including inquiries relating to “embedded” contractors on the Lower Churchill Project. One inquiry related to the number of such contractors and the second related to Nalcor’s withholding of billing rates for these contractors in response to an access to information request. Prior to the meeting, a draft response to the Premier’s letter was circulated to the Board members for their review and consideration.

Prior to discussion of the letter of response, Mr. Marshall reported to the Board on the interviews he had with members of the media relating to the matter of the use of contractors on the project and their billing rates. He also outlined to the

112th Nalcor Energy Board Meeting  
September 29, 2017  
Page 3 of 19

Board members what was discussed at a meeting involving himself, the Chair, the Premier and other representatives from Government.

A presentation on project management staffing was distributed to the Board, which Mr. MacIsaac then reviewed. It outlined the approaches typically taken with respect to staffing for major capital projects. There were various options outlined along with factors considered when determining which approach to adopt. In the case of the Lower Churchill Project, Nalcor's core business is not building big projects, so the approach taken was to retain the expertise to carry it out with oversight by Nalcor. Mr. MacIsaac stated that this approach has been used on many other mega-projects including some in Newfoundland and Labrador in the oil and gas industry. The number of contractors being used by Nalcor is typical for such projects.

After completion of the review of the presentation, the Board reviewed the draft letter. Some revisions were suggested and it was agreed that upon those revisions being made, as well as others being made to the presentation (which will be attached to the letter), the letter would be ready to forward to the Premier.

Jackie Borden left the meeting at this time.

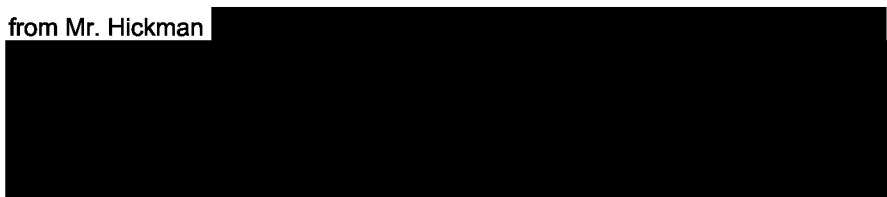
**1481. ACCESS TO INFORMATION-CONFIRMATION OF  
CEOs CERTIFICATIONS**

Included in the meeting papers was a memo from Suzanne Hollett, Access and Privacy Officer for Nalcor relating to Access to Information Requests that are the subject of complaints to the Office of the Information and Privacy Commissioner (OIPC). The memo provided background on the requests, as well as the reasons for the withholding of some of the information which was requested. The exemption provided for in Section 5.4 of the *Energy Corporation Act* was used with respect to withholding of some of the information and under that Act when

112th Nalcor Energy Board Meeting  
September 29, 2017  
Page 4 of 19

there is a complaint made to OIPC, the CEO is required once again to review the information and certify the use of Section 5.4 to withhold information.

Subsequent to that, the Board is required to confirm the certification of the CEO. The papers circulated to the Board included the certification of Mr. Marshall with respect to the access to information request. Also included was a legal opinion from Mr. Hickman



On motion duly made by D. Oake, seconded by J. Hillyard and unanimously carried, it was resolved:

**THAT** the Board of Directors hereby confirms the certification of the Chief Executive Officer pursuant to Section 5.4 of the *Energy Corporation Act* with respect to Access to Information request #PB-443-2017.

On motion duly made by D. Oake, seconded by J. Hillyard and unanimously carried, it was resolved:

**THAT** the Board of Directors hereby confirms the certification of the Chief Executive Officer pursuant to Section 5.4 of the *Energy Corporation Act* with respect to Access to Information requests #PB-576-2017 to PB-587-2017.

Ms. Molloy re-joined the meeting at this time.

**1482. BOARD COMMITTEE REPORTS**

**1483. HR and Compensation Committee**

Mr. MacLeod, Chair of the HR and Compensation Committee reported to the Board on the Committee meeting which was held on the previous day. He

112th Nalcor Energy Board Meeting  
September 29, 2017  
Page 5 of 19

reported that the Committee had received a summary of the executive compensation review carried out by Korn Ferry HayGroup. They also received information on the current state of the Key Performance Indicators relating to the Short Term Incentive Plan. Finally, the Committee received information on Executive Succession Planning work that is underway. They also had an in camera session with Mr. Marshall to discuss that topic.

The Committee agreed that the matter of Executive Succession Planning needs to be dealt with a bit more urgently than planned and has asked that information be provided to them in the March timeframe of next year.

Mr. MacLeod stated that Michael Roberts, Chief Human Resources Officer and VP Safety Health and Sustainability, provided an update on labour relations and upcoming negotiations. He stated that a recommended mandate for upcoming collective bargaining will be presented to the Committee at its November meeting.

It was agreed that the papers for the Compensation Committee meeting will be made available to all of the Board members.

Finally, Mr. MacLeod noted that the Committee discussed Board compensation and requested information in that regard from Management. He stated that the plan is for the Committee to provide a recommendation to the Board in this regard at its November meeting.

**1484. SHEC Committee**

C. Hickman, Chair of the SHEC Committee, was unable to attend the Board meeting and he had requested that P. Hickman provide a report on the meeting to the Board.

112th Nalcor Energy Board Meeting  
September 29, 2017  
Page 6 of 19

Mr. Hickman reported that the Committee reviewed the Safety and Health Report. Overall the Corporate safety performance has been very good. The all injury frequency metric was slightly over target but it can be achieved by year-end with the appropriate safety performance for the remainder of the year. With respect to the Power Development area, there were three lost time injuries and three medical injuries to the end of April, but overall safety performance on the project has been very good.

The Board then reviewed the Environmental Report. They reviewed the graphs relating to environmental leadership milestones and targets. They are presently behind schedule but should be on target by year-end.

In the area of Community, the Committee received information with respect to the latest reputational research results for Nalcor. Nalcor's reputation index as compared to other prominent organizations in the Province is the lowest. It dropped by 16 percentage points since 2015. The short term goal is to try to maintain the score that was achieved as improving at this point in time would be very difficult.

Finally, the Committee received an update from Mr. Keating on recent activities with respect to engagement of Stakeholders in Labrador, including aboriginals.

On motion duly made by J. Hillyard, seconded by E. Turpin and unanimously carried, it was resolved:

**THAT** Mr. Geoff Goodyear be appointed to the Safety, Health and Environment Committee of the Board of Directors effective immediately.



112th Nalcor Energy Board Meeting  
September 29, 2017  
Page 7 of 19

**1485. Governance Committee**

Mr. Green, Chair of the Governance Committee, provided an update on a recent meeting of the Committee. He stated that mandates of the various Board Committees were reviewed and three were being put forward for review and approval. The Audit Committee mandate will be reviewed by both the external and internal auditors and it is anticipated that it will be brought forward for approval at the next Board meeting.

On motion duly made by J. Green, seconded by D. Oake and unanimously carried, it was resolved:

**THAT** the Mandate of the Nalcor Energy Corporate Governance Committee, in the form presented to the Board of Directors at its meeting of September 29, 2017, be and it is hereby approved.

On motion duly made by J. Green, seconded by D. Oake and unanimously carried, it was resolved:

**THAT** the Mandate of the Nalcor Energy Human Resources and Compensation Committee, in the form presented to the Board of Directors at its meeting of September 29, 2017, be and it is hereby approved.

On motion duly made by J. Green, seconded by D. Oake and unanimously carried, it was resolved:

**THAT** the Mandate of the Nalcor Energy Safety, Health, Environment and Community Committee, in the form presented to the Board of Directors at its meeting of September 29, 2017, be and it is hereby approved.

Mr. Green reported that the Committee also discussed the elimination of the requirement for super independent directors for some of the LCP subsidiaries.

112th Nalcor Energy Board Meeting  
September 29, 2017  
Page 8 of 19

He recommended the approval of the resolutions included in the meeting papers in this regard.

On motion duly made by J. Green, seconded by B. Maynard and unanimously carried, it was resolved:

**THAT**, subject to the unanimous consent of the directors of Labrador Transmission Corporation ("LTC"), Nalcor Energy is hereby authorized to execute a written resolution of the Shareholder of LTC approving the following:

1. The amendment of the Articles of Incorporation of LTC as follows:

Schedule 4 – Section 7 – "Other Provisions" be amended by the deletion of Clause (4) referencing "Independent Director" in its entirety.

2. Any officer or director or the Solicitors of LTC be authorized to sign and file Articles of Amendment to reflect the foregoing resolution in accordance with the *Corporations Act* (Newfoundland and Labrador).

On motion duly made by J. Green, seconded by B. Maynard and unanimously carried, it was resolved:

**THAT**, subject to the unanimous consent of the directors of Muskrat Falls Corporation ("MFC"), Nalcor Energy is hereby authorized to execute a written resolution of the Shareholder of MFC approving the following:

1. The amendment of the Articles of Incorporation of MFC as follows:

Schedule 4 – Section 7 – "Other Provisions" be amended by the deletion of Clause (4) referencing "Independent Director" in its entirety.

2. Any officer or director or the Solicitors of MFC be authorized to sign and file Articles of Amendment to reflect the foregoing

112th Nalcor Energy Board Meeting  
September 29, 2017  
Page 9 of 19

resolution in accordance with the *Corporations Act*  
(Newfoundland and Labrador).

On motion duly made by J. Green, seconded by B. Maynard and unanimously carried, it was resolved:

**THAT**, subject to the unanimous consent of the directors of Labrador-Island Link Operating Corporation ("Opco"), Nalcor Energy is hereby authorized to execute a written resolution of the Shareholder of Opco approving the following:

1. The amendment of the Articles of Incorporation of Opco as follows:

Schedule 4 – Section 7 – "Other Provisions" be amended by the deletion of Clause (4) referencing "Independent Director" in its entirety.

2. Any officer or director or the Solicitors of Opco be authorized to sign and file Articles of Amendment to reflect the foregoing resolution in accordance with the *Corporations Act* (Newfoundland and Labrador).

On motion duly made by J. Green, seconded by B. Maynard and unanimously carried, it was resolved:

**THAT**, subject to the unanimous consent of the partners of the Labrador-Island Link Limited Partnership to amend the Limited Partnership Agreement as well as the unanimous consent of the directors of Labrador-Island Link General Partner Corporation ("LIL GP") to amend the Articles of Incorporation of LIL GP, Nalcor Energy is hereby authorized to execute a written resolution of the Shareholder of LIL GP approving the following:

1. The provision in the Limited Partnership Agreement requiring that one of the directors of LIL GP be an "Independent Director" be revised so that the definition of "Independent Director" corresponds with the definition included in the Energy Corporation Act (NL).

112th Nalcor Energy Board Meeting  
September 29, 2017  
Page 10 of 19

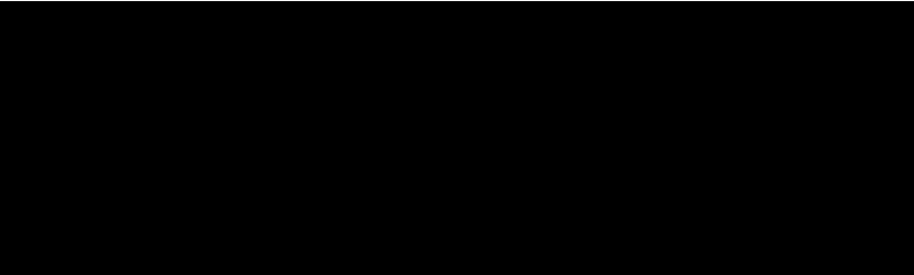
2. The amendment of the Articles of Incorporation of LIL GP as follows:

Schedule 4 – Section 8 – “Other Provisions” be amended by deleting Clause (5) referencing “Independent Director” in its entirety and replacing it with the following:

(5) At least one of the directors of the Corporation shall be an **“Independent Director”**. For purposes of these Articles of Incorporation, (a) “Independent Director” means a duly appointed member of the Board of Directors who is not a member of the board of directors of Nalcor or a subsidiary of Nalcor or an employee or officer of Nalcor, a subsidiary of Nalcor or the Crown; (b) “Crown” means Her Majesty the Queen in Right of Newfoundland and Labrador”; and (c) “Nalcor” means Nalcor Energy, the corporation established by the Energy Corporation Act, SNL2007 Chapter E-11.01, as amended.

3. Any officer or director or the Solicitors of LIL GP be authorized to sign and file Articles of Amendment to reflect the foregoing resolution in accordance with the *Corporations Act* (Newfoundland and Labrador).

Mr. Green stated that the Committee discussed the number of vacancies on the various subsidiary Boards. He stated that it is a matter that was raised with the Minister of Natural Resources by Mr. Green and the Chair and the Minister agreed that Nalcor could proceed to appoint members to these Boards without Government involvement. The Board agreed that the Governance Committee will look at this issue and recommend a process to follow to fill these positions.

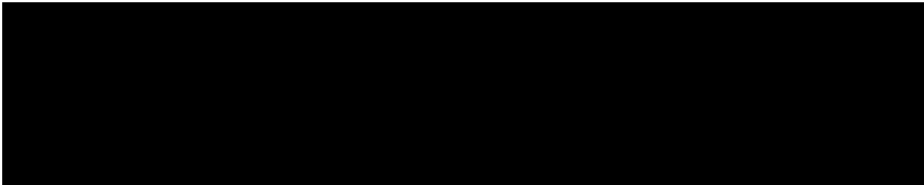


112th Nalcor Energy Board Meeting  
September 29, 2017  
Page 11 of 19

Finally, the Committee then discussed membership on the Newfoundland and Labrador Hydro Board. Mr. Green stated that he and the Chair (of Nalcor) will be meeting with the Chair of the Independent Appointments Commission the following week to provide some input on the composition of that Board. The Chair suggested that any members of the Nalcor Board who would like to be members of the Hydro Board should inform either himself or Mr. Green. It was noted that anybody who would like to be on the Board will have to reapply to the Independent Appointments Commission.

**1486. Audit Committee**

Mr. Oake, Chair of the Audit Committee reported on the meeting of the Committee that occurred immediately preceding the Board meeting.



Mr. Oake stated that the Committee also reviewed some pending accounting issues. They did not have the opportunity to review them all so will be calling another meeting to do so in the near future. The Committee also reviewed the mandate for the External Auditor for the 2017 Audit. They reviewed the Audit Plan with the Auditors, including the fees for the various companies' audits. They also received a Report from Internal Audit on the various audits carried out. There were no risk items identified but there were a number of medium risk items. Mr. Oake stated that there are action plans in place to deal with these various medium risk items. Mr. Oake also noted that the Committee was informed that the whistle blower process is in place and there have been some complaints filed but nothing significant.

112th Nalcor Energy Board Meeting  
September 29, 2017  
Page 12 of 19

Mr. Oake stated that the Manager of Internal Audit informed the Committee that in order for the Department to comply with professional standards, there must be an assessment every five years of internal audit processes. The Committee agreed that this assessment should be carried out. It will involve a self-assessment with external validation. The Committee also reviewed the Internal Audit Charter and subject to some minor changes, it was approved.

The Committee reviewed the External Auditor's Independence Policy. As well, they approved an amount of up to [REDACTED] for Deloitte to do non-audit activity. This covers the period to the end of 2018. A discussion also took place with respect to the independence of the auditors and the fact that the lead partner has been on the file for approximately 10 years. The Committee is comfortable with this fact, particularly given that there is a new Managing Partner involved in the file.

Finally, the Committee received a presentation on cybersecurity. It was suggested that this presentation should be provided to the full Board of Directors at an upcoming meeting. He noted that the Audit Committee is satisfied that the appropriate processes are in place with respect to cybersecurity.

Mr. Oake noted that the Audit Committee is recommending the appointment of Deloitte as Auditors for 2017 and is also recommending the approval of the remuneration as outlined in the resolution included in the papers.

On motion duly made by M. MacLeod, seconded by J. Hillyard and unanimously carried, it was resolved:

**THAT** Deloitte be and they are hereby appointed Auditors of the Company for the year ending December 31, 2017, at a remuneration to be fixed by the Board of Directors of the Company.

112th Nalcor Energy Board Meeting  
September 29, 2017  
Page 13 of 19

On motion duly made by J. Green, seconded by B. Maynard and unanimously carried, it was resolved:

**THAT** the remuneration of the Company's auditors, Deloitte, for the examination and reporting on the accounts of the Corporation for the year ended December 31, 2017 be and it is hereby approved in an amount not to exceed [REDACTED] excluding taxes.

**1487. FINANCIAL REPORT**

Mr. Sturge reviewed the Financial Report that was included in the meeting papers.

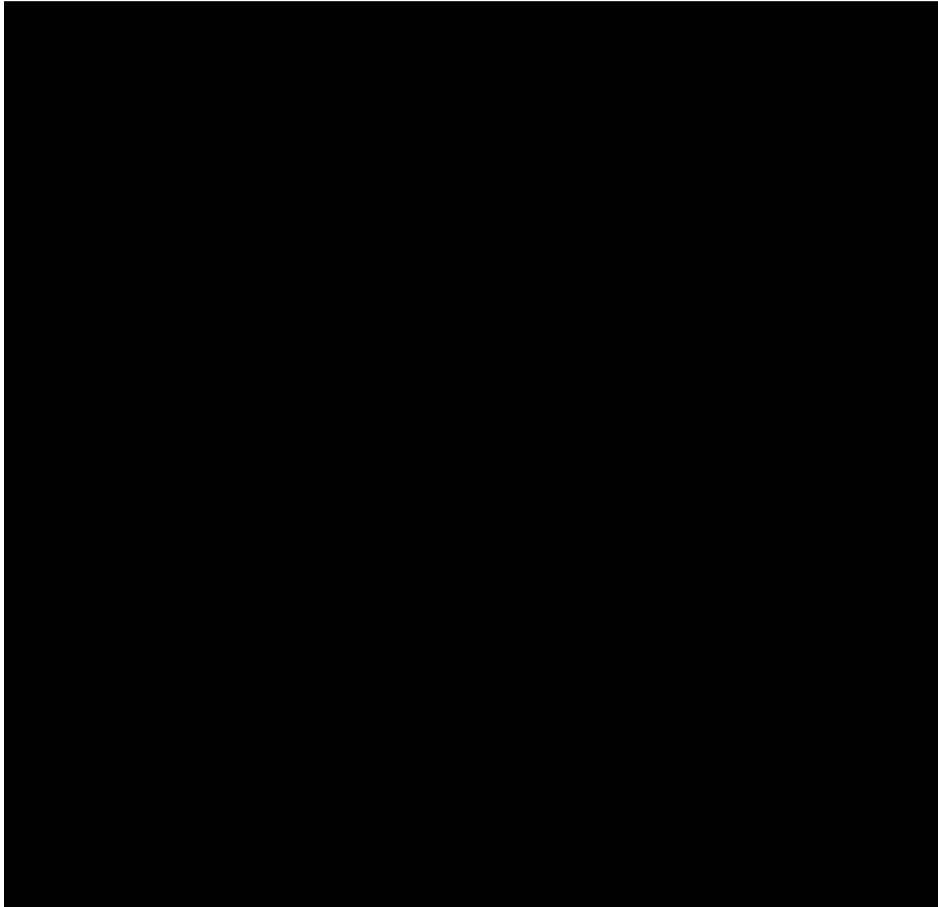
Mr. Sturge reviewed the Capital Expenditures as outlined in the Report and explained the variances between the forecast and budget. He stated that with respect to NLH some projects were advanced and others were delayed. He noted that there were overages on the LCP Capital Budget resulting from shifting of timing of work, but overall there would be no further increases in costs as a result.

Mr. Sturge outlined borrowing activity of NLH which had recently been carried out, as well as anticipated borrowing. He noted that the Province wants to in the future do the borrowing for NLH and then lend the money on to the Corporation. The Government believes this will result in a better interest rate for the borrowings.

**1488. PARENTAL GUARANTEE FOR  
NALCOR ENERGY MARKETING**

[REDACTED]

112th Nalcor Energy Board Meeting  
September 29, 2017  
Page 14 of 19



**1489. EXECUTIVE UPDATE**

**CEO**

Mr. Marshall noted that during the recent meeting with the Premier he raised two points which were not related to the issue of contractors working on the LCP. The first was the need to raise the reservoir levels at the Lower Churchill site in order for work to be carried out on the safety boom in the Fall. The Premier agreed with that as long as the appropriate protocol with respect to informing the Aboriginals was followed. The second item related to establishing a public policy with respect to savings from the sale of energy achieved prior to Muskrat Falls



112th Nalcor Energy Board Meeting  
September 29, 2017  
Page 15 of 19

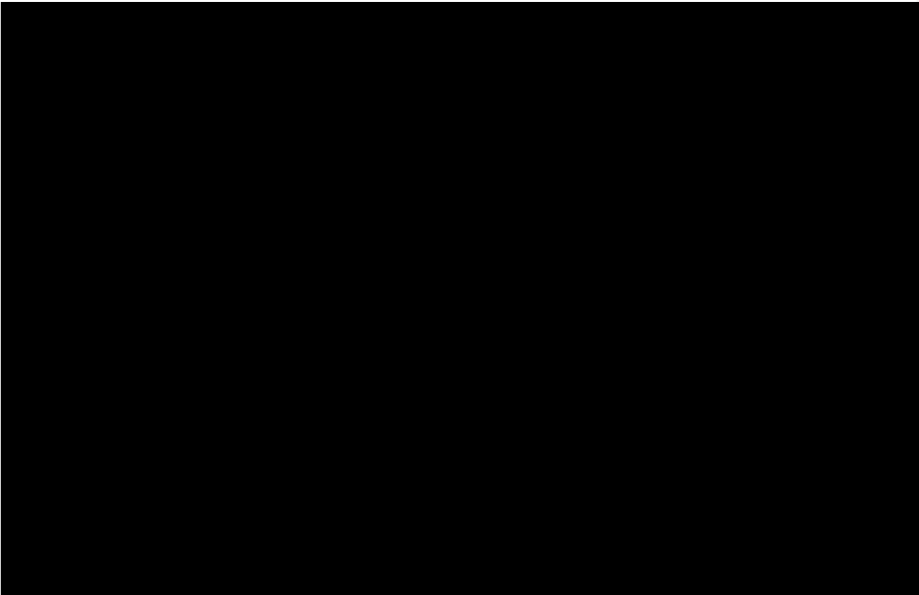
coming on line. He informed the Premier that Nalcor would be presenting a proposal to Government in this regard.

It was noted that the Lower Churchill reservoir has been raised and work on the boom is underway. With respect to methylmercury, measurements that have been taken still show no change in methylmercury levels downstream.

With respect to the Mud Lake flooding, a Report from Hatch was provided to Nalcor with the finding that Nalcor did not cause the flooding of Mud Lake. It was also noted that the preliminary report from the Government's Independent Consultant is consistent with the Hatch Report.

With respect to the methylmercury independent advisor and the work of the Independent Experts Advisory Committee (IEAC), work is still ongoing in that regard.

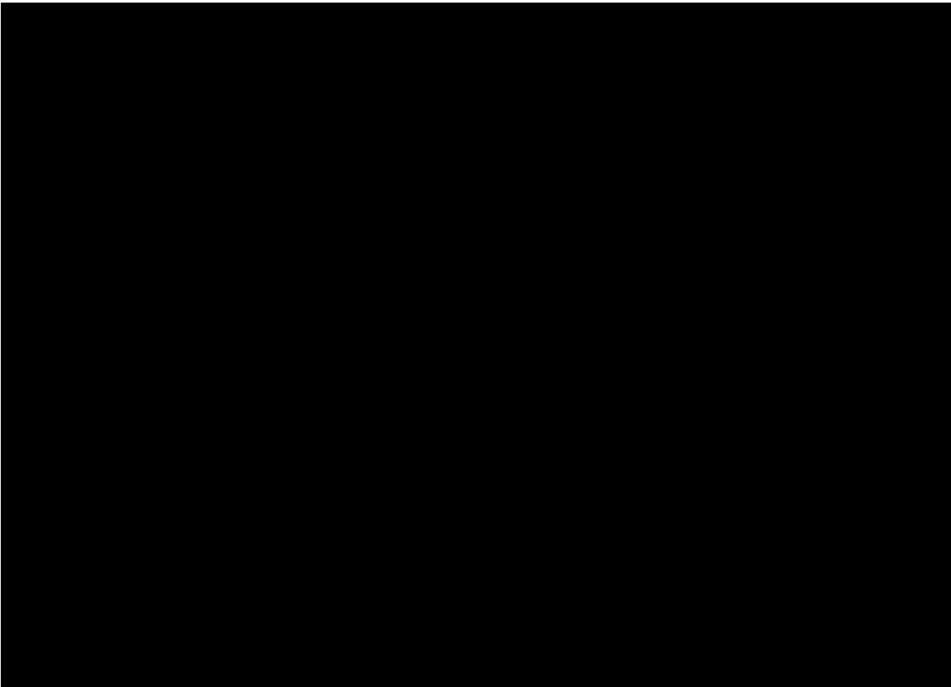
**1490. NLH**



112th Nalcor Energy Board Meeting  
September 29, 2017  
Page 16 of 19



**1493. Corporate Services and Offshore Development**



112th Nalcor Energy Board Meeting  
September 29, 2017  
Page 17 of 19

**1492. Power Development**

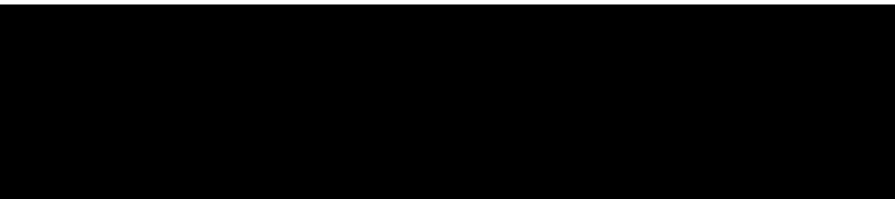
Mr. Bennett reviewed his report included in the meeting papers on activities in the Power Development area. He stated that the reservoir is presently at 21.5 meters and work is ongoing with respect to the construction of the boom upriver of the plant. After the boom has been constructed the reservoir levels will be raised to 25 meters for the winter. He noted that IEAC is interested in this issue and indications are they will be asking Nalcor for a feasibility study with respect to removal of soil in the reservoir as a mitigating measure against creation of methylmercury. He then outlined efforts that Nalcor has undertaken to mitigate the methylmercury effect resulting from the flooding of the reservoir.

Mr. Bennett reported that Astaldi continues to work in accordance with plan. As well, discussions are ongoing with Andritz with respect to the contract for the gates. Finally, he reported that the work related to the North Spur stabilization has been completed.

Ms. Molloy left the meeting at this time.

**1493. Power Supply**

Mr. MacIsaac reviewed his update that was included in the papers.



Mr. MacIsaac reviewed a presentation which had been provided to the Board prior to the meeting. It was a report on the LCP Transmission Link Project that had been provided to the Oversight Committee of Government earlier in September. He stated that there were no new risks identified. He then reviewed

112th Nalcor Energy Board Meeting  
September 29, 2017  
Page 18 of 19

the progress of the work on the LTA, as well as that on the Labrador-Island Link. Mr. MacIsaac reviewed the workforce reductions which have taken place and are anticipated in the near future. He stated that the energization of the monopole is on schedule for June of 2018.

1494.



E. Turpin and J. MacIsaac left the meeting at this time.

**1495. PRE-MUSKRAT POWER PURCHASES**

Prior to the meeting, a memo was circulated to the Board members for information. It gave an update to the Board as to work that has been ongoing with respect to pre-Muskkrat power purchases. It was noted that any arrangements that will be made with other parties for the supply of energy during the pre-Muskkrat time period will not commit Nalcor or any of its subsidiaries to purchase power. It would only be purchased if it is advantageous to Nalcor. As well, if there is any delays in the energization of the assets, there is no risk to Nalcor as no commitment has been made in that regard. It was agreed it is not

112th Nalcor Energy Board Meeting  
September 29, 2017  
Page 19 of 19

required that Nalcor Board approval be given to this activity as this is a routine activity for Nalcor Energy Marketing.

**1496. IN CAMERA SESSION**

Messers. Keating, Bennett, Sturge, Haynes and Hickman left the meeting at this time.

The remaining Board members then held an in camera session. Mr. Marshall then left the meeting and the remaining members of the Board held an in camera session.

**1497. TERMINATION**

There being no further business, the meeting was terminated.

\_\_\_\_\_  
Secretary

Verified at a meeting held on  
\_\_\_\_\_, 2017

\_\_\_\_\_  
Chairperson

**RESOLUTION**

**114TH NALCOR ENERGY BOARD OF DIRECTORS MEETING**  
**NOVEMBER 24, 2017**

**VERIFICATION OF MINUTES**

**BE IT RESOLVED**

**THAT** the minutes of the **ONE HUNDRED AND TWELFTH** meeting of the Board of Directors of Nalcor Energy held on September 29, 2017 which minutes are currently before this meeting, be and they are hereby verified as being correct; and

**THAT** the Chairperson of the Board be and is hereby authorized to verify the minutes by signing the Minute Book.



## MEMO

**Date:** November 21, 2017

**To:** Nalcor Energy Board of Directors

**Subject:** Board Compensation

---

At its meeting of November 20, 2017, the HR and Compensation Committee discussed the issue of Board compensation. At the meeting they were provided with a presentation and draft policy, both of which are attached for your review. The Committee is recommending that the Board be compensated in accordance with the policy. Authorization to pay the Board must come from Government, so if the Board is in agreement that directors should receive compensation, then it is the Committee's suggestion that the Chair raise the issue with the Premier to test whether or not the Government would be open to a formal request in that regard.

As background to this issue, subsection 6(4) of the *Energy Corporation Act* states that "The directors shall be paid the salary or other remuneration that the Lieutenant-Governor in Council may determine..." So there is not a requirement that Board members be compensated and the decision as to whether they are and how much rests with Cabinet. In the 10 years of Nalcor's existence, the Board members have never received any remuneration (other than reimbursement for expenses). My sense is that this was more a result of the issue not being addressed, as opposed to a conscious decision not to pay directors.

The amounts being proposed mirror those presently being paid to NLH and CF(L)Co Board members, with the exception that Committee Chairs for those Boards do not receive the extra compensation of \$100 per hour for prep time. The amounts paid to those Board members were established in the early 1990's. It should be noted that Bull Arm Board members also receive compensation, in the amount of \$120 for a half day and \$240 for a full day; that was in place when Nalcor acquired the company from the Provincial Government.

Money has been included in the 2018 Nalcor budget to cover compensation of Board members in the amounts proposed. Money has also been included for compensation of directors in the budgets of the various subsidiary Boards, but the focus at this point in time is compensation of Nalcor directors only. Compensation of the subsidiary Boards is within the control of Nalcor, so a decision as to compensation of directors of those companies can be made after the matter of Nalcor Board compensation has been settled.

# Board Remuneration

## Nalcor Energy Board of Directors

### November 24, 2017

5.1

Boundless Energy





# Board Accountability

5.1

- The Board's responsibilities include governance, leadership, and stewardship of Nalcor and for supervising the management of the business and affairs of the Company.
- The mandate, functions and responsibilities of the Board and its committees are subject to the provisions of the applicable Energy Acts and Regulations of the Province
- Nalcor is a complex entity:
  - Structured to compete and partner with other large national and global business enterprises
  - Built to bring mid/long term revenue to the Province from effective development of energy resources
  - Encompassing a large base of heavy industrial producing assets which needs to be actively developed and maintained

# Drivers for Board Remuneration

5.1

- Considerable **time** is required of Board members to meet their mandate
- **Diverse Industry expertise** of Board members is crucial to successful outcomes
- There is a need for **continuity** of Board members, and there is a significant learning curve
- Other government owned entities within the Broader Public Sector (BPS) have Board Remuneration as part of their compensation programs, including subsidiaries of Nalcor such as NL Hydro, CFLco and Bull Arm

# Remuneration

5.1

- Most common elements of Board remuneration include:
  - Cash retainers for Board service;
  - Annual equity grants for Board service;
  - Committee Chair retainers; and
  - Lead Director or Non-Executive Chair Retainers
- If Nalcor were to adopt a remuneration policy consistent with its subsidiary companies, the cost of implementation would be less than \$100K
- Existing elements of remuneration within the subsidiaries include:
  - Retainers for Board Service
  - Meeting fees
  - Expense reimbursement

# Conclusion

- Director pay is very important in recruiting and retaining highly qualified Directors. It is also symbolically important as a representation of the company's attitudes towards corporate governance.

5.1



Hydro Place, 500 Columbus Drive,  
P.O. Box 12800, St. John's, NL  
Canada A1B 0C9  
t. 709.737.1440 f. 709.737.1800  
nalcorenergy.com

5.1

**NALCOR ENERGY BOARD OF DIRECTORS  
REMUNERATION POLICY**

**POLICY STATEMENT**

In accordance with the Shareholder's authorization (pursuant to the provisions of the Energy Corporation Act), Nalcor Energy ("Nalcor") will remunerate its Board of Directors when they conduct business on behalf of the corporation, to recognize their role in providing corporate stewardship, oversight and protection of company interests.

**OBJECTIVE**

The objective of this policy is to outline the remuneration to be paid to Board members (excluding Nalcor and Public Sector employees) in recognition of time required to prepare for and participate in Board and Committee meetings.

**SCOPE**

This policy applies to members of the Nalcor Board of Directors other than members of the Board who are employees of Nalcor or the broader Public Sector.

**COMPLIANCE**

Board members and Nalcor's Corporate Secretary are responsible for administering the remuneration of the Board and are required to comply with the terms of this policy. Compliance with this policy may be periodically audited.

**PERIODIC REVIEW**

The Human Resources & Compensation Committee (HRCC) will periodically review the Directors' remuneration policy and make recommendations as required to the Board. Changes to the remuneration of Board members shall require the approval of the Shareholder.

**REMUNERATION**

Each Board member eligible under this policy will receive an annual retainer in the amount of \$2,500 plus \$250 for each Board and Committee meeting that they attend as a Board/Committee member. In addition the Chair of the Board and each Committee will receive \$100/hour for time spent carrying out work as Chair other than in meetings of the Board/Committee.

**PAYMENT OF REMUNERATION**

At the end of each quarter, each Board member will receive 1/4 of their retainer plus payment for meetings attended during that quarter. In addition, the Chair of the Board and each Committee shall be paid for the hours in which he/she carried out work as Chair during that quarter other than in meetings of the Board/Committee, based on a report provided by each Chair to the Corporate Secretary outlining such work and associated time.

**EXPENSES**

All Directors and Committee members are eligible for reimbursement of expenses in accordance with the Board travel expenses guidelines.



**MANDATE**

**AUDIT COMMITTEE**

**November 2017**

**MANDATE  
AUDIT COMMITTEE  
of the BOARD OF DIRECTORS  
NALCOR ENERGY**

---

**5.3****I. PURPOSE**

The Audit Committee (the “**Committee**”) is a committee of the Board of Directors of Nalcor Energy (the “**Board**”). The primary function of the Committee is to assist the Board in fulfilling its oversight responsibilities.

The Committee shall provide the necessary financial and audit oversight for Nalcor Energy (the “**Corporation**”) and its subsidiaries (collectively, the “**Corporate Group**”).

The individual boards of each subsidiary will continue to be accountable for the approval of annual audited financial statements. The Committee shall have overall accountability for financial reporting, external audit, internal control, internal audit and related matters included in this mandate. As required, the Chair of the Committee shall communicate and coordinate with the boards of the subsidiaries with regard to these issues. The Chair of the Committee may attend the meetings of any subsidiary board to address matters included in the scope of this Mandate.

The Committee’s primary duties and responsibilities are to:

- (i) serve as an independent and objective party to monitor the integrity of the Corporate Group’s financial statements, financial reporting process and systems of internal controls regarding finance, accounting, and legal compliance;
- (ii) identify and monitor the management of the principal risks that could impact the financial reporting of the Corporate Group;
- (iii) appoint, approve compensation, and monitor the independence and performance of the Corporate Group’s external auditor;
- (iv) monitor the compliance by the Corporate Group with legal and regulatory requirements;
- (v) provide an avenue of communication among the external auditor, management, and the Board; and
- (vi) encourage continuous improvement of, and foster adherence to, the Corporate Group’s policies, procedures and practices at all levels.



The Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and it has direct access to the independent auditors as well as anyone in the organization.

## **II. CONSTITUTION**

1. The Committee shall have at least three members who shall be appointed to the Committee by the Board. All members shall be directors of the Board, none of whom shall be an officer or employee of the Corporate Group, and all of whom shall be free from any relationship, that in the opinion of the Board, could interfere with the exercise of his or her independent judgment as a member of the Committee. All members of the Committee shall have a basic understanding of finance and accounting and be able to read and understand fundamental financial statements, and at least one member of the Committee should have accounting or related financial management expertise which results in the individual's financial sophistication.
2. The Board shall appoint a Chair of the Committee from among the Committee members. If the Chair is not present at any meeting of the Committee, the Chair of the meeting shall be chosen from among the members present.
3. Any member of the Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee upon ceasing to be a director of the Corporation.
4. In the event of any vacancy which results in less than three members of the Committee, the Board shall fill such vacancy in a reasonable time from among the directors of the Corporation.
5. The Chair presiding at any Committee meeting shall have a vote in all matters considered by the Committee.
6. The Corporate Secretary of the Corporation or designate shall be the Secretary of the Committee.

## **III. MEETINGS AND MINUTES**

7. A majority of members shall constitute a quorum for all meetings of the Committee. The powers of the Committee may be exercised at a meeting at which a quorum of the Committee is present, in person or by telephone or other electronic means, or by a

resolution signed by all members entitled to vote on that resolution at a meeting of the Committee.

8. The Committee shall meet as frequently as it determines necessary but not less than twice per year.
9. At each meeting of the Committee, an opportunity shall be provided for its members to have an in camera session.
10. The Committee may invite such officers, directors and employees of the Corporate Group and external consultants and auditors as it may see fit, to attend its meetings and to take part in the discussions and consideration. The Committee shall have the right at all times to determine who shall and shall not be present at any or part of the meetings of the Committee.
11. The Manager of Internal Audit and the external auditor shall have the right to directly communicate with the Chair of the Committee concerning any significant financial, internal control, or audit related matters as well as the opportunity to meet in private with the Committee at each meeting.
12. A draft copy of the minutes of a meeting shall be circulated to the members of the Committee within a reasonable time following conclusion of the meeting. All minutes approved by the Committee shall be signed by the Secretary of the meeting and the Chair of the Committee.
13. All recommendations, decisions and directives of the Committee shall be duly recorded by the Secretary in the minutes of the meeting.
14. A written or verbal report on any meetings of the Committee shall be made by the Chair or designate of the Committee at a subsequent meeting of the Board.

#### **IV. SCOPE, DUTIES AND RESPONSIBILITIES**

The Committee shall:

##### **A. Financial Statement and Disclosure Matters**

15. Review the annual audited financial statements of the Corporation and related financial reporting, including disclosures made in management's discussion and analysis, and recommend to the Board whether they should be approved, prior to distribution. Review the annual audited financial statements of the Corporation's subsidiaries and related financial reporting, and recommend to the relevant subsidiary board, excluding Churchill Falls (Labrador) Corporation, Twin Falls Power Corporation Limited and Newfoundland and Labrador Hydro, whether they should be approved, prior to distribution. Review the external auditor's report to the Committee regarding their audit of the annual financial statements. Consider the external auditor's judgment about the quality and appropriateness, not just the acceptability, of the Corporate Group's accounting principles and financial disclosure practices, as applied in its financial reporting, particularly about the degree of aggressiveness or conservatism of its accounting principles and underlying estimates and whether those principles are common practices or are minority practices.
16. Review the quarterly consolidated financial statements of the Corporation and related financial reporting, including disclosures made in management's discussion and analysis, and recommend to the Board whether they should be approved, prior to distribution. When authorized by the Corporation's subsidiaries, review and approve the quarterly financial statements of such subsidiaries, prior to distribution. Review the external auditor's report to the Committee regarding their review of the quarterly consolidated financial statements.
17. Consider and approve, if appropriate, major changes to the Corporate Group's accounting principles and practices as recommended by management.
18. In consultation with the management and the external auditor, consider the integrity of the Corporate Group's financial reporting processes and controls. Discuss significant financial risk exposures and the steps management has taken to monitor, control, and report such exposures. Review significant findings prepared by the external auditor together with management's responses.
19. Review any significant disagreements among management and the external auditor in connection with the preparation of the financial statements.
20. Review with financial management and the external auditor, when appropriate, the Corporate Group's financial reporting, including disclosures made in management's discussion and analysis, prior to the release of such information, the operation of internal

controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Corporate Group's internal controls.

21. Discuss with management and the external auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Corporate Group's financial statements.
22. Discuss with the external auditor matters relating to the conduct of the audit including any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.
23. Review and discuss reports from the external auditor on:
  - (a) all critical accounting policies and practices to be used;
  - (b) all alternative treatments of financial information within generally accepted accounting principles for policies and practices related to material items that have been discussed with management, including the ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the external auditor; and
  - (c) other material written communications between the external auditor and management, such as any management letter or schedule of unadjusted differences.

**B. Oversight of the Corporation's Relationship with the External Auditor**

24. The Committee shall review the independence and performance of the auditor and annually recommend to the Board the appointment and retention of the external auditor or approve any discharge of the auditor when circumstances warrant.
25. The external auditor is directly accountable to the Committee and to the board of each legal entity. The Committee shall be directly responsible for the compensation, such compensation to be paid by the appropriate legal entity, and oversight of the work of the external auditor (including resolution of disagreements between management and the external auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services.
26. The Committee shall pre-approve all audit fees and terms and all non-audit services provided by the external auditor for the Corporate Group, and consider whether these services are compatible with the auditor's independence. The Chair of the Committee may

delegate approval of proposed non-audit services that arise between Committee meetings provided that the decision to pre-approve the services is presented and approved at the next scheduled Committee meeting. Further discussion of the pre-approval process is contained in the Corporation's External Auditor Independence Policy.

27. The Committee shall review the independence of the Auditor in accordance with the External Auditor Independence Policy.
28. Prior to the commencement of the audit the Committee shall review the external auditor's audit plan and discuss scope, staffing, locations, reliance upon management and general audit approach with the external auditor.
29. The Committee shall consider the external auditor's judgments about the quality and appropriateness of the Corporate Group's accounting principles as applied in its financial reporting.
30. Prior to approving the annual audited financial statements, the Committee shall discuss the results of the audit with the external auditor, as well as certain matters required to be communicated to audit committees in accordance with Canadian Generally Accepted Auditing Standards.
31. Each legal entity shall provide for appropriate funding, as determined by the Committee, for payment of compensation to the external auditor for the purpose of rendering or issuing an audit report and to any advisors employed by the Committee.
32. Discuss any significant changes to the Corporate Group's accounting principles.
33. Evaluate the qualifications, performance and independence of the external auditor, including considering whether the auditor's quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the auditor's independence, and taking into account the opinions of management and internal auditors. The Committee shall present its conclusions with respect to the independent auditor to the Board.
34. Review and evaluate the lead partner of the external auditor team in accordance with the External Auditor Independence Policy.
35. Recommend to the Board policies for the Corporate Group's hiring of employees or former employees of the present or former external auditor who participated in any capacity in

the audit of the Corporate Group. Further details are included in the Corporation's External Auditor Independence Policy.

**C. Oversight of the Corporation's Internal Audit Function**

36. Review the appointment, replacement or reassignment of the Manager, Internal Audit.
37. Review the significant reports to management prepared by the Internal Audit Department and management's responses.
38. Discuss with the external auditor and management, the adequacy and effectiveness of the internal control systems and procedures, the internal audit department responsibilities, budget and staffing and any recommended changes in the planned scope of the internal audit.
39. Review internal audit's mandate, functional reporting, and the appropriateness of its staffing.
40. Review the planned scope of the internal and external auditors, results of their work, changes in planned scope, the extent of control testing performed, and the extent and appropriateness of the coordination of their activities.
41. Annually, the Committee shall approve the Internal Audit Plan.
42. The Committee shall satisfy itself that there are no unjustified restrictions placed on the scope of the internal audit activity.

**D. Compliance Oversight Responsibilities**

43. Establish procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
44. On at least an annual basis, review with the Corporation's General Counsel or designate, any legal matters that could have a significant impact on the organization's financial statements, the Corporate Group's compliance with applicable laws and regulations, and inquiries received from regulators or governmental agencies.

**E. Financial Risk Oversight**

With respect to financial risks related to commodity prices, foreign currency, interest rates, and granting credit, the Committee has the following responsibilities:

45. Provide the initial review of matters related financial risks prior to presentation to the Board;
46. Review the Corporate Group's Financial Risk Management Policy and recommended approval of the policy (and subsequent changes) to the Board;
47. Review proposed hedging or derivative arrangements that the Corporate Group is considering entering into and recommend approval to the Board as required by Financial Risk Management Policy;
48. Review the Corporate Group's accounting policies with respect to how it accounts for hedges and other derivative instruments;
49. Receive periodic reports from management on the effectiveness of the Corporate Group's strategy for managing financial risks.

**F. Other Audit Committee Responsibilities**

50. Review with the Chief Financial Officer of the Corporation and the external auditor: (i) all significant deficiencies and material weaknesses in the design or operation of the Corporate Group's internal controls and procedures for financial reporting which could adversely affect the Corporate Group's ability to record, process, summarize and report financial information required to be disclosed by the Corporate Group, and (ii) any fraud, whether or not material, that involves management of the Corporate Group or other employees who have a significant role in the Corporate Group's internal controls and procedures for financial reporting;
51. Discuss with management and the external auditor the effect of regulatory and accounting directives on the Corporation's consolidated financial statements.
52. The Committee shall perform such other duties as may be necessary or appropriate under applicable law or as may be delegated to the Committee by the Board from time to time.

**V. GENERAL**

53. The Committee shall have full, free and unrestricted access to management, employees and relevant information.
54. Subject to Board approval, the Committee shall have the authority to retain legal counsel, consultants or other advisors, with respect to any issue or to assist in fulfilling its responsibilities.

55. The Committee shall conduct an annual review and assessment of its performance, including a review of its compliance with this Mandate.
56. The Committee shall review and assess the Mandate as necessary taking into account all legislative and regulatory requirements applicable to the Committee as well as any best practice guidelines.

5.3



**RESOLUTION**

5.3

**114TH NALCOR ENERGY BOARD OF DIRECTORS MEETING**  
**NOVEMBER 24, 2017**

**APPROVAL AUDIT COMMITTEE MANDATE**

**BE IT RESOLVED:**

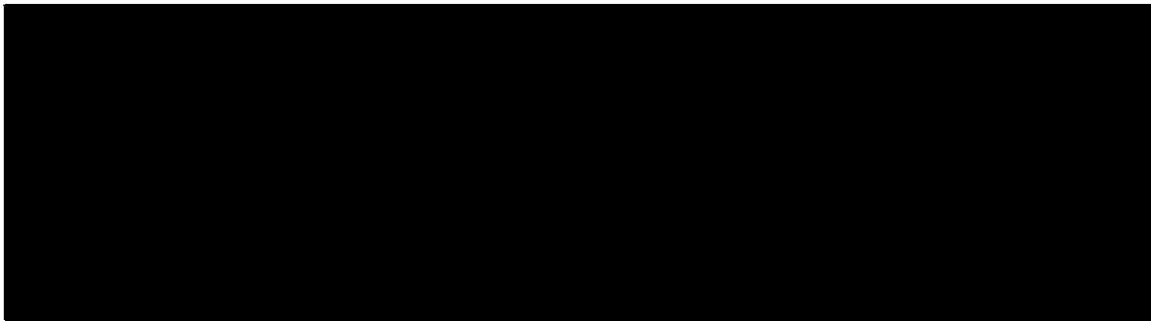
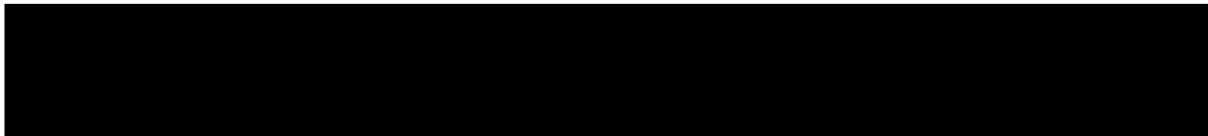
**THAT** the Mandate of the Nalcor Energy Audit Committee, in the form presented to the Board of Directors at its meeting of November 24, 2017, be and it is hereby approved.

Pages 41-43  
Have been fully Redacted

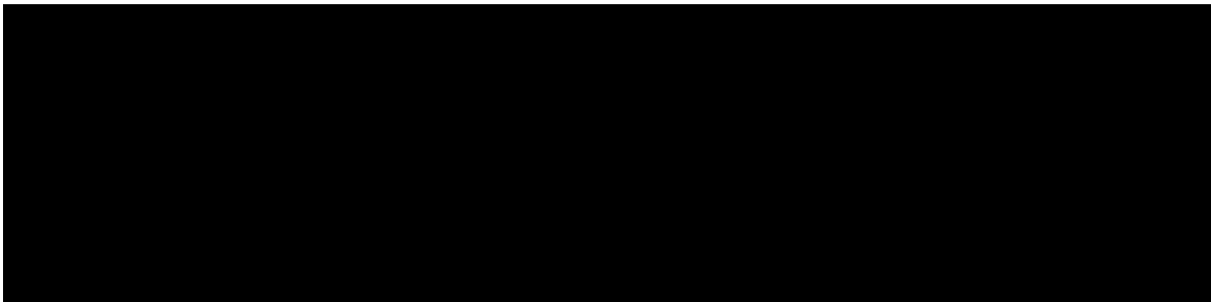
6.1

	Notes	Year-To-Date				Annual			
		Actual 2016	Budget 2017	Actual 2017	Budget Variance	Actual 2016	Budget 2017	Forecast 2017	Budget Variance
<b>Capital Expenditures (\$millions)</b>									
<b>Hydro</b>	12								
Muskrat Falls	13	826	859	915	56	976	1,011	1,080	69
<b>Power Development Total</b>		<b>826</b>	<b>859</b>	<b>915</b>	<b>56</b>	<b>976</b>	<b>1,011</b>	<b>1,080</b>	<b>69</b>
LCP Transmission	13	1,075	901	1,003	102	1,315	1,042	1,217	175
Other - Power Supply									
Churchill Falls (65.8%)									
<b>Power Supply Total</b>									
Energy Trading									
Commercial and Other									
<b>Energy Markets Total</b>									
Oil & Gas Development									
Oil & Gas Exploration									
Bull Arm									
<b>Offshore Development Total</b>									
Corporate									
Intersegment									
<b>Nalcor Subtotal</b>									
Maritime Link									
<b>Total</b>									
*Include intangible and tangible capital expenditures									
<b>LCP Capital:</b>									
Muskrat Falls	13	760	803	828	25	897	942	973	31
Labrador Transmission Assets		132	84	69	(15)	154	92	95	3
Labrador-Island Link	13	845	666	787	121	1,040	768	940	172
		<b>1,737</b>	<b>1,553</b>	<b>1,684</b>	<b>131</b>	<b>2,091</b>	<b>1,802</b>	<b>2,008</b>	<b>206</b>
Capitalized interest and financing costs**	15	142	149	196	47	173	181	240	59
Transition to Operations***		3	26	8	(18)	4	31	12	(19)
Class B limited partnership units		19	32	30	(2)	23	39	37	(2)
<b>Total LCP Capex</b>		<b>1,901</b>	<b>1,760</b>	<b>1,918</b>	<b>158</b>	<b>2,291</b>	<b>2,053</b>	<b>2,297</b>	<b>244</b>
**Capitalized interest and financing costs included in LCP Transmission and Muskrat Falls excludes AFUDC on Nalcor's Class A limited partnership units.									
***2016 TTO costs were originally budgeted in Hydro as a regulatory deferral.									
<b>Financing</b>									
Equity from the Province (\$millions)	14	547	302	327	25	656	1,296	861	(435)
Class B Partnership Contributions (Emera)		131	17	55	38	168	17	55	38
<b>Total Equity</b>		<b>4,109</b>	<b>4,653</b>	<b>4,687</b>	<b>34</b>	<b>4,263</b>	<b>5,684</b>	<b>5,239</b>	<b>(445)</b>
<b>Total Debt</b>	15	<b>6,483</b>	<b>7,232</b>	<b>9,965</b>	<b>2,733</b>	<b>6,583</b>	<b>7,204</b>	<b>10,008</b>	<b>2,804</b>
<p><sup>13</sup> Increase in forecast over annual budget for Muskrat Falls due to catch up of previous delays in the Converters and Synchronous Condenser contract at Muskrat Falls, an increase in site services costs due to camp expansion at Muskrat Falls and increased IDC and financing costs relating to new debt issuance. Increase in forecast over annual budget for LCP Transmission due to anticipated higher than budgeted progress on the LIL HVdc transmission line as a result of a change in schedule. This has been partially offset by lower than planned spending in the SOBI section of the LIL in current year due to more progress than planned in prior year.</p> <p><sup>14</sup> YTD actual higher than budget by \$25M primarily due to COREA funding received in March 2017 that was budgeted to be received in Dec 2016, partially offset by lower equity amounts received from the Province in actuals due to FLG2 and amounts received in advance from Province that have been drawn down. Annual forecast Equity from the Province is less than budget by \$435M due to a reduction in equity related to COREA as a result of FLG2.</p>									

Pages 45-52  
Have been fully Redacted



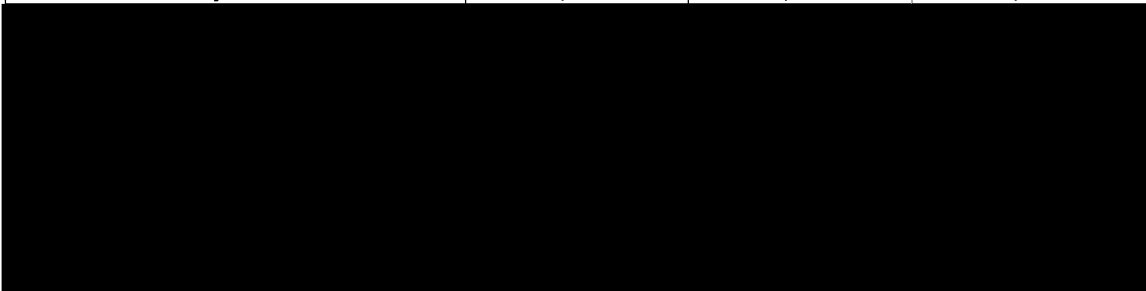
6.2



**Capital Expenditures**

The table below summarizes the capital expenditures:

	2018 Budget	2017 Budget	2017 Forecast
Lower Churchill Project	1,548	2,053	2,382



The breakdown of total capital expenditures for the Lower Churchill Project is noted below:

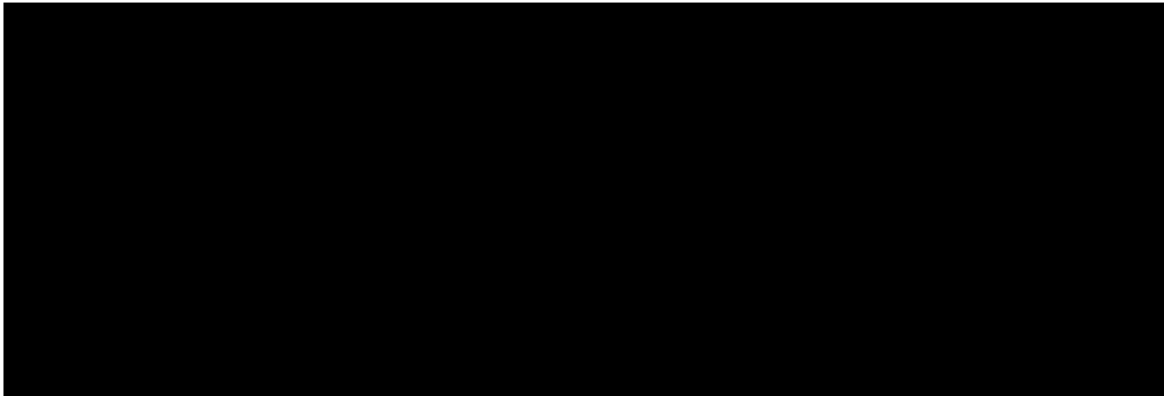
	2018 Budget	2017 Budget	2017 Forecast	Life to Date at End of 2018
<b>Direct Facilities Costs:</b>				
Muskrat Falls	971	942	963	4,886
Labrador Transmission Assets (LTA)	35	92	110	877
Labrador-Island Link (LIL)	220	768	1,014	3,597
<b>Total Direct Facilities Costs</b>	<b>1,226</b>	<b>1,802</b>	<b>2,087</b>	<b>9,360</b>
<b>Capitalized Interest &amp; Financing Costs</b>	<b>253</b>	<b>181</b>	<b>242</b>	<b>1,000</b>
Transition to Operations	27	31	16	42
Class B Limited Partnership Units	42	39	37	124
<b>Total</b>	<b>1,548</b>	<b>2,053</b>	<b>2,382</b>	<b>10,526</b>

**Financing Plan**

Providing continued financing and cash management for the capital program continues to be a major focus through 2018. Key activities being undertaken in 2018 relate to Lower Churchill and Hydro Financing:

- **Lower Churchill:** With the FLG2 financing completed in 2017, the 2018 financing requirements will be addressed as follows:
  - Drawdown of Debt Proceeds and Restricted Cash Balances (\$1,007 million)
  - Equity from Province (\$686 million including \$100 million contingency and \$15 million internally generated cash flow)

There are no Class B Partnership Contributions from Emera in 2018. Included in the 2018 financing requirements is a need to fund Cost Overrun Escrow Account (COREA) payments of \$331 million.



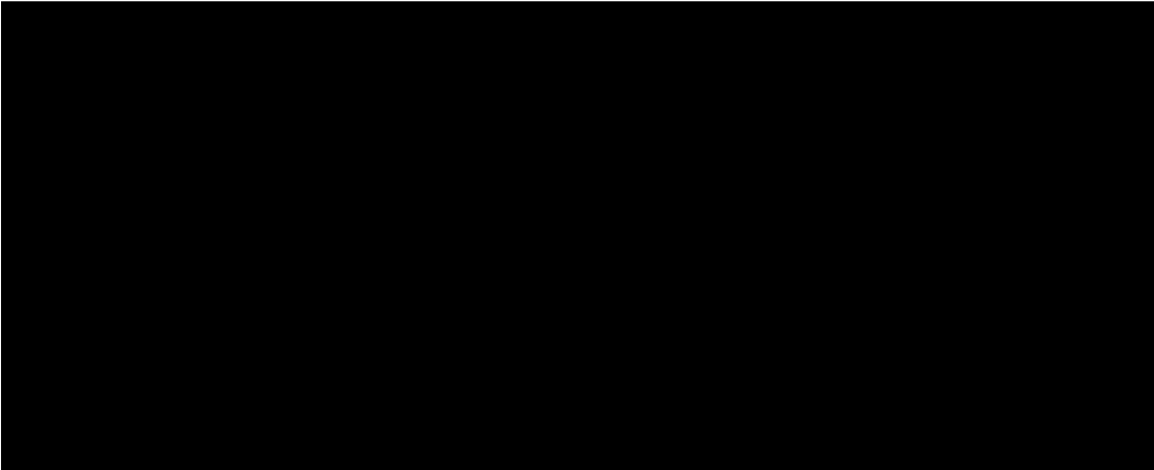
Total equity contributions and cash requirements from the Province in 2018 are summarized below:

	Calendar Year			NL Fiscal Year		
	2018 Budget	2017 Budget	2017 Forecast	2018/19 Budget	2017/18 Budget	2017/18 Forecast
Lower Churchill Project	601	1,261	842	651	1,214	619

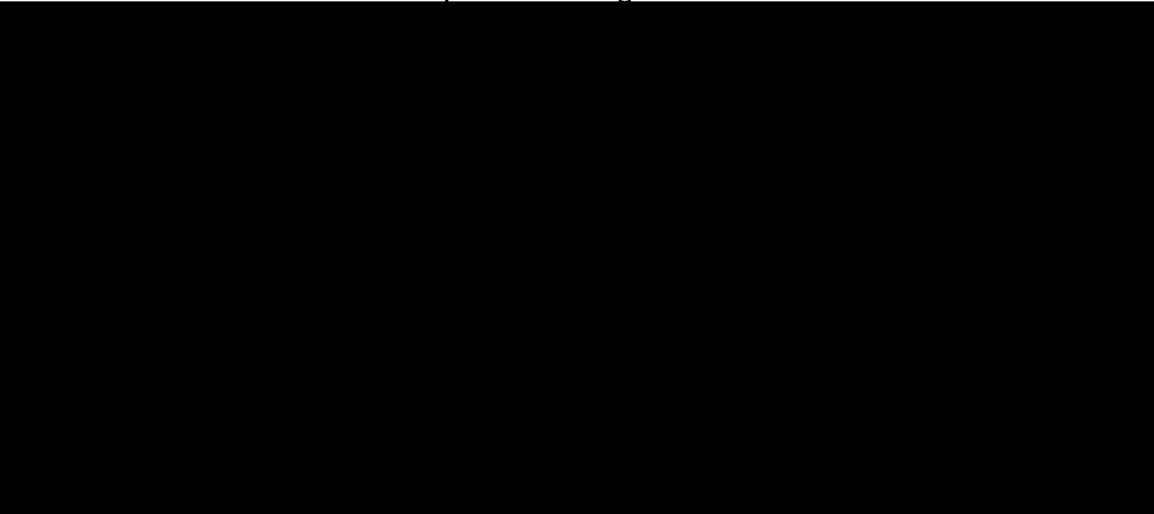
Pages 56-57  
Have been fully Redacted



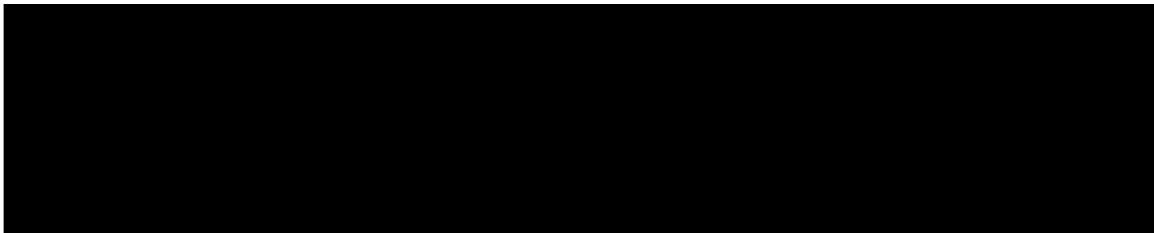
6.2



3) Asset Impairments – discussions are held on a quarterly and annual basis to test and assess whether any asset impairments exist. The assets that are the primary focus of this discussion include Gull Island, the Lower Churchill Project assets, [REDACTED] [REDACTED] Impairment of any of these assets could have a material impact on earnings levels.



6) Further Capital Cost Overruns / Schedule Delays for LCP – the current budget for 2018 is based on the June 2017 approved Authorization for Expenditure (AFE). Any changes to the level of forecast capital costs, timing of the capital cost expenditures, or project schedule could have a material impact on capital expenditure levels and our requirement to pre-fund equity payments under the Federal Loan Guarantee (FLG).



[REDACTED]

[REDACTED] In the case of Lower Churchill this could result in the requirement to fund additional equity. [REDACTED]

[REDACTED]

6.2

**Medium-Term Outlook**

[REDACTED]

[REDACTED] Delay in the Muskrat Falls generation project has created a significant gap between when we have transmission assets available (LIL, LTA, ML) and when we can start obtaining revenues from delivery of the NS Block, Export Sales, and sales to Hydro. As a result, financial results in 2018, 2019 and 2020 will be negatively impacted. The key factors impacting our medium-term financial outlook are as follows:

[REDACTED]

2020: First power from Muskrat Falls early in Q1, with second, third and fourth units coming in-service at intervals throughout 2020, with full power late in Q3. The in-service of the third unit mid-year triggers the start of deliveries to Emera. We will see first export sales and deliveries to Hydro also in 2020.

2021: First year of all LCP assets being in operation phase and costs being collected from customers. [REDACTED]

[REDACTED]

We are now in the process of updating our medium-term financial forecast to reflect the following items:

- a) Resolution of the complex accounting issues relating to LIL, LTA and Maritime Link;

[REDACTED]

# Nalcor Energy Budget Presentation 2018

6.2

Boundless Energy



November 22, 2017



# Outline

1. Overview and key drivers
2. Budget approach and guidelines
3. Key budget assumptions
4. Nalcor Energy Consolidated 2018 Budget:
  - Segment earnings - normalized
  - Key metrics
  - Financial statements
  - Operating expenses
  - FTE analysis
5. Capital expenditure analysis
6. Budget risks
7. Financing plan

## Appendices

- a) Hydro
- b) Lower Churchill Project (Muskrat Falls and LCP Transmission)
- c) Churchill Falls
- d) Other Power Supply
- e) Energy Trading
- f) Commercial & Other
- g) Oil & Gas
- h) Bull Arm
- i) Corporate

6.2

# Overview and Key Drivers

- **2018 is a significant transitional year for Nalcor, with key changes within the business taking place:**
  - a) A portion of Nalcor's larger investments move from the development to testing/operational phase. These assets include TL 267, Labrador Transmission Assets (LTA), Labrador-Island Link (LIL), Maritime Link and Hebron.
  - b) The Bull Arm lease with Exxon Mobil has ended, resulting in Bull Arm seeking a new tenant.
  - c) Energy will be delivered from Labrador to the Island for the first time using the LTA and LIL transmission assets. Hydro will be using a portion of the energy normally sold to export markets to supply island requirements.
  
- **As a result of these key changes, capital expenditure levels are starting to reduce, however, operating phase costs are starting to increase, resulting in lower net income levels in 2018.**
  
- **In addition to these transitional items, there are a number of key business activities that pose potential risks and uncertainties to the 2018 budget:**
  - a) The budget assumes Hydro achieves the outcome of the General Rate Application filed in 2017 with 2018 and 2019 test years.
  - b) There is significant uncertainty regarding the financial impact of the LTA and LIL assets moving from development to testing/operational phase.
  - c) Potential asset impairment remains a continuing risk, that is reviewed each quarter.
  - d) Given the nature of the business, commodity price, foreign exchange, oil production levels, regulatory risk, customer energy requirements, cost control and access to capital pose ongoing financial risks.

Pages 63-66  
Have been fully Redacted

# Key Budget Assumptions (continued)

## Other Power Supply

- 2018 represents the first full year of collective operation of the Other Power Supply segment, which includes Menihek, Engineering Services, Power Supply Executive, Lower Churchill Management Corporation and Maritime Link
- Maritime Link is scheduled to be commissioned in Q1 2018

## Lower Churchill Project

### LCP Transmission

- LTA and LIL will be ready for interim use starting in Q1 and 2 2018, respectively; to be capable of supporting Labrador East load during winter 2017/18 (subject to GE commissioning not being delayed) and facilitate delivery of recapture to Hydro
- Operating expenditure with respect to LTA and LIL will be incurred and recovered through Transmission Use Payments from Hydro prior to Muskrat Falls commissioning

### Power Development

- Muskrat Falls first and full power in Q4 2019 and Q3 2020, respectively
- Muskrat Falls operating expenditure and recovery from Hydro commences with project commissioning, in accordance with Power Purchase Agreement

Pages 68-77  
Have been fully Redacted



# Consolidated operating cost analysis by segment

	Budget 2017 \$	Adjusted Budget 2018 \$	Variance \$
Regulated Hydro			
Non-Regulated Hydro			
Muskrat Falls	529,197	1,430,273	901,076
LCP Transmission	2,025,242	9,342,333	7,317,091
Churchill Falls (65.8%)			
Other Power Supply			
Energy Trading			
Commercial and Other			
Oil and Gas			
Bull Arm			
Corporate			
Unidentified Cost Savings			
Risk Contingency			
<b>Total Operating Costs</b>			

6.2

\* Adjusted to exclude Exploits and Star Lake as these expenses are budgeted to be fully recovered and to exclude Maritime Link (\$14.3M system equipment maintenance expenditure) which is non-cash and recorded for financial reporting purposes

Page 79

Has been fully Redacted

# Capital expenditure analysis

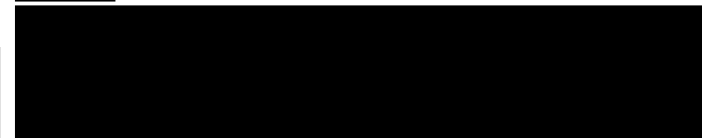
	Notes	Actual 2016	Forecast 2017 *	Budget 2017	Budget 2018	Budget Variance B18 v B17
<b>Capital Expenditures (\$millions)**</b>						
<b>Hydro</b>	1	<b>219</b>	<b>360</b>	<b>303</b>	<b>205</b>	<b>(98)</b>
Muskrat Falls		976	1,070	1,011	1,096	85
<b>Power Development Total</b>		<b>976</b>	<b>1,070</b>	<b>1,011</b>	<b>1,096</b>	<b>85</b>
LCP Transmission	2	1,315	1,312	1,042	452	(590)
Other - Power Supply Churchill Falls (65.8%)						
<b>Power Supply Total</b>						
Energy Marketing Commercial and Other	3					
<b>Energy Markets Total</b>						
Oil & Gas Development Oil & Gas Exploration Bull Arm	4					
<b>Offshore Development Total</b>						
Corporate Intersegment	5					
<b>Nalcor Subtotal</b>						
Maritime Link	6	485	562	575	10	(565)
<b>Total</b>						

\* Forecast as of September 30, 2017

\*\*Include intangible and tangible capital expenditures

## Variance analysis Budget 2018 v Budget 2017

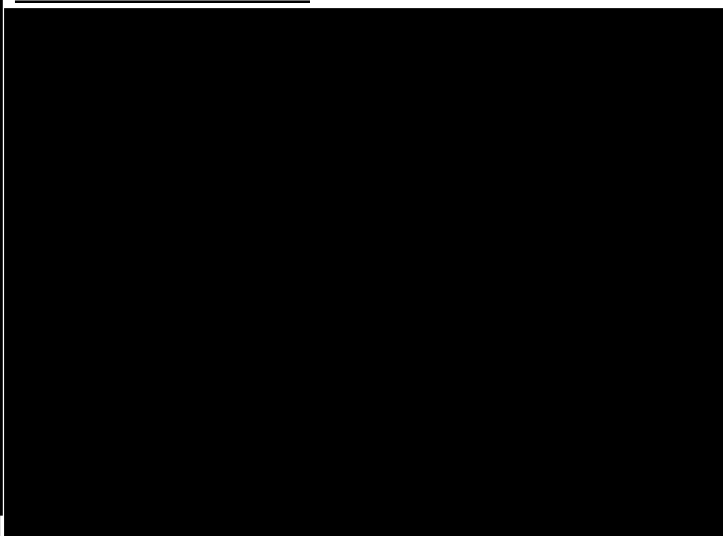
### 1. Hydro



### 2. LCP Transmission

The Labrador Transmission Assets and Labrador-Island Link assets are nearing completion resulting in a natural decrease in LCP Transmission capital expenditure.

### 3. Commercial and Other



### 6. Maritime Link

Budget 2018 is lower than budget 2017 due to the Maritime Link scheduled commissioning in Q1 2018. The budgeted balance in 2018 relates to the close out of remaining contracts.

6.2

# Budget Risks

6.2

- Unfavourable commodity price and foreign exchange movements
- Unfavourable electricity and oil volume movements
- Transmission tariff rates and market fees higher than budget
- Impairment of assets
- Proposed GRA filing does not get approved as filed
- Supply cost deferrals are not approved for recovery
- Deferral accounts related to LTA interest expense not approved by PUB
- Deferral account to capture savings associated with the use of recapture not approved
- Muskrat Falls inquiry costs could be higher than budgeted
- Ability to achieve operating cost reductions

Page 82

Has been fully Redacted

# Financing Plan - Line of Business Summary

		Funding requirement/ (available cash) \$ millions
NL Hydro		
Churchill Falls		
Energy Marketing		
Oil & Gas		
Bull Arm		
Nalcor Corporate		
Lower Churchill Project	Current estimate of LCP equity requirements. Update is pending.	601.0
	<b>Funding requirement, net of available cash</b>	<b>\$</b>

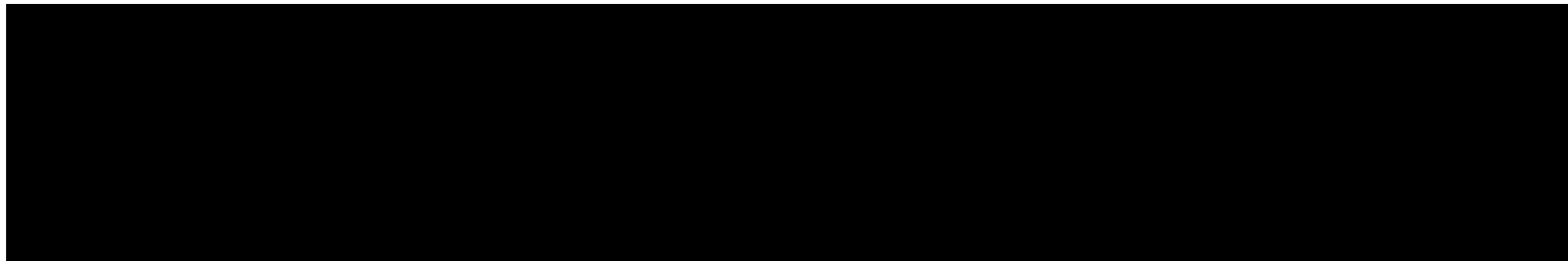
6.2

# Financing Plan - Provincial Equity Requirements

(\$millions)	Nalcor 2018 FY	Province 2018/2019 FY
Base equity contributions for LCP	270.3	319.9
Equity to fund COREA/PFE payments	330.7	330.7
<b>Subtotal LCP Equity <sup>[1]</sup></b>	<b>601.0</b>	<b>650.6</b>

6.2

Note 1: Reflects equity requirements based on latest capital cost estimate. Subject to change based on subsequent updates to capital costs occurring before Government sets Budget for its 2018/2019 fiscal year.



# Appendices – Segment analysis

Appendix A – Hydro

Appendix B – Lower Churchill Project (Muskrat Falls and LCP Transmission)

Appendix C – Churchill Falls

Appendix D – Other Power Supply

Appendix E – Energy Trading

Appendix F – Commercial & Other

Appendix G – Oil & Gas

Appendix H – Bull Arm

Appendix I - Corporate

6.2



Pages 86 - 93  
Have been fully Redacted

# Appendix B - Power Supply Transmission Budget Presentation 2018

6.2

Boundless Energy



November 22, 2017



# Budget 2018 – Statement of Profit(Loss) Muskrat Falls

Muskrat Falls Income Statement	Budget 2017	Budget 2018	Variance B18 V B17
<b>Revenue</b>	-	-	-
Operating costs	529,197	1,430,273	901,076
<b>Expenses</b>	529,197	1,430,273	901,076
<b>Profit (loss) for the period</b>	(529,197)	(1,430,273)	(901,076)

6.2

# Budget 2018 – Statement of Profit(Loss)

## Power Supply Transmission

Power Supply Transmission Income Statement	Budget 2017	Budget 2018	Variance B18 V B17
Other revenue	-	6,996,082	6,996,082
<b>Revenue</b>	-	6,996,082	6,996,082
Operating costs	2,025,242	9,342,333	7,317,092
Net finance (income) expense	(3,681,630)	20,948,537	24,630,167
Other (income) expense	-	489,346	489,346
<b>Expenses</b>	(1,656,388)	30,780,216	32,436,603
<b>Profit (loss) for the period</b>	1,656,388	(23,784,134)	(25,440,521)

6.2

# Budget 2018 – Operating expenditure analysis

## Muskrat Falls

	Budget 2017	Budget 2018	Variance	Percentage Variance
Salaries and Benefits	80,000	80,000	-	0%
Professional Services	83,466	95,369	11,903	14%
Training	118,286	187,516	69,230	59%
Advertising, Donations & Community Involvement	23,280	8,000	(15,280)	-66%
<b>Total Gross Operating Costs</b>	<b>305,032</b>	<b>370,885</b>	<b>65,853</b>	<b>22%</b>
Labour Recharge	224,165	759,057	534,892	239%
Cost Recoveries	-	300,331	300,331	100%
<b>Total Net Operating Costs</b>	<b>529,197</b>	<b>1,430,273</b>	<b>901,076</b>	<b>170%</b>

6.2

# Budget 2018 – Operating expenditure analysis

## Power Supply Transmission

	Budget 2017	Budget 2018	Variance	Percentage Variance
Salaries and Benefits	15,579,182	20,549,152	4,969,970	32%
System Equipment Maintenance	-	2,065,328	2,065,328	100%
Office Supplies, Memberships and Miscellaneous	-	(135,495)	(135,495)	100%
Professional Services	654,330	482,346	(171,984)	-26%
Equipment Rentals	-	212,803	212,803	100%
Utilities	-	62,522	62,522	100%
Travel	50,000	199,363	149,363	299%
Training	552,764	1,021,916	469,152	85%
Advertising, Donations & Community Involvement	26,724	476,998	450,274	1685%
Building Rental and Maintenance	-	93,456	93,456	100%
<b>Total Gross Operating Costs</b>	<b>16,863,000</b>	<b>25,028,389</b>	<b>8,165,389</b>	<b>48%</b>
Labour Recharge	348,659	2,190,497	1,841,838	528%
Capital Recharge	(15,186,417)	(18,664,903)	(3,478,486)	23%
Cost Recoveries	-	788,350	788,350	100%
<b>Total Net Operating Costs</b>	<b>2,025,242</b>	<b>9,342,333</b>	<b>7,317,091</b>	<b>361%</b>

6.2

# Budget 2018 – Capital expenditure analysis

	Actual 2016	Forecast 2017	Budget 2017	Budget 2018	Budget Variance B18 v B17
<b>Capital Expenditures (\$millions)</b>					
<b>LCP Capital:</b>					
Muskrat Falls	897	963	942	971	29
Labrador Transmission Assets	154	110	92	35	(57)
Labrador-Island Link	1,040	1,014	768	220	(548)
	2,091	2,087	1,802	1,226	(576)
Capitalized interest and financing costs**	173	242	181	253	72
Transition to Operations	4	16	31	27	(4)
Class B limited partnership units	23	37	39	42	3
<b>Total LCP Capex</b>	<b>2,291</b>	<b>2,382</b>	<b>2,053</b>	<b>1,548</b>	<b>(505)</b>
**Capitalized interest and financing costs included in LCP Transmission and Muskrat Falls excludes AFUDC on Nalcor's Class A limited partnership units.					

6.2

Pages 100 - 137  
Have been fully Redacted



	Notes	Actual 2016	Forecast 2017 *	Budget 2017	Budget 2018	Budget Variance B18 v B17	Budget Variance B18 v F17
<b>Capital Expenditures (\$millions)**</b>							
Muskrat Falls		976	1,070	1,011	1,096	85	26
LCP Transmission	15	1,315	1,312	1,042	452	(590)	(860)
<b>**Include intangible and tangible capital expenditures</b>							
<b>LCP Capital:</b>							
Muskrat Falls		897	963	942	971	29	8
Labrador Transmission Assets	15	154	110	92	35	(57)	(75)
Labrador-Island Link	15	1,040	1,014	768	220	(548)	(794)
		2,091	2,087	1,802	1,226	(576)	(861)
Capitalized interest and financing costs***	20	173	242	181	253	72	11
Transition to Operations		4	16	31	27	(4)	11
Class B limited partnership units		23	37	39	42	3	5
<b>Total LCP Capex</b>		<b>2,291</b>	<b>2,382</b>	<b>2,053</b>	<b>1,548</b>	<b>(505)</b>	<b>(834)</b>
<b>Financing</b>							
* Forecast as of September 30, 2017							
<sup>15</sup> The Labrador Transmission Assets and Labrador-Island Link assets are nearing completion resulting in a natural decrease in LCP Transmission capital expenditure in 2018.							
<sup>20</sup> Increase in budget 2018 Capitalized interest and financing costs compared to budget 2017 and forecast 2017 by \$72M and \$11M, due to the FLG2 of \$2,900M not being budgeted in 2017 and the increase over forecast is due to FLG2 being received in late May of 2017 resulting in an additional five months of financing costs in 2018.							

6.2

**RESOLUTION**

**114TH NALCOR ENERGY BOARD OF DIRECTORS MEETING**  
**NOVEMBER 24, 2017**

6.2

**APPROVAL OF 2018**  
**OPERATING AND CAPITAL BUDGETS**

**BE IT RESOLVED**

**THAT** the Nalcor Energy Consolidated Budget for 2018, as tabled and initialed by the Secretary for identification, be and it is hereby approved.

Pages 140 - 165  
Have been fully Redacted

## COMMUNITY

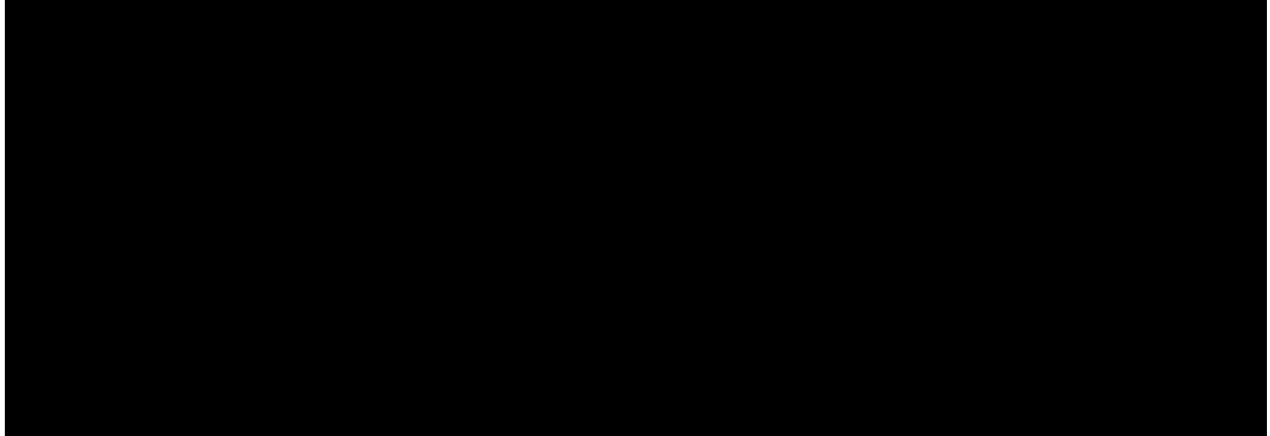
### Indigenous Affairs

- The Community Development Agreement with the NunatuKavut Community Council has been finalized. Execution is scheduled for early December.
- Nalcor hosted the new Grand Chief and council of the Innu Nation November 6<sup>th</sup>. Very positive meeting. General concerns raised on continued harassment/lack of respect of Innu workers by trades and contractor supervision. Focus now on Innu employment during the layoff process.
- CEO has been asked to participate in a “sharing circle” with the Labrador Land Protectors. Planning is underway for November 29<sup>th</sup>.

### Stakeholder/Shareholder Relations

- Coordinating Cabinet Paper on Open Access – Hydro deferral account paper still on hold
- 2018 Budget Presentation (with CFO, CEO and Minister) on November 1
- Quarterly Financial Results call held on November 8, 2017
- Muskrat Falls Records Preservation:
  - Coordinated a response to Minister’s letter of July 24, 2017 with CIO, IS and Legal

- Coordinating the preservation and protection of all records related to the decision-making process surrounding Muskrat Falls as required under the Management of Information Act and as requested by the Minister of Natural Resources in preparation for a public inquiry



7.3



**Executive Update – Power Development  
November 2017**

**7.4**

Safety

- No LTI's at Muskrat Falls from March 2017 to month end of October 2017. 3 LTI's YTD 2017.
- Muskrat Falls safety boom installation completed. Reservoir level maintained at elevation 22.5 m with planned increases in December to facilitate thermal ice cover. Level will be raised progressively to ensure an ice cover forms at minimum level – expected at 23.5 m, with maximum level of 25.0 m possible.
- Upstream cofferdam performance is normal after water level increase. The area between the cofferdam and the main RCC dam was inundated to elevation 9.0 m to reduce the net head on the cofferdam and thus seepage through the cofferdam.

Environment

- Continuing methylmercury and human risk studies to inform dialogue with IEAC. Methylmercury monitoring program is ongoing. Levels in Goose Bay and Lake Melville remain at baseline levels. (No change from last report)
- Final report from Hatch in relation to the flood event at Mud Lake has been received. They have concluded that Muskrat Falls construction is unrelated to the events at Mud Lake. The report commissioned by the Province reached the same conclusion.
- 40 hectare reservoir clearing program at Edward's Island has been completed. The cleared wood was successfully burned after the end of the forest fire season in Labrador.

Business Excellence

- Astaldi year to date concrete placement at 130,000 m<sup>3</sup> as of November 14, 2017 – this is Astaldi’s plan for 2017. The powerhouse has been enclosed.
- Andritz preparing Unit 1 stay ring for installation and is adjusting Unit 2 draft tube liner in preparation for embedment.
- Finalizing amending agreement for CH0032. Financial settlement is within the AFE5 budget.
- BPLP south dam scope complete.
- BPLP north dam placement completed for 2017. Dam is at elevation 15.69 m.

**7.4**People

- The interface coordination organization and processes have been rolled out on site. Contractor feedback has been positive.
- Organization realignment from civil to mechanical/electrical is ongoing.
- Negative commentary regarding contractors on the project team is increasing risk of losing key project personnel.
- Workforce reductions are being made with completion of civil program. No significant public commentary arising from this transition. Key messages have been shared with the Province.

Community

- Court proceedings are ongoing for various protestors.

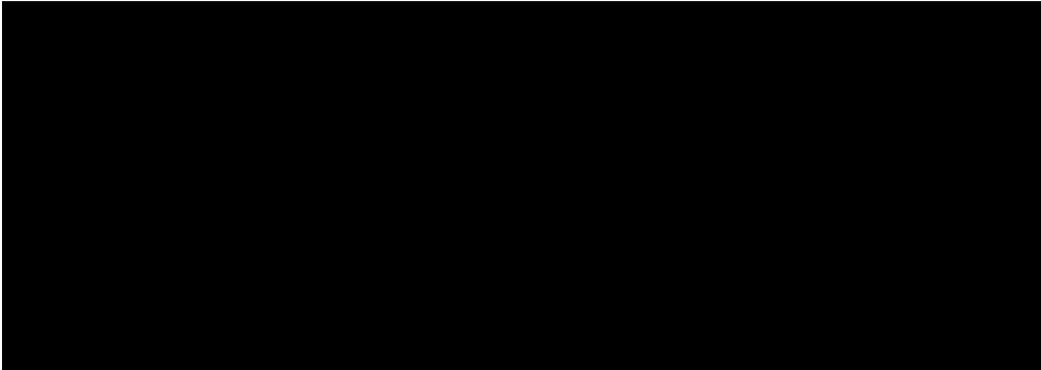


**EXECUTIVE UPDATE  
Power Supply**

Friday, 24 November 2017

**SAFETY**

**7.5**



Transmission Components at Project Level

- Year to date:
  - 1 Lost time, 8 medical aids
- Bolster the team with the addition of 3 new safety resources for overland transmission.
- OHS, additional HiPo incident since last report, corrective action taken and immediately addressed (line contact by mobile equipment)
- Risks:
  - Hunting season
  - Vehicle speeds
  - Energized switch yards

Mitigation Actions (unchanged from last report)

- Visible leadership in field, across project work and operations, increased oversight
- Continued focus on new and vulnerable workers within operations
- Robust protocol for integration and energization of new assets
- Project targets are based upon 2016 actuals and aligned to corporate approach / input
- Leadership changes / cultural shift / elevated accountability
- Spot Checks: use of radar guns and drug dogs.

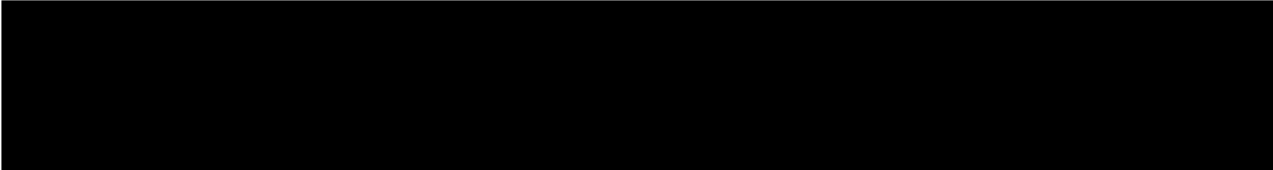


Power Supply

- Safety objectives embedded within 2017 roadmaps for each of CF, TTO overland transmission and HVdc Specialties
- Nalcor work protection code being leveraged as we step into asset energization across project sites

7.5

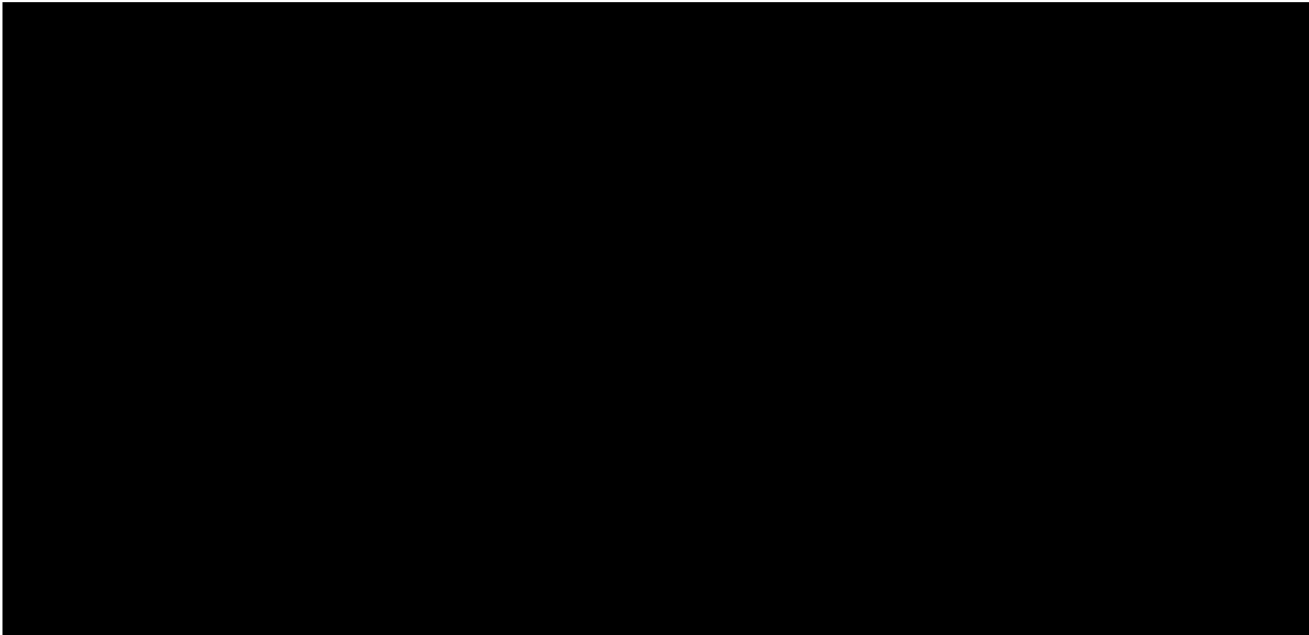
**ENVIRONMENT**



Transmission Components & Non-Regulated Capital Projects

- Work plan in place, resources in place, pre-work and permits are active
- Tracking with compliance
- Pre-work on permits for access road advancing, executive summary prepared and ready for submission to Government NL, targeted timing November month end. Minister of Natural Resources supportive of roads remaining in place.

**BUSINESS EXCELLENCE**



  
Transition to Operations (TTO):

- Budget compliant
- Tracking to road map, with recovery actions in play on lagging deliverable
- Recruitment is making steady progress, staffing risk reducing in real time
- Shift in focus for 2018 to Generation

Transmission Components:

- Aligned to road map milestones, continue to project end of 2<sup>nd</sup> quarter 2018
- Steady progress across work fronts, hitting milestone targets
- Amending agreements with Quanta and GE in place, HJOC settlement reached (partial) agreement reached
- High / Moderate Risk – continued energization of assets Churchill Falls / Soldier's Pond / Muskrat Falls
- No new incremental risks this reporting period
- Overland transmission substantially complete, commercial close for month end

**PEOPLE**

- Recruitment road map with regional focus first, making steady progress
- Interviews and announcements on leadership continue, now into management roles
- Hybrid model for first 12 and 24 months (Atco partnership), completions and commissioning next phase now ramping up

- Planning for demobilization of resources, starting in late October – thru December, already in progress

**COMMUNITY**

- Nunatukavut Community Council – interconnecting south coast communities, approved
- Goose Bay – Wellness center, aligned on 250K per year, four years, announced
- Support to NCC Agreement, ongoing
- Hydro met stations, bridge replacement Mud Lake (both completed for 2017)

**2017 OBJECTIVES (unchanged)**

- Roadmaps in place for each of Engineering, TTO, CF(L)Co and Transmission components
- Emphasis on “Deliver the Year”
- Performance contracts will support integration with direct linkage to roadmap
- Bench strengthening for the project delivery team continues, recent additions to completions and commissioning team (rising edge)
- Roll-out and implementation of Power Supply organizational structure continues, update last week
- Q4, Feed & Pework for 2018 (now substantially advanced)
  - Budgets
  - Integrated planning
  - Road maps

Pages 174 176  
Have been fully Redacted

## NALCOR ENERGY BOARD OF DIRECTORS

### 2018 MEETING SCHEDULE

Friday, March 2nd  
(11:30am-3:30pm)

Friday, May 11th \*  
(12:00pm-2:00pm)

Friday, June 22nd  
(11:30am-3:30pm)

Friday, August 10th \*  
(12:00pm-2:00pm)

Friday, September 28th  
(12:00pm-4:00pm)

Friday, November 9th \*  
(12:00pm-2:00pm)

Friday, November 23rd  
(11:30am-3:30pm)

\* Purpose of meeting is to approve quarterly financial statements

**Corporate Compliance Certificate – Safety, Health and Environment**

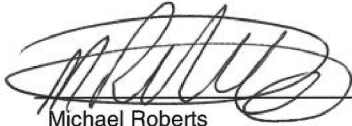
For the 12 month period ended October 31, 2017

We hereby certify that:

1. The statutory filings, reports, statements and representations identified below have been made in a timely and accurate manner to the appropriate external parties for Nalcor Energy and its subsidiaries.

	Nalcor Energy	NL Hydro	NE - CF	NE – Energy Marketing	NE - Oil & Gas	NE – BAF
<b>Workplace NL:</b>						
Payroll Assessment	✓	✓	✓	✓	✓	✓
PRIME Validation	✓	✓	✓	✓	✓	N/A
<b>Service NL:</b>						
OHS Orders addressed	100%	100%	100%	N/A	N/A	N/A
Notified of reportable incidents	✓	✓	✓	N/A	N/A	N/A
Notified of Work refusals	N/A	✓	N/A	N/A	N/A	N/A
OHS Committee Meetings	✓	✓	✓	✓	✓	✓
Emergency Response Plans	✓	✓	✓	✓	✓	✓
<b>Transport Canada:</b>						
Airport Certificate	N/A	N/A	✓	N/A	N/A	N/A
Operations Certificate Fixed Wing	N/A	N/A	✓	N/A	N/A	N/A
Operations Certificate Helicopter	N/A	N/A	✓	N/A	N/A	N/A
Certificate of Approval, Approved Maintenance Organization (AMO)	N/A	N/A	✓	N/A	N/A	N/A
Air emissions report to DOEC	N/A	✓	N/A	N/A	N/A	N/A
Used oil report to DOEC	N/A	✓	✓	N/A	N/A	N/A
PCB reporting to Environment Canada	N/A	✓	✓	N/A	N/A	N/A
Pollutant Release Inventory Report to Environment Canada	N/A	✓	✓	N/A	N/A	N/A
GHG Emission Report to Environment Canada	N/A	✓	N/A	N/A	N/A	N/A
Regulators advised of all reportable spills	N/A	✓	✓	N/A	N/A	N/A
Wastewater System Effluent reporting to Environment Canada	N/A	✓	✓	N/A	N/A	N/A
Up to date cumulative monthly reports to DOEC on wastewater discharge and ambient air monitoring in support of HTGS C of A	N/A	✓	N/A	N/A	N/A	N/A

2. Any written correspondence received from these parties that would suggest non-compliance or disagreement has been brought to the attention of the Safety, Health and Environment Committee.



Michael Roberts  
Chief Human Resources  
Officer,  
Vice-President,  
Safety, Health and  
Sustainability, Nalcor Energy

NOV 8, 2017  
Date



Steve Tilley  
Manager of Safety and  
Health, Nalcor Energy

Nov 7/2017  
Date



Marion Organ  
Manager of Environmental  
Services, Nalcor Energy

NOV 7/2017  
Date



**Lower Churchill Management Corporation**

Corporate Office  
 500 Columbus Drive  
 P.O. Box 12800  
 St. John's, NL Canada A1B 0C9

November 9, 2017


The Boards of Directors: Lower Churchill Management Corporation (LCMC)  
 Labrador-Island Link General Partner Corporation (LIL-GP)  
 Labrador-Island Link Operating Corporation (LIL-Opco)  
 Labrador-Island Link Holding Corporation (LIL-HC)  
 Labrador Transmission Corporation (LTC)  
 Muskrat Falls Corporation (MFC)

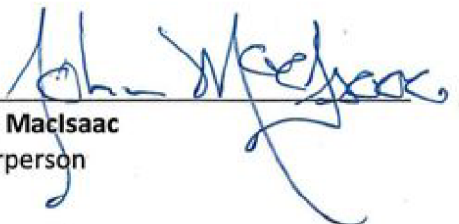
Ladies and Gentlemen:

We, Gilbert Bennett, Executive Vice-President Power Development of LCMC, and John MacIsaac, Executive Vice-President Power Supply of Nalcor Energy and Chairperson of LCMC, do hereby certify the matters set forth below regarding environmental matters in relation to the construction of Muskrat Falls, the Labrador-Island Transmission Link, and the Labrador Transmission Asset:

- a) All necessary permits and authorizations for current work activities are in place;
- b) Environmental Protection Plans have been developed and implemented to ensure compliance with the terms and conditions of applicable laws, regulations, permits, and authorizations;
- c) Regular and ongoing inspection of project activities is undertaken by project environmental monitors;
- d) Conformance processes to address and correct non-compliances with applicable Environmental Protection Plans have been developed and implemented;
- e) As of this date, there are no violations of applicable regulation or law or any other reportable regulatory condition or event without a mitigation plan acceptable to regulators.

Sincerely,

  
 \_\_\_\_\_  
**Gilbert J. Bennett, P. Eng., FCAE**  
 Executive Vice-President, Power Development

  
 \_\_\_\_\_  
**John MacIsaac**  
 Chairperson

a Nalcor Energy company

11.2