

**NALCOR ENERGY  
NEWFOUNDLAND AND LABRADOR HYDRO**

Strategic Plan 2011-2013  
Transparency and Accountability

March 2011





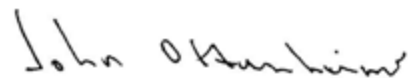
## Message from the Boards of Directors

I am pleased to provide the Strategic Plan for Nalcor Energy and Newfoundland and Labrador Hydro (Hydro or NLH), on behalf of the Boards of Directors.

Nalcor Energy and Hydro are category one public bodies under the *Transparency and Accountability Act* and this Strategic Plan was prepared in accordance with the applicable guidelines.

The focus period for this Strategic Plan is 2011-2013. The Plan content addresses both entities and outlines how each will address the applicable strategic directions of the Department of Natural Resources.

As the Boards of Directors of Nalcor Energy and Hydro, we are accountable for the preparation of this Plan and for the achievement of the specific goals and objectives contained herein.



**John Ottenheimer**  
Chair  
Nalcor Energy  
Newfoundland and Labrador Hydro



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## 1 STRATEGIC DIRECTIONS

A strategic direction is the articulation of a desired physical, social, or economic outcome that would normally require action by, or involvement of, more than one government entity.

The strategic directions of the Department of Natural Resources include:

- Increased exploration and development of energy resources including the acquisition and promotion of geoscience data, increased exploration and development activity, and enhanced marketing and promotion of our natural resources;
- Responsible resource development including the development of clean renewable energy through the Lower Churchill project and activities to support Social License<sup>1</sup> through adequate stakeholder consultation;
- Ensure maximum benefits to the province through the strategic development of our resources including increased participation in energy developments, supporting increased local industrial and employment benefits, and the increased participation of women and underrepresented groups in natural resource projects; and,
- Stable and competitive energy supply for domestic use and export to market with focus on alternative energy research and development, the advancement of renewable energy projects and related infrastructure, the development of industrial electricity rates that support resource development, the export of surplus energy, and the development of innovative technology solutions for existing and new energy sources.

The 2011-2013 Strategic Plans for Nalcor Energy and Newfoundland and Labrador Hydro (Hydro) has been developed taking into account the strategic directions of the Department of Natural Resources (see Appendix 1). The missions, goals, and objectives of both Nalcor and Hydro presented in this document support the achievement of these strategic directions.

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<sup>1</sup> Social License can be defined as a level of acceptance granted by the community, including Aboriginal groups. It is rooted in the beliefs, perceptions and opinions held by the local population and other stakeholders about a project.

## 2 OVERVIEW

### **Nalcor Energy**

Newfoundland and Labrador has an immense and diverse energy warehouse. In 2007, guided by its long-term Energy Plan, the Government of Newfoundland and Labrador created a new provincial energy corporation to take a lead role in the development of the province's energy resources. In 2009, the Nalcor Energy name and brand were introduced.

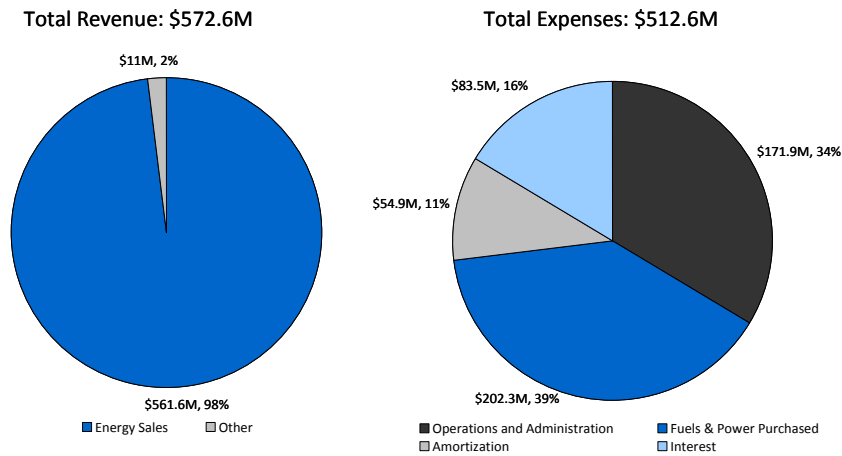
Nalcor's business includes the development, generation, transmission and sale of electricity; the exploration, development, production and sale of oil and gas; industrial fabrication site management; and energy marketing. Nalcor has four wholly-owned subsidiaries, Hydro, Nalcor Energy – Oil and Gas, Nalcor Energy – Bull Arm Fabrication, and Gull Island Power Corporation. Nalcor, through its subsidiary, Hydro, holds a 65.8 per cent interest in Churchill Falls (Labrador) Corporation (CF(L)Co) and 51 per cent of Lower Churchill Development Corporation (see Appendix 2).

Headquartered in St. John's, Nalcor's energy portfolio is located throughout the province (see Appendix 3). In 2010, Nalcor had over 1300 employees with nearly 70 per cent of these employees located in rural parts of the island and Labrador. The gender composition of Nalcor's employee group was 78 per cent male and 22 per cent female. Nalcor is currently developing a multi-year action plan to support diversity and inclusion.

In 2009 Nalcor had revenues of \$572.6 million. The majority of Nalcor's revenues are currently generated from energy sales to utility, rural and industrial customers. Nearly 40 per cent of Nalcor's 2009 expenditures related to fuels and power purchases by Hydro with operations and administration accounting for 34 per cent of expenses and amortization and interest totalling 11 per cent and 16 per cent respectively.



Nalcor Energy Consolidated Revenue and Expenses 2009



As the province’s energy company, Nalcor is leading the development of the province’s energy resources and is committed to prudent management of its assets while continuing an unwavering focus on the safety of its workers and the public.

**Hydro**

As the province’s main energy provider Hydro is focused on providing a safe, reliable and cost-effective electricity supply to meet current energy needs and accommodate future growth. Hydro is involved in both regulated and non-regulated activities.

Hydro is regulated by the Newfoundland and Labrador Board of Commissioners of Public Utilities (PUB) and its electricity rates are set through periodic general rate applications. The regulated portion of the company includes the generation, transmission, and distribution of electrical power and energy to utility, residential and commercial customers.

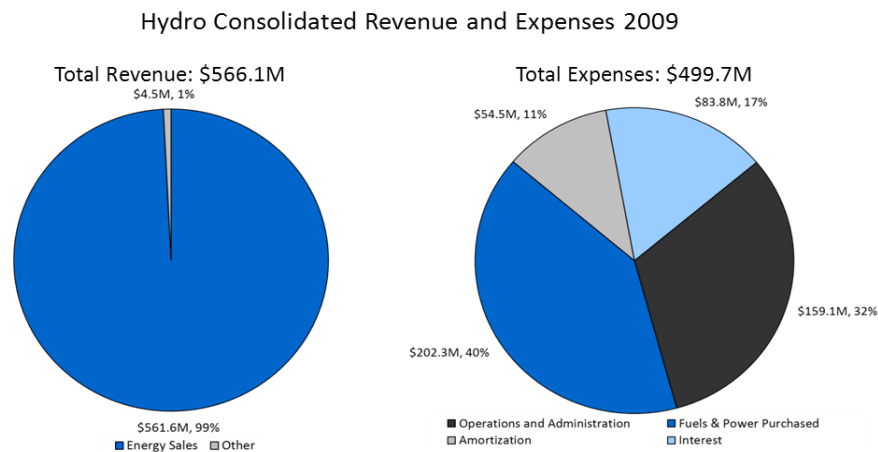
Hydro has an installed generating capacity of 1,637 megawatts (MW) and its generating assets currently include nine hydroelectric plants, one oil-fired plant, four gas turbines, and 25 diesel plants. These generating assets along with a network of transmission and distribution lines bring electricity to over 200 communities in Newfoundland and Labrador.

Under the Churchill Falls Power Contract, Hydro has the right to recall 300 MW of power. Hydro’s non-regulated activities include the sale of a portion of this power to mining operations in Labrador West. The remaining portion of recall power is sold on the Canadian side of the

United States/Canada border to a third-party energy marketer as well as directly into Atlantic Canada.

In 2010, Hydro, excluding its subsidiary CF(L)Co, employed nearly 900 people. The location of these employees reflects Hydro’s service area and the location of the company’s electricity assets with 68 per cent located in rural areas. The gender composition of Hydro’s employee group is 82 per cent male and 18 per cent female. As a large employer within Nalcor, Hydro will play a key role in implementing the multi-year action plan to support diversity and inclusion.

In 2009 Hydro had revenues of \$566.1 million. The majority of Hydro’s revenues are from energy sales to utility, rural and industrial customers with other revenues from pole attachment revenues, and preferred dividends from Churchill Falls. The following charts summarize the consolidated 2009 revenue and expenses for Hydro.



Nalcor and Hydro work with a variety of agencies, departments and commissions to execute their mandates. The Department of Natural Resources works with Nalcor and Hydro in policy-related areas for the various energy sector activities in which Nalcor engages. Activity related to the acquisition of working interests in offshore oil fields was a coordinated effort between the department and Nalcor Energy – Oil and Gas. The ongoing administration of issues related to the electrical system throughout the province and the execution of key policy actions outlined in the province’s Energy Plan are also areas of significant collaboration.

The Department of Finance works with Nalcor in relation to addressing requirements related to financial structure, as well as providing guarantees for the company’s debt financing activities.

The PUB is responsible for regulatory oversight of Hydro's regulated utility activities. This responsibility covers a wide range of activities, including approval of its revenue requirements, rates, rate structure and capital program. The role of the PUB is detailed in the *Public Utilities Act*.

Nalcor and Hydro also shares commitments with the Department of Environment and Conservation, the Department of Government Services, and the federal Department of Fisheries and Oceans in relation to the environmental aspects of the companies' activities.

### 3 MANDATE

#### Nalcor

The mandate of Nalcor, established in legislation under the *Energy Corporation Act (2008)*, is to invest in, engage in, and carry out activities in all areas of the energy sector in the province and elsewhere including:

- Developing, generating, producing, transmitting, distributing, delivering, supplying, selling, exporting, purchasing and using of power from wind, water, steam, gas, coal, oil, hydrogen or other products used or useful in the production of power.
- Exploring for, developing, producing, refining, marketing and transporting hydrocarbons and products from hydrocarbons.
- Manufacturing, producing, distributing and selling energy related products and services.
- Research and development.

#### Hydro

The *Hydro Corporation Act (2007)* mandates Hydro to be responsible for:

- Developing and purchasing power and energy on an economic and efficient basis.
- Engaging within the province and elsewhere in the development, generation, production, transmission, distribution, delivery, supply, sale, purchase and use of power from water, steam, gas, and other products.
- Supplying power, at rates consistent with sound financial administration, for domestic, commercial, industrial or other uses in the province, and subject to the prior approval of the Lieutenant-Governor in Council, outside of the province.

## 4 LINES OF BUSINESS

Nalcor has five lines of business: Newfoundland and Labrador Hydro, Churchill Falls, Oil and Gas, Lower Churchill Project, and Bull Arm Fabrication.

### ***Newfoundland and Labrador Hydro***

Hydro is the primary generator of electricity in Newfoundland. The utility delivers safe, reliable power to utility, industrial, residential and commercial customers in more than 200 communities in the province. Hydro Regulated activities can be grouped in the following lines of business:

- Electricity generation involves the operations of nine hydroelectric generating stations, one oil-fired plant, four gas turbines and 25 diesel plants. This line of business also includes Hydro's involvement in forecasting electricity requirements in the province and advancing options for generation expansion.
- Transmission, distribution and customer service activities include the operation and maintenance of over 3,700 kilometres of transmission lines and 3,300 kilometres of distribution lines. Customer service activities address the requirements of over 36,000 residential and commercial customers, Newfoundland Power, as well as our industrial customers.

As noted, Hydro's non-regulated line of business includes power sales to two industrial customers in Labrador and sales to other markets outside the province through energy marketing activities. As well, Hydro non-regulated operates the diesel plant in Natuashish, Labrador on behalf of the Mushuau Innu First Nation.

### ***Churchill Falls***

The Churchill Falls generating station is one of the largest underground powerhouses in the world with a rated capacity of 5,428 megawatts (MW). Safely operating and maintaining its electricity assets as well as municipal and community services drives the Churchill Falls strategy. The majority of electricity from the Churchill Falls station is sold to Hydro-Québec under a long-term contract. Churchill Falls sells 300 MW (recall power), the maximum provided under the power contract, to Hydro for use in Labrador and for export sales. Churchill Falls also sells 225 MW to Twin Falls to service the mining industry in Labrador West.

### ***Nalcor Energy – Oil and Gas***

Nalcor Energy – Oil and Gas manages oil and gas interests and is currently a partner in three developments in the Newfoundland and Labrador offshore oil and gas industry – the Hebron oil field, the White Rose Growth Project, and the Hibernia Southern extension. In addition during 2009, Oil and Gas acquired an average of 67 per cent working interest in three onshore exploration permits in the Parsons Pond area on the Great Northern Peninsula. Nalcor Energy – Oil and Gas continues to pursue other investment opportunities and supports the province’s efforts to promote exploration.

### ***Lower Churchill Project***

The lower Churchill River hydroelectric resource is the most attractive undeveloped hydroelectric project in North America and is a key component of the province’s energy warehouse. The project’s two proposed installations at Gull Island and Muskrat Falls will have a combined capacity of over 3,000 MW. In 2010, the first phase of the project reached a historic milestone when Nalcor and Emera Inc. signed an agreement that will result in the development of Phase I of the Lower Churchill Development.

### ***Bull Arm Fabrication***

Nalcor’s fifth line of business, Bull Arm Fabrication manages Atlantic Canada’s largest fabrication site. This world-class facility spans over 2,560 hectares and has integrated and comprehensive infrastructure to support fabrication and assembly in three project areas simultaneously. In August 2008, the Government announced the transfer of the Bull Arm Site Corporation to Nalcor Energy. Due diligence activities were undertaken and the transfer was completed on March 31, 2009. Starting in 2011, the Bull Arm site will be fully leased by ExxonMobil for the construction and commissioning phases of the Hebron Project.

## **5 VALUES**

Employees of Nalcor and its subsidiaries, including Hydro, are committed to building a bright future for Newfoundland and Labrador, unified by the following core values:

- Open Communication – fostering an environment where information moves freely in a timely manner.
- Accountability – holding ourselves responsible for our actions and performance.
- Safety – relentless commitment to protecting ourselves, our colleagues, and our

community.

- Honesty and Trust – being sincere in everything we say and do.
- Teamwork – sharing our ideas in an open and supportive manner to achieve excellence.
- Respect and Dignity – appreciating the individuality of others by our words and actions.
- Leadership – empowering individuals to help, guide and inspire others.

## 6 PRIMARY CLIENTS

In addition to the clients of its subsidiary, Hydro, Nalcor's clients include:

- Emera Energy
- Partners in oil and gas projects
- Bull Arm Fabrication Site tenants
- Supply and service companies in the energy sector

The primary clients of Hydro, including its subsidiary CF(L)Co, are:

- Industrial electricity consumers
- Newfoundland Power
- Rural retail electricity customers
- Hydro-Québec
- Emera Energy
- New Brunswick Power
- Non-utility electricity generators (e.g. Corner Brook Pulp and Paper, wind generators)
- Government of Newfoundland and Labrador departments and agencies.

## 7 VISION

### **Nalcor**

To build a strong economic future for successive generations of Newfoundlanders and Labradorians.

### **Hydro**

To be recognized as an innovative provider of quality energy services.

## 8 MISSION

### Nalcor

Nalcor is focused on sustainable growth and is leading the development of the province's energy resources to provide maximum benefit to Newfoundland and Labrador. Over the next six years, Nalcor will continue to manage its energy holdings including oil and gas interests, Hydro and Upper Churchill assets, and the Bull Arm fabrication site, and will advance plans for the development of the Lower Churchill hydroelectric resource.

By December 31, 2016, Nalcor Energy will have further advanced its energy sector involvement in hydroelectric development, oil and gas, energy marketing and industrial site fabrication management to help build a strong economic future for Newfoundland and Labrador.

Measure: Advanced energy sector involvement

Indicators:

- Effectively managed Upper Churchill resource to:
  - Maintain assets to ensure long-term reliable service; and,
  - Pursue Power Contract adjustments
- As an active partner in existing offshore oil developments, fulfilled all required obligations and worked to attain alignment between provincial interests and project partners
- Advanced oil and gas exploration activity
- Significantly advanced the Lower Churchill Development Phase I and continued efforts to progress Phase II
- Monitored asset management and environmental protection at the Bull Arm Fabrication Site and planned for long-term site utilization
- Enhanced energy marketing capabilities toward establishing a self-contained energy marketing line of business

### Hydro

Hydro is focused on providing a safe, reliable and cost-effective electricity supply to meet current and future energy needs. Hydro's strategy is focused on managing its assets in a manner that optimizes total cost of operation and maintenance. Diligence in the area of safety of employees, contractors and the public and a commitment to environmental sustainability and energy conservation drive the company. Over the next six years, Hydro will continue to enhance safety, asset management and environmental sustainability in order to improve the

delivery of electricity to the people of the province.

By December 31, 2016, Hydro will have enhanced its safety, asset management and environmental sustainability processes to continuously improve the delivery of reliable and cost-effective electricity supply to its customers.

Measure: Enhanced safety, asset management and environmental sustainability processes

Indicators:

- Advanced efforts toward safety excellence with emphasis on employees, contractors, and the public
- Enhanced asset management to ensure reliability of electricity assets (generation, transmission and distribution) and as well as future capacity to accommodate power from the Lower Churchill Development (Muskrat Falls)
- Advanced efforts to secure power from Muskrat Falls for use in the province
- Advanced research on renewable/alternative power generation options for the province with environmental sustainability in mind
- Promoted energy conservation by electricity consumers as well as internal energy efficiency

## 9 ISSUES

Nalcor drives performance excellence in its lines of business and functional support areas through its planning and performance monitoring processes. Nalcor focuses on five key areas - safety leadership, environmental leadership, business excellence, people and community. These focus areas drive goals, objectives and operational activities throughout the company.

The strategic issues outlined below will be addressed by Nalcor and/or Hydro in order to realize their mandates and visions. Consistent with the underlying philosophy of the multi-year performance-based planning required under the provisions of *Transparency and Accountability Act*, these issues are at a governance level and reflect the priorities of the Minister. Other issues and focus areas, such as people excellence and corporate citizenship, will continue to drive operational activities of Nalcor and its lines of business and support efforts to address the issues outlined.



Issue 1: Safety leadership (Nalcor, Hydro)

Issue 2: Electricity supply (Hydro)

Issue 3: Upper Churchill asset management and Power Contract adjustments (Nalcor)

Issue 4: Oil and gas interests, exploration and development (Nalcor)

Issue 5: Lower Churchill development (Nalcor)

Issue 6: Bull Arm Fabrication Site lease management and long-term strategy (Nalcor)

Issue 7: Energy marketing portfolio management and long-term strategy (Nalcor)

## 10 GOALS AND OBJECTIVES

### Issue 1: Safety leadership (Nalcor, Hydro)

Nalcor's relentless commitment to safety drives all of our lines of business. Achieving excellence in safety is Nalcor's number one priority and safety is also a shared core value. For Nalcor, safety excellence is more than a way of operating, it is an integral part of the Nalcor identity and our strategy for the future.

Nalcor's pursuit of safety excellence encompasses the safety of our employees, contractors and the general public. The company has established a safety framework that drives our safety initiatives and is built on leadership, procedures and equipment, competence, supportive culture, union management alignment, responsibility and reporting. Over the last few years, Nalcor has promoted personal responsibility for safety at all levels of the company, completed safety training, strengthened procedures for working around electrical and other energized equipment and methods for completing work, and, implemented tools to track and analyse safety exposures and incidents.

Nalcor's electricity assets are located across Newfoundland and Labrador. Contractors and operators of equipment capable of contacting overhead or underground power lines face the risk of contacts with electrical equipment. As well members of the general public may also come into contact with electricity generation, transmission and distribution equipment in and around their homes and businesses.

In an effort to eliminate electrical contacts, the most significant public exposure related to our facilities, and keep workers safe, Hydro, in partnership with Newfoundland Power and the

Workplace Health, Safety and Compensation Commission, developed a power line hazards booklet and distributed it to employers that work around power lines. Also, as part of Nalcor's commitment to safety, the company introduced a contractor safety management program. The purpose of this program is to ensure that all work completed by contractors protects the health and safety of Nalcor employees, contractor employees and the public. The program establishes the specific elements of a contractor safety management program and site specific safety plan as well as outlining information and communication requirements for all stages of the Nalcor-contractor relationship from job planning to contract close-out.

In December 2009, Hydro launched a new public safety campaign called *Back it Up*. The campaign helps Newfoundland and Labrador residents make safer decisions at work and home. To support the campaign and safety in general, Hydro launched the website, HydroSafety.ca, which provides information to help people learn more about being safe in their day to day lives.

Nalcor's safety journey is one of persistence and commitment. Over the planning period, Nalcor and Hydro will continue to strengthen and promote safety initiatives aimed at enhancing the safety of employees, contractors and the public. Note that unless otherwise specified, the goal, objectives, measures and indicators below will apply to both Nalcor and Hydro over the planning period.

Issue 1: Safety leadership (Nalcor, Hydro)	
<b>Goal 1</b>	
By December 31, 2013, Nalcor and Hydro will have enhanced employee safety programs and strengthened initiatives towards enhanced contractor and public safety.	
Measure	Enhanced safety programs and initiatives
Indicator	<ul style="list-style-type: none"> <li>▪ Refined existing employee, contractor, and public safety programs</li> <li>▪ Enhanced communication of safety programs and initiatives</li> </ul>
<b>Objective</b>	
By December 31, 2011, Nalcor and Hydro will have strengthened employee, contractor, and public safety programs.	
Measure	Strengthened safety programs
Indicators	<ul style="list-style-type: none"> <li>▪ Advanced development of procedures for completing high risk work activities</li> <li>▪ Enhanced online training to maintain competence and certification for employees working with energized equipment</li> <li>▪ Implemented enhanced safety incident and near miss investigations approach</li> <li>▪ Assessed contractor safety management program implementation and</li> </ul>

### Issue 1: Safety leadership (Nalcor, Hydro)

	<p>identified areas of focus for 2012</p> <ul style="list-style-type: none"> <li>▪ Refreshed communications and education materials focused on public safety around electricity equipment</li> <li>▪ Developed employee safety communications plan to support focus on role of front-line supervisors and safety of vulnerable employee groups</li> <li>▪ Distributed power line hazards booklet (Hydro only)</li> <li>▪ Completed updates to Back It Up safety campaign including Hydrosafety.ca website, school safety presentations, and seasonal safety communication programs (Hydro only)</li> </ul>
<p><b>Objective</b> By December 31, 2012, Nalcor and Hydro will have continued to strengthen employee, contractor, and public safety programs.</p>	
<p><b>Objective</b> By December 31, 2013, Nalcor and Hydro will have further strengthened employee, contractor, and public safety programs.</p>	

### Issue 2: Electricity supply (Hydro)

Nalcor's subsidiary, Newfoundland and Labrador Hydro, ensures there is a safe, reliable and cost-effective electricity supply available to meet current demand and future growth.

#### *Asset Management/Reliability*

Asset management<sup>2</sup> is the cornerstone to Nalcor's, and Hydro's, approach to managing our assets over their lifecycle. Keeping Hydro's electricity systems in reliable operating condition is accomplished through a combination of routine maintenance of existing assets, replacement of assets that have reached the end of their useful life and are worn beyond the point of economic repair, or by replacement of assets with ones which will result in lower life cycle costs or improved operational characteristics.

The majority of Hydro's most important assets are approximately forty years old. This is true of Hydro's largest hydroelectric generation facility at Bay d'Espoir, the Holyrood Thermal Generating Station, and much of Hydro's transmission and distribution systems. In addition,

<sup>2</sup> Asset management is the comprehensive management of asset requirements, planning, procurement, operations, maintenance, and evaluation in terms of life extension or rehabilitation, replacement or retirement to achieve maximum value for the stakeholders based on the required standard of service to current and future generations.

many other key electricity generation assets are more than 30 years old. Hydro has developed a 20 year capital plan outlining major capital expenditures which will be required to maintain existing assets in safe, reliable operating condition necessary to serve our customers across the province. This plan will be refreshed periodically as new information becomes available about the condition of Hydro's assets, the operating demands to be placed on them, and future load growth needs. During the planning period, Hydro will study the upgrades and modifications to the electricity system required to support integration of Muskrat Falls energy and complete planned investments.

#### *Long-term Least Cost Supply*

Hydro forecasts electricity requirements in the province and advances the long-term least cost option to meet these requirements. Hydro has maintained two preliminary generation expansion plans to meet growing provincial demand: one based on electricity from the lower Churchill development through a high voltage direct current (HVdc) transmission link from Labrador to the island; and, one for the isolated island scenario.<sup>3</sup>

Hydro's assessment of alternate generation sources identified the Muskrat Falls project with a transmission link to the island to be the least cost alternative. Once the Muskrat Falls development is operational, the energy price structure in the province will be stable and lower cost for consumers over the long term and the province will avoid the volatility associated with the price of oil. During the planning period, Hydro will pursue arrangements to secure the energy required from Muskrat Falls for use in the province.

#### *Environmental Sustainability*

In addition to being the long-term least cost alternative, the Muskrat Falls option is also more environmentally acceptable than maintaining an "isolated" island power system. With Muskrat Falls, the Newfoundland and Labrador electricity system will be run on 98 per cent renewable, emission-free energy.

In recent years, Hydro has also been involved in a number of activities to investigate renewable electricity generation and to help consumers conserve energy. In 2009, the Government of Newfoundland and Labrador and Hydro completed a study to investigate the potential for the integration of alternative energy sources, including, solar, wind and mini-hydroelectric facilities

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<sup>3</sup> No transmission connection to electricity generation sources off the island portion of the province.

into isolated Labrador communities that rely on diesel generation as a primary means of electricity. Results of the study were positive and in late 2010, the Provincial Government announced an additional \$2.5 million to study small-scale hydroelectric projects for some Labrador coastal communities. During the planning period, Hydro will complete further analysis of potential hydro generation sites in the region.

In 2009, in an effort to reduce emissions from burning fossil fuels, Hydro purchased wind energy from wind projects in St. Lawrence and Fermeuse. As well, the Wind-Hydrogen-Diesel Energy research and development project in Ramea uses wind and hydrogen technology to supplement the diesel requirements of this isolated community. This energy project offers an opportunity to increase renewable generation in isolated diesel systems and reduce Hydro's future use of fossil fuels and its carbon footprint. The 2011-2013 period is part of the demonstration phase of the project. This phase involves studying the operation of the facility, analysing collected data, and considering key questions around the role this technology can play in an isolated electricity system.

Hydro is also committed to helping consumers use energy wisely. Conservation benefits energy consumers but also defers investment in new generation sources to meet growing demand. In addition to taking active steps to create energy savings in its own facilities, in 2010 Hydro launched the Industrial Energy Efficiency Program (IEEP) which provides a customized approach to energy savings for the company's industrial customers. Hydro also partners with Newfoundland Power to deliver the takeCHARGE – Saving Energy Starts Here! Program. takeCHARGE offers rebate programs to encourage residential and commercial customers to conserve their electricity usage.

<b>Issue 2: Electricity supply (Hydro)</b>	
<b>Goal</b> By December 31, 2013, Hydro will have progressed milestones towards a reliable and cost-effective electricity supply for the province.	
<b>Measure</b>	Progressed milestones
<b>Indicators</b>	<ul style="list-style-type: none"> <li>▪ Enhanced asset management</li> <li>▪ Completed milestones to facilitate access to Muskrat Falls energy</li> <li>▪ Enhanced programs to support environmental sustainability</li> </ul>
<b>Objective</b> By December 31, 2011, Hydro will have enhanced its asset management activities, advanced planning activities to support access to Muskrat Falls energy and progressed select environmental sustainability initiatives.	

Issue 2: Electricity supply (Hydro)	
Measure 1	Completed planned initiatives to support enhanced asset reliability
Indicators	<ul style="list-style-type: none"> <li>▪ Completed any required updates to long-term plan for capital investments</li> <li>▪ Completed planned investments in Hydro assets</li> <li>▪ Enhanced asset management approach including long-term asset planning and work execution</li> </ul>
Measure 2	Completed planned activities related to accessing power from Muskrat Falls
Indicators	<ul style="list-style-type: none"> <li>▪ Advanced arrangements to secure access to Muskrat Falls energy</li> <li>▪ Completed initial phase of planning and budgeting activities to identify electricity system upgrades/modifications to support integration of Muskrat Falls energy</li> </ul>
Measure 3	Completed planned environmental sustainability initiatives
Indicators	<ul style="list-style-type: none"> <li>▪ Continued demonstration phase of Ramea Wind-Hydrogen-Diesel Energy Project</li> <li>▪ Advanced analysis of potential hydroelectric projects for Labrador coastal communities</li> <li>▪ Implemented Industrial Energy Efficiency Program (IEEP)</li> <li>▪ Implemented new residential and commercial customer rebate programs in partnership with Newfoundland Power</li> <li>▪ Implemented new community based energy efficiency program for Hydro customers</li> </ul>
<p><b>Objective</b> By December 31, 2012, Hydro will have continued to enhance its asset management activities, completed additional planning activities to support access to Muskrat Falls energy and progressed select environmental sustainability initiatives.</p>	
<p><b>Objective</b> By December 31, 2013, Hydro will have further enhanced its asset management activities, completed additional planning activities to support access to Muskrat Falls energy and progressed select environmental sustainability initiatives.</p>	

### Issue 3: Upper Churchill asset management and Power Contract adjustments (Nalcor)

#### *Asset Management*

The Churchill Falls power station is a world class facility and one of the largest underground power stations in the world. With the plant and related infrastructure approaching 40 years old, asset management is critical to keeping the aging assets in reliable operating condition in order to provide reliable service to customers for the long-term and to ensure assets are fully

functional well beyond the expiry of current commitments in 2041.

Taking steps to ensure the continued performance of the Churchill Falls facilities through planning and strategic investment drives the company's strategy. Churchill Falls has completed a long-term asset plan that informs its capital investments. This plan is based on comprehensive assessments of asset condition, operating and maintenance experience, and other key inputs and reflects the operating requirements the plant should meet. During the planning period, Churchill Falls will develop and refresh its five year capital plan and complete planned asset investments.

#### *Upper Churchill Power Contract*

A power contract with Hydro-Québec dated May 12, 1969, provides for the sale of almost 90 per cent of the energy from the Churchill Falls facility to Hydro-Québec. Presently the purchase price under the Power Contract is one-quarter of one cent per kilowatt hour and the automatic renewal clause fixes the purchase price at one-fifth of one cent for a 25 year period beginning in 2016. This will mean, for the remainder of the Contract, power will be sold to Hydro- Québec for less than five per cent of its recent commercial value.

In 2009, CF(L)Co formally requested that Hydro-Québec enter into discussions to amend the pricing terms for the remainder of the 1969 Power Contract. Hydro- Québec did not respond and therefore, in early 2010 CF(L)Co filed a motion against Hydro-Québec in Québec Superior Court seeking to change, as of November 2009, the pricing terms for the remaining term of the Power Contract. It is the position of CF(L)Co that the change in circumstances since the original contract was signed, has resulted in a gross inequity in the distribution of contractual benefits. This situation, combined with the obligation under the Québec Civil Code to act in good faith throughout the term of a contract, CF(L)Co believes obliges Hydro-Québec to renegotiate the terms of the contract to re-establish the equilibrium of benefits.

Fall 2013 has been fixed as the commencement date for the trial and during the planning period, CF(L)Co will be completing necessary preparations.

### **Issue 3: Upper Churchill asset management and Power Contract adjustments (Nalcor)**

#### **Goal**

By December 31, 2013, Nalcor will have advanced long-term asset renewal and completed preparations for Upper Churchill Power Contract trial.

Issue 3: Upper Churchill asset management and Power Contract adjustments (Nalcor)	
Measure	Pursued opportunities for the Upper Churchill to make a greater economic contribution to the province
Indicators	<ul style="list-style-type: none"> <li>▪ Advanced long-term asset renewal</li> <li>▪ Completed preparations for the Upper Churchill Power Contract trial</li> </ul>
<b>Objective</b> By December 31, 2011, Nalcor will have completed planned 2011 capital investments to support long-term asset reliability and prepared for Upper Churchill Power Contract trial.	
Measure	Completed planned capital investments
Indicators	<ul style="list-style-type: none"> <li>▪ Refreshed five year capital plan</li> <li>▪ Completed planned 2011 capital investments</li> </ul>
Measure	Prepared for Upper Churchill Power Contract trial
Indicators	<ul style="list-style-type: none"> <li>▪ Completed required preparations for the Upper Churchill Power Contract trial</li> </ul>
<b>Objective</b> By December 31, 2012, Nalcor will have completed planned 2012 capital investments to support long-term asset reliability and continued to advance preparations for Upper Churchill Power Contract trial.	
<b>Objective</b> By December 31, 2013, Nalcor will have completed planned 2013 capital investments to support long-term asset reliability and began Upper Churchill Power Contract trial scheduled for fall 2013.	

#### Issue 4: Oil and gas interests, exploration and development (Nalcor)

The mandate of Nalcor, established under the *Energy Corporation Act (2008)* includes exploring for, developing, producing, refining, marketing and transporting hydrocarbons and products from hydrocarbons. Nalcor’s subsidiary, Nalcor Energy – Oil and Gas, currently manages oil and gas interests in three developments offshore Newfoundland and Labrador and holds majority interest in three onshore exploration permits on the west coast of the island.

Nalcor holds a five per cent working interest in the White Rose Growth project. This project includes the North Amethyst Field, West White Rose and South White Rose Extension. The company also has a 10 per cent working interest in the Hibernia Southern Extension (HSE) and is a co-venturer in the Hebron oil field holding a 4.9 per cent working interest in the province’s fourth offshore oil project. These projects will reach significant milestones over the 2011-2013 timeframe with West White Rose reaching first oil production from phase 1 and, HSE seeing



first oil from platform drilled wells. The Hebron project will be progressing from development plan application (DPA) submission, DPA approval, to the beginning of construction.

In addition to the economic value provided through equity, the ownership position provides Nalcor with knowledge and information that helps ensure better alignment between the provincial interest and the partners in the project. Over the planning period, Nalcor will continue to exercise its rights under joint venture agreements to pursue issues of interest to Nalcor and the province and to establish work plans and budgets that preserve key project milestones.

Oil and gas exploration represents the very first piece of the petroleum value chain that, when successful, can lead to significant discoveries and new developments. Exploration strategy is driven by a desire to replace reserves that have been produced, add sufficient reserves to allow for growth in production, and find reserves which can be produced profitably.

The availability of quality well and seismic data is a critical step to exploration. To date, the amount of geoscientific data collected and the number of exploratory wells drilled in offshore Newfoundland and Labrador are significantly lower than in areas such as offshore United Kingdom or Norway. Despite similar discovery rates and larger sedimentary basin areas in offshore Newfoundland and Labrador, historic exploration activity in our offshore has only been about five to ten per cent of the exploration activity that has taken place in the North Sea.

Nalcor Energy-Oil and Gas exploration activities are focused on facilitating and advancing oil and gas exploration in Newfoundland and Labrador. The company was directly involved in exploration activity on Newfoundland's west coast through its Parsons Pond drilling program. The information obtained from the two Nalcor Parsons Pond wells is critical in determining the next steps required to understand the region's potential – both onshore and offshore. In addition to this activity on the west coast, Nalcor continues to evaluate and assess the petroleum potential of all of Newfoundland and Labrador's basins.

In 2010, in excess of \$3.5 million dollars was committed in line with Newfoundland and Labrador's Energy Plan exploration enhancement strategies including activities under the Petroleum Exploration Enhancement Program (PEEP - onshore) and the Offshore Geoscience Data Program (OGDP - offshore). As part of these programs Nalcor initiated satellite seep

detection surveys mapping<sup>4</sup> all of offshore Newfoundland and Labrador, and made strategic seismic data purchases to analyze the potential for new discoveries in the Jeanne d’Arc, Flemish Pass, and Orphan Basins.

The data and analysis resulting from these programs will be used to advance our understanding of prospectivity of existing basins and will also help target future data acquisition programs for frontier exploration areas and unlock the prospectivity of new areas. This information will also support the province’s efforts to plan new activities that will encourage exploration and production companies to explore in Newfoundland and Labrador. During the planning period and beyond, Nalcor will work to continually refresh its exploration strategy and invest a portion of its revenues in exploration activities.

Issue 4: Oil and gas interests, exploration and development (Nalcor)	
<b>Goal</b>	
By December 31, 2013, Nalcor Energy-Oil and Gas, will have maximized opportunities for oil and gas development and exploration.	
Measure	Maximized oil and gas development and exploration opportunities
Indicators	<ul style="list-style-type: none"> <li>▪ Managed offshore interests</li> <li>▪ Advanced efforts to support exploration activity</li> </ul>
<b>Objective 1</b>	
By December 31, 2011, Nalcor Energy-Oil and Gas will have promoted project work plans and budgets to preserve key project milestones and advanced its exploration strategy.	
Measure	Promoted work plans and budgets and advanced exploration strategy
Indicators	<ul style="list-style-type: none"> <li>▪ Worked with partners to support achievement of key project milestones:                             <ul style="list-style-type: none"> <li>▪ West White Rose (Phase 1) - first production in 2011</li> <li>▪ Hebron Project – first oil currently targeted for 2017</li> <li>▪ Hibernia Southern Extension – first production in 2011</li> </ul> </li> <li>▪ Completed Parsons Pond exploration program, assessed collected data and evaluated future regional exploration activities</li> <li>▪ Completed regional satellite oil seep mapping and interpretation study and have data added to a database that can be licensed by oil exploration companies worldwide</li> <li>▪ Advanced North Atlantic Petroleum plate reconstruction project to better understand the evaluation of our offshore basins to identify areas of higher prospectivity</li> <li>▪ Identified priority regional seismic data purchases and acquired data</li> </ul>

<sup>4</sup> Time-lapse satellite data is valuable in detecting natural occurring oil seeps and when integrated with seismic data can be used to identify high potential areas and plan for new seismic acquisition programs.

**Issue 4: Oil and gas interests, exploration and development (Nalcor)**

	<ul style="list-style-type: none"> <li>▪ Completed planned seismic data re-processing and updated regional geological models</li> <li>▪ Completed area prioritization for planned direct or partnered 2012 seismic data acquisition</li> </ul>
<p><b>Objective</b> By December 31, 2012, Nalcor Energy-Oil and Gas will have worked with its partners to advance project milestones, including the Hebron development plan process, and progressed seismic data and analysis activities.</p>	
<p><b>Objective</b> By December 31, 2013, Nalcor Energy-Oil and Gas will have worked with its partners to further advance project milestones, progressed the Hebron development plan process, and refreshed its exploration strategy.</p>	

**Issue 5: Lower Churchill development (Nalcor)**

The Churchill River in Labrador is a significant source of renewable, clean energy. The existing Churchill Falls generating station, which began producing power in 1971, harnesses about 65 per cent of the potential generating capacity of the river. The remaining capacity is located at two sites on the lower Churchill River, Muskrat Falls and Gull Island. The energy from these sites will meet Newfoundland and Labrador’s needs over the coming years and enable the province to benefit from the export of power.

The Lower Churchill Development includes two generating facilities, Muskrat Falls and Gull Island, which have a combined capacity of 3,074 MW and can provide 16.7 terawatt hours of electricity per year. That energy can supply hundreds of thousands of households annually and contribute significantly to the reduction of air emissions from thermal, coal and fossil fuel power generation.

Phase I of the lower Churchill River hydroelectric development includes Phase I of the generation project – the Muskrat Falls generating facility and associated Labrador transmission, the Labrador-island transmission link, and the Maritime link. The Muskrat Falls project with the Labrador-island transmission link has been identified as the least cost alternative for meeting provincial electricity demand. The Maritime link provides an opportunity to access markets outside the province and monetize energy that is not required to meet domestic demand. The second phase of the development includes Phase II of the generation project - the Gull Island

generating facility and associated transmission in Labrador.

Large undertakings like the Lower Churchill Development have long lead times and require thorough planning and timely execution. The stage-by-stage process used by Nalcor to advance the development from identification through to completion is called the gateway process. Gate 1 provided approval to proceed with concept selection and Gate 2 provided approval of the development scenario and to commence detailed design. To date, Nalcor has made significant progress in key areas to support the process including: Aboriginal affairs; environmental assessment; engineering; and, market access/commercial arrangements. During the planning period, Nalcor will be completing required activities to inform Gate 3 decisions for the Muskrat Falls (Phase I Generation Project), the Labrador-island transmission link project, and working with Emera in support of the Maritime link project; Gate 3 is approval to commence full construction.

#### *Aboriginal Affairs*

In February 2010, representatives of the Government of Newfoundland and Labrador, Innu Nation, Innu Band Councils, and Nalcor initialled the Upper Churchill Redress Agreement and the Lower Churchill Project Impacts and Benefits Agreement (IBA). At the same time, representatives of the Province, Innu Nation and each Innu Band Council initialled the bilateral Newfoundland and Labrador-Innu Nation land claims agreement-in-principle. These three agreements, referred to as Tshash Petapen (New Dawn), are subject to ratification on a schedule to be determined by the Innu Nation.

#### *Environmental Assessment*

Environmental Assessment (EA) is a review and planning process for identifying the potential environmental and socioeconomic effects of proposed development projects, in order to consider and incorporate these into project planning and decision making.

The registration of the Lower Churchill Generation Project in December 2006 began the environmental assessment process. In February 2009, following consultations with communities and groups throughout the province, Nalcor Energy submitted the required Environmental Impact Statement (EIS) for the Lower Churchill Generation Project. The EIS and Nalcor's responses to Information Requests submitted by the joint Federal and Provincial Review Panel, have been assessed by the Panel, determined to be sufficient, and public hearings began in March 2011.

The Labrador-island transmission link project was registered under the *Newfoundland and Labrador Environmental Protection Act* and the *Canadian Environmental Assessment Act* in January 2009, in order to formally initiate the provincial and federal EA reviews. Public consultations are ongoing and the EIS for the Labrador-island transmission link project will be filed early in the 2011-2013 planning period.

#### *Engineering, Procurement and Construction*

In late 2010, Nalcor selected SNC-Lavalin for the engineering, procurement and construction management (EPCM) for the Muskrat Falls generating facility and the Labrador-island transmission link. During the planning period, further detailed engineering will move in parallel with other key project activities as Nalcor progresses through to project sanction decisions for each of the projects.

In 2010, the province released the Lower Churchill Construction Projects Benefits Strategy outlining the activities and procedures to be followed by Nalcor Energy, its contractor and subcontractors regarding employment and business benefits. Gender equity and diversity programs are critical components of this strategy. During the planning period, the Lower Churchill Construction Projects Benefits Strategy will guide Nalcor as it advances engineering, procurement and construction activities.

#### *Market Access/Commercial Arrangements*

Access to both domestic and export markets is essential to realizing the full economic and environmental benefits of the lower Churchill development. Access to electricity markets in Newfoundland and Labrador is dependent on the evaluation of alternate generation sources to determine the least-cost long-term option for meeting electricity requirements. Hydro is mandated to forecast electricity requirements and complete the evaluation of supply and its assessment identified the Muskrat Falls project, with a transmission link between Labrador and the island, to be the least cost alternative.

Over the last number of years, Nalcor has also advanced two primary market access alternatives for exporting excess power: access to the Hydro-Québec transmission system and development of a maritime transmission link.

In November 2010 the development of a maritime transmission link passed a significant

milestone when the Governments of Newfoundland and Labrador and Nova Scotia announced an agreement between Nalcor Energy and Emera Inc. The arrangement will result in the development of Muskrat Falls, with a transmission link between Labrador and the island of Newfoundland. Power will be available for recall use for industrial development in Labrador. Surplus power will be transmitted through the Maritime Link and access is available for Nalcor to sell power into other markets including Atlantic Canada and the north-eastern United States. During the planning period, the Nalcor Energy and Emera Inc. term sheet signed in 2010 will be converted into final legal agreements.

Nalcor's efforts to export power across the Québec transmission system resulted in a 2006 application to Hydro-Québec TransÉnergie for transmission service from the Labrador/Québec border to markets in Québec, Ontario, the Maritime Provinces and the Northeastern United States. As a result of the subsequent refusal by Hydro-Québec to provide fair access, Nalcor filed complaints with the Régie de l'énergie, for a hearing based on the principles of open access and non-discrimination. In May 2010, the Régie ruled solely in favour of Hydro-Québec and dismissed all legitimate arguments presented by Nalcor. The following month, Nalcor filed an Application for Administrative Revision<sup>5</sup> with the Régie, the first step to appeal the decision. Public hearings regarding the administrative revision were held in late 2010 and the ruling is expected in early 2011. Pending the outcome of this process, Nalcor will advance other steps to secure export market access for lower Churchill energy from the second phase of the generation project – Gull Island.

Over the planning period, Nalcor will also work to inform the sanction decisions for the three projects that make up Phase I of the Lower Churchill River hydroelectric development by advancing activities in the following areas: Aboriginal affairs; environmental assessment; engineering; financing; and, market access/commercial arrangements.

#### Issue 5: Lower Churchill development (Nalcor)

##### Goal

By December 31, 2013, Nalcor will have progressed milestones to advance the sanction decisions for Lower Churchill Development Phase I projects (Muskrat Falls, Labrador-island transmission link, Maritime link) and advanced Phase II (Gull Island) of the Development.

Measure	Progressed Phase I and Phase II milestones
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<sup>5</sup> Under section 37 of "the Act Respecting the Régie de l'énergie ", the Régie may on its own initiative or on application revise or revoke a previous decision. Upon application for a revision a new panel is appointed to review the decision on specific grounds; no new evidence is filed.

Issue 5: Lower Churchill development (Nalcor)	
Indicator	<ul style="list-style-type: none"> <li>▪ Advanced sanction decisions for projects</li> <li>▪ Completed approved engineering, procurement and construction activities for each project</li> <li>▪ Advanced activities to secure transmission access to external electricity markets for Gull Island power</li> </ul>
<p><b>Objective</b> By December 31, 2011, Nalcor will have advanced Lower Churchill Development Phase I and advanced efforts to secure additional access to electricity markets outside Newfoundland and Labrador.</p>	
Measure	Completed required activities to support Gate 3 decisions for Muskrat Falls (Phase I Generation Project), Labrador-island transmission link project, and Maritime link project, and related to market access for Phase II
Indicators	<ul style="list-style-type: none"> <li>▪ Participated in the Environmental Assessment process to secure release of the Muskrat Falls generation project</li> <li>▪ Advanced Environmental Impact Statement (EIS) for the Labrador-island transmission link</li> <li>▪ Supported Emera efforts to file environmental registration for the Maritime link</li> <li>▪ Supported efforts to attain final ratification of the Lower Churchill Impact and Benefits Agreement and Churchill Falls Redress Agreement</li> <li>▪ Advanced the conversion of the Nalcor/Emera term sheet into formal legal agreements</li> <li>▪ Signed agreement for engineering, procurement and construction management (EPCM)</li> <li>▪ Engaged with potential financiers and refined financing strategy as appropriate</li> <li>▪ Completed planned engineering activities for the Muskrat Falls generation project, the Labrador-island transmission link, and the Maritime link</li> <li>▪ Supported challenge of the Regie de l'énergie ruling regarding complaints filed by Newfoundland and Labrador Hydro, a subsidiary of Nalcor Energy, against Hydro-Québec TransÉnergie via an administrative revision.</li> <li>▪ Identified and progressed next steps pending the outcome of the administrative revision process.</li> </ul>
<p><b>Objective</b> By December 31, 2012, Nalcor will have continued to advance Lower Churchill Development Phase I and will have progressed efforts to secure additional access to electricity markets outside Newfoundland and Labrador for Phase II (Gull Island) power.</p>	
<p><b>Objective</b> By December 31, 2013, Nalcor will have further advanced Lower Churchill Development Phase I</p>	

**Issue 5: Lower Churchill development (Nalcor)**

and will have continued efforts to secure additional access to electricity markets outside Newfoundland and Labrador for Phase II (Gull Island) power.

**Issue 6: Bull Arm Fabrication Site lease management and long-term strategy (Nalcor)**

The Bull Arm Fabrication Site is an important asset for industrial development in Newfoundland and Labrador. The site has facilitated the advancement of the province’s fabrication capability through participation in major projects including the Hibernia, Terra Nova, and White Rose oil projects. Nalcor is focused on utilization of the site during the short to medium-term for the Hebron project while planning for a competitive operation with a sustained workforce in the long-term.

In 2010 Nalcor entered into lease finalization discussions for the Bull Arm site with ExxonMobil Canada Properties who will use the site for the Hebron project. Nalcor will obtain value from the site during the lease period but is also driving to enhance the asset and ensure environmental protection during and beyond the lease period. During the planning period, the lease will be executed and Nalcor will establish and implement processes to monitor key lease obligations related to asset management and environmental protection.

In addition to overseeing the lease, Nalcor will be also be aligning its long-term strategy for Bull Arm to facilitate a seamless transition to other site operations at the conclusion of the Hebron project construction. The strategy is intended to position the site to maximize the benefits to the province from construction and fabrication projects in Newfoundland and Labrador and from around the world.

**Issue 6: Bull Arm Fabrication Site lease management and long-term strategy (Nalcor)**

**Goal 1**

By December 31, 2013, Nalcor will have progressed milestones toward a competitive, successful fabrication site.

Measure	Progressed milestones
Indicators	<ul style="list-style-type: none"> <li>▪ Advanced the long-term strategy</li> <li>▪ Executed lease and implemented lease monitoring activities</li> </ul>

**Objective**

By December 31, 2011, Nalcor will have completed planned engagement and research activities to inform long-term planning, executed the lease with ExxonMobil, and established processes to monitor lease provisions.



Issue 6: Bull Arm Fabrication Site lease management and long-term strategy (Nalcor)	
Measure	Gathered information to inform long-term strategy for Bull Arm Fabrication Site
Indicators	<ul style="list-style-type: none"> <li>▪ Developed engagement strategy to inform long-term planning and completed planned engagement activities</li> <li>▪ Advanced research activities to support identification and analysis of alternate business models for the Bull Arm Fabrication Site</li> </ul>
Measure	Executed lease and implemented lease monitoring
Indicators	<ul style="list-style-type: none"> <li>▪ Completed development of lease with ExxonMobil Properties Canada for construction of the Hebron project</li> <li>▪ Established and implemented process to monitor key lease provisions related to asset management and environmental protection</li> </ul>
<p><b>Objective</b> By December 31, 2012, Nalcor will have continued to advanced engagement and research activities to inform long-term planning, and monitored the key lease provisions and acted on issues and opportunities.</p>	
<p><b>Objective</b> By December 31, 2013, Nalcor will have further advanced engagement and research activities to inform long-term planning, and monitored the key lease provisions and acted on issues and opportunities.</p>	

**Issue 7: Energy marketing portfolio management and long-term strategy (Nalcor)**

In 2009, Nalcor established an energy marketing team to sell energy from existing and future developments and build expertise as a participant in competitive energy markets in Canada and the United States. The current portfolio includes recall<sup>6</sup> power that is not required by Hydro to meet demand in Labrador.

In March 2009, Nalcor, through its subsidiary, Hydro, signed a Transmission Service Agreement with Hydro-Québec TransÉnergie (HQT) under HQT's Open Access Transmission Tariff. The agreement is for long-term power transmission capacity from Labrador through Québec to the Canada-United States border. Under this arrangement power is sold on the Canadian side of the border to a third-party energy marketer, and directly into Atlantic Canada.

<sup>6</sup>Under the Churchill Falls Power Contract, Hydro has the right to recall 300 megawatts at the same price as Hydro-Québec pays Churchill Falls (Labrador) Corporation.

Nalcor’s energy portfolio will continue to grow over the coming years with the development of the lower Churchill River hydroelectric resource and increased production from Nalcor Energy – Oil and Gas’ offshore oil interests. Extracting value from these activities and positioning Nalcor for an even larger portfolio requires consideration of options to market its energy. During the planning period, Nalcor will consider various options including continuing with current arrangements and establishing a self-contained energy marketing line of business. Nalcor will also continue to develop its energy marketing capability and pursue opportunities to increase overall value of its current portfolio.

Issue 7: Energy marketing portfolio management and long-term strategy (Nalcor)	
<b>Goal</b>	
By December 31, 2013, Nalcor will have enhanced its energy marketing capability.	
Measure	Enhanced energy marketing capability
Indicators	<ul style="list-style-type: none"> <li>▪ Completed planned implementation activities for long-term energy marketing operations</li> <li>▪ Increased value of current energy marketing portfolio</li> </ul>
<b>Objective</b>	
By December 31, 2011, Nalcor will have advanced its long-term implementation plan for energy marketing operations and pursued opportunities to increase the value of the current portfolio.	
Measure	Completed planned implementation activities for long-term energy marketing operations
Indicators	<ul style="list-style-type: none"> <li>▪ Developed long-term implementation plan for energy marketing operations and completed 2011 planned activities</li> </ul>
Measure	Pursued opportunities to increase portfolio value
Indicators	<ul style="list-style-type: none"> <li>▪ Identified and implemented measures to increase portfolio value</li> </ul>
<b>Objective</b>	
By December 31, 2012, will have continued to advance its long-term implementation plan for energy marketing operations and pursued opportunities to increase the value of the current portfolio.	
<b>Objective</b>	
By December 31, 2013, will have further advanced its long-term implementation plan for energy marketing operations and pursued opportunities to increase the value of the current portfolio.	

Appendix 1  
 Strategic Directions

A Strategic Direction is the articulation of a desired physical, social, or economic outcome that would normally require action by, or involvement of, more than one government entity. They are normally communicated through White Papers, or other major platform documents.

**Title: Energy resource exploration and development**

**Outcome:** Increased exploration and development of energy resources

This outcome supports the policy direction of government and will require focus in the following areas.

Strategic Direction	Focus Areas of the Strategic Direction	This Direction is:		
		Addressed in strategic plan	Addressed in operational plan	Addressed in work plans
Increased exploration and development of energy resources	Acquisition and promotion of geoscience data	*		
	Increased exploration and development activity	*		
	Enhanced marketing and promotion of our natural resources			*

**Title: Responsible resource development**

**Outcome:** Responsible resource development

This outcome supports the policy direction of government and will require focus in the following areas.

Strategic Direction	Focus Areas of the Strategic Direction	This Direction is:		
		Addressed in strategic plan	Addressed in operational plan	Addressed in work plans
Responsible resource development	Development of clean renewable energy through the Lower Churchill Project and activities to support Social License through adequate stakeholder consultation	*		

**Title:** Strategic resource development

**Outcome:** Ensure maximum benefits to the province through the strategic development of our resources

This outcome supports the policy direction of government and will require focus in the following areas.

Strategic Direction	Focus Areas of the Strategic Direction	This Direction is:		
		Addressed in strategic plan	Addressed in operational plan	Addressed in work plans
Ensure maximum benefits to the province through the strategic development of our resources	Increased participation in energy developments	*		
	Supporting increased local industrial and employment benefits			*
	Increased participation of women and underrepresented groups in natural resource projects			*

**Title:** Energy supply

**Outcome:** Stable and competitive energy supply for domestic use and export to market

This outcome supports the policy direction of government and will require focus in the following areas.

Strategic Direction	Focus Areas of the Strategic Direction	This Direction is:		
		Addressed in strategic plan	Addressed in operational plan	Addressed in work plans
Stable and competitive energy supply for domestic use and export to market	Alternative energy research and development	*		
	Advancement of renewable energy projects and related infrastructure	*		
	Development of industrial electricity rates that support resource development			*
	Export of surplus energy	*		
	Development of innovative technology solutions for existing and new energy sources			*

## Appendix 2

### Other Companies

The Gull Island Power Corporation (GIPCo) is a wholly owned subsidiary of Hydro. GIPCo was incorporated on September 21, 1970, as an organizational vehicle for the possible development of the lower Churchill. GIPCo is not presently an active operating company.

The Lower Churchill Development Corporation (LCDC) was incorporated on December 15, 1978. At that time it was considered as a possible organizational entity for the development of the lower Churchill hydroelectric development. At the end of December 2009, Hydro owned 51 per cent of the shares of LCDC and the federal government owned 49 per cent. The LCDC is presently not an active operating company.





Appendix 3  
Energy Portfolio

