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May 13, 2009
File No.: 10887/118243.00005

BY E-MAIL AND ORIGINAL BY COURIER

Ms. Claudine Dutil-Berry
Secretary of the Board
National Energy Board
444 Seventh Avenue SW
Calgary, Alberta T2P 0X8
Canada

Subject: Application filed by Nalcor Energy for authorization to export electricity

Dear Ms. Dutil-Berry:

Please find enclosed the complete evidence that Nalcor Energy's Electricity Export Permit Application and Notice of Application and Directions on Procedure were sent to Hydro-Québec TransÉnergie.

There was a scanning mistake in the attachment that we sent to the National Energy Board. You will find herewith a correct scanned version of the documents that were sent to Hydro-Québec TransÉnergie.

Yours truly,

FASKEN MARTINEAU DuMOULIN LLP

A handwritten signature in cursive script, appearing to read "André Turmel".

André Turmel

AT

c.c. Isabelle Courville, Hydro-Québec TransÉnergie

Encl.

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Hydro Place, 500 Columbus Drive,
P.O. Box 12800, St. John's, NL
Canada A1B 0C9
t. 709.737.1833 or 1.888.576.5454
f. 709.737.1985

Doc. No. 09-1/44

January 9, 2009

Mlle. Isabelle Courville
President
Hydro-Québec TransÉnergie
Complexe Desjardins
Tour de l'Est, 12^e étage
C.P. 10000
Montréal, PQ
H5B 1H7

Dear Mme. Courville:

**RE: Notification of Application for Permit to Export Electricity
to the United States by Nalcor Energy**

In accordance with National Energy Board procedures for the application for an electricity export permit, please find enclosed a copy of an application for export of electricity to the United States filed by Nalcor Energy on December 29, 2008, and the notice of application that will be published in the Canada Gazette on January 10, 2009.

Yours sincerely,

Gilbert Bennett, P.Eng.
Vice President, Lower Churchill Project

Enclosure

NATIONAL ENERGY BOARD

IN THE MATTER OF the *National Energy Board Act*,
R.S.C. 1985, c. N-7;

AND IN THE MATTER OF the Application filed by
Nalcor Energy for authorization to export electricity.

APPLICATION

Pursuant to Section 119.03 of the *National Energy Board Act*, R.S.C. 1985, c. N-7 and the National Energy Board's ("NEB") Memorandum of Guidance to Interested Parties Concerning Full Implementation of the September 1988 Canadian Electricity Policy (revised January 23, 2003), Nalcor Energy hereby applies for an electricity export permit which will allow Nalcor Energy to export firm and interruptible power and energy at points on the international boundary between Canada and the United States, subject to the following terms and conditions:

- (a) The term of the export permit shall commence on the date of issuance and shall extend for a term of 10 (ten) years;
- (b) The energy to be exported may be transmitted over any international power line for which the NEB has issued or will issue a Certificate of Public Convenience and Necessity or a Permit.

In support of its application, Nalcor Energy submits the following information, as required by Section 9 of the National Energy Board Electricity Regulations, S.O.R./97-130:

9(a) *The name of the Applicant and any authorized representative of the Applicant and their mailing address, address for personal service, telephone number and any other telecommunications numbers of the Applicant or the authorized representative of the Applicant:*

Applicant: Nalcor Energy

Authorized Representative:

Gilbert Bennett, P. Eng.
Vice-President, Lower Churchill Project
Nalcor Energy
P.O. Box 12400
St. John's Newfoundland, A1B 4K7 Canada

Telephone: 709 737 1836
Facsimile: 709 737 1782
Email: GBennett@nalcorenergy.com

with copy to:

Fasken Martineau DuMoulin LLP
Stock Exchange Tower
Suite 3400, P.O. Box 242
800 Place Victoria
Montreal, Quebec, Canada H4Z 1E9

Attn: Andre Turmel

Telephone: 514 397 5141
Facsimile: 514 397 7600
Email: aturmel@fasken.com

9(b) *A description of the Applicant's power system, a copy of the Applicant's latest annual report and, if applicable, the Applicant's most recent publicly available generation or development plan:*

Nalcor Energy does not directly own or operate transmission or generation facilities, its partially owned subsidiary, the Churchill Falls (Labrador) Corporation (CFLCo), of which it owns 65.8%, and its wholly owned regulated utility Newfoundland and Labrador Hydro (NLH), do own and operate such facilities.

The power system in Labrador consists primarily of a 5428 MW hydroelectric generation facility at Churchill Falls, a 735 kV synchronous interconnection to the TransEnergie transmission system of Hydro Quebec, a 230KV radial transmission system to the western area of Labrador and a single transmission line to the eastern region.

Nalcor Energy was incorporated under the Energy Corporation Act on October 11, 2007. Nalcor Energy is the parent company of Newfoundland and Labrador Hydro, the Churchill Falls (Labrador) Corporation, and Nalcor Energy - Oil and Gas Inc. The Company has a December 31st year end therefore the most recent annual report available is for Newfoundland and Labrador Hydro, for the year ended December 31st 2007, a copy of which is attached.

Nalcor has plans to develop approximately 3,000 MW of hydraulic potential at two sites, Gull Island and Muskrat Falls, on the lower portion of the Churchill River, with in service dates between 2015 and 2018, however this application is not related to that development.

9(c) *A proof of publication notice:*

Appendix A contains a copy of the notice to be published in English and French in the *Canada Gazette*. Proof of publication will follow under separate cover as soon as available.

9(d) *The name of each person or agency outside Canada to be supplied with electricity and the nature of the business carried on by the person or agency or, if that information is unknown at the time of the application, a brief description of the markets to be served:*

Although no specific export arrangements have yet been entered into, Nalcor Energy plans to enter into transactions with potential counterparties, including but not limited to the following:

- (i) electric utilities
- (ii) power marketing companies
- (iii) wholesale power consumers
- (iv) power pools
- (v) aggregators, brokers and marketers
- (vi) municipal electric distribution companies
- (vii) other suppliers and end-users of electricity

These counter parties may be located in New York State, the New England States and / or within the area serviced by the Pennsylvania – New Jersey – Maryland Power Pool.

9(e) *In the case of a sale transfer, the period for which the permit is sought:*

Nalcor Energy requests that the NEB issue an electricity export permit for a term of 10 (ten) years.

For each year in that period, an estimate of the following quantities, namely:

(i) *The maximum quantity of firm power exports and imports:*

The estimated maximum quantity of firm power exported in each consecutive 12-month period would be 550 MW.

The estimated maximum quantity of firm power imported in each consecutive 12-month period would be 550 MW.

(ii) *The maximum quantity of interruptible power exports and imports:*

The estimated maximum quantity of interruptible power exported in each consecutive 12-month period would be 550 MW.

The estimated maximum quantity of interruptible power imported in each consecutive 12-month period would be 550 MW.

(iii) *The maximum quantity of combined firm power and interruptible power exports and imports:*

The estimated maximum quantity of firm and interruptible power exported in each consecutive 12-month period would be 550 MW.

The estimated maximum quantity of firm and interruptible power imported in each consecutive 12-month period would be 550 MW.

(iv) *The maximum monthly and annual quantities of firm energy exports and imports:*

The estimated maximum quantity of firm energy for export in any given month would be 300 GWh.

The estimated maximum quantity of firm energy for import in any given month would be 300 GWh.

The estimated maximum quantity of firm energy exports in any consecutive 12-month period would be 3,600 GWh.

The estimated maximum quantity of firm energy imports in any consecutive 12-month period would be 3,600 GWh.

(v) *The maximum monthly and annual quantities of interruptible energy exports and imports:*

The estimated maximum quantity of interruptible energy exports in any given month would be 300 GWh.

The estimated maximum quantity of interruptible energy imports in any given month would be 300 GWh.

The estimated maximum quantity of interruptible energy exports in any consecutive 12-month period would be 3,600 GWh.

The estimated maximum quantity of interruptible energy imports in any consecutive 12-month period would be 3,600 GWh.

- 9(f) *In the case of an equichange transfer, storage transfer, adjustment transfer or carrier transfer, a statement of the annual quantities of energy for exportation and for importation for each class of transfer for the period for which the permit is sought:***

Nalcor Energy may potentially enter into arrangements for an equichange transfer, storage transfer, adjustment transfer or carrier transfer. Such arrangements will, to the extent authorized by the Board's permits, be conducted in accordance with the conditions governing the sales authorized under the permits.

- 9(g) *A copy of any electricity transfer agreement that covers the proposed exportation of electricity:***

There are presently no agreements in this regard.

- 9(h) *Where no agreement exists, a statement of:***

- (i) *The estimated maximum duration of specific exports and the basis for the estimation; and***

Nalcor Energy estimates that the maximum duration of specific exports will be up to ten (10) years. This estimate is based on Nalcor Energy's assessment of the potential market and specifically the expected firm contract duration.

- (ii) *The period of time for which the permit is sought and the basis for the selection of that time;***

Nalcor Energy has applied for a permit with a term of ten (10) years, as it is believed that a ten-year term will provide Nalcor Energy with the most flexibility possible to participate in all the potential market scenarios for exported electricity.

- 9(i) *A list of international power lines over which the Applicant proposes to export or import electricity, setting forth in respect of each line:***

- (i) *the number of the certificate or permit issued by the Board;***
- (ii) *the name of the holder of the certificate or permit;***
- (iii) *the name of the owner of the power line outside Canada;***
- (iv) *the voltage level and operating designation of each circuit; and***
- (v) *the maximum power transfer capability of each circuit and the OASIS for that limit.***

Nalcor Energy is seeking a permit to export electricity over all international power lines for which the NEB has issued or will issue a Certificate of Public Convenience and Necessity or Permit.

Nalcor Energy understands that the information listed in this *Section 9(i)* is filed with the NEB by the holder of the Certificates of Permits for those international power lines.

- 9(j) *The total simultaneous power transfer capability under normal operating conditions for all of the international power lines in accordance with paragraph (i) and the OASIS for that limit:*

Please refer to 9(i).

- 9(k) *A description of the approvals required for the importation of electricity into the United States, and a statement respecting the current status of the approvals:*

There are no U.S. regulatory authorizations required for the importation of electricity in to the United States. If any U.S. legislation creates such approvals requirements, Nalcor Energy will apply for and obtain such approvals as needed.

Nalcor Energy will be required to receive market-base rate authorization from the Federal Energy Regulatory Commission prior to making sales of electric energy or capacity, at wholesale, in the U.S. markets. Nalcor Energy is proceeding with filing of an application for such market-based rate authorization in parallel to this license application.

- 9(l) *A description of the provincial approvals that are required to be obtained by the Applicant, and a statement respecting the current status of the approvals:*

If any provincial approvals are required for the export of electricity from a province, Nalcor Energy will apply for and obtain such approvals when needed.

- 9(m) *A description of the review process applicable to each provincial approval that must be obtained, including:*

- (i) *a description of any public consultation provided for under the review process; and*

Please refer to paragraph 9(l) above.

- (ii) *a schedule for the review process:*

Please refer to paragraph 9(l) above.

- 9(n) *Whether new or modified facilities will be required to effect the proposed exportation of electricity and, if applicable, a detailed description of those facilities:*

Nalcor Energy does not intend to modify or construct new facilities to export the energy related to this request.

- 9(o) *The adverse environmental effects resulting from the proposed exportation of electricity, and the measures to be taken to mitigate any of those environmental effects:*

Nalcor Energy intends to export power generated at its own existing facility, and potentially energy purchased for export. The issuance of an Export Permit will not result in the construction of new facilities, modifications to existing facilities, or any changes to the operation of existing facilities. Accordingly, there will be no adverse environmental effects directly related to the proposed exports.

- 9(p) *A description of any adverse effects that the proposed exportation of electricity could have on the operation of any power system in neighbouring provinces:*

Nalcor Energy does not expect any adverse affects that the proposed export could have on the operation of any power system in neighbouring provinces.

- 9(q) *Where the application specifies the terms and conditions of the proposed exportation of electricity, a description detailing the manner in which the Applicant:*

- (i) *has informed those persons who have declared an interest in buying electricity for consumption in Canada of the quantities and classes of service available for sale; and*
- (ii) *has given those persons who have demonstrated an intention to buy electricity for consumption in Canada after having been so informed, an opportunity to purchase electricity on terms and conditions, including price, as favourable as the terms and conditions specified in the application.*

Nalcor Energy has not identified any specific terms and conditions by which electricity would be exported under the permits applied for. Please refer to 9(r).

- 9(r) *Where the application does not specify the terms and conditions of the proposed exportation of electricity, a description, including supporting documents, detailing the manner in which the Applicants:*

- (i) *will inform those persons who declare an interest in buying electricity for consumption in Canada of the quantities and classes of service available for sale; and*
- (ii) *will give those persons who have demonstrated an intention to buy electricity for consumption in Canada after having been so informed, an opportunity to purchase electricity on terms and conditions, including price, as favourable as the terms and conditions of the export.*

Through the open market process, the electricity that Nalcor Energy intends to export will be made available to any wholesale consumer in Canada under as favourable terms and conditions as the terms and conditions as those proposed under the export.

**ADDITIONAL INFORMATION REQUESTED PURSUANT TO APPENDIX III
OF THE NEB MEMORANDUM OF GUIDANCE CONCERNING FULL
IMPLEMENTATION OF THE SEPTEMBER 1988 CANADIAN ELECTRICITY
POLICY (REVISED JANUARY 23, 2003)**

1. (a) *whether any new facilities are required in regard to the Applicant's proposed electricity exports, and a detailed description of those facilities;*

Nalcor Energy does not intend to construct new facilities to export the energy related to this request.

- (b) *whether modifications to existing facilities would be undertaken in regard to the Applicant's proposed electricity exports, and a detailed description of those modifications;*

Nalcor Energy does not intend to modify facilities to export the energy related to this request.

- (c) *whether there would be any changes to the operation of existing facilities in regard to the Applicant's proposed electricity exports, and a detailed description of those changes;*

Nalcor Energy does not intend to make changes to the operation of existing facilities with regard to its proposed exportation of electricity.

- (d) *the adverse environmental effects of the new facilities, modifications or changes in operation described in (a), (b) and (c); and*

Not applicable.

- (e) *any measures to be taken to mitigate the adverse environmental effects described in (d)*

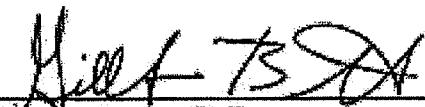
Not applicable.

2. *If the Applicant is unable to provide information in response to any of 1 (a) to (c) the Applicant should explain why not, and if it will be able to provide this information at any time in the future, and if so, when.*

Not applicable.

All of which is respectfully submitted at Calgary, Alberta, this December 29, 2008.

Nalcor Energy


Per: _____
Gilbert Bennett, P. Eng.
Vice President Lower Churchill Project

Appendix A

NOTICE TO BE PUBLISHED IN THE CANADA GAZETTE

NATIONAL ENERGY BOARD

APPLICATION TO EXPORT ELECTRICITY TO THE UNITED STATES

Nalcor Energy

In an application dated December 29, 2008 Nalcor Energy (the "Applicant") applied to the National Energy Board (The "Board"), under Division II of Part VI of the *National Energy Board Act* (the "Act"), for authorization to export up to 550 MW of firm power per year, up to 550 MW of interruptible power per year, and up to 3,600 GWh of firm energy per year and up to 3,600 GWh of interruptible energy per year, for a period of ten years.

The Board wishes to obtain the views of interested parties on this application before issuing a permit or recommending to the Governor in Council that a public hearing be held. The following instructions as to the procedure explain in detail the steps that will be used.

1. The Applicant must file and make available, for public inspection during normal business hours, copies of the application at its offices at Nalcor Energy, P.O. Box 12400, St. John's, Newfoundland, A1B 4K7, Attention: Gilbert Bennett, tel. 709-737-1836, fax 709-737-1782, and at the offices of Fasken Martineau DuMoulin LLP, Stock Exchange Tower, Suite 3400, P.O. Box 242, 800 Place Victoria, Montreal, Quebec, Canada H4Z 1E9, Attention: Andre Turmel, 514-397-5141, Fax 514-397-7600, and provide a copy of the application to any person who requests one. A copy of the application is also available for consultation during normal business hours in the Board's library, 444 Seventh Avenue SW, Room 1002, Calgary, Alberta T2P 0X8.

OFFICE NATIONAL DE L'ÉNERGIE

DEMANDE VISANT L'EXPORTATION D'ÉLECTRICITÉ AUX ÉTATS-UNIS

Nalcor Energy

Le 29 décembre 2008, Nalcor Energy (le « demandeur ») a déposé auprès de l'Office national de l'énergie (l'« Office »), conformément à la section II de la partie VI de la *Loi sur l'Office national de l'énergie* (la « Loi »), une demande en vue d'obtenir l'autorisation d'exporter un maximum de 550 MW de puissance garantie par an et un maximum de 550 MW de puissance interruptible par an, et un maximum de 3,600 GWh d'énergie garantie par an et un maximum de 3,600 GWh d'énergie interruptible par an, pour une période de dix ans.

L'Office souhaite obtenir les commentaires des parties intéressées à l'égard de cette demande avant de délivrer un permis ou de recommander au gouverneur en conseil qu'une audience publique soit tenue. Les instructions relatives à la procédure énoncées ci-après exposent en détail la démarche qui sera suivie.

1. Le demandeur doit déposer et conserver au dossier, aux fins d'examen public pendant les heures normales d'ouverture, des copies de la demande à ses bureaux situés au Nalcor Energy, P.O. Box 12400, St-John's, Newfoundland, A1B 4K7, à l'attention de : Gilbert Bennett, tel. 709-737-1836, fax 709-737-1782, et aux bureaux de Fasken Martineau DuMoulin S.E.N.C.R.L., s.r.l., Tour de la Bourse, bureau 3400, C.P. 242, 800, Place Victoria, Montréal, Québec, Canada H4Z 1E9, à l'attention de : André Turmel, 514-397-5141, Fax 514-397-7600. Le demandeur devra fournir une copie de la demande d'application à toute personne qui en fait la demande. On peut aussi consulter une copie de la demande

2. Parties must file their comments with the Secretary of the Board at 444 Seventh Avenue SW, Calgary, Alberta T2P 0X8, 403-292-5503 (fax), and with the Applicant, by no later than February 10, 2009.

3. Pursuant to subsection 119.06(2) of the Act, the Board will take into consideration all factors that it may deem relevant. In particular, the Board is interested in the comments that applicants may have with respect to:

(a) the impact that electricity on provinces other than the exporting province;

(b) the impact of the exportation on the environment; and

(c) whether the Applicant has:

(i) informed those who have declared an interest in buying electricity for consumption in Canada of the quantities and classes of service available for sale; and

(ii) allowed electricity to be purchased on terms and conditions as favourable as the terms and conditions specified in the application by those who, within a reasonable time of receiving notice to that effect, demonstrated an intention to buy electricity for consumption in Canada.

4. Any answer to comments that the Applicant wishes to present in response to items 2 and 3 of the notice of application and directions on procedure must be filed with the Secretary of the Board and served on the party that filed the comments no later than by February 25, 2009.

5. For more information on the procedures governing the Board's examination, contact Claudine Dutil-Berry, Secretary of the Board at 403-299-2714 (telephone), or 403-292-5503 (fax).

Claudine Dutil-Berry
Secretary of the Board

d'application durant les heures normales d'ouverture à la bibliothèque de l'Office, située au 444, Septième Avenue S.-O. Calgary (Alberta) T2P 0X8.

2. Les parties qui désirent déposer des commentaires doivent le faire auprès de la Secrétaire de l'Office, aux 444, Septième Avenue S.-O. Calgary (Alberta) T2P 0X8, 403-292-5503 (télécopieur), et auprès du demandeur au plus tard le 10 février 2009.

3. Conformément au paragraphe 119.06(2) de la Loi, l'Office tiendra compte de tous les facteurs qu'il estime pertinents. En particulier, il s'intéresse aux commentaires des déposants sur les questions suivantes:

a) les conséquences de l'exportation de l'électricité sur les provinces autres que la province exportatrice;

b) les conséquences de l'exportation sur l'environnement;

c) le fait que le demandeur :

(i) a informé quiconque s'est montré intéressé par l'achat d'électricité pour consommation au Canada des quantités et des catégories de services offerts,

(ii) a permis l'achat d'électricité à des conditions aussi favorables que celles indiquées dans la demande à ceux qui ont, dans un délai raisonnable suivant la communication de ce fait, manifesté l'intention d'acheter de l'électricité pour consommation au Canada

4. Toute réponse aux commentaires que le demandeur souhaite présenter à la suite des points 2 et 3 du présent avis de demande d'application et des présentes instructions relatives à la procédure doit être déposée auprès de la Secrétaire de l'Office et signifiée à la partie qui a déposé le commentaire, au plus tard le 25 février 2009.

5. Pour obtenir de plus amples renseignements sur les méthodes régissant l'examen mené par l'Office, prière de communiquer avec Claudine Dutil-Berry, Secrétaire de l'Office, au 403-299-2714 (téléphone) 403-292-5503 (télécopieur).

Claudine Dutil-Berry, *Secrétaire de l'Office*