



Nalcor Energy Responds to Hydro-Québec TransÉnergie's Allegations

May 14, 2010 – Hydro-Québec TransÉnergie's public statement referencing the Régie de l'énergie's ruling is a misrepresentation of the facts.

"Hydro-Québec TransÉnergie has stated that Nalcor Energy must be willing to pay its share of the transmission costs and facilities upgrades. Let there be no doubt that Nalcor Energy has always been willing. Any characterization by Hydro-Québec TransÉnergie to the contrary is simply untrue," said Ed Martin, President and CEO of Nalcor Energy. "Nalcor is not looking for favourable treatment or a free ride. It is a matter of public record, both in numerous public statements as well as in direct testimony at the Régie that Nalcor would pay as much as \$200 million a year to use Hydro-Québec's power lines as prescribed in the Open Access Transmission Tariff as well as the cost of any prudently required upgrades to the transmission system. Nalcor has been fully prepared to pay both of these costs as long as they are fair and consistent with the open access rules."

Currently, there is a surplus of transmission capacity on the transmission grid which Hydro-Québec TransÉnergie was obligated to offer to Newfoundland and Labrador Hydro, a subsidiary of Nalcor Energy, under the Open Access Transmission Tariff (OATT), before suggesting more expensive upgrades. The surplus was never offered to Nalcor Energy. Instead, Nalcor was told it would have to pay for upgrades that were not required.

Nalcor adhered to the provisions of the OATT in requesting transmission service from Hydro-Québec TransÉnergie and stands firmly by its assertion. The ruling and subsequent cancellation of Nalcor's application contradicts the very essence of open access fairness.

Nalcor reiterates its willingness to do business with Hydro-Québec and to pay for required upgrades on the Hydro-Québec transmission system and any associated rental fees.

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