

March 22, 2007

Mr. Gilbert Bennett
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Dear Mr. Bennett,

Following the reception today by e-mail of your request to amend NLH's Transmission Service requests #101 and #107, HQ TransÉnergie provides the following.

Request #101 System Impact Study Agreement Amendment

The System Impact Study Agreement for request #101 will be amended as requested to modify the Options order of treatment. This amendment could have an impact on the specified study delays. A modified System Impact Study Agreement will be provided shortly following this verification.

We suggest that this Options order modification should be reflected in the Ontario Interconnection assessment with the IESO.

Request #107 Amendment

On February 5, 2007, NLH filed a Transmission Service Request, followed by requested clarifications, for the following:

- Commencement of service by January 1, 2015 for a duration of 30 years;
- Reception from the Lower Churchill plants (Gull Island and Muskrat Falls) of 724 MW at a specified point of receipt (Lines 7051, 7052 and 7053 – Montagnais). This reception point may be modified;
- Delivery of 456 MW at the HQT-NB HVDC delivery point;
- Delivery of 230 MW at the HQT-NE HVDC delivery point.

Based on the above, Hydro-Québec TransÉnergie then advised NLH on February 9, 2007, that it considered this request as a Completed Application.

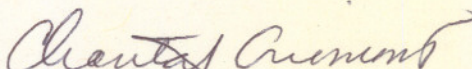
On March 20, 2007, NLH provided a modification to its February 5, 2007 request identifying four options and modifying the maximum capacity to be transmitted and generating equipment specifications. Section 12A.3 of Hydro-Québec's OATT (the "Tariff") states in its third paragraph that *"Any substantial change to a project for which a request has been made for a system impact study, specifically regarding the location, maximum capacity to be transmitted or generating equipment specifications, shall result in the project being processed as a new request and being assigned a position in the sequence of System Impact Studies corresponding to the date on which a complete request for the modified project was submitted to the Transmission provider."*

Hydro-Québec TransÉnergie considers that the March 20, 2007 modification request constitutes a substantial change as per section 12A.3 of its Tariff as:

- NLH now ties the new request with the previous #101 request thus modifying the maximum capacity to be transmitted;
- NLH adds a new generating source;
- NLH now identifies four options to be studied.

Therefore, as per section 12A.3 of the Tariff, these substantial changes result in the project being processed as a new request. This new request is based on the modifications identified in NLH's March 20, 2007 letter. It will be considered as a completed application upon reception of the required deposit within the next 15 days. Please note that request #107 is no longer valid and that the associated deposit will be returned to NLH.

Yours truly,



Chantal Guimont

Director, Commercialisation et affaires réglementaires
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c.c.: Jean Morel