Dear [Name],

Re: Your request for access to information under Part II of the Access to Information and Protection of Privacy Act (File # NR-113-2019)

On June 14, 2019, the Department of Natural Resources received your request for access to the following records/information:

Any briefing materials related to the proposed option to sell NL Hydro assets to NL Power. You can limit the search to 2019

The Department of Natural Resources is providing access to the most information possible but have made redactions in accordance with Sections 29(1)(a), 35(1)(d), 35(1)(f) and 35(1)(g), as follows:

29. (1)(a) The head of a public body may refuse to disclose to an applicant information that would reveal advice, proposals, recommendations, analyses or policy options developed by or for a public body or minister;

35. (1)(d) The head of a public body may refuse to disclose to an applicant information which could reasonably be expected to disclose information, the disclosure of which could reasonably be expected to result in the premature disclosure of a proposal or project or in significant loss or gain to a third party;

35. (1)(f) The head of a public body may refuse to disclose to an applicant information which could reasonably be expected to disclose positions, plans, procedures, criteria or instructions developed for the purpose of contractual or other negotiations by or on behalf of the government of the province or a public body, or considerations which relate to those negotiations;

35. (1)(g) The head of a public body may refuse to disclose to an applicant information which could reasonably be expected to disclose information, the disclosure of which
could reasonably be expected to prejudice the financial or economic interest of the government of the province or a public body.

As set out in section 42 of the Act you may ask the Information and Privacy Commissioner to review the department’s decision to provide access to the requested information. A request to the Commissioner must be made in writing within 15 business days of the date of this letter or within a longer period that may be allowed by the Commissioner. Your request should identify your concerns with the department’s response and why you are requesting a review.

The request for review may be addressed to the Information and Privacy Commissioner is as follows:

Office of the Information and Privacy Commissioner
2 Canada Drive
P.O. Box 13004, Stn. A
St. John’s, NL A1B 3V8
Telephone: (709) 729-6309
Toll-Free: 1-877-729-6309
Facsimile: (709) 729-6500

Pursuant to section 52 of the Act, you may also appeal directly to the Supreme Court Trial Division within 15 business days after receiving the department’s decision.

Please be advised that responsive records will be published following a 72 hour period after the response is sent electronically to you or five business days in the case where records are mailed to you. It is the goal to have the responsive records posted to the Completed Access to Information Requests website within one business day following the applicable period of time. Please note that requests for personal information will not be posted online.

For further details about how an access to information request is processed, please refer to the Access to Information Policy and Procedures Manual at http://www.atipp.gov.nl.ca/info/index.html.

If you have any questions, please feel free to contact me at 709-729-0463 or rhynes@gov.nl.ca.

Sincerely,

Rod Hynes

Rod Hynes
ATIPP Coordinator
Meeting Note
Department of Natural Resources
Newfoundland Power
February 8, 2019 10:00 am – 11:00 am
Location TBD

Attendees: Honourable Siobhan Coady, Minister NR
Peter Alteen, President and CEO (TBD)
Byron Chubbs, VP Energy Supply and Planning (TBD)

Purpose of Meeting:
- The purpose of this meeting is for the Minister of Natural Resources (NR) to meet for a check in with Newfoundland Power (NP). While there is no formal agenda for the meeting, the following items may be discussed: 1) electric vehicles, 2) electrification, 3) the Muskrat Falls Project, 4) Bonavista power outages; and 5) Labrador Island Link Reliability.

Background:
- NP is a Fortis Inc. subsidiary that has generated, distributed and transmitted electricity in Newfoundland since 1885. NP is headquartered in St. John’s.

- NP provides electricity to an estimated 267,000 residential and commercial customers located on the island portion of the province, excluding certain rural areas. NP serves approximately 87 per cent of all provincial electricity consumers.

- NP purchases 93 per cent of its power from NL Hydro, which is NP’s single largest expense. NP operates 23 hydro plants, five combustion turbines, 130 substations and approximately 12,000 km of transmission and distribution lines.

- On April 30, 2018 the Board of Directors of NP announced that Peter Alteen (bio attached) was appointed as Interim President and Chief Executive Officer, effective June 1, 2018. In July 2018, Byron Chubbs (bio attached) was appointed as VP of Energy Supply and Planning.

Discussion Item #1 – Electric Vehicles (EVs)
- There are approximately 43 battery electric vehicles and 316 plug-in hybrid and conventional hybrid electric vehicles in the province. There are between 50-70 charging stations (levels 1 and 2) available for public use in the province.

- To further explore the opportunities associated with EVs, the Electric Vehicles Working Group (EVWG) was established by the Province, consisting of NR, MAE, NP, NL Hydro, Newfoundland and Labrador Environmental Industry Association, the City of Mount Pearl and the City of St. John’s.

Analysis:
- The objective of the EVWG is to provide a comprehensive assessment of the opportunities and challenges increasing EVs in Newfoundland and Labrador over the next 10 years, and an outcomes-based strategic approach for generating a significant increase in EV penetration over a 10-year period, with more detailed milestones for the first 5-year period. The next EVWG meeting is scheduled for February 2019 where a discussion on next steps is expected.

- NR was provided NP’s draft Electric Vehicle Market Assessment Report in November 2018. Key findings coming from the draft report were as follows:
Further analysis is required to determine the impacts of EV adoption on the provincial electrical system;
Research and collaboration between governments and utilities is needed to determine the appropriate achievable mix of public policy measure required to increase EV adoptions in Newfoundland and Labrador.

- In meetings with NR officials, NP has indicated...

Potential Speaking Points:
- I understand Newfoundland Power has been undertaking an electric vehicle market assessment. Is there a market for electric vehicles in the province? What are some of the key barriers to increasing the number of electric vehicles on our roads?
- What role does NP see for government to increase electric vehicles in the province?

Proposed Action:
- NR will continue to work with government departments, utilities and stakeholders on increasing EVs in Newfoundland and Labrador.

Discussion Item #2 – Electrification
- Electrification of Newfoundland and Labrador’s economy is a key energy policy priority for the Government of Newfoundland and Labrador given that 98 per cent of the Province’s electricity will come from renewable energy by 2021 and there is federal funding support for electrification.
- Electrifying space heating, transportation and other fossil fuel-burning applications will help mitigate the impact of Muskrat Falls costs by growing the market for the Province’s clean renewable electricity and thus increasing revenue to help pay for the project.
- As work proceeds, government departments and agencies as well as utilities and stakeholders will work together to identify and assess facilities best suited for fuel switching.
- Many factors affect this analysis, including age/condition of existing boilers/furnaces, the physical characteristics of each building, etc. Analysis will also consider potential rate impacts.

Analysis:
- NR is working with provincial government departments and agencies and utilities to identify electrification projects to mitigate Muskrat Falls.
- NR estimates that annual commercial/service sector light fuel oil consumption is equivalent to 315-395 GWh of electric energy. A large portion of the sector includes federal, provincial and municipal government facilities and private industry. (NR estimates there is significantly more oil-fueled space heating not included in the commercial/service sector total noted above, such as residential space heating).
- Converting GNL buildings to electric heat...
• **These preliminary estimates are for discussion purposes and require validation.** Many factors can influence these estimates such as the age of boilers/furnaces, water heating, the physical characteristics of each building, etc.

**Potential Speaking Points**
• As Newfoundland Power is aware, the Government is looking at electrifying space heating in some of the province’s buildings currently heated by oil. Has Newfoundland and Power considered if and how to expand electric space heating in the private sector?

**Proposed Action:**
• NR continues to work with partners on identifying opportunities for electrification.

**Discussion Item #3 – Muskrat Falls Project (MFP)**
• The Board of Commissioners of Public Utilities (PUB) engaged Liberty and Synapse (consultants) to assist with the review required for the Reference Question issued by the Government of Newfoundland and Labrador on September 5, 2018 on options to reduce the impact of the MFP on electricity rates through to the year 2030.

• Liberty suggests that NL Hydro could potentially improve efficiency through the transfer of some or all of its retail operations to NP. Other efficiency gains could be found by economically optimizing the balance between employee and contractor use and through identifying opportunities for common NLH/NP fieldwork.

• NP made a number of suggestions in response to Liberty’s and Synapse’s interim reports, including:
  o NP believes the debt of the MFP should be refinanced as this is a normal utility practice.
  o The PUB should examine various depreciation methodologies and asset service lives. In particular, NP feels that the proposed straight line-depreciation over 50 years for MFP is short in comparison with NLH’s 2016 depreciation study which depreciates dams over 110 years, powerhouses over 75 years, and generators over 65 years.
  o Restructure Nalcor and improve regulatory oversight to achieve efficiencies.
  o NP believes that eliminating the Nalcor Rate of Return on Equity (ROE) could reduce costs. It further notes that time of use pricing, electrification, and conservation and demand management (CDM) should be examined.

**Analysis:**
• NLH’s depreciation study was filed as part of its 2017 General Rate Application, which is still before the PUB and as such has not been approved.

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**Potential Speaking Points**
• Government welcomes input from Newfoundland Power regarding options to mitigate electricity rates. What does Newfoundland Power see as some of the biggest opportunities for rate mitigation?

• Newfoundland Power recently commented on two interim reports on mitigating Muskrat Falls. Could you expand on your comments?
Proposed Action:
- NR will continue work to mitigate the impact of the MFP on ratepayers.

Discussion Item #4 – Bonavista Outages
- NP advised NR in January 2019 that there were power outages in the Bonavista area over a three-month period.

Analysis:
- NP provided NR three outage summary reports, discussed below, which NP submitted to the PUB as per NP’s normal protocol for outages exceeding a specific threshold. These outages affected nearly 2,600 customers.
  - On November 15, 2018, there was an outage due to the failure of a metering tank inside Bonavista substation. This outage occurred while NP was responding to a major windstorm and lasted approximately 6 hours.
  - On November 24, 2018, there was an outage due to an electrical fault on the power transformer at Bonavista substation. As a result, NP mobilized its portable substation located in Clarenville, transported and installed it at the Bonavista substation. Power restoration started after approximately 9 hours, with the remainder of customers restored within 24 hours.
  - On January 21, 2019, NP’s portable substation tripped off due to a fan failure on the cooling system. This outage lasted approximately 3.5 hours.

- The Mayor of Bonavista, John Norman, reached out to NR in January 2019 to discuss the Town’s concerns with the outages and to discuss next steps in ensuring safe and reliable electricity in the Bonavista area.

- NP has informed NR that it has a portable transformer in place while it assessed the options for addressing the failure of the transformer that caused the November 24, 2018 outage.

Potential Speaking Points
- What is the status of repair on the Bonavista substation?

Proposed Action:
- NR will continue to liaise with NP and the Town of Bonavista on outages in the Bonavista area.

Discussion Item #5 – Labrador Island Link (LIL) Reliability
- In the fall of 2018, NL Hydro submitted to the PUB a Reliability and Resource Adequacy Study addressing the medium and long term reliability of the Island power supply after the Muskrat Falls project and associated transmission links.

- A key factor relating to reliable supply of power to the Island is the probability of the Labrador
Island Link experiencing a tower failure due to an extreme weather event. NL Hydro has reported the towers were designed to withstand such weather events.

- NP has expressed publicly concerns about potential for LIL failure and impacts on customers.

**Potential Speaking Points**
- What are NP’s concerns about LIL reliability?
- What does NP suggest is the solution to its concerns about LIL reliability?
- What does NP see as the appropriate balance between reliability and cost of adding new reserve generating capacity?

**Prepared/ Approved by:** S. Brewer / L. MacDonald / C. Snook

**Ministerial Approval:**

February 7, 2019
Annex A: Biographies

Peter Alteen – President and CEO, Newfoundland Power
In 1987, Peter joined Newfoundland Power and has served in progressively more senior roles since that time. He has in-depth industry knowledge, a comprehensive understanding of North American utility regulation and extensive experience in utility operations.

Peter holds an Arts Degree from Memorial University of Newfoundland and a Law Degree from the University of New Brunswick. Peter serves as a Director of Newfoundland Power and FortisOntario.

Byron Chubbs – VP Energy Supply and Planning, Newfoundland Power
Byron joined Newfoundland Power in 2006 and held progressive positions throughout the organization. In 2016, he joined our sister company, Maritime Electric, as Vice President, Customer Service. In July 2018, Byron rejoined Newfoundland Power as Vice President, Energy Supply and Planning.

Byron holds a degree in Electrical Engineering from Memorial University and is a graduate of the Advanced Leadership Program from Memorial’s Gardiner Institute. Byron also sits on the Canadian Electrical Association’s Distribution Council and National Emerging Issues Committee.