Re: Your request for access to information under Part II of the Access to Information and Protection of Privacy Act (File # NR-214-2019)

On October 8, 2019, the Department of Natural Resources received your request for access to the following records/information:

Any briefings or reports prepared by the department of natural resources or prepared by NALCOR and provided to the department of natural resources in relation to Gull Island

On October 9, 2019 you provided a date range for the above noted request as being “in the past 90 days” therefore we limited our search criteria to records created or received between July 9, 2019 and October 8, 2019.

On October 16, 2019 you indicated that you were not looking for copies of any previously released information or records that are publically available, such as the Liberty Consulting Group report, the Synapse Energy Economics report, any presentations made to the Public Utilities Board in relation to rate mitigation/management or similar type records.

I am pleased to inform you that a decision has been made by the Department of Natural Resources, confirmed by the Deputy Minister, to provide access to the requested records. The responsive records are attached.

We are providing access to the most information possible but have made redactions in accordance with Sections 29(1)(a), 34(1)(a)(i) and 35(1)(d)(g) of ATIPPA, 2015 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;
34. (1)(a)(i) The head of a public body may refuse to disclose information to an applicant if the disclosure could reasonably be expected to harm the conduct by the government of the province of relations between the government and the following or their agencies: the government of Canada or a province;

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)(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.

Please be advised that you may ask the Information and Privacy Commissioner to review the processing of your access request, as set out in section 42 of the Access to Information and Protection of Privacy Act (the Act). 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.

The address and contact information of 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

You may also appeal directly to the Supreme Court Trial Division within 15 business days after you receive the decision of the public body, pursuant to section 52 of the Act.
Please be advised that this letter will be published following a 72 hour period after it 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 letter posted to the Office of Public Engagement's website within one business day following the applicable period of time.

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
New England Governors/Eastern Canadian Premiers (NEG/ECP) Briefing Book
Background Note – Gull Island and Newfoundland and Labrador
Export (Supply) Opportunities
Department of Natural Resources

Title: Gull Island and Newfoundland and Labrador Export (Supply) Opportunities

Issue: To provide an overview of the Gull Island project and update on market opportunities for the Premier’s Briefing Book for the NEG/ECP meeting in Saint John, New Brunswick (NB) Sept 8-10, 2019.

Background and Current Status:
- The Gull Island project is Phase 2 of the Lower Churchill Project with a planned capacity of 2,250 megawatts (MW) and an average energy output of 11.9 terawatt hours (TWh) per year. Gull Island is on the Churchill River downstream from the 5,428 MW Churchill Falls generating station and upstream from the 824 MW Muskrat Falls hydroelectric station construction site.
- As the Muskrat Falls Project will meet domestic and some export market requirements for the foreseeable future, Gull Island output would be dedicated to export and serving any new Newfoundland and Labrador large-scale load growth.
- Significant technical work has been completed on the Gull Island project, including technical studies and an environmental assessment for generation, assessment of potential transmission routes; aboriginal agreement with Innu Nation; a water management agreement with Churchill Falls (Labrador) Corporation Limited; and extensive hydrological data and analysis.
- Multiple market options and market access options for Gull Island have been assessed for potential feasibility. One of the primary considerations will be availability of a long-term contract to enable financing. Market options include Ontario (ON), the Maritimes and New England.
- While Gull Island presents a long-term opportunity, other renewable energy opportunities include wind, small hydro, and upgrading and expanding existing hydro generation.

Analysis:
Ontario
- Due mainly to retirement of baseload capacity, ON’s Long-Term Energy Plan (LTEP) 2013 projected an electricity capacity gap to emerge as early as 2019. As such, ON committed to exploring the potential for clean, firm electricity imports as a source of electricity supply.
Maritime Provinces

- A December 2017 report of the House of Commons Standing Committee on Natural Resources notes that Nova Scotia (NS) and New Brunswick (NB) face a supply gap due to the planned phase-out of coal-fired generation. Firm capacity like hydro and nuclear will be required to back up variable resources such as solar and wind and as such, NS and NB are potential markets for Gulf Island power.

- Building off the 2016-18 Regional Electricity Cooperation and Strategic Infrastructure (RECSI) initiative, Newfoundland and Labrador is currently engaged in the subsequent Atlantic Clean Power Roadmap initiative with Atlantic and Federal government officials and utility representatives to outline a collective vision for how jurisdictions will collaborate over the coming decades to build a clean power network across Atlantic Canada.

- The Atlantic Clean Power Roadmap will forecast electricity demand across the region, evaluate different options to develop new clean electricity supplies and identify the most cost-effective and critical transmission projects.

- NB-NS intertie upgrades could benefit this Province by increasing transmission capacity through the Maritimes for the Province's exports and economic imports and improve our system reliability.

New England

- The New England wholesale energy market serves a population of approximately 14.8 million with 6.5 million households and businesses. Currently, New England has approximately 31,000 MW of electricity generating capacity and imports approximately 17% of its energy needs. Electricity demand peaks in the summer, with a smaller peak occurring in the winter. New England has adequate capacity resources to meet projected demand. However, as more limited-energy resources are developed and traditional generating resources retire, the grid may not be able to supply enough energy to meet electricity demand.

- New England is transitioning its power generation resource mix from coal and oil to natural gas. In 2018, generation consisted of 41% natural gas, 25.5% nuclear, 8.7% renewables, 7% hydro, and 1.8% oil and coal.

- Annual auctions in the Forward Capacity Market (FCM) ensure the system has sufficient resources to meet future electricity demand. Auction # 13 conducted in February 2019 acquired a total capacity of 34,839 MW, including 654 MW of new demand resources and 837 MW of new generation.
- The Regional Greenhouse Gas Initiative mandates electric utilities buy an increasing amount of wholesale power from green resources. The demand for electricity in New England has actually been declining about 1% a year. Four out of the five most energy-efficient states in the US are in New England, with Massachusetts (MA) No. 1.

- The market is currently facing supply challenges including: (1) excessive reliance on natural gas generation, (2) upcoming retirements of non-gas-fired generation (up to 9,400 MW by 2020), (3) and aggressive greenhouse gas (GHG) emission reduction targets and state renewable portfolio standards (RPS), which require electricity suppliers to purchase a portion of their power from renewable sources.

- The 2019 Energy Outlook report from New England’s grid operator, ISO New England, notes that 20,573 MW of proposals for new generating capacity are pending in the region. However, the report also notes that not all proposed new projects are built and historically about 70% of MW are ultimately withdrawn. Wind comprises 65% of new proposals while less than 1% is hydropower.

Newfoundland and Labrador Generation and Transmission
- Commissioning of the Labrador Transmission Assets and the Labrador-Island Link will connect the Island to the Labrador electric system, and the Maritime Link already connects the Island to NS. Collectively, these assets create an electricity loop enabling the transfer of electricity from NS to QC via Newfoundland and Labrador. These interconnections present new opportunities for trading electricity.

- Aside from these new interconnections, export is also driven by access to Nalcor’s 265 MW transmission reservation through QC and the amounts of surplus energy available on the Labrador interconnected system.

- In the long-term beyond the mid-2020’s, new generation at Gull Island and/or smaller hydro and wind generation could provide more than 2,000 MW. With the Churchill Falls Renewal Contract expiring in 2041, additional supply would be available for export.

- Newfoundland and Labrador’s large-scale firm generation sources (e.g. hydro) can also provide capacity support and the firming up of non-firm renewable energy sources (e.g. wind/solar), which can assist in increasing the use and integration of renewable energy sources in the region.

- Prior to expiration of the Churchill Falls contract, any new large-scale projects, such as Gull Island, would require export customers in jurisdictions with forecast supply shortages, and would also require expansion of transmission systems in Newfoundland and Labrador and connecting systems (e.g. ON, New England, Maritimes).

Action Being Taken:
- Note is provided for information purposes. No action is required.

Prepared/Approved by: Y. Khan/R. Bates/K. Bradbury/ C. Snook

Ministerial Approval:

August 22, 2019