



Government of Newfoundland and Labrador
Department of Natural Resources

January 30, 2020

Re: Your request for access to information under Part II of the *Access to Information and Protection of Privacy Act* (File # NR-14-2020)

On January 9, 2020 the Department of Natural Resources received your request for access to the following records/information:

Please provide a copy of ALL Key Messages or Q&A (question and answer) documents prepared by, for or in collaboration with the communications division of the Department of Natural Resources for the month of December 2019. Please note that if there are more than 15 of these records or in excess of 50 pages of total documentation then a list of the titles of the KMs and Q&A will suffice for now.

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.

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,

A handwritten signature in cursive script that reads "Rod Hynes".

Rod Hynes
ATIPP Coordinator

**QP Issue Note
Department of Natural Resources
December 3, 2019**

ISSUE: Winter Readiness

Given that winter weather is coming soon, questions may arise regarding how prepared NL Hydro is with respect to electricity supply for the season.

ANTICIPATED QUESTIONS:

Q. Is NL Hydro ready for the upcoming winter season?

KEY MESSAGES:

Hydro is focused on ensuring customers have the reliable electricity they depend on and the Winter Readiness Plan indicates that they will provide customers with reliable electricity this winter.

Winter readiness for Hydro includes activities like completion of annual work plan items, completion of preventative maintenance, testing of all generation (Hydro units, Holyrood, gas turbine), purchasing of critical spares, and securing power purchase agreements.

While power outages can, and do happen (due to things like weather), investment has been made to thermal and hydro units to ensure reliability of power supply this winter.

Similar to how Hydro reliably served customers last year, they will rely on generation sources on the island (i.e. Holyrood, Bay d'Espoir) and capacity assistance arrangements with industrial customers, and purchase imports over the Maritime Link when economically and technically feasible.

SECONDARY MESSAGES:

- Hydro filed its 2019-2020 Winter Readiness Planning Report with the PUB on November 12, 2019. The report details the status of Hydro's Annual Work Plan, outstanding 2019 capital projects and other matters including testing, planned outages, procurement, expected reserves, and contingency plans.
- Hydro's total capital investment from 2015 to 2020 (planned) totals approximately 1.1 Billion.
- We speak regularly with NL Hydro and Nalcor about readiness for the upcoming winter.
- Hydro is implementing its winter readiness plans with the conservative assumption that the Labrador Island Link will not be available to provide imports this winter.

- Hydro is planning for a potential winter peak of approximately 1800 MW in winter 2019-2020.
- This is similar to Hydro's historic peak which occurred last winter (1784 MW). Hydro provided reliable service through this period of high customer demand requirements with ample reserves on the system.

Prepared by: Lisa Lawlor, Media Relations Manager

Approved by: Diana Quinton, Director of Communications

Corey Snook, Director of Energy Policy

Ted Lomond, Deputy Minister

**QP Issue Note
Department of Natural Resources
December 4, 2019**

ISSUE: Data Centre Closure

On December 4, Allnewfoundlandlabrador.com reported that the data centre firm, Great North Data, located in Labrador, is bankrupt. The article discussed a number of challenges faced by the company, as well as that their closure is not good news for rate management, as the extra electricity demand was meant to help mitigate power rates.

ANTICIPATED QUESTIONS:

Q. What does the closure of this data centre mean for rate management?
Q. Is the closure of this data centre indicative for the rest of this industry?

KEY MESSAGES:

As provided for in our province's privacy laws, Government cannot comment on the details of a private company's financial matters.

The performance of any particular cryptocurrency data processing operation does not reflect the health of the much-broader data processing sector. NL Hydro still has 10 data centre customers operating in Labrador.

Currently, Labrador's combined data centre peak demand is approximately 7.4 megawatts and annual energy is 30.3 gigawatt hours.

The reopening of the Wabush mine under new owner Tacora and ongoing mineral exploration and mining development activities demonstrate that the traditional industrial customer base for Labrador power remains strong.

Prepared by: Lisa Lawlor, Media Relations Manager

Approved by: Director of Communications
Executive, Natural Resources

**Key Messages
Natural Resources
December 11, 2019**

ISSUE: Framework to Manage the Impact of Muskrat Falls

In April 2019, the province released a Framework to Manage the Impact of Muskrat Falls on Electricity Rates.

ANTICIPATED QUESTIONS:

- Q. How will the province keep electricity rates from doubling?
- Q. When will the province release its full plan?

KEY MESSAGES:

Ratepayers and taxpayers will not shoulder the burden of Muskrat Falls. The framework will protect ratepayers and taxpayers from seeing rates and taxes increase as a result of the project.

The Provincial Government brought the PUB back into the Muskrat Falls Project by engaging it to examine options to mitigate the impact of Muskrat Falls and is using its interim report to inform the framework and future actions.

Our full plan will incorporate the expertise and knowledge of the PUB once we receive its final report in January 2020.

Through diligence and hard work we have cleaned up the Muskrat Falls Project and put it on a solid footing. We don't start paying until 2021 – there is time to fully address the issues and pay for Muskrat Falls.

Secondary Messages:

We have already begun work on our plan – for example:

- We are working towards switching our buildings from fossil fuel to electric heating as existing furnaces and boilers reach the end of their useful life.
- In fact, the Department of Natural Resources recently issued a request for proposals to engage an independent consultant to conduct a feasibility study for installation of a primary electrical boiler at Memorial University's St. John's Campus. The emphasis of this work will be to assess the potential of optimally converting Memorial University from oil-fired boilers to electric boilers and identify preferred options for installation.
- Switching our economy to electricity is a key energy policy priority for this government given that 98 per cent of the province's electricity will come from renewable energy by 2021.
- Electrifying space heating, transportation and other fossil fuel-burning applications will help mitigate the impact of Muskrat Falls costs by growing the market for our clean renewable electricity and in turn increasing revenue to help pay for the project.
- Efforts are underway to expand use of Newfoundland and Labrador's renewable electricity. Our roadmap to electrification to-date includes deploying support for

home heating pump installation, electrical vehicle charging stations, and fuel switching for provincial public buildings.

- In addition to Memorial University, other preliminary government buildings identified for fuel switching comprise approximately 15 per cent of commercial and service heating oil consumption.
- The Department of Municipal Affairs and Environment is collaborating with Newfoundland and Labrador Hydro to pursue funding opportunities with the Federal Government to enhance the electric vehicle charging station network through an investment of \$2 million in Budget 2019.
- The Atlantic Premiers and the Government of Canada committed to develop a Clean Power Roadmap for Atlantic Canada. This roadmap will outline a collective vision for how we can work together to produce and use more clean power in the region.
- We are also working to find reliable, cost-effective, renewable energy solutions for the 20 isolated diesel communities in our province to lessen their reliance on diesel.
- Government is working to capitalize on revenue opportunities associated with available surplus energy from the Muskrat Falls Project.

**Key Messages
Natural Resources
December 11, 2019**

ISSUE: Update on the New Oil and Gas Corporation

Legislation enacting the Oil and Gas Corporation Act went to the House of Assembly in Spring 2019.

ANTICIPATED QUESTIONS:

Q. When will details be released around the new oil corporation?

KEY MESSAGES:

We are pleased to be progressing with plans for the new oil and gas corporation.

The interim board of directors has been established and has met.

As of January 1, 2020, the corporation will begin operations and employees (who are being transferred from Nalcor Oil and Gas) will be in place.

At that time, Bull Arm Fabrication Inc. will also be transferred from Nalcor and will become a subsidiary of the corporation.

SECONDARY MESSAGES:

- The oil and gas corporation will report directly to the Minister of Natural Resources and will work with industry stakeholders, and the department, to support the implementation of Advance 2030.
- The corporation will continue to focus on developing our oil and gas resources and attracting exploration investment to the province. It will also focus on local supply and service industry opportunities, which will help create jobs and business opportunities for the people of the province.

**Key Messages
Natural Resources
December 12, 2019**

ISSUE: Year-End 2019

Minister Coady will be doing a year-end interview for 2019.

ANTICIPATED QUESTIONS:

Q. How was the year in Natural Resources?

Q. What do you anticipate happening in Natural Resources in 2020?

KEY MESSAGES:

This has been a very productive and positive year for our oil and gas and mining industries. In fact, in the past two years there has been a commitment of \$18 billion in investment in oil and gas and mining projects.

We have worked diligently on many important projects for the people of Newfoundland and Labrador throughout the year.

Our government introduced legislation to establish a new oil and gas corporation for our province, we lobbied the Federal Government on concerns regarding Bill C-69, we re-opened Beaver Brook Antimony mine (100 jobs) and we have been working to advance our rate management plan to help keep electricity rates affordable.

We have also been advancing our plans for the mining and oil and gas industries: Mining the Future and Advance 2030. In fact, we announced our Implementation Plan for Advance 2030, with over 95 per cent of immediate priority actions in progress or complete, as we work towards enhancing the development, competitiveness and sustainability of our oil and gas industry.

On 2020:

We anticipate 2020 to be a very busy and exciting year for our natural resources industries.

Our Oil and Gas Corporation will begin operations on January 1. The team at the corporation will focus on developing our oil and gas resources and attracting exploration investment to the province. It will also focus on local supply and service industry opportunities, which will help create jobs and business opportunities for the people of the province.

We will continue to work to advance Mining the Future and Advance 2030. Some initiatives we are working on under these plans is to provide further funding under our Innovation and Business Development Fund, introduce an enhanced

online mineral claim staking system and conduct consultations on our quarry legislation to ensure we develop modern legislation that addresses current gaps.

We will also continue to work with industry and stakeholders, as well as local communities and Indigenous governments and organizations to develop a plan to build a renewable energy future in Newfoundland and Labrador.

The Oil and Gas Corporation will be proclaimed on January 1, 2020, the Board of Commissioners of Public Utilities' final report is due to Government in January, and results of the Muskrat Falls inquiry are expected in March.

As we move into the New Year, we will continue to work with all of our oil and gas, mining and energy stakeholders to ensure a productive and positive year for the benefit of all residents of our province.

**Prepared by: Lisa Lawlor, Media Relations Manager
Approved by: Diana Quinton, Director of Communications**

Natural Resources

December 13, 2019

ISSUE: Geological Survey Findings/Mineral Resources Review 2019

ANTICIPATED QUESTIONS:

- Tell us about the ruby and sapphire findings in Labrador – what are the next steps?
- What are the highlights of last week's conference?

KEY MESSAGES (On Ruby and Sapphire Find)

The project completed through the Geological Survey used the results of an airborne geophysical survey as a guide to direct mapping and targeted sampling in Hopedale, Labrador.

The project was conducted by a research team from the Geological Survey in collaboration with the Nunatsiavut Government and the Geological Survey of Canada. This approach helped to maximize scientific outputs and to allow for more complete geological interpretation of the study area.

Early results show small grains of sapphire and ruby in sediments originating from rocks that are similar to those of the gemstone-rich areas of Greenland, where rubies are currently being mined.

Industrial uses for these minerals include lasers and semiconductors. They can be used in industry for abrasive and cutting purposes. Also, an interesting fact is a ruby laser is better than other laser materials for removing tattoos.

This work represents the first step in a long sequence of scientific work that will illuminate the potential of this geological section of Labrador.

This geoscientific work that was done this summer was to provide baseline data for stakeholders for land-use decisions, and to provide scientific results for the public to bolster exploration efforts in this part of Labrador.

The study involved interacting with the community in a number of different ways:

- direct input of community members regarding geological sites of interest, which were examined by survey staff;
- information sharing from members of the community as to bedrock units they had noticed/sampled while out on the land;
- educational activities such as mineral identification and geological work; and
- a community outreach day with a presentation, food and activities to involve the community in our work.

We are hoping to continue this type of collaborative, research-based work as we continue these studies into the Hopedale block. Our team is hoping to follow up on the geophysical and geochemical results that have been generated from the initial studies, and to try and present a more complete picture of the geology of the region for the public.

KEY MESSAGES (On Geological Survey):

Our Geological Survey is providing the data, knowledge and science necessary for diversification of our mining and mineral exploration industry.

For more than 150 years, the province's Geological Survey has mapped the mineral resources in our province. The work of the survey is publicly available to everyone: prospectors, junior exploration companies and investors globally.

In 2018, the Geological Survey had 12 active field projects - seven in Newfoundland and five in Labrador.

Information from the Geological Survey can be a catalyst for claim staking, but also enhances the knowledge of our diverse geology to support ongoing mineral exploration.

The release of geoscience data and reports also contributes to land use planning to ensure the department can protect resources for future development.

KEY MESSAGES (On Mining):

Mining is one of the province's most important industries. With approximately \$4.3 billion in mineral shipments for 2019, the mining industry employs over 6,300 people (excluding construction) throughout Newfoundland and Labrador.

In 2018, there were over \$45 million in exploration expenditures.

Much potential exists for us to further the mining industry in areas such as the Labrador Trough, southern Labrador's rare earth minerals potential and Central Newfoundland's gold opportunities.

Investments in mining and mineral exploration are creating significant employment opportunities, generating new opportunities for local businesses, and improving government's ability to invest in programs, roads, education, and health care.

By working together to meet our plan for growth, as outlined in Mining the Future, we will achieve our vision of being a globally competitive, top tier jurisdiction for mineral exploration and development - one that is safe, environmentally responsible, maximizes benefits and opportunities, and competitively produces quality products for global markets.

Background: Mining the Future

In November 2018, we launched *The Way Forward on Mining. Through Mining the Future 2030: A Plan for Growth in the Newfoundland and Labrador Mining Industry*, by 2030 we envision:

- Five new mines;
- Sustainable direct employment of more than 6200 people in operations;
- A doubling of annual exploration expenditures to \$100 million;
- Producing at least 10% of Canadian mineral shipments;
- A workforce that is more diverse, including 30 per cent women;
- Our province consistently ranked as a top three Canadian jurisdiction in permitting times; and,
- Our province consistently ranked overall as a top three Canadian jurisdiction by industry.

By working together, we will achieve our vision of being a globally competitive, top tier jurisdiction for mineral exploration and development - one that is safe, environmentally responsible, maximizes benefits and opportunities, and competitively produces quality products for global markets.

We are making progress on our plan. Work has already commenced on driving exploration, enhancing our competitiveness, and accelerating development.

We are now working on developing a fully integrated, multiyear implementation plan with our internal and external partners. An interdepartmental steering committee for Mining the Future has met, and is comprised of representatives across a number of provincial government departments and Mining Industry NL.

Mineral Licences and Mineral Exploration

- 60,000 mineral claims throughout the province are currently in good standing.
- Mineral exploration expenditures increased from \$47 million in 2018 to over \$57 million in 2019. This represents the continued growth that began in 2017 following a 13-year low in 2016.
- The availability of geoscience data generated by the Geological Survey combined with assessment report data from mineral exploration reporting support the mining and mineral exploration industries.

Key Producing Mines

- Iron Ore Company of Canada is a leading Canadian producer of iron ore concentrate and iron ore pellets that serves customers worldwide. IOC recently opened the new Moss Pit and is moving forward with other developments such as the Magy Pit Extension. This extension will provide sufficient additional ore to fill the

plant capacity. The mine, concentrator and pelletizing plant in Labrador is anticipated to employ more than 1800 people in 2019.

- Vale Newfoundland and Labrador announced on June 11, 2019 that the Voisey's Bay Mine Expansion Project is advancing toward first ore production with a target of April 2021. Estimated employment for all aspects of the Voisey's Bay Project, including the mines and processing plant, is anticipated to be 2,566 person years in 2019, a 30 per cent increase from 2018.
- Tata Steel Minerals Canada is commissioning their \$700 million wet processing plant. Availability of this asset is a significant milestone for this project.
- Tacora successfully reactivated the Scully Mine and mill and projects a minimum mine life of 26-years. Tacora announced in August 2019 its first seaborne vessel shipment of 69,770 tonnes of Premium Concentrate bound for a customer in Europe. Employment in 2019 is expected to reach 106 person years in operations and 20 person years in construction.
- Rambler Metals and Mines operates the underground Ming copper-gold mine on the Baie Verte Peninsula. Rambler continues to advance the copper-gold mine with a view to advancing an expansion of its existing Tailings Management Facility. Expansion of this facility will accommodate tailings generated during operations at the mine through 2025. It is anticipated Rambler will generate 195 person years of employment in 2019.

Key Developing Properties

- Marathon Gold Corporation is a gold exploration and development company with its flagship project, Valentine Lake, located in central Newfoundland. Marathon has received significant support for its exploration work through the province's Junior Exploration Assistance Program. Marathon is currently proceeding through Environmental Assessment. The potential mine life is approximately 12.2 years with an estimated annual average production of 225,100 ounces per year.
- Search Minerals Inc. is closer to creating a multigenerational source for rare earths in Canada. Search has three (3) Rare Earth Element (REE) camps in Labrador with its primary focus on the Port Hope Simpson Critical Rare Earth Element (CREE) district in South East Labrador. Search intends to continue to expand on the Deep Fox resource with additional drilling in 2020.
- Matador Mining Ltd. is a Western Australian-based exploration company with its flagship Cape Ray Gold Project, located approximately 25 kilometres from Port aux Basques. On October 4, 2019, as part of its exploration program at Cape Ray, Matador announced a new high-grade discovery that extends the mineralised footprint. Matador has carried out extensive exploration in 2018 and 2019 and is

currently carrying out baseline environmental studies to aid in its environmental registration.

Prepared by: Lisa Lawlor, Media Relations Manager

Approved by: Diana Quinton, Director of Communications

Alex Smith, ADM, Mines

**Key Messages
Natural Resources
December 30, 2019**

ISSUE: Competitiveness and Regulatory Certainty in Research and Development Expenditures Provided in the Canada-Newfoundland and Labrador Offshore Area

The Governments of Canada and Newfoundland and Labrador, along with the Canada-Newfoundland and Labrador Offshore Petroleum Board (C-NLOPB), are working together to increase competitiveness and provide regulatory certainty with respect to research and development expenditures by producing operators in Newfoundland and Labrador.

In support of these shared objectives, a ceiling of 0.5 per cent of project revenues will be used in calculating research and development expenditure requirements for all producing projects in the Canada-Newfoundland and Labrador Offshore Area. This is in line with what most oil and gas companies spend globally on research and development as a percentage of gross sales. It replaces a calculation using a Statistics Canada benchmark that had increased significantly in recent years, primarily due to the decline in global oil and gas prices since 2014. The unchecked application of that benchmark in the offshore area would unduly inflate expenditure requirements locally despite the downturn.

The ceiling will help to ensure that expenditure requirements are predictable and more reflective of changes in annual oil prices as well as production levels, which are expected to increase in the years ahead.

ANTICIPATED QUESTIONS:

Q. What does this mean for our oil and gas industry?

KEY MESSAGES:

This measure is the latest result of ongoing collaboration by the two governments and the C-NLOPB to build a best-in-class regulatory regime with respect to offshore safety, environmental protection and international competitiveness, in order to contribute to economic growth, jobs and prosperity.

The initiative is aligned with Advance 2030, supports continued high investment in research and development, and provides for a predictable, stable environment to attract investment in the province's offshore oil industry. Along with creating a more competitive investment climate, this regulatory certainty also helps Canada meet its international trade obligations.

With an expected increase in production levels, increased investment and development in Newfoundland and Labrador will lead to jobs, government revenues and continued significant research and development spending in the province. New funding is also available from sources such as the Innovation and Business Development Fund and the Ocean Supercluster.

BACKGROUND:

The Accord Acts require that expenditures for research and development, as well as education and training, be carried out in the province.

In 2004, the C-NLOPB issued Guidelines for Research and Development Expenditures and since that time, has calculated the spending obligations for each project operator annually.

In recent years, the five-year average of the Statistics Canada benchmark for research and development has increased substantially - from 0.46 per cent in 2009 to 0.74 per cent in 2015. Based on the latest available information, the five-year average would have further increased to 1.42 per cent, representing a 92 per cent growth over 2015 and a 209 per cent escalation over 2009.

Increasing expenditure requirements as a result of escalation in the Statistics Canada benchmark negatively impacts competitiveness versus other jurisdictions. Similar to Statistics Canada's benchmark, the European Commission's R&D Scoreboard measures the ratio of global corporate investment into R&D as a percentage of net sales revenue. From 2003 to 2018, the global spending ratio averaged 0.3 per cent for a group of major exploration and production companies.

Upstream oil and gas companies continually identify where to invest in exploration and development. In market downturns or in times of significant capital constraint, investment opportunities estimated to generate the highest returns are often sanctioned ahead of less competitive alternatives.

Investment in Canada's oil and gas sector has fallen dramatically over the last number of years. Based on Statistic Canada's data for the third quarter of 2019, oil and gas sector capital investment has declined by approximately 60 per cent (over \$13 billion) since the end of 2014.

The Governments of Newfoundland and Labrador and Canada have been working together to support global competitiveness in our offshore oil industry, as indicated in the plan for growth - Advance 2030. In this regard, regulatory certainty must be provided to industry, in consideration of Canada's international trade obligations.