January 14, 2020

Re: Your request for access to information under Part II of the Access to Information and Protection of Privacy Act (File # NR-265-2019)

On December 23, 2019, the Department of Natural Resources received your request for access to the following records/information:

For the past six months any briefings on the Come By Chance Refinery Coker project

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 records are attached.

We are 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) 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;

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;

Please note that we have redacted in full the Annex 3 attachment (pages 9 to 10) to the note under the sections noted above.

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
Meeting Note
Department of Natural Resources
North Atlantic Refining Limited (NARL)
July 31, 2019 at 10:00am
Premier’s Office

Attendees:  
NARL:  
Kaushik Amin, Partner, Silverpeak  
Thomas Jenke, Chief Operating Officer, NARL Refining LP  
Rhonda Hiscock, Refinery Chemist, NARL Refining LP (no biography available)  
Gary Anstey, Principal Consultant, Anstey and Associates  
(Biographies in Annex 1)

Government of Newfoundland and Labrador:  
Premier Dwight Ball  
Minister Siobhan Coady, Department of Natural Resources  
ADM, Department of Natural Resources, TBD  
Peter Myles, Office of the Premier  
Greg Mercer, Office of the Premier  
Jamie Chippett, Municipal Affairs and Environment

Purpose of Meeting:
- NARL officials requested a meeting with the Premier and Minister of Natural Resources to discuss 1) federal climate change policy impacts on NARL (carbon pricing/taxation, clean fuel standard) and 2) pipeline from the Newfoundland Transshipment Limited to the NARL refinery.

Background:
- The current owner of NARL, SilverRange Financial Partners (a subsidiary of Silverpeak), acquired NARL from Harvest Operations Corp. in November 2014. Currently, NARL is operated as various subsidiaries including NARL Refining LP, NARL Marketing LP and NARL Fuels LP.

- NARL Refining LP (see Annex 2 for map of refinery site):
  o Operates the 130,000 barrel per day oil refinery at Come By Chance. The site includes process facilities, crude oil and refined product storage tanks, as well as a deep water wharf and jetty facilities for tanker loading/offloading. The marine division manages vessel traffic and oil spill risk prevention/mitigation.
  o The majority of the refinery output is exported to international markets with about [redacted] per cent sold in Newfoundland and Labrador on average annually.
  o The refinery employs approximately 400 full-time permanent employees. Total employment fluctuates, including with the utilization of contract and temporary workers.

- NARL Marketing LP (see Annex 2 for map of service areas and gas station locations):
  o Marketing/retail operations in Newfoundland and Labrador include retail marketing of automotive fuels, three cardlock storage/distribution locations, various bulk plant storage facilities, wholesale/commercial marketing and distribution of fuels, and home heating fuel sales and service. The marketing head office is in St. John's.

- NARL Fuels LP:
  o On July 11, 2019, NARL registered a “Delayed Coker Project” proposal with the
Department of Municipal Affairs and Environment (MAE) for Environmental Assessment (EA). The EA registration document stated the rational for the project is in response to a January 2020 reduction to the global cap of sulfur in fuel oil used by ocean-going vessels and a projected increase in heavy fuel oil production that will both have a negative impact on NARL.

- The project includes the construction and operation of a Delayed Coker complex equipped with a small integrated Crude Oil Fractionation Unit, a Distillate Hydrotreater, and assorted utilities. NARL Fuels LP proposes to construct and operate this facility adjacent to and northwest of the existing NARL refinery.
- NARL's proposal indicates that operation of the Delayed Coker will consume vacuum residue from the adjacent NARL Refinery. The Integrated Crude Fractionation unit will operate on crude sourced from offshore Newfoundland and elsewhere.
- NARL estimates the physical plant investment cost at $450-500 million plus an additional $100 million in new working capital.
- NARL is targeting construction to begin in 2020 with completion in 2021. The company estimates peak construction employment of 330 workers and 80 permanent staff for operations.
- The deadline for public comments is August 16, 2019 and the MAE Minister’s decision is due by August 25, 2019.
- Section 2.4.7 of the registration indicates the project requires an uninterrupted power supply of 12 megawatts (MW) and the company is evaluating two self-generation options including a gas turbine with heat recovery steam generator or an internal combustion engine with steam recovery.

Agenda Item #1 – Federal Climate Change Policy Impacts on NARL (carbon pricing, clean fuel standard)
- NARL officials have repeatedly raised their concerns with the collective impacts of climate change and low carbon policies on its refinery operations in Newfoundland and Labrador.

Analysis:
Carbon Pricing Framework for Greenhouse Gas (GHG) Emissions:
- On October 23, 2018, Newfoundland and Labrador released its framework for carbon pricing as part of the Pan-Canadian Framework on Clean Growth and Climate Change. The provincial framework includes a carbon tax on fuel product sales (e.g. gasoline, diesel) and a performance based system with GHG reduction targets for large industrial facilities like the NARL refinery.

- These measures came into effect on January 1, 2019, and the Climate Change Branch (CCB) of MAE has continued to work with stakeholders on implementation.

- Performance standards focus on improving efficiency. The provincial approach to phasing in performance standards from 2019 to 2022, thereby providing industry with time to prepare for and invest to minimize costs. Performance standards encourage investments and actions to reduce emissions while allowing for continued investment and expansion at a facility, and provides for alternative compliance measures (e.g., greenhouse gas reduction credit purchases, including credit purchases from NLH for the Holyrood Generating Station) to reduce costs in situations where direct on-site GHG reductions cannot be achieved. This approach is consistent with input from NARL through consultation prior to the framework release and is expected to result in lower costs to NARL than if the federal regulations were applied directly.
Clean Fuel Standard (CFS):
- Since 2017, Environment and Climate Change Canada (ECCC) has been consulting on its Clean Fuel Standard framework to replace its existing Renewable Fuels Regulations, from which this Province has been exempt. ECCC has not indicated any regional CFS exemptions. The CFS would require a fuel producer/wholesaler/importer to purchase credits or blend clean fuels (e.g. biofuels) with fossil fuels to meet allowable carbon intensity content in the fuels (i.e. reduce fossil fuel CO₂ content prior to sale/consumption in Canada).

- The current federal government (ECCC) schedule for CFS Implementation:
  - June 2019: ECCC released the Clean Fuel Standard Proposed Regulatory Approach document on June 28, 2019, and is inviting comments by August 26, 2019. The Department of Natural Resources is continuing to review and expects to submit formal comments.
  - 2019 to 2020: Consultations continue on the design of the liquid fuel regulations and on the gaseous and solid fuel class regulations.
  - January 1, 2022: Liquid fuel class regulations come into force.
  - January 1, 2023: Gaseous and solid fuel regulations come into force.
Potential Speaking Points:

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Proposed Action:

• NR will continue to dialogue with NARL and the Federal Government on the CFS.

Agenda Item #2 – Pipeline from the Newfoundland Transshipment Limited (NTL) facility to the NARL Refinery

• NARL officials have indicated that they would like to discuss a pipeline project that would connect the Newfoundland Transshipment Limited (NTL) to the NARL refinery. These facilities are located within close proximity. NARL may be seeking government support from the Innovation and Business Development Fund. See Annex 4 for a location map.

Analysis:

• Since acquisition in late 2014, NARL advises that the owners have made investments of approximately $300 million to improve operations and address various operational/reliability issues at the refinery as well as a switch to light sweet (lower sulphur) crude oil feedstock. In addition to imported global crudes like WTI, the refinery has been purchasing and refining Newfoundland and Labrador crude oil (delivered via tanker). NARL notes that the owners continue to focus on opportunities to improve refinery efficiencies, competitiveness and long term sustainability.

• NTL was formed in 1996 to oversee the construction and operation of a marine transshipment facility located in Whiffen Head, Placentia Bay. Construction of the terminal was completed in the fall of 1998 with the first crude shipments received from the Hibernia field in October 1998. The operation has been ongoing since that time.

• Crude deliveries to NTL from the NL offshore production facilities are via a dedicated fleet of three suexmax shuttle vessels. Crude is offloaded through its two main jetties and stored in six tanks with a total of 3.3 million barrels of storage capacity. Crude oil is subsequently loaded onto second leg tankers, not owned by NTL, for shipment to external market destinations. NTL also owns and operates two tugs capable of docking, undocking and escorting all tankers at the facility.

• A pipeline connection would give NARL access to NL crude oil supply without having to dock tankers at its jetty/offloading port facility at the refinery. It is still expected that NARL would continue to import international crude oil via tanker as well as continue to utilize NL crude. The pipeline project costs and schedule are not available. As well, the status of any discussions with NTL or other government department/agencies is not currently known. The
project would require land access as well as the necessary regulatory/environmental approvals and permitting to proceed.

- **NARL** is an important electricity customer in the province consuming an average [blank] gigawatt hours annually or [blank] megawatts of power on average. Removing this load from the Island Interconnected System would be a loss of revenue to NL Hydro.

- The “Delayed Coker Project” includes proposed generation to self-generate power to meet the required 12MW required for the plant. Section 14.1(2) of the Electrical Power Control Act prohibits the generation of power by an industrial customer for its own use or for supply to the public or another entity.

**Potential Speaking Points**
- What is the current status and timeline of this project?
- We are pleased to see NARL investing in the refinery and demonstrating its confidence in the province.
- It is encouraging to see NARL working to process more NL crude in the province.
- What is the status of discussions with NTL and offshore operators on your plans?
- What are the new power requirements for the Delayed Coker Project?
- How will NARL’s net purchases from NL Hydro change following this project in terms of sales and load?

**Proposed Action:**
- None.

**Prepared/ Approved by:** P. Parsons, K. Bradbury / C. Snook, D. Trask

**Ministerial Approval:**

**July 26, 2019**
Annex 1 – Biographies

Kaushik Amin
Partner, Silverpeak

Kaushik Amin is a partner of Silverpeak. He is responsible for overseeing all energy and credit activities for the platform, including origination, structuring and asset management of all of Silverpeak's energy activities.

Mr. Amin came to the firm from UBS, where he headed the Fixed Income, Currencies, and Commodities (FICC) Americas business. Prior to his role at UBS, Kaushik served as Chief Executive Officer of RBS Sempra Commodities.

Prior to this, Mr. Amin served as Lehman Brothers’ Global Head of Liquid Markets. Here he organically built proprietary trading and global commodities and oversaw Rates, FX and Emerging Markets. Previously, he taught for five years at the University of Michigan, with research and teaching interests in asset pricing, derivatives and financial markets. Mr. Amin earned his Bachelor of Technology in Mechanical Engineering from the Indian Institute of Technology, Mumbai, his Master of Science in Operations Research from Cornell University, and his Ph. D. in Finance from Cornell University.

Thomas Jenke
Chief Operating Officer
NARL Refining LP

Thomas Jenke has been the Chief Operating Officer with NARL Refining LP since January 2018. Mr. Jenke is an experienced managing director with a history of working in the energy sector particularly in the downstream oil and gas industry.

Prior to joining NARL, Mr. Jenke worked with Brunei LNG Sendirian Berhad for nearly five years between 2013 and 2017 in various roles including managing director in 2017. He was the general manager of Shell’s Fredericia Refinery in Denmark from 2007 to 2013. From 2001 to 2007, Mr. Jenke served in various other roles with Shell including general manager distribution in London, area distribution manager in Milan, Italy and an account executive for gas and LNG in the Netherlands.

Mr. Jenke has a PhD in Chemistry from RWTH Aachen University in Germany where he attended from 1980 to 1989. Mr. Jenke speaks five languages including English, German, Danish, Dutch and Italian.

Gary Anstey
Principal Consultant
Anstey and Associates

Gary Anstey has an extensive consulting background in resource-based industries. As the President and Principal of Atlantic Perspectives Inc., a consultancy based in Atlantic Canada with a client base that was primarily in the oil and gas, mining and forestry sectors, Mr. Anstey
has advised clients on government-related and public policy issues. He has high-level marketing experience as a former Partner and President of Anstey, Pardy, Pelley and Associates (APPA Communications), an award-winning Advertising and Public Relations Firm which merged with Saga Communications to become Bristol Communications, one of Atlantic Canada’s largest full-service agencies. Mr. Anstey also has direct government experience as a former Chief of Staff to the Hon. Brian Tobin in Ottawa.

Mr. Anstey has advised on world class projects including Voisey’s Bay Nickel Co. Ltd., Iron Ore Company of Canada, Hibernia (Petro Canada, Exxon Mobil), White Rose (Husky Energy) and Terra Nova (Petro-Canada). Mr. Anstey currently works with a number of Canadian Mining, Oil and Gas, Forestry and Healthcare industry providers as a Government Relations Advisor.

Mr. Anstey is currently registered with the Office of the Commissioner of Lobbying of Canada as a lobbyist on behalf of North Atlantic Refinery Ltd. Mr. Anstey has been registered in this role since May 5, 2017. Areas of interest include climate change policies and regulations associated with Greenhouse Gas emissions policies and pricing mechanisms that affect the fiscal operation of oil refinery operations as well as regulations and policies that affect the ongoing operations of North Atlantic Refinery Ltd.
Annex 2 – NARL Site Map and Marketing Locations
Potential copyright material

If you wish to obtain a copy please contact the ATIPP Office at (709) 729-7072 or atippoffice@gov.nl.ca.