

March 13, 2020



Re: Your request for access to information under Part II of the *Access to Information and Protection of Privacy Act* (File # NR-112-2020)

On February 26, 2020, the Department of Natural Resources received your request for access to the following records/information:

Any and all briefing notes, hot topic updates, information notes, decision notes, question period notes, key messages, etc for the Spring sitting of the legislature by/for the Minister, and/or Deputy Minister and/or Director of Communications.

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
Natural Resources
March 2, 2020**

ISSUE: Gordon McIntosh Contract

Gordon McIntosh was the Deputy Minister of Natural Resources from December 2016 to February 2019. His consulting company, Aberdeen International Associates, now has a sole source contract with Nalcor Energy – Oil and Gas Inc.

ANTICIPATED QUESTIONS:

Q. Why is this a sole-sourced contract?

Q. Why was Mr. McIntosh granted a conflict of interest waiver?

KEY MESSAGES:

We established the new oil and gas corp. to work with industry stakeholders and the department and to support the implementation of our plan, Advance 2030.

The corporation will do this by attracting exploration investment to the province and by developing local supply and service industry opportunities. These efforts are helping create jobs and business opportunities for the people of the province.

Nalcor Energy-Oil and Gas (now the new oil and gas corp.) retained the services of Aberdeen International Associates on a short-term basis to provide policy support and to help develop supply and service development opportunities.

Mr. McIntosh, an associate of Aberdeen International Associates, has in-depth knowledge of our oil and gas industry and supply-chain, as well as global connections and expertise.

Continued development of the supply and service industry is important to the province. We will work collaboratively to develop Newfoundland and Labrador as an internationally preferred location for oil and gas exploration and development.

SECONDARY MESSAGES:

- Mr. McIntosh is acting as an advisor for the Oil and Gas Industry Development Council on the implementation of Advance 2030.
- He is chairing the implementation committee for Advance 2030 and he is a member of the working groups (supply chain development, workforce development, and digitalization).
- He is identifying supply chain opportunities for local companies.
- On behalf of the province, he has met with a number of international companies in the oil and gas industry, including those in Guyana; as well as British, Hong Kong and Chinese investment companies.
- He is arranging face-to-face meetings for the Minister of Natural Resources, and is helping to arrange visits to NL for foreign officials.
- Waivers under the *Conflict of Interest Act, 1995* are not uncommon. Public Office Holders who held a position of Deputy Minister or Chief Operating Officer with government require the approval of the Lieutenant-Governor in Council which results in an Order in Council. The same process was followed for a former Deputy Minister of Justice and Public Safety.

Prepared by: Media Relations Manager/Director of Communications

Approved by: Deputy Minister

**QP Issue Note
Natural Resources
March 2, 2020**

ISSUE: Governments Collaborate to Protect Residents from Increasing Electricity Rates

ANTICIPATED QUESTION:

Q. How is the federal government helping in preventing electricity rates from rising?

KEY MESSAGES:

Since being elected, my government has been clear that electricity rates in Newfoundland and Labrador would not increase as a result of the poorly planned Muskrat Falls Project.

The Muskrat Falls Project is a legacy of the previous administration - sanctioned in 2012. Poorly conceived, this project has created an urgent issue facing the province today.

If left unaddressed, this would have a devastating impact on Newfoundlanders and Labradorians, who would face unprecedented electricity rate increases and economic hardship.

With the Government of Canada we have announced a sustainable, long-term solution to protect ratepayers from the negative impacts of the Muskrat Falls Project today and into the future.

The solution involves transitioning the Muskrat Falls/Labrador Transmission Assets revenue model to a cost of service model which will ensure that equity returns from Nalcor are redirected to ratepayers. The cost of service model reflects the approach used for regulated utilities throughout North America.

SECONDARY MESSAGING:

- With the Government of Canada's involvement, monetizing suitable assets, such as our dividends from the Labrador Island Link, is also required to ensure a sustainable long-term solution. Related discussions are ongoing.
- To reduce cash requirements of servicing the project's debt, Canada is allowing a deferral of Sinking Fund and Cost Overrun Escrow Account payments if required.
- The formal agreement with both levels of government will be implemented prior to project commissioning. Residents will be further updated once the specifics have been finalized.
- Canada is also prepared to work with the provincial government to consider opportunities for further electrification and decarbonization.
- In addition to discussions with the federal government, work is continuing on government's rate management plan.

Prepared by: Media Relations Manager/Director of Communications
Approved by: Deputy Minister

**QP Issue Note
Natural Resources
March 2, 2020**

ISSUE: Muskrat Falls Update

ANTICIPATED QUESTION:

Q. What is government's response to last week's update on the Muskrat Falls Project?

KEY MESSAGES:

Last week, Nalcor's CEO provided an update on the Muskrat Falls Project.

The capital cost remains at \$10.1 billion.

The focus is to have power flowing from Muskrat Falls over the Labrador-Island Link to island customers by the end of 2020.

Nalcor is currently going through the testing phase and looking for any issues and bugs to ensure they are addressed.

Some changes in schedules during these final stages are normal and expected.

Nalcor has indicated a risk for further schedule slippage for the delivery of the software. The Muskrat Falls Oversight Committee is monitoring closely.

BACKGROUND:

- Nalcor expects first power from Unit 1 by mid-March; and first power from Units 2, 3 and 4 by the end of 2020.
- GE continues to make progress on software required for the Labrador Island Link; but not at the rate Nalcor had anticipated. GE is working diligently and Nalcor is providing all of the assistance it can.
- Nalcor will receive an interim version of the software this spring to operate the Labrador Island Link at low power loads (450 megawatts) followed by a version later this summer to operate at high power loads (900 megawatts).
- GE Power is continuing its root cause investigations into the vibration and binding issues on the synchronous condensers at Soldiers Pond and they are getting closer to fixing the issues. GE expects the three units will be in service in August 2020. These units are not required during the testing phase of LIL.

Prepared by: Media Relations Manager/Director of Communications

Approved by: Deputy Minister

**QP Issue Note
Natural Resources
March 2, 2020**

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 QUESTION:

Q. Can you provide an update on the new oil corporation?

KEY MESSAGES:

As of January 1, 2020, the corporation began operations and employees are in place. At that time, Bull Arm Fabrication Inc. was also transferred from Nalcor is now a subsidiary of the corporation.

The interim board of directors was established in August 2019 and has met regularly. A search for a permanent board of directors is currently going through the Independents Appointment Commission process. We hope to have the permanent board in place as soon as possible.

SECONDARY MESSAGES:

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

Prepared by: Media Relations Manager/Director of Communications

Approved by: Deputy Minister

**QP Issue Note
Natural Resources
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ISSUE: Holyrood Thermal Generating Plant

ANTICIPATED QUESTION:

Q. What are the plans for the Holyrood Plant?

KEY MESSAGES:

The Holyrood Thermal Generating Plant is currently a critical part of the Island Interconnected System and is required to provide reliable electricity.

Holyrood will be required for power production until the Labrador Island Link (LIL) and Muskrat Falls assets are reliably in service.

There has always been a plan to keep Holyrood available for full operation for a period of time post in service of the Muskrat Falls and LIL assets – therefore the Holyrood Plant is currently planned to be maintained for operation until spring 2022.

Where feasible, Hydro will use lower cost alternatives, such as Maritime Link imports and operation of standby units over peak periods, to offset thermal generation from Holyrood.

Any longer term assessments regarding requirements for life extension and operation of the Holyrood Thermal Generating station are currently being analyzed as part of the Reliability and Resource Adequacy study being undertaken with the Board of Commissioners of Public Utilities.

SECONDARY MESSAGES:

- To ensure continued reliability of the Holyrood Plant until it is decommissioned, Hydro must appropriately invest operating and capital - balancing the cost of investments with ensuring they can provide a reliable service.
- After 2022, the plant is planned to be decommissioned, with a partial conversion to a synchronous condenser.
- NL Hydro is planning ahead so that they can retain the experienced staff who operate the plant 24/7.
- Holyrood continues to require capital expenditures as the majority of the equipment and systems have exceeded their expected life cycle and, in some cases, have undergone life extension.

BACKGROUND:

- Hydro must also continue its regular maintenance schedules for the Holyrood Units - which occur every year from April to November when equipment is overhauled and upgraded as required.
- While there are operating and capital costs associated with running Holyrood for this period, NL Hydro are focused on being prudent and investing responsibly while maintaining safe, reliable operation of the plant as long as it's required.
- Essential capital expenditures will be put forward and justified to the PUB who will have final say on spending.
- Hydro's 5 year capital plan (available on the Public Utilities Board website) provides an analysis of Hydro's forecasted maintenance and capital requirements for the plant for the next five years, based on information and forecasted needs at the time of filing.
- Currently, as outlined in Hydro's 2020-2024 capital plan - the annual average expenditure for Holyrood the period 2020 - 2024 is \$6.5 million

Prepared by: Media Relations Manager/Director of Communications

Approved by: Deputy Minister