November 6, 2013

s.30(1)

RE: Your request for access to information under Part II of the Access to Information and Protection of Privacy Act

On September 6, 2013, the Department of Finance received your request for access to the following records:

“all briefing notes, information notes, briefs, etc. completed on Muskrat Falls since April 2013”

On September 30, 2013, you were advised that under section 16(1)(d) of the Act, the 30 day time limit for responding to your request was extended for an additional 30 days. This extension was necessary to provide opportunity to consult other public bodies.

I am pleased to inform you that your request for access to these records has been granted in part. As required by subsection 7(2) of the Act, we have severed information that is exempted from disclosure and have provided you with as much information as possible. The information which has been severed was done in accordance with the following sections of the Act:

Section 20(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

Section 20(1)(c)
The head of a public body may refuse to disclose to an applicant information that would reveal consultations or deliberations involving officers or employees of a public body, a minister or the staff of a minister

Section 18(1)(a)(ix)
Under section 18(1)(a)(ix) defines a cabinet record as “that portion of a record which contains information about the contents of a record within a class of information referred to in subparagraphs (i) to (viii)”. Sections (i) to (vii) further define a cabinet record to mean:
(i) advice, recommendations or policy considerations submitted or prepared for submission to the Cabinet
(ii) draft legislation or regulations submitted or prepared for submission to the Cabinet
(iii) a memorandum, the purpose of which is to present proposals or recommendations to the Cabinet
(iv) a discussion paper, policy analysis, proposal, advice or briefing material, including all factual and background material prepared for the Cabinet
(v) an agenda, minute or other record of Cabinet recording deliberations or decisions of the Cabinet
(vi) a record used for or which reflects communications or discussions among ministers on matters relating to
the making of government decisions or the formulation of government policy
(vii) a record created for or by a minister for the purpose of briefing that minister on a matter for the Cabinet
(viii) a record created during the process of developing or preparing a submission for the Cabinet

Section 18(2)(c)
The head of a public body shall refuse to disclose to an applicant a Cabinet record, including a supporting Cabinet
record.

Please note that pages 11 to 13 have been redacted in their entirety per section 18(2)(c) and 18(1)(a)(ix).

Section 43 of the Act provides that you may ask the Information and Privacy Commissioner to review this partial refusal
of access or you may appeal the refusal to the Supreme Court Trial Division. A request to the Information and Privacy
Commissioner shall be made in writing within 60 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
34 Pippy Place
P. O. Box 13004, Stn. A
St. John’s, NL. A1B 3V8

Telephone: (709) 729-6309
Facsimile: (709) 729-6500

In the event that you choose to appeal to the Trial Division, you must do so within 30 days of the date of this letter.
Please note that section 60 of the Act sets out the process to be followed when filing such an appeal.

Responsive records to this request will be published following a 72 hour period after the response is sent electronically
to you. It is the goal to have the responsive records posted to the Office of Public Engagement’s website within one
business day following the applicable period of time. Please note that requests for personal information will not be
posted online.

If you have any further questions, please feel free to contact the undersigned by telephone at [729-2950] or by e-mail at
[gailboland@gov.nl.ca].

Sincerely,

K. Gail Boland
ATIPP Coordinator
Title: Lower Churchill Project Permitting

Issue: To provide an update on the permitting for the Lower Churchill Project.

Background and Current Status:

- Weekly contact continues between Labrador Affairs Office (LAO), Nalcor Energy and SNC Lavalin to discuss concerns related to the permitting process. LAO also maintains contact with relevant departments/entities regarding the status of permits.

- Nalcor has requested information on the status on its request for a waiver of royalties for quarries and forestry. [Section 20 (1)(a), Section 20 (1)(c)]

- Nalcor has requested that permit fee administration for provincial approvals be invoiced quarterly as this process would alleviate the issue of multiple transactions. Discussions have taken place with relevant departments who have indicated that this should not be an issue but may require approval at the Deputy Minister level.

- Service NL continues to receive the bulk of the permits and has indicated there have been no issues associated with the process and permits continue to be completed in the recommended timeframe.

- Permits are categorized in the following groups:
  - South Side Access Road (SSAR) (0 outstanding)
  - Bypass Road (SSAR) (8 outstanding)
  - Clearing (0 outstanding)
  - Site Utilities (0 outstanding)
  - Construction Power (0 outstanding)
  - Reservoir Clearing (4 outstanding)
  - Bulk Excavation (20 outstanding)
  - Construction of Intake and Powerhouse, Spillway and Transition Dams (2 outstanding)
  - North Spur Stabilization Works (10 outstanding)
  - HVAC Line Clearing (38 outstanding)
  - HVAC Line Construction (12 outstanding)
  - Geotechnical (0 outstanding)
  - Churchill Falls Camp (10 outstanding)
  - Electrode Geotechnical (5 outstanding)
  - Component 3 (5 outstanding)
  - Accommodations Complex (2 outstanding)
  - Marshaling Yard (1 outstanding)
  - SOBI Civil Works (1 outstanding)

- As of July 4, 2013 there are currently 108 outstanding permits in various stages of the regular permitting process. No concerns have been identified with the above noted permits. (Please see permit summary)
Action Items:

- LAO will continue regular contact with relevant departments/entities on issues regarding permitting.

Prepared / Approved by:  F. Smith/ R. Bowles

04 July 2013

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Decision Note
Department of Natural Resources
Forestry and Agrifoods Agency

Title: Developing the Forest Industry in Central Labrador

Background and Current Status:
- The commitment in the 2012 Policy Blue Book “New Energy”, states “our forests remain a valuable resource that we will use to build thriving, sustainable enterprises and employment opportunities”.
- A significant volume of wood will be generated during the next 3 – 4 years from the clearing phase of the Muskrat Falls hydro – electric project sanctioned in December 2012. The ability exists to produce wood volume from 2013 – 2016 (450,000 m³ merchantable and unmerchantable). Merchantable volume is estimated at 400,000 m³.
- Government is currently in the process of evaluating an Expression of Interest (EOI) which includes use of this wood and the potential development of the forest industry in central Labrador. Two previous EOI’s in 2007 and 2010 for Labrador were not successful. Interests in the development of the industry in central Labrador continue to exist, and local markets could benefit from a local supply of wood products.
- Recently, media have speculated that wood from the Muskrat Falls project may not be used, thus drawing comparisons to wood that was left from the clearing of the Trans Labrador Highway phase III in 2006 – 08.
- It is Nalcor’s responsibility to harvest and store the wood from the clearing phase of the Muskrat Falls project. Wood cleared from the project becomes the responsibility of Government after it is harvested. As such, wood arising from Muskrat Falls development(s), will be a focus for the next several years.
- Challenges in the forest industry in Labrador are greater than most other locations due to location, transportation, road infrastructure, wood handling, logistics, shipping costs, etc. in addition to normal challenges in the industry.
- How this wood is harvested and stored will determine how it can be accessed and utilized effectively. Wood should be harvested and stored in a fashion that is suitable, and economical for effective use. Wood that is not sorted or stored in adequate form with good
road access poses a great financial burden for wood producers.

- Although several cutting permits have been issued to Nalcor related to the overall project, one commercial permit will be issued for the clearing phase to cover approximately 450,000 m³. Cutting permits associated with these activities are issued by FAA to Nalcor on a yearly basis. Conditions on a permit are at the discretion of the FAA through the district office where the work is being conducted. All cutting permits are referred to Aboriginal organizations for consultation under the LC Generation Project EA Permitting Guidelines.

Nalcor's Proposal
- Nalcor advised GNL of its detailed clearing plan only after the reservoir clearing contract was awarded in June of 2013. Nalcor is proposing to harvest timber utilizing a full tree logging system with the wood being stored in tree length form at the storage yards. In addition, road construction to access the timber will be low quality or non-existent. In fact, they are proposing to access the south side of the Churchill River by barge and will not construct roads in that area.

- FAA has many permits already issued with some conditions, and some cutting has occurred. Work is planned to commence for the reservoir cleaning in late July or early August by Nalcor contractors.

- Government responses to the Muskrat Falls Joint Review Panel (JRP) recommendations (4.5 and 4.7) support partial clearing of the reservoir, utilization and accepting responsibility for the resource after it is harvested. This is aligned with the 450,000 m³ volume identified. All commitments to wood clearing related to the project by Nalcor through the Environmental Impact Statement (EIS) and Joint Revue Panels' (JRP) recommendations and responses are summarized in an attached Appendix I.
Status of EOI
- Government is in the process of evaluating proposals that were submitted in response to the EOI in an effort to find a solution for wood use including the significant volume from this project. A total of seven proposals were received. The review team has identified two of the seven as having merit and has requested further information from these proponents.

FAA Proposed Conditions:
- The cutting permit for reservoir clearing was issued to Nalcor on July 18, 2013 with a condition to revisit the road access and wood processing issues if required.
- In proposing conditions on the Nalcor permit, FAA’s objectives are to:
  - Assist local users and EOI proponents in acquiring wood from the project.
  - Practice sustainable forest management given the condition of the forests in the central Labrador area.
  - Reduce the risk of potential wildfire in the area due to large piles of wood in storage yards.

Financial and Other Considerations:
There are currently no commercial sawmill or forest harvesting operations in the Goose Bay area. There is a local market for lumber in Labrador estimated to be 3 – 5 million board feet per year. This demand is currently being supplied by companies outside of Labrador.

The current 5 Year Operating Plan that the Forestry Services Branch developed for the Goose Bay area notes that if the Muskrat Falls hydro – electric project goes ahead, wood from the clearing phase of this project be utilized first, and any harvesting of commercial blocks in the plan will be temporarily placed on hold.

Construction preparation for this project began in June 2012, and currently 40,000 m³ is available. Some of this wood (5,000 – 15,000 m³) has been allocated to Nunatsiavut Government. They plan to move and distribute the wood to communities on the North Coast of Labrador at their cost. Plans are developing for that activity this summer.

Other Aboriginal groups have requested wood from the Muskrat Falls project. FAA will work to get wood for these groups as requested and as wood becomes available.

FAA in HVGB has already given some wood that was harvested as part of the Muskrat Falls project to the public starting in 2012. More wood will become available for this type of distribution as the project develops.

This Decision Note has been reviewed by the Energy Branch of the Department of Natural Resources.

A communications plan will be developed to ensure appropriate messaging is delivered related to this issue.

Alternatives Considered:
APPENDIX 1

WOOD HARVESTING COMMITMENTS RELATED TO THE MUSKRAT FALLS HYDRO – ELECTRIC PROJECT

Environmental Impact Statement (EIS) Documentation

- Partial clearing is the only technically and economically feasible alternative, making available wood fibre while making the operational requirements of the project.

- Clearing methods:

  Mechanical full – tree harvesting/clearing systems will be the primary means for removing the large quantity of timber and disposing of the logging slash and other forest biomass. Full – tree systems will extract merchantable trees, with branches and tops attached, from the cleared areas to collection sites via road or river transport. Feller bunchers will be used for major portion of the cutting, including units equipped with operator – cab leveling capability for working on steep – slopes. Manual clearing systems will be used to a lesser extent, mainly in areas where machinery cannot safely operate. Virtually all of the merchantable and sub – merchantable trees will be removed as full tree (tops and branches intact) from the clearing areas.

  At the collection sites, merchantable size full trees will be delimbed, slashed (cut into shorter lengths) as required, and placed for removal from the reservoir.

Information Response # Joint Review Panel (JRP) 148
Reservoir Preparation

Reservoir Preparation Plan 2009 Document # GEN-EN-003: Rev B1

7.2 Removal of Merchantable Timber to Above the Flood Zone

Regardless of the harvesting system selected, the merchantable timber will need to be removed from the area of clearing to above the full supply level. The method selected for this operation could influence the economic advantage of the various alternatives presented above.

There are several operations available for removal of merchantable timber which includes:

- stacking the timber along the reservoir shoreline;
• removing the timber to designated wood storage yards located above the FSL, adjacent to the reservoir; and

• transporting the timber out of the reservoir clearing area.

Due to the steep topography of the reservoir, stacking the timber along the reservoir shoreline would not be technically feasible in most areas. In these cases the timber would need to be moved to a suitable area with relatively flat terrain, in localized wood storage areas as indicated in the second alternative. This merchantable timber would be available for removal by a secondary wood processor.

Transporting the wood outside of the reservoir clearing areas was considered to be outside of the scope of reservoir preparation and would incur an additional cost that would not further the needs of the Project. Therefore, designated storage yards within the Project area will be used.

10.0 Reservoir Clearing Operations

Once the extent to which partial clearing could be achieved had been delineated, the reservoir task force developed a preliminary operations plan to carry out the reservoir preparation process.

10.1 Equipment

Decisions regarding the equipment to be used will ultimately be up to the successful contractor. However, following the volume analysis by the reservoir preparation task force the following methodology is anticipated.

All clearing will be completed using mechanical harvesters. Several types of harvesting equipment are available to clear wood from the reservoirs. Based on the size of the trees present and the density of the forest stands harvesters were selected as the most appropriate clearing equipment.

The harvesters will be six wheel machines with tracked bogie wheels and equipped with chains on the other two wheels (See Figure 16.). The harvesters will be supported by forwarding machines of similar configuration, six wheeled machines with tracked bogies and chains on the other two wheels (See Figure 17.). The tracks and chains will provide for better stability and maximum mobility.

These machines will move the merchantable wood, either directly to pile down areas or to areas which are accessible by haul trucks which will then deliver the wood to where it can be moved to designated pile down areas. Heavy machinery will be equipped with lighting to allow for night time operations.

Requesting Organization – Joint Review Panel Information Request No. JRP 148
Information Requested:

The proponent is asked to provide the following:

Additional information on the preferred options for storage and eventual disposition of merchantable timber and identification of the preferred option for disposal of slash and implications on methyl mercury, along with a discussion of the advantages and disadvantages of this approach.

Response:

The preferred option for storage and eventual disposition of merchantable timber is to move the timber to an accessible designated pile down area, consistent with Provincial regulations. These designated wood storage sites will be lay down areas and will be located within the Project area, above the FSL of the reservoir. Although the preliminary locations of the wood storage yards have been determined, the locations will be finalized in the detailed design phase. The preliminary locations are included in the Reservoir Preparation Map Book which is included as part of this response as an attached report (Nalcor 2010). This merchantable timber will be available for removal by a secondary wood processor. Pre-impoundment, these areas could be accessed via the reservoir clearing roads. Post-impoundment, a secondary processor, or other land and resource user, could access these areas via a barge (the water velocity on the reservoir will be lower than the river velocity pre-impoundment, thus allowing safe access by barge); in winter via snow roads; or over the stable ice cover that will form on the reservoirs. The provision of access infrastructure post impoundment would be the responsibility of the wood processor or land and resource user.

Beyond the access roads that will be constructed for the purpose of reservoir preparation, additional access will not be provided by Nalcor Energy.