Re: Your request for access to information under Part II of the Access to Information and Protection of Privacy Act (File # NR-01-2017)

On January 3, 2017, the Department of Natural Resources received your request for access to the following records/information:

All communications to and from the department and all briefing notes with the phrase 'gull island' since June 2015

In subsequent correspondence with the department between January 3-6, it was agreed that the scope of your request would be refined as follows:

- Request should have read June 2016 rather than June 2015;
- Briefing notes should reference both Gull Island and Hydro-Quebec;
- Communications should include correspondence to and from the following individuals: Minister, Deputy Minister, Associate Deputy Minister for Energy (position no longer exists but it was in place in summer 2016), Assistant Deputy Minister responsible for electricity, Director responsible for electricity.

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 some of the requested information. Access to the remaining information contained within the records, has been refused in accordance with the following exceptions to disclosure, as specified in the Access to Information and Protection of Privacy Act (the Act):
Policy advice or recommendations

(1) The head of a public body may refuse to disclose to an applicant information that would reveal

(a) advice, proposals, recommendations, analyses or policy options developed by or for a public body or minister

Disclosure harmful to intergovernmental relations or negotiations

(1) The head of a public body may refuse to disclose information to an applicant if the disclosure could reasonably be expected to

(a) harm the conduct by the government of the province of relations between that government and the following or their agencies

(i) the government of Canada or a province

(iii) the government of a foreign state

Disclosure harmful to the financial or economic interests of a public body

(1) The head of a public body may refuse to disclose to an applicant information which could reasonably be expected to disclose

(d) 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

Disclosure harmful to personal privacy

(1) The head of a public body shall refuse to disclose personal information to an applicant where the disclosure would be an unreasonable invasion of a third party's personal privacy.

Some information has also been withheld under authority of section 5.4 of the Energy Corporation Act. Additionally some information has not been provided as it was deemed non-responsive to the request.

As required by 8(2) of the Act, we have severed information that is unable to be disclosed and have provided you with as much information as possible; in accordance with your request for a copy of the records, the records have been included with this correspondence.

Right to Request Review/File Appeal

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 partial 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 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.

Response to be Made Public

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.

If you have any further questions, please feel free to contact me by telephone at 729-3214 or by e-mail at andreamarshall@gov.nl.ca. Alternatively, please contact Rod Hynes, the department’s primary access to information coordinator at 729-0463 or rhynes@gov.nl.ca.

Sincerely,

Andrea Marshall
ATIPP Coordinator
Hi Corey,

In case this is needed for another purpose, below are the bullets on Gull Island:

- The Gull Island project, which is located downstream of the existing Churchill Falls generating station, is Phase 2 of the Lower Churchill Project. It has a planned capacity of 2,250 MW and an average energy output of 11.9 TWh per year. Output from Gull Island will be dedicated to export or to serve new large scale industrial load within NL.

- Significant technical work has been completed on the Gull Island project, including completion of technical studies and environmental assessment for generation; assessment of potential transmission routes; aboriginal agreement with Innu Nation; and a water management agreement with Churchill Falls (Labrador) Corporation Limited.

- The Gull Island project interests policy makers in the U.S. northeast region as it is the main alternative large hydro supplier to Hydro Quebec. It is also of interest to policy makers in Ontario as a source of clean electricity imports. NL and ON have formed a working group to explore clean electricity trade opportunities between the two provinces.

- Nalcor states that a long-term contract is essential to finance Gull Island, and the company has been very active in Massachusetts and Ontario promoting Gull Island and the need for long-term contracts to support development.
Hi Brenda,

Attached, for the attention of your Minister is correspondence to Premier Ball from [redacted]. We are requesting the Minister respond to [redacted] on behalf of the Premier. Please copy Premier on response and forward to premier@gov.nl.ca account.

Thank you,
Kala

-----------< HP TRIM Record Information >-----

Record Number: ICOR2016/3189
Title: Email from [redacted] regarding Muskrat Falls Hydropower project, EY review

-----------< HP TRIM Record Information >-----

Record Number: ICOR2016/3189-01
Title: Correspondence from [redacted] RE: Your call to me...Muskrat Falls Hydropower project, EY review
Will do.

From: 
Sent: 6/24/2016 at 1:06 PM

To: Premier, 
Subject: RE: Your call to me...Muskrat Falls Hydropower project, EY review

Thank you. Could you please attach this message with the one below.

Dwight,

I am extremely outraged at the information given this morning by Mr. Stan Marshall in an interview I just watched on the CBC site. I simply cannot believe it. This was for public consumption, for the ratepayers and shareholders (who are "nearly one and the same"). They are the same!

As a shareholder, I look to you Mr. Premier, to protect our interests. Yes, he said he would look at everything from a business perspective. One option was to stop the project. His comment on that was a one liner...."I looked at that-it didn't make any sense". None of the media in attendance asked him the obvious question...based on what? Where is the analysis that shows it is prudent to proceed? Is it just a gut feel? What did he base his decision on? Nothing more was said on the subject!

Mr. Premier...he admitted that the project should not have proceeded, that we can get recall power from Churchill Falls. He wants to "normalize a business relationship with Hydro Quebec". Yes, we need to do that, but it should have been done long before the MF insanity started. Other options were never considered as well to get us to 2041. The lowest cost option was a clear deception, an utter lie!

When will the shareholders see the analysis that Stan Marshall based his decision upon? A cost of $11.4 billion to complete is $13.8 million per MW. That is insanity Mr. Ball! As a shareholder and owner of Nalcor, and a citizen of NL, I demand that this expenditure, and Mr. Marshall's decision to proceed, be verified by an independent source. This is completely unacceptable to anyone in their right
mind! Surely, as Premier of our Province, you cannot accept this! Where is the EY report that concurs with Marshall?

On Jun 24, 2016, at 11:08 AM, Premier, wrote:

Dear [redacted]

Thank you for today's email to Premier Ball regarding Muskrat Falls project. I wish to advise you that your correspondence will be brought to the Premier's attention at the earliest opportunity.

Kind regards,

Joanne Young / Information Management Specialist

Office of the Premier
Executive Council
Government of Newfoundland & Labrador
8th Floor East Block, Confederation Complex
P.O. Box 8700, St. John's NL A1B 4J6

709-729-3570 | HYPERLINK "mailto:premier@gov.nl.ca"premier@gov.nl.ca

From: [redacted]
Sent: Friday, June 24, 2016 9:19 AM
To: Ball, Dwight
Cc: Coady, Siobhan
Subject: Your call to me...Muskrat Falls Hydro power project, EY review

file:///C:/Users/bhaynes/AppData/Local/Microsoft/Windows/Temporary%20Internet%20Files/Content.Word/20160804-145153-5.jpg
Dear Premier Ball,

I write again today, as a result of reading the detailed guest post this morning by Frank Wright a well experienced project management professional, writing on the 'Uncle Gnarley' blog this morning. It is absolutely mandatory reading for you, as well as anyone in your Government in any way involved with 'Oversight' of the Muskrat Falls project.

I well remember your telephone call to me in reply to my letter attached below, in which I raised the points of EY and oversight with you. I can only surmise that you have become much more familiar with the project since that call. It is the major issue in NL today, eating up the majority of our deficit this year. I am extremely surprised at Mr. Marshall's attitude that a decision proceeding with this project is a 'fait accompli'. Where are the numbers to support that decision? Certainly, the outstanding final review by EY due next week cannot possibly provide that assurance to the shareholders.

Mr. Wright's article, I am afraid, confirms what many have been saying...that the 'Oversight Committee' has not been providing any oversight. I read all the committee meeting minutes, and there is certainly no assurance to be found in their words. How can Ms. Mularkey, Clerk of the Executive Council, an accountant with no major project management experience, and who has worked nowhere but in the NL Government, provide the leadership necessary to properly oversee Muskrat Falls? The Wright article is a damning indictment of that leadership. The EY reports themselves all have the disclaimer that the information contained therein 'have been provided by Nalcor, but are unverified'. The same Nalcor whose CEO was recently 'fired'.

Mr. Ball, I fear that this is just the tip of the iceberg, in terms of 'expert opinion' that will come out as the Muskrat Falls scandal progresses. Indeed, it is the most egregious disregard of public good ever seen. How could any Government possibly be so naive as to exclude it's own PUB from final decisions regarding the largest expenditure in it's history? Did Williams and company truly believe that they could get away with it?

Premier, I, and I am sure many others, have been trying to advise of these pitfalls but to no avail. I thought Stan Marshall's first task would be to ensure that we have all the information required to make a firm decision on whether to select the most prudent path - proceed, or delay. It seems that is not the case. This completely asinine project continues unabated, save massive engineering and construction failures, and an unknown time and cost schedule! It is a blight which NL cannot endure, particularly as a Province that already owns 66% of the 5400 MW capacity of Churchill Falls. There simply is no defense for this blunder. There will be, inevitably, forensic auditing required for the project. I shudder to think what these will reveal.
Dwight, I write as a friend who much appreciated a call from his newly elected Premier, from his home, during the Christmas period. I strongly believe that it is time to listen, as many more of our population begin to understand the massive scale of this deception.

Sincerely,

From: [redacted]
Date: December 26, 2015 at 7:27:37 PM GMT-3:30
Cc: "Hon. Siobhan Coady"
Subject: Muskrat Falls Hydropower project, EY review

Dear Premier Ball,

Firstly, let me congratulate you on your convincing majority election win, and your swearing in as Premier of NL. I wish you every success, and as a Liberal supporter, do not hesitate to say that your courage in taking on this challenge is more than most possess!

We met in 2014, during the by-election campaign for Scott Reid, in Stephenville. We had lunch together in a cafe on Main Street, and I enjoyed our brief discussion. At that time, I asked you what you thought of mothballing the MF project, due to the dastardly economic outlook for it, as well as escalating costs. Your reply was..."It would be difficult". Since then, oil prices have tanked, and the management of the project has delivered major cost increases, and serious schedule slippage. The North Spur issue is still being questioned, and the water rights lawsuit is still outstanding. The export revenue outlook has worsened considerably. Anybody will buy hydropower, but the question is...at what price? I submit, based on US wholesale market prices, that MF is completely uncompetitive, if selling prices are based on cost recovery. We did not make this investment to subsidize sales to other jurisdictions.

I follow the energy markets closely, and believe that the current down turn is more long term. Many analysts say we will not see $80.00 oil again. Crude oil historical prices more than support that position. I don't know what PIRA is forecasting, as I am not a subscriber. The Brent premium is dropping. OPEC influence is waning, and members want to keep their market share of US customers. They are maintaining production at 30 million bbl/day. Given the success of horizontal drilling in the US, and that Country's long stated goal of energy self sufficiency, coupled with the huge proven recoverable shale oil and gas reserves currently existing there, Muskrat Falls makes even less sense. Currently the US produces 39% of their electricity by coal, 27% by natural gas, and 19% by nuclear. Hydro accounts for 6%. All other...oil, wind, solar, etc. account for 9%. New
generating plants being built are NG powered and many coal plants are being converted to NG to become more environmentally acceptable. They will soon remove their 40 year old ban on exporting petroleum products. The Iranians will put more oil on the market in November when sanctions are lifted. More Russian oil is reaching markets. Remember, the MF project was sold to us based on 40% of capacity to replace Holyrood, 40% for export, and 20% to Emera in return for the Maritime link. Today we know that has changed materially. Plentiful and cheap natural gas has changed electricity production and markets in the US with concurrent lowering of wholesale prices. Quebec has a large surplus of electricity.

Given the economic outlook for the MF project (I am among many who believe that the sanction of MF as the 'least cost option' was nothing more than an egregious deception) the Government of NL, at the very least, owes the electorate a complete and up to date review of our investment, since it is all borrowed public money, no matter how you try to couch it. I think the EY review announced by you last week, will not provide the depth of analysis required, for the following reasons:

1. The review by EY is restricted to the MF 'construction phase only'.
2. The MF project Oversight Committee mandate is restricted to the 'construction phase' as well. I read the last Oversight Committee report (August, 2015), and see nothing but an accounting of spending and budget and schedule shortfalls. EY does this work for the 'Oversight Committee'.
3. I am unable to grasp what additional value the Province will get for your announced review of the construction phase, at an additional cost of $75K to $1 million.
4. The new EY review excludes any examination of potential revenues, demand or production costs, environmental issues, reliability or potential export wholesale electricity customer prospects. Normally, hydropower projects have committed investors and firm customer purchase agreements in place before any sanction or construction can start. MF did not have that. The PPA between Muskrat Falls Co. and NL Hydro Is not a good example, since the end customer who must bear all of the massive financial burden is the small base of 285,000 NL ratepayers. The project could not attract a penny of private investment, as you know.

Your review should provide enough detail to enable discussion of the merits of completely mothballing the MF project until markets and prices make sense, and we can combine it with Gull Island to achieve the necessary economies of scale, to actually make money for the Province. The EY mandate will not provide the information to do that. We only have to get to 2041 to take advantage of the 66% of the 5400MW capacity of Churchill Falls that we already own, and frankly, anyone who takes the time to think about the MF investment will find that it just makes no sense! There is no Provincial consumer growth, and no foreseeable new industrial demand on the island or in Labrador. We simply do not need MF power at this time.

The NL PUB was restricted by the Dunderdale Government from any further examination of the project, on the pretense that they did not have 'confidence' in the PUB. The MF PPA is regulated. The PUB has a mandate to examine all NL electrical generation projects. In the case of Muskrat Falls, the removal of the PUB from the review gives no confidence whatsoever to the owners, the People of NL, that this project will provide the return on our investment or the value for money that is required. (I have no connection to the PUB or Mr. Wells whatsoever) When we look at adding the MF debt to our net public debt, for this is what it really is, we are looking at $20 billion or more, for a tiny population of a half million. This is insanity!

The past Government touted a couple of CRA polls, the latest released in June of 2015, as proof that 65% of the population support Muskrat Falls. The telephone poll was taken on a sample of 400 NL residents, over the age of 18. The simple
question was "do you wholly support, or mostly support, or do you wholly oppose, or mostly oppose, the Muskrat Falls Hydroelectric project?" MF is a complex project with many external factors affecting it. I submit, with due respect, that 95% or more of the general public, do not understand the project well enough to make an informed decision. I believe this confusion to have been somewhat intentional by both Government and Nalcor. MF is seriously flawed as to it's isolated capacity of only 824MW for example, and the 1100km distance from the major NL demand. Connectivity to the North American electricity grid is in question, without meeting higher reliability standards, and this will result in more cost.

I am just one voice of an ever increasing number, who will become incessantly louder in our demands for a very complete, full examination of our massive investment made by Government on behalf of the People of NL. I believe I have every right, indeed a duty, to question my new Government's commitment to this very much ill timed project, which of course was a political imperative for former Premier Williams. The previous Government including Ed Martin, always said that all the information on the Muskrat Falls project was available on their website, and the PUB website. This is simply not true. There is a plethora of information there...all lacking the simple independent Executive Summary required to give confidence to the owners that their investment is safe or not. That is the job of the PUB.

Premier Ball, with all respect, I urge you to take stock, pause, and not fall too quickly into acceptance that EY is under the correct instruction, or is even the correct Firm to conduct your review. I submit that this examination should fall under the mandate of the NL PUB. Their professionals should have the skills required to seek out and engage appropriate consultants to do this work, which after all is their duty, the same as in any other Province in Canada. Why is it in NL, that we do not have the right to the opinion of our PUB on the largest public investment in NL history? Why must we exclude our own PUB from fully examining our own electricity generation project? In fact, the previous Government's exclusion of the PUB was simply a sham, based on completely unacceptable and scurrilous reasoning, in my opinion. This must be corrected.

Wishing you All the Best in the New Year, I look forward to your reply, Mr. Premier.

Sincerely,

[Redacted]

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"This email and any attached files are intended for the sole use of the primary and copied addressee(s) and may contain privileged and/or confidential information. Any distribution, use or copying by any means of this information is strictly prohibited. If you received this email in error, please delete it immediately and notify the sender."
As discussed...

Corey Snook  
Director of Electricity and Alternative Energy (Acting)  
Department of Natural Resources  
Government of Newfoundland and Labrador  
St. John's, NL, Canada  
coreysnook@gov.nl.ca  
O: 709.729.3131 / M: 709.725.8186

From: Snook, Corey  
Sent: Tuesday, July 05, 2016 3:55 PM  
To: Combden, Leanne  
Subject: RE: Gull Island bullets

Thanks Leanne.

Corey Snook  
Director of Electricity and Alternative Energy (Acting)  
Department of Natural Resources  
Government of Newfoundland and Labrador  
St. John's, NL, Canada  
coreysnook@gov.nl.ca  
O: 709.729.3131 / M: 709.725.8186

From: Combden, Leanne  
Sent: Tuesday, July 05, 2016 3:54 PM  
To: Snook, Corey  
Subject: Gull Island bullets

- Significant technical work has been completed on the Gull Island project, including completion of technical studies and environmental assessment for generation; assessment of potential transmission routes; aboriginal agreement with Innu Nation; and a water management agreement with Churchill Falls (Labrador) Corporation Limited.

- The Department of Natural Resources and Nalcor continue to seek opportunities to develop the Gull Island project, including identifying potential markets and access routes.
• NL has formed a working group with Ontario to explore clean electricity trade opportunities between the two provinces, which includes opportunities to develop Gull Island and associated transmission.

• The Gull Island project is also of interest to policy makers in the U.S. northeast region as it is the main alternative large hydro supplier to Hydro Quebec. Nalcor has been very active in Massachusetts promoting Gull Island and in Fall 2015, it co-founded the Massachusetts Clean Electricity Partnership (MCEP). This is an alliance of hydro, onshore wind and transmission companies with the objective of educating Massachusetts stakeholders on the advantages of clean, reliable and renewable energy, specifically hydro and onshore wind. While Nalcor leads this activity, it has kept the Department of Natural Resources updated on developments in the New England electricity market.

Leanne Combden
Manager (A), Electricity Industry
Department of Natural Resources
Government of Newfoundland and Labrador
729-2793 (office)
725-8086 (cell)
Robert,

The bullets and Mark's edits look OK to me.

- Corey

Corey Snook
Director of Electricity and Alternative Energy (Acting) Department of Natural Resources Government of Newfoundland and Labrador
St. John's, NL, Canada A1B 4J6
coreysnook@gov.nl.ca
O: 709.729.3131 / M: 709.725.8186

Hi Rob, looks good. I would suggest adding to the end of the "This is an alliance of hydro,..." sentence the following:

"..., in support of the state's proposed new clean energy legislation which is now before the legislature. A Bill that would allow for imports of hydro and wind is expected to be finalized by the end of this month (July 2016)."

May also be worth adding that Hydro Quebec and the Province/Premier of Quebec have been very active in promoting Quebec hydro in Massachusetts, and HQ ’s Northern Pass project.

I don't have any info on Quebec north shore projects.
Mark

Sent from my iPhone

> On Jul 14, 2016, at 11:51 AM, Bates, Robert S. <robertbates@gov.nl.ca>
wrote:
> >
> > Mark,
> >
> > I'll be travelling to the refinery for a meeting this afternoon so
> > won't
> > be available to talk on the phone for a while but I will be stopping to check email periodically. Send along any edits you
> > have and I'll get them through to my executive for approval.
> >
> > Thanks,
> > Rob
> >
> -----Original Message-----
> From: GJones@nalcorenergy.com [mailto:GJones@nalcorenergy.com]
> Sent: Thursday, July 14, 2016 10:47 AM
> To: MarkKing@nalcorenergy.com
> Cc: Bates, Robert S.; Snook, Corey
> Subject: Fw: bullets for meeting note
> >
> Hi Mark, Please connect with Rob regarding the attached.
> >
> Thanks
> Greg
> >
> (Embedded image moved to Greg Jones

> file: pic04084.jpg) General Manager Energy Marketing

> Nalcor Energy
> t. 709 737-1246
> e. GJones@nalcorenergy.com
> w. nalcorenergy.com

> You owe it to yourself, and your family, to make it home safely every
day.
> What have you done today so that nobody gets hurt?
> ----- Forwarded by Greg Jones/NLHydro on 07/14/2016 10:45 AM -----
> From: "Bates, Robert S." <robertbates@gov.nl.ca>
> To: "Snook, Corey" <coreysnook@gov.nl.ca>,
>     "gjones@nalcorenergy.com" <gjones@nalcorenergy.com>
> Date: 07/14/2016 09:33 AM
> Subject: bullets for meeting note
>
> Corey/Greg,
>
> A few proposed bullets that I’d like to bounce off you. Please
don’t hesitate to edit as you see fit. IGA is looking to finalize its meeting note today so your early attention would be
appreciated. Greg, I found very limited information on the Petit Mecatina issue. If you have anything that could flesh
that out at all it would be helpful.
>
> Thanks,
> Rob
>
> Future Developments (Gull Island)
> · The Gull Island project is Phase 2 of the Lower Churchill
> Project with a planned capacity of 2,250 MW and an average energy
> output of 11.9 TWh per year. Output from Gull Island could be
dedicated to
> export or to serve new large scale industrial load within NL.
> · Significant technical work has been completed on the Gull
> Island project, including completion of technical studies and
> environmental assessment for generation; assessment of potential
> transmission routes; aboriginal agreement with Innu Nation; and a
> water management agreement with Churchill Falls (Labrador)
> Corporation
> · The Department of Natural Resources and Nalcor continue to
> seek opportunities to develop the Gull Island project,
> including
> identifying potential markets and access routes.
> · NL has formed a working group with Ontario to explore clean
> electricity trade opportunities between the two provinces,
> which
> includes opportunities to develop Gull Island and
The Gull Island project is also of interest to policy makers in the U.S. northeast region as it is the main alternative large hydro supplier to Hydro Quebec. Nalcor has been very active in Massachusetts promoting Gull Island and in Fall 2015, it co-founded the Massachusetts Clean Electricity Partnership (MCEP). This is an alliance of hydro, onshore wind and transmission companies with the objective of educating Massachusetts stakeholders on the advantages of clean, reliable and renewable energy, specifically hydro and onshore wind. While Nalcor leads this activity, it has kept the Department of Natural Resources updated on developments in the New England electricity market.

In 2015, the total New England wholesale energy market value was $6.0 billion. Serving a population of over 14 million, New England has a significantly sized market that is facing supply challenges, which presents an export market opportunity for Gull Island (2,250 MW, annual average 11.9 TWh).

Churchill Falls (2041 expiration of Power Contract)

In 2041, the current contractual arrangements for the 5,400 MW Churchill Falls development will conclude. Post 2041, Hydro Quebec will retain 1/3 ownership of the assets while Nalcor will retain 2/3 ownership. This allows 25 years to plan for the integration of the generation capacity into the province’s electricity system, as well as...
to identify potential customers for in-province industrial developments and/or to pursue markets for excess energy.

During Election 2015, Government committed to the establishment of a Cabinet Committee to begin planning on how best to incorporate Churchill Falls into the long-term vision of the province. The mandate of this committee will be to establish a strategic approach to dealing with Hydro Quebec and to seek new market arrangements in the near and long term.

CF(L)Co continues to operate and maintain the assets at Churchill Falls and will continue to do so such that the assets will be in as good or better condition than they are now once the power contract expires in 2041.

The province remains open to constructive talks with Hydro Quebec to solve the historic one-sided nature of the power contract.

North Shore Waters

In Plan Nord, announced in 2011 with a subsequent Action Plan released in 2015, Hydro Quebec committed to continued development of hydroelectricity projects on Quebec’s North Shore. In addition to the La Romaine project (1550 MW) currently underway with planned completion in 2020, this includes the proposed Petit-Mécatina (1200 MW) project.
This email and any attached files are intended for the sole use of the primary and copied addressee(s) and may contain privileged and/or confidential information. Any distribution, use or copying by any means of this information is strictly prohibited. If you received this email in error, please delete it immediately and notify the sender.
Marshall, Andrea

From: Bates, Robert S.
Sent: Wednesday, August 17, 2016 5:22 PM
To: Snook, Corey
Subject: RE: Arcand note update

Looks good other than we have a bit of overlap on our AIT pieces. I asked Angie to drop it in as a separate section but perhaps it is better as part and parcel of the electricity section. Let’s discuss in the morning and iron it out then.

Thanks,
Rob

From: Snook, Corey
Sent: Wednesday, August 17, 2016 4:17 PM
To: Bates, Robert S.
Subject: RE: Arcand note update

Does this look OK to you?

Electricity

- Phase I of the Lower Churchill Project is the 824 megawatt (MW) Muskrat Falls hydro generating station and associated transmission links between Labrador, the Island, and Nova Scotia, which are all under construction. The facility is expected to average 4.8 terawatt hours (TWh) annually. The Maritime link is scheduled to enter service in late 2017, the Labrador Island Link will enter service in mid-2018 and the generating station will produce first power in late 2019.

- Phase II of the Lower Churchill Project at Gull Island has a planned capacity of 2,250 MW, with an average energy output of 11.9 TWh hours per year. As Muskrat Falls will meet domestic market requirements for the foreseeable future, a significant portion of Gull Island could be dedicated for export or to serve new large scale industrial load within NL, or some combination of these.

- Premier Ball’s December 2015 mandate letter to the Minister of Natural Resources stated, “You will act to maximize the net benefits from in-province use of energy and energy export by... seeking opportunities to develop the Gull Island Hydro Project, which will include identifying potential markets and access routes...”

- Consistent with this mandate, NR and Nalcor Energy have both been working to identify and advance opportunities to development Gull Island. NR, in coordination with Nalcor, has been engaged in a Task Force with the Government of Ontario to determine if and how NL electricity exports, especially Gull Island can help meet Ontario’s long term needs. The likely transmission paths from Gull Island to Ontario would be through Quebec, or possibly through the northeastern US.

- With the change in NL’s Government in late 2015 and subsequent change in Nalcor leadership, new Nalcor CEO Stan Marshall has stated publicly that he is interested in talking with Hydro Quebec to determine if there is potential to work together on new NL electricity export opportunities.

- Media reported in July 2016 that Hydro Quebec officials recently visited the Muskrat Falls site.

- On May 16, 2016, QC Minister of Economy, Science and Innovation Dominique Anglade and Minister of Energy and Natural Resources Pierre Arcand wrote to Minister Coady and the Minister Mitchelmore indicating interest in discussing energy development partnership between the provinces.
• The QC ministers stated that the FPT Agreement on Internal Trade (AIT)

• The QC ministers stated that the FPT Agreement on Internal Trade (AIT)

Potential Speaking Point:

• I understand that officials from our respective crown electric utilities have initiated contact to establish working relationships between the two companies.
• I look forward to hearing how our utilities’ discussions are progressing and whether there is potential for meaningful progress.
• Our governments agreed in relation to the Canada Free Trade Agreement in July

Corey Snook
Director of Electricity and Alternative Energy (Acting)
Department of Natural Resources
Government of Newfoundland and Labrador
St. John’s, NL, Canada A1B 4J6
coreysnook@gov.nl.ca
O: 709.729.3131 / M: 709.725.8186

Newfoundland Labrador

From: Bates, Robert S.
Sent: Wednesday, August 17, 2016 3:23 PM
To: Philpott, Angie
Cc: Snook, Corey
Subject: Arcand note update

Thanks,
Rob

Note: page 20 has been redacted in full as all content is non-responsive to the request.
Marshall, Andrea

From: Snook, Corey
Sent: Thursday, August 18, 2016 9:52 AM
To: MarkKing@nalcorenergy.com
Cc: Greg Jones
Subject: Re: QC meeting

Thanks guys.

Sent from my BlackBerry

From: MarkKing@nalcorenergy.com
Sent: Thursday, August 18, 2016 9:51AM
To: Snook, Corey
Cc: Greg Jones
Subject: Re: QC meeting

All good, Corey

Mark King
Shareholder & Government Relations
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Nalcor Energy
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You owe it to yourself, and your family, to make it home safely every day. What have you done today so that nobody gets hurt?

From: "Snook, Corey" <coreysnook@gov.nl.ca>
To: Mark King <MarkKing@nalcorenergy.com>, Greg Jones <gjones@nalcorenergie.com>
Date: 08/18/2016 09:40 AM
Subject: Re: QC meeting

hi Mark and Greg
Any issues with these bullets?

Sent from my BlackBerry
From: Snook, Corey
Sent: Wednesday, August 17, 2016 4:20 PM
To: Mark King; Greg Jones
Subject: QC meeting
Electricity

- Phase I of the Lower Churchill Project is the 824 megawatt (MW) Muskrat Falls hydro generating station and associated transmission links between Labrador, the Island, and Nova Scotia, which are all under construction. The facility is expected to average 4.8 terawatt hours (TWh) annually. The Maritime link is scheduled to enter service in late 2017, the Labrador Island Link will enter service in mid-2018 and the generating station will produce first power in late 2019.
- Phase II of the Lower Churchill Project at Gull Island has a planned capacity of 2,250 MW, with an average energy output of 11.9 TWh hours per year. As Muskrat Falls will meet domestic market requirements for the foreseeable future, a significant portion of Gull Island could be dedicated for export or to serve new large scale industrial load within NL, or some combination of these.
- Premier Ball’s December 2015 mandate letter to the Minister of Natural Resources stated, “You will act to maximize the net benefits from in-province use of energy and energy export by... seeking opportunities to develop the Gull Island Hydro Project, which will include identifying potential markets and access routes...”
- Consistent with this mandate, NR and Nalcor Energy have both been working to identify and advance opportunities to development Gull Island. NR, in coordination with Nalcor, has been engaged in a Task Force with the Government of Ontario to determine if and how NL electricity exports, especially Gull Island can help meet Ontario’s long term needs. The likely transmission paths from Gull Island to Ontario would be through Quebec, or possibly through the northeastern US.
- With the change in NL’s Government in late 2015 and subsequent change in Nalcor leadership, new NalcorCEO Stan Marshall has stated publicly that he is interested in talking with Hydro Quebec to determine if there is potential to work together on new NL electricity export opportunities.
- Media reported in July 2016 that Hydro Quebec officials recently visited the Muskrat Falls site.
- On May 16, 2016, QC Minister of Economy, Science and Innovation Dominique Anglade and Minister of Energy and Natural Resources Pierre Arcand wrote to Minister Coady and the Minister Mitchelmoreindicating interest in discussing energy development partnership between the provinces.
- The QC ministers stated that the FPT Agreement on Internal Trade (AIT)
Dear [Person]

RE: Muskrat Falls, Hydro Quebec, and Separation of NL Hydro

Thank you for your email correspondence to Premier Ball in which you expressed concerns regarding the Muskrat Falls Project, discussions with Hydro-Quebec. As Minister of Natural Resources, I am pleased to address these issues on behalf of Premier Ball.

With respect to your first concern regarding Muskrat Falls and discussions with Hydro-Quebec, I can advise that we are not in negotiations with Hydro-Quebec. Our focus is ensuring that books on the project are opened, and that the project gets back on track. That is why we hired independent international consulting firm, Ernst Young (EY), to thoroughly review the project cost and schedule, and have undertaken changes at Nalcor, including a new CEO, Stan Marshall. You would be aware that the recent announcement of cost increases in the project will have an impact on electricity rates. We have also committed to offset electricity rate increases associated with the Muskrat Falls Project through the sale of excess power, and have directed Nalcor’s new CEO, Stan Marshall, to identify other opportunities to bring rates closer to those predicted at project sanction. Actions being considered include discussions with the federal government regarding an increase in its loan guarantee to cover the cost increases noted above.

In terms of Newfoundland and Labrador’s relationship with Quebec; it is important to note that we share common interests with respect to the development and export of clean, renewable electricity. Moreover, while Muskrat Falls will meet Newfoundland and Labrador’s domestic market requirements, a significant portion of other projects, including Gull Island, could be dedicated for export. Mr. Marshall has stated publicly that he is interested in talking with Hydro Quebec to determine if there is potential to work together on new electricity export opportunities. Once the Maritime Link and the transmission components related to the Muskrat Falls Project are completed, the island portion of the province will be connected to the North American grid for the first time via Labrador and Nova Scotia. As Quebec is a neighbouring jurisdiction, and represents one of Newfoundland and Labrador’s transmission routes to the United States, establishing good business relations with Hydro-Quebec is a positive step that supports interconnection and advances our mutual interests in each other’s electricity resources.
I thank you for taking the time to outline your concerns regarding our province’s electricity industry.

Sincerely,

SIOBHAN COADY, MHA
St. John’s West
Minister

c. Hon. Dwight Ball, Premier
Christine,

Please put all three sections into one TRIM word file.

Corey Snook  
Director of Electricity and Alternative Energy (Acting)  
Department of Natural Resources  
Government of Newfoundland and Labrador  
St. John's, NL, Canada   A1B 4J6  
coreysnook@gov.nl.ca  
O: 709.729.3131 / M: 709.725.8186
Christine Boland
Manager of Electricity Markets and Alternative Energy
Department of Natural Resources
christineboland@gov.nl.ca
O: 709.729.5714 / M: 709.699.0138
Hi Minister,

Please see the following statement in blue for approval to be provided to NTV’s Danielle Barron. Premier and Minister are not available, so a statement from NR is suggested. Danielle is requesting an update on relations with HQ and the long-term plan for hydro power:

“We are always open to conversations with the Government of Quebec; they have signaled to us that they would like to have a better relationship. We are certainly open to that. Our priority is to ensure reliability of power and we must keep rates as low as possible for the people of the province. Hydro Quebec is a part owner of the Churchill Falls plant and has been for many years, and we understand that Nalcor and Hydro Quebec have been establishing a working relationship.”

Thanks,
E.

Hi Erin,

I’m following up on a statement yesterday from Keith Hutchings (copied below). Wondering if the Minister might be available to discuss relations with Hydro-Quebec and the long-term plan for hydro power. I realize the below asks on the Premier to clarify, but I thought the Minister might be more familiar with the file, I am however also reaching out to the Premier’s Office. If no one is available for an on-camera, a statement might suffice

Please let me know if an interview can be arranged.

Thanks in advance for the help!

-Danielle
Office of the Official Opposition

NEWS RELEASE

September 1, 2016
For Immediate Release

What Mandate has the CEO of Nalcor Been Given by Liberal Government to Initiate Negotiations with Hydro-Québec?

Keith Hutchings, Natural Resources Critic for the Official Opposition, said, "Premier Ball must disclose the mandate the provincial government has given to Nalcor and its new CEO for talks with Hydro-Québec."

"This is the date when Quebec will begin receiving Upper Churchill hydro power at an even lower rate under the terms of the infamously lopsided 1966 Upper Churchill Contract," said Hutchings.

"Quebec is reaping an enormous windfall while we get pennies. For every dollar they earn, we will get two cents. For their estimated one billion a year, we will get just $20 million. Our collective efforts to right this wrong have been rebuffed at every turn, but it certainly should give us the moral high ground in moving forward on new projects like Gull Island and other negotiations, such as power access and transmission access," said Hutchings.

"Mr. Ball attended the New England Governors meeting recently - without the province's Natural Resources Minister - where the Premier’s messaging has certainly left people confused on what his government provincial energy policy is. In the past, he has said we will not be able to sell the surplus Muskrat Falls power and the project is overbuilt, while now he seems to be saying there will be no surplus power to sell," said Hutchings.

"What is the province discussing with Hydro-Québec? Are the Liberals considering the sale of Muskrat Falls power to Quebec? Will any talks involve redress of the 1966 contract as we look to 2041 and the expiry of the current contract? Is the province actively negotiating with Hydro-Québec for Gull Island development or access to the Quebec grid, which has constrained an east-west energy transfer for decades?

Our 2007 Energy Plan outlined the building of an energy warehouse through renewable and nonrenewable resources, including wind energy, natural gas, oil, small hydro and alternative resources. Where do these alternatives fit into the equation for this Liberal administration? We don’t know because they have not said, and have been absent in articulating a clear energy policy for this province.

"Is this Liberal government making headway with Ottawa and other provinces for a national energy plan that includes interprovincial transmission rights for electricity? Would Ottawa also help with other green energy projects, such as Gull Island? Ottawa ought to feel some obligation for denying us national transmission rights in the 1960s that might have enabled our province to get a more-balanced Upper Churchill Contract. Are these considerations at play as the new CEO looks forward to working with Hydro-Québec and as the current government talks about energy with Ottawa and the provinces? These are questions that require more answers, clarity, openness and transparency.
"The Liberals seem to be using the previous government's 2007 Energy Plan as their template, as we saw in their recent re-affirmation of Nalcor's offshore seismic work. But an update is required on the hydro power aspect of that plan today.

"What are the province's plans in advance of 2041, when the Upper Churchill enters a new phase and our province could be positioned to reap a fair share of the dividends for the first time?

"Are there plans for privatization, or a greater private sector role in current developments or any of the other developments?

"It's time for full disclosure. These energy resources are the people's, and it's important for the people to reap the benefits."

- 30 -

Media Contact: Heather MacLean, Director of Communications, Office of the Official Opposition, (709) 729 6105, heathermaclean@gov.nl.ca
Thanks

Sent from my BlackBerry

From: Shea, Erin
Sent: Friday, September 2, 2016 9:59 PM
To: Coady, Siobhan; Bown, Charles W.; English, Tracy; Parsons, Walter
Cc: Quinton, Diana
Subject: RE: Media Request - NTV: Hydro-Quebec Relations

Pls ignore this request for approval below. I just spoke with the reporter, and she said that her story will air tonight with a comment from the Premier last month when asked about Hydro-Quebec. I have notified PO.

Thanks,
E.

Hi Minister,

Please see the following statement in blue for approval to be provided to NTV's Danielle Barron. Premier and Minister are not available, so a statement from NR is suggested. Danielle is requesting an update on relations with HQ and the long-term plan for hydro power:

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-Danielle

---- Below statement from Keith Hutchings ----

Office of the Official Opposition

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- 30 -

Media Contact: Heather MacLean, Director of Communications, Office of the Official Opposition, (709) 729 6105, heathermaclean@gov.nl.ca
Call me please
7258186

Sent from my BlackBerry

From: Snook, Corey
Sent: Wednesday, September 21, 2016 10:33 AM
To: Boland, Christine
Cc: Combden, Leanne
Subject: [redacted] for ON-NL report

Hi Christine,

Please see edited version below.

we need Greg and Rob to have it before close today for approval by Friday.
From: Boland, Christine
Sent: September 20, 2016 4:33 PM
To: Snook, Corey
Subject: [REDACTED] for ON-NL report

Christine Boland
Manager of Electricity Markets and Alternative Energy
Department of Natural Resources
christineboland@gov.nl.ca
O: 709.729.5714 / M: 709.699.0138
Les Maudits Sauvages.


La soi-disant libération du méthyle de mercure provoquée par l’inondation de 40 kilomètres carrés de forêt, va, selon leur dire, contaminer la Rivière Churchill pour les quinze prochaines années.

Serait-il possible que les Sauvages du Labrador réagissent enfin à l’inondation des 6550 kilomètres carrés de leur territoire ancestral, provoquée par la création du réservoir de la Centrale de Churchill Falls, et pour laquelle ils n’ont eu droit à aucune forme de compensation parce que le prix payé par Hydro-Québec à Terre-Neuve était, et est encore, crapuleusement insignifiant?
Alors, est-il possible de penser aujourd’hui que les véritables Maudits Sauvages soient ceux qui siègent à l’Assemblée Nationale du Québec parce qu’ils ont toujours refusés de donner à Terre-Neuve un prix équitable pour l’énergie de Churchill Falls ?
In case this comes up in the House today...

Natural Resources
Status of Gull Island
December 12, 2016

Summary:
On December 8, the Labradorian ran an article that quoted John Hickey (former MHA for Lake Melville and former cabinet minister) as saying, "I've been doing some research and I think Gull Island is a done deal. There is something happening with Gull Island, there are discussions happening with Ontario, there are discussions happening with Hydro Quebec. The statements that came out of Marshall’s mouth as soon as he came in was that he was talking with Hydro Quebec and that he would forge a good working relationship with them.”

Question: What is happening with Gull Island?

Key messages:
• There are no discussions happening about the sale of our Hydro resources – the Muskrat Falls Project, Gull Island or the Upper Churchill Project.

• Our hydro resources belong to the people of Newfoundland and Labrador. We will protect our resources, only do what is in the best interest of this province and we will protect the people of this province.
Background and Current Status:

Muskrat Falls Cost and Schedule Update

- On June 24, 2016, Nalcor CEO Stan Marshall provided an update on the cost and schedule for the Muskrat Falls project. Including financing costs, the project is now estimated to cost $11.4 billion, an increase of approximately $4 billion from cost estimates at the time the project was sanctioned. Approximately $6.7 billion has been committed to date through spending or contractual obligations.

- With respect to project schedule, the Labrador-Island Link portion of the project is expected to be complete in the second quarter of 2018 while the generation portion of the project is expected to produce power in the third quarter of 2019, nearly two years behind estimated first power at project sanction. Full power is now expected in the second quarter of 2020.

- One of the key causes of the delay has been issues with contractor Astaldi. Nalcor and Astaldi are currently engaged in discussions to settle this dispute.

- The Nova Scotia Department of Energy has stated that the Maritime Link remains on budget and on schedule with completion expected in late 2017.

- Largely related to the increased cost estimates, it is now estimated that rates will be 21.37 cents per kWh in 2022, which is nearly double current rates. Mr. Marshall intends to focus efforts towards rate mitigation in the years prior to first power and believes that he can achieve measures which will lead to rates that are substantially lower than the approximately 22 cents estimated now. For example, Mr. Marshall stated that he has approached the Federal government to increase the size of its loan guarantee and also plans talks with Emera and Hydro Quebec.
New England Market Opportunities

- Newfoundland and Labrador’s hydroelectric potential is of interest to policy makers in New England as it is an alternative to Hydro Quebec to supply large scale hydro power.

- In 2015, the total New England wholesale energy market value was $ 6.0 billion. Serving a population of over 14 million, New England has a significantly sized market that is facing supply challenges, which presents an export market opportunity for Gull Island (2,250 MW, annual average 11.9 TWh).

- Challenges facing the New England market include: (1) excessive reliance on natural gas generation, (2) upcoming retirements of non-gas-fired generation (up to 10,200 MW by 2020), (3)
and aggressive GHG emission reduction targets and state renewable portfolio standards, which require electricity suppliers to purchase a portion of their power from renewable sources.

- In recent years, the New England states have worked towards large long-term procurement of clean energy resources, including large hydro imports, and associated new transmission infrastructure.

- On November 12, 2015, the state governments of Connecticut and Massachusetts, along with electric utilities from those states and Rhode Island, issued the Clean Energy joint procurement RFP. The RFP sought bids on new Class I renewable energy projects of at least 20 MW and large-scale hydro power projects constructed after January 1, 2003. The joint process opened the possibility of procuring large-scale projects and transmission to deliver clean energy on a scale that states could not secure individually.

- On July 9, 2015, Massachusetts Governor Baker submitted to the Massachusetts Senate what is being called a hydropower bill entitled An Act Relative to Energy Sector Compliance with the Global Warming Solutions Act. The bill requires Massachusetts utilities to work with the state’s Department of Energy Resources to jointly and competitively solicit long-term contracts (15-25 years) for clean energy generation resources, with no more than 18.9 TWh delivered annually. Clean energy generation includes both stand-alone firm hydroelectric power and new Class I renewable energy portfolio standards (RPS) resources (i.e. wind, solar, small hydro, biogas) as long as they are firmed up with hydroelectric power.

- In Fall 2015, Nalcor co-founded the Massachusetts Clean Electricity Partnership (MCEP) alliance of hydro, onshore wind and transmission companies including Hydro-Quebec, Emera Inc, Brookfield Renewable Energy Partners, Transmission Developers Inc, New England, Sun Edison and NB Power. The MCEP’s key objectives are to support Governor Baker’s bill and educate Massachusetts stakeholders on the advantages of clean, reliable and renewable energy, specifically hydro and onshore wind. While members of the MCEP generally compete with one another, all members have a common goal of selling clean energy into/within Massachusetts.

- The MCEP recently retained Power Advisory LLC, an electricity sector focused management consulting firm, to conduct a study of the benefits of clean electricity imports to Massachusetts and New England consumers. The report was released on April 21, 2016.

- Power Advisory’s report concluded that importing 18.9 TWh per year of Canadian clean energy will result in substantial annual savings in Massachusetts and New England, as well as dramatic reductions in greenhouse gas (GHG) emissions.

- In June 2016, the Massachusetts’ House of Representatives passed Governor Baker’s bill, with some amendments, as An Act to Promote Energy Diversity. The bill allows for distribution companies in Massachusetts to jointly and competitively solicit proposals for clean electricity generation of an amount equal to 9.45 TWh annually. This is lower than the 18.9 TWh requested in Governor Baker’s bill.

- The bill passed by the House of Representatives also includes a requirement for utilities to pursue long-term contracts to supply up to 1,200 MW from offshore wind energy by 2027. The contract period is also defined as 15-20 years, as opposed to 15-25 years proposed in Governor Baker’s bill.

- Note: pages 41-44 have been redacted in full as all content is non-responsive to the request.
Meeting Note
Department of Natural Resources
Meeting with QC’s Minister of Energy and Natural Resources
Date, time and location TBC, Winnipeg, MB

Attendees:
Honourable Siobhan Coady
Honourable Pierre Arcand, Minister of Energy and Natural Resources, QC

Purpose of Meeting:
To provide background for a potential meeting between Minister Coady and Minister Arcand that may occur on the margins of the Energy Mines Ministers’ Conference.
Potential Agenda Item #2 - Electricity

- Phase I of the Lower Churchill Project is the 824 megawatt (MW) Muskrat Falls hydro generating station and associated transmission links between Labrador, the Island, and Nova Scotia, which are all under construction. The facility is expected to average 4.8 terawatt hours (TWh) annually. The Maritime link is scheduled to enter service in late 2017, the Labrador Island Link will enter service in mid-2018 and the generating station will produce first power in late 2019.

- Phase II of the Lower Churchill Project at Gull Island has a planned capacity of 2,250 MW, with an average energy output of 11.9 TWh hours per year. As Muskrat Falls will meet domestic market requirements for the foreseeable future, a significant portion of Gull Island could be dedicated for export or to serve new large scale industrial load within NL, or some combination of these.

- Premier Ball’s December 2015 mandate letter to the Minister of Natural Resources stated, “You will act to maximize the net benefits from in-province use of energy and energy export by... ...seeking opportunities to develop the Gull Island Hydro Project, which will include identifying potential markets and access routes.”

- Consistent with this mandate, NR and Nalcor Energy have both been working to identify and advance opportunities to development Gull Island. NR, in coordination with Nalcor, has been engaged in a Task Force with the Government of Ontario to determine if and how NL electricity exports, especially Gull Island can help meet Ontario’s long term needs. The likely transmission paths from Gull Island to Ontario would likely be through QC, or possibly through the northeastern US.

- Nalcor CEO Stan Marshall has stated publicly that he is interested in talking with Hydro QC to determine if there is potential to work together on new NL electricity export opportunities. Mr. Marshall has stated publicly that attempting to renew and normalize relations with Hydro-QC (HQ) will be an objective of his as CEO of Nalcor Energy.

- Mr. Marshall has met with HQ CEO Eric Martel, and hosted HQ executive on a recent visit to the Muskrat Falls construction site. Media reported in July 2016 that Hydro QC officials recently visited the Muskrat Falls site.

- In response to questions about relations with HQ and the recent QC court case decisions (i.e. Good Faith and Declaratory Judgment cases) during Nalcor’s Q2 2016 public webcast, Mr. Marshall reiterated his wish to attempt to establish good business relations with HQ. He also noted as positive that Nalcor and HQ recently successfully negotiated a resolution to a
complaint that Nalcor initially lodged with the QC regulator over use of HQ transmission for export.

- On May 16, 2016, QC Minister of Economy, Science and Innovation Dominique Anglade and Minister of Energy and Natural Resources Pierre Arcand wrote to Minister Coady and the Minister Mitchelmore indicating interest in discussing energy development partnership between the provinces.

- I understand that officials from our respective crown electric utilities have initiated contact to establish working relationships between the two companies.

- I look forward to hearing how our utilities’ discussions are progressing and whether there is potential for meaningful progress.
Title: Gull Island and NL Export (Supply) Opportunities

Issue: To provide an overview of the Gull Island Project and recent update on market opportunities.

Background and Current Status:

Gull Island Project

• The Gull Island project is Phase 2 of the Lower Churchill Project with a planned capacity of 2,250 MW and an average energy output of 11.9 TWh per year. As the Muskrat Falls Project will meet domestic market requirements for the foreseeable future, output from Gull Island will be dedicated to export or to serve new large scale industrial load within NL.

• 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 of extensive hydrological data and analysis.

• The Gull Island project is of interest to policy makers in the northeast region as it is the main alternative large hydro supplier to Hydro Quebec.

• Multiple market options and market access options for Gull Island are being assessed for potential feasibility. One of the primary considerations will be availability of a long-term contract to enable financing. Market options include: access to Ontario (ON) via the Hydro Quebec TransEnergie system; to the Maritimes and New England via subsea route; and to New England via the Hydro Quebec TransEnergie system.

Market Opportunities with Ontario

• ON’s electricity generation is provided by nuclear (61%), hydroelectric (25%), wind (7%), natural gas (7%), and non-hydro renewables (<1%) as of the first quarter of 2016.

• In 2015, ON imported 5,764 GWh of electricity and exported 22,618 GWh. The majority of this power was imported from Quebec (QC) (4,767 GWh) and exported to Michigan (10,248 GWh).

• Due mainly by 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.

• In November 2014, ON and Quebec (QC) signed an MOU aimed at greater energy cooperation, including Seasonal Capacity Exchange, which will see ON making 500 MW of electricity capacity available to QC in the winter, and QC making 500 MW available to ON in the summer. The provinces also agreed to discuss greater energy trade between the provinces.

• At the July 2014 EMMC, ON and NL committed to establishing a working group to explore opportunities for importing clean electricity from NL to ON.

• On August 29, 2014, in Charlottetown, PEI, then Premier of ON indicated ON’s interest in discussing access to Gull Island power.

• During the July 2015 Council of the Federation meeting in NL, then Premier of ON toured the Muskrat Falls site and expressed interest in the potential of hydroelectric energy in Labrador.

• In July 2015, ON and NL Energy Ministers announced the creation of the interprovincial, Ontario – Newfoundland and Labrador Interprovincial Electricity Trade (ONLIET) Working Group to study
the potential for firm clean electricity trade opportunities between both provinces. The working group includes provincial government officials from ON and NL, and representatives from Ontario’s Independent Electricity System Operator (IESO) and Nalcor.

- Since the 2013 LTEP, changes have occurred in ON, including the 500 MW seasonal capacity exchange agreement with Quebec and the plan to extend operation of the nuclear Pickering Generation Station until 2024. ON expects this will likely push ON’s potential capacity gap to beyond 2024, when its estimated requirements will start at approximately 500 MW and range between 1,000 – 2,000 MW towards the end of 2032.
- Nalcor can deliver varying amounts of supply from now to post-2041. Until mid-2020’s, NL can provide 100-250 MW (1.2-4 TWh/year), weighted more heavily to the summer season.
- 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 (11.9 TWh/year). With the Churchill Falls Renewal Contract expiring in 2041, additional supply ranging from 4,000 MW (25 TWH/year) could be available for export.

Action to be taken:
- NR will continue to monitor any future progress.

Prepared/ Approved by: R. Chowdhury, C. Boland / Ministerial Approval:
August 18, 2016
NEG/ECP – Background Note – New England Market Opportunities
Nalcor Energy

Issue: Overview of New England Market Opportunities and Nalcor’s Activity in the Region.

Background:

• NL has excess electricity resources in both the short and long term that can potentially be exported to New England. A number of generation and transmission development scenarios are under consideration by Nalcor Energy.

• Presently, excess generation exists in Labrador that is being exported via the Hydro Quebec transmission system to external markets. Over the medium term, the Muskrat Falls project and associated transmission links will enable additional exports via the Maritimes. Over the longer term, additional exports could be realized with new transmission links from NL to Quebec or the Maritimes to enable Gull Island’s 2250 MW capacity to be developed along with new wind generation.

New England Market

• The New England wholesale energy market serves a population of more than 14 million that was valued at $ 6.0 billion in 2015. 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 10,200 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.

• Accessing additional generation resources in higher load areas, such as Massachusetts (MA) and Connecticut (CT), has also presented transmission challenges for New England. Since 2002, $7.8 billion has been invested in transmission in the region, with a further $4.2 billion planned by 2020.

• Maine (ME), New Hampshire (NH), and RI (Rhode Island) presently exclude large-scale hydro power from their RPS. Vermont (VT) recognizes large-scale hydropower as renewable and so does CT in limited circumstances. Massachusetts (MA) recently diversified its RPS with the passage of its Clean Energy Bill, which is discussed in more detail below.

Nalcor’s Recent Activity in New England

Tri-State RFP

• In recent years, the New England states have worked towards large long-term procurement of clean energy resources, including large hydro imports, and associated new transmission infrastructure.

• On November 12, 2015, the MA and CT state governments along with electric utilities from those states and RI, issued the Clean Energy joint procurement RFP.

• The RFP sought bids on new Class 1 renewable energy projects of at least 20 MW and large-scale hydro power projects constructed after January 1, 2003. Class 1 renewables include wind, solar, small hydro, biomass and fuel cells. Hydroelectric power can also be used to balance or support wind generation. The overall solicitation was for approximately 5
TWh annually. The RFP also invited bids for transmission projects in recognition that some generation projects submitted may require new transmission.

- Massachusetts Hydro Bill

  - In July 2015, MA Governor Baker introduced proposed legislation entitled An Act Relative to Energy Sector Compliance with the Global Warming Solutions Act (the "hydro bill"). The legislation was seeking a requirement that MA utilities work with the MA Department of Energy Resources to jointly and competitively solicit long-term contracts (15-25 years) for clean energy generation up to 18.9 TWh per year and associated transmission.

  - In fall 2015, Nalcor delivered a presentation to the MA House Joint Committee on Telecommunications, Utilities and Energy in support of the proposed legislation. The bill is important to NL as it would allow import of Canadian hydropower and support long-term contracts for new supply, which is critical for Gull Island development.

  - On July 31, 2016, the MA House of Representatives and the Senate passed the Clean Energy Bill, which represents a compromise between the earlier versions of the bill passed separately by the House and Senate.

  - The Clean Energy Bill provides for the procurement of 1.6 GW of offshore wind power and 9.45 TWh of clean energy annually, which could include hydroelectric, land-based wind or a combination of both. In addition, contracts may have terms up to 20 years and may include purchases of power, renewable energy credits and required transmission. The bill states that proposals including hydropower must guarantee energy delivery in the winter months.

  - The bill further states that solicitations must begin prior to April 2017 with contracts executed by December 2022.

- MA Clean Electricity Partnership (MCEP)

  - In fall 2015, Nalcor co-founded the MCEP alliance of hydro, onshore wind and transmission companies including HQ, Emera Inc, Brookfield Renewable Energy Partners, Transmission Developers Inc, New England, Sun Edison and NB Power. The MCEP’s key objectives were to support Governor Baker’s bill and educate MA stakeholders on the advantages of clean, reliable and renewable energy, specifically hydro and onshore wind. While members of the MCEP generally compete with one another, all members have a common goal of selling clean energy into/within MA.

  - As the Clean Energy Bill has been announced, Nalcor indicates that the work of the MCEP will wind down.
Near and Long-Term Opportunities

• Following the completion of the Muskrat Falls Project, including the associated transmission assets, the island of Newfoundland will be connected for the first time with the North American grid. This will allow Nalcor to maximize the value from provincial electricity resources by exporting excess electricity to other regions of Canada and the US.

• In the longer term, there are opportunities for Nalcor to lay the foundation for development of Gull Island.

• Nalcor is continuing to explore and investigate all options for transmission access into the New England market.

• In addition to the New England Market, Nalcor is currently examining multiple market options and market access options for Gull Island Project including: access to Ontario (ON) via the Hydro Quebec TransEnergie system; and to the Maritimes and New England via subsea.

• To explore the opportunities for importing clean and reliable electricity from NL to ON, in July 2015, the ON-NL Interprovincial Electricity Trade Working Group was formed. This group includes representatives from the provincial governments, ON’s Independent Electricity System Operator, and Nalcor Energy.

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