August 21, 2018

Dear [Redacted]:

Re: Your request for access to information under Part II of the Access to Information and Protection of Privacy Act (File # NR-100-2017)

On July 24, 2018 the Department of Natural Resources received your request for access to the following records/information:

In Ashley Fitzpatrick’s article in the July 24 edition of The Telegram re NL Hydro’s rate increase application she mentioned a “RATE MITIGATION COMMITTEE” inside the Department of Natural Resources. When was this committee established? Who is on this committee? How often have they met? Are minutes of the meetings kept or reports generated? The article also referenced NL Hydro providing information to this committee, please provide copies of the information received from NL Hydro along with any minutes or reports generated by this committee and any briefing notes related to this committee.

I am pleased to inform you that a decision has been made by the Department of Natural Resources, confirmed by the Deputy Minister, to provide access to the requested records. The records are attached. The first attachment are answers to all your questions, followed by the minutes and reports.

We are providing access to the most information possible but have made redactions in accordance with Sections 29(1) (a), 35(1)(d), 35 (1)(g) and 35(1)(f) of ATIPPA, 2015 as follows:

29. (1)(a) The head of a public body may refuse to disclose to an applicant information that would reveal advice, proposals, recommendations, analyses or policy options developed by or for a public body or minister.
35. (1) (d) The head of a public body may refuse to disclose to an applicant information which could reasonably be expected to disclose information, the disclosure of which could reasonably be expected to result in the premature disclosure of a proposal or project or in significant loss or gain to a third party;

35. (1) (f) The head of a public body may refuse to disclose to an applicant information which could reasonably be expected to disclose positions, plans, procedures, criteria or instructions developed for the purpose of contractual or other negotiations by or on behalf of the government of the province or a public body, or considerations which relate to those negotiations.

35. (1) (g) The head of a public body may refuse to disclose to an applicant information which could reasonably be expected to disclose information, the disclosure of which could reasonably be expected to prejudice the financial or economic interest of the government of the province or a public body.

We have also redacted in full using the codes referenced above the following pages of Rate Mitigation Updated Presentation to Province July 20, 2017: 9, 10, 11, 13, 14, 15, 19, 20, 21, 23, 24, 25, 26, 27, 28, 31, 32, 34 and 35.

Please note that while the Department of Natural Resources have custody and control of the minutes of most meetings we are not in possession of minutes from:

October 19, 2017,
December 14, 2017
February 1, 2018
March 29, 2018
April 12, 2018
April 26, 2018
May 24, 2018

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,

Rod Hynes
ATIPP Coordinator
When was this committee established?
Established: July 20, 2017

How often have they met?
Rate Mitigation Committee Meetings:
August 10, 2017 (minutes to meeting available)
August 24, 2017 (minutes to meeting available)
Sept 7, 2017 (minutes to meeting available)
Sept 21, 2017 (minutes to meeting available)
October 5, 2017 (minutes to meeting available)
October 19, 2017 (minutes to meeting not available)
Nov 2, 2017 (minutes to meeting available)
Nov 16, 2017 (minutes to meeting available)
November 30, 2017 (minutes to meeting available)
Dec 14, 2017 (minutes to meeting not available)
January 4, 2018 (minutes to meeting available)
January 18, 2018 (minutes to meeting available)
February 1, 2018 (minutes to meeting not available)
February 15, 2018 (minutes to meeting available)
March 1, 2018 (minutes to meeting available)
March 15, 2018 (minutes to meeting available)
March 29, 2018 (minutes to meeting not available)
April 12, 2018 (minutes to meeting not available)
April 26, 2018 (minutes to meeting not available)
May 10, 2018 (minutes to meeting available)
May 24, 2018 (minutes to meeting not available)
Who is on this committee?

Members of the Rate Mitigation Committee

John Cowan- Assistant Deputy Minister, Energy Policy DNR
Corey Snook- Director, Electricity and Alternative Energy DNR
Craig Martin- Assistant Deputy Minister, Economic, Fiscal and Statistics FIN
(Alternate: Dennis Sharpe)
Jim Hayes- President, Newfoundland and Labrador Hydro
Rob Hull- General Manager, Commercial Management and Integration Nalcor
(Alternate: Jeannine Fitzgerald- Manager, Business Development Strategic Planning and Business Development Nalcor)
Elizabeth Lewis- Manager, Financial Planning and Investment Analysis Nalcor
(Alternate: Dave Jones- Manager Investment Evaluation Nalcor)
Auburn Warren- General Manager, Commercial, Treasury and Risk Management at Nalcor

Are minutes of the meetings kept or reports generated?

See attached records for minutes of meetings. The committee has produced no reports.
MINUTES OF THE RATE MITIGATION STEERING COMMITTEE MEETING HELD IN LEVEL 5, CONFERENCE 1, HYDRO PLACE, ST. JOHN'S, NEWFOUNDLAND AND LABRADOR ON THURSDAY, AUGUST 10, 2017 AT 2:00 P.M.

Present: J. Cowan  Regrets: E. Lewis
        J. Haynes        C. Martin
        R. Hull
        J. Fitzgerald
        D. Jones
        D. Sharpe

01. SAFETY MOMENT
Importance of boating safety was provided by Jeannine Fitzgerald.

02. INTRODUCTION
Rob Hull provided an introduction including the purpose for the meeting and Rate Mitigation Steering Committee (RMSC), including confirmation of support for the RMSC from the Province, Hydro and Nalcor.

03. DETERMINATION OF STANDING ITEMS
Rob Hull led a discussion as to the determination of Standing Items to be discussed at each RMSC meeting. The following items were brought forth as Standing Items:

- Pre-Muskrat Falls Holyrood Fuel Displacement
- Electricity Exports/Market Opportunities
- Market Optimization Arrangements
- Medium/Long-Term Rate Mitigation Initiatives

Meeting attendees agreed to the list of Standing Items to be discussed at future meetings.

04. APPROVAL OF TERMS OF REFERENCE
A copy of a draft Terms of Reference was provided to the RMSC prior to the meeting by Rob Hull. Mr. Hull asked attendees for any required revisions to which attendees provided
comments. Mr. Hull agreed to make required revisions and recirculate to the RMSC prior to the next meeting, scheduled for August 24th.

Dave Jones stated that access to the Rate Mitigation folder on the H:drive within Nalcor/Hydro should be confirmed and updated as required. The RMSC agreed with this action and Jeannine Fitzgerald was to follow up with Elizabeth Lewis to ensure the appropriate access and security of the folder is maintained.

05. CONFIRMATION OF STEPPED APPROACH

The RMSC agreed with this approach and it was decided that Nalcor would draft this presentation and circulate as required.
07. MEDIUM/LONG TERM RATE MITIGATION INITIATIVES

Jeannine Fitzgerald walked through a draft document related to medium/long-term rate mitigation strategies that was circulated prior to the meeting. Ms. Fitzgerald began by outlining that the document was for discussion purposes only and that all initiatives listed have not been researched, determined to be feasible, and/or approved in any manner. Ms. Fitzgerald asked for feedback on the draft document to which attendees provided comments. Prior to the August 24th meeting Ms. Fitzgerald is to revise the document incorporating feedback of the RMSC. Also, Ms. Fitzgerald was asked to include funds in the 2018 budget related to rate mitigation initiatives that may require outside consultants/legal advice.

08. TERMINATION

There being no further business, the meeting was terminated.
MINUTES OF THE RATE MITIGATION STEERING COMMITTEE (RMSC) MEETING HELD IN LEVEL 5, CONFERENCE 1, HYDRO PLACE, ST. JOHN’S, NEWFOUNDLAND AND LABRADOR ON THURSDAY, AUGUST 24, 2017 AT 2:00 P.M.

Present:                   Regrets:       
D. Sharpe                   J. Cowan       
J. Haynes                   C. Martin       
R. Hull                     
J. Fitzgerald               
E. Lewis

01. SAFETY MOMENT
Elizabeth Lewis provided a safety moment on allergies and allergic reactions.

02. ACTION ITEMS AND MINUTES
Jeannine Fitzgerald reviewed the Action List from the August 10th meeting and asked for any required revisions to the August 10th minutes. No changes to the August 10th minutes were noted.

03. UPDATES

Pre-Muskrat Falls Holyrood Fuel Displacement

Rob Hull provided an update that things are progressing with this initiative. With the opportunity to bring energy to the island to displace costly fuel at Holyrood, commercial arrangements are being discussed between Nalcor, NEM and Hydro to move this forward. With interconnection from Labrador to the island early next year, commercial arrangements and legislative decisions are required to be finalized in the fall of 2017.

Electricity Exports/Market Opportunities

S. 29 (1) (a) S. 35 (1) (d)
S. 35 (1) (g) S. 35 (1) (f)
Medium/Long Term Rate Mitigation Initiatives

Jeannine Fitzgerald asked attendees if any further changes were required to the updated version of the medium/long term rate mitigation initiatives that was circulated prior to the meeting.

Rob Hull suggested that additional screening of the initiatives be completed to help identify those areas to concentrate the committee’s efforts. Jeannine Fitzgerald agreed to undertake this screening and provide a prioritized list prior to the Sept 7th meeting.
04. APPROVAL OF TERMS OF REFERENCE

A copy of the revised draft Terms of Reference was provided to the RMSC prior to the meeting. Mr. Hull asked attendees for any required revisions to which there were none. The Terms of Reference was approved.

05. EQUALIZATION UPDATE

06. OTHER BUSINESS
07. TERMINATION

There being no further business, the meeting was terminated.
MINUTES OF THE RATE MITIGATION STEERING COMMITTEE (RMSC) MEETING HELD IN LEVEL 4, CONFERENCE 1, HYDRO PLACE, ST. JOHN’S, NEWFOUNDLAND AND LABRADOR ON THURSDAY, SEPTEMBER 7, 2017 AT 2:00 P.M.

Present: D. Sharpe
J. Haynes
R. Hull
J. Fitzgerald
E. Lewis
C. Snook
C. Martin

Regrets: J. Cowan

01. SAFETY MOMENT
Jim Haynes provided a safety moment on fragrance allergies/sensitives and the importance of adhering to scent free policies.

02. ACTION ITEMS AND MINUTES
Jeannine Fitzgerald reviewed the Action List from the August 24th meeting and also asked for any required revisions to the August 24th minutes.

Minutes:
Two changes to the August 24th minutes were noted to be updated. Jeannine Fitzgerald agreed to update as requested:

\[ S \ 29 \ (1) \ (a) \ | \ S \ 35 \ (1) \ (d) \]
\[ 35 \ (1) \ (g) \ | \ S \ 35 \ (1) \ (l) \]

Action Items:
03. UPDATES

Electricity Exports/Market Opportunities
Market Optimization Arrangements

Medium/Long Term Rate Mitigation Initiatives

Jeannine Fitzgerald provided an update to the previous version of the medium to longer term rate mitigation initiatives, which segregated those initiatives that were shorter term in nature and easier to implement from those that were longer term in nature with greater implementation obstacles. Three additional initiatives were added to the list:

Provincial Developments
04. TERMINATION

There being no further business, the meeting was terminated.
MINUTES OF THE RATE MITIGATION STEERING COMMITTEE (RMSC) MEETING HELD IN LEVEL 2, CONFERENCE 1, HYDRO PLACE, ST. JOHN'S, NEWFOUNDLAND AND LABRADOR ON THURSDAY, SEPTEMBER 21, 2017 AT 2:00 P.M.

Present: J Cowan
        J. Haynes
        R. Hull
        J. Fitzgerald
        E. Lewis
        C. Snook
        L. Hutchens
        P. Stratton

Regrets: C. Martin
        D. Sharpe

01. SAFETY MOMENT
Jim Haynes provided a safety moment on the rules of the road with respect to two lane turning in intersections.

02. ACTION ITEMS AND MINUTES
Jeannine Fitzgerald reviewed the Action List from the September 21st meeting and also asked for any required revisions to the September 21st minutes.

Minutes:
No changes to the minutes were noted.

Action Items:

Rob Hull noted that the stepped approach document would be presented at the next RMC meeting as there was a modification required. 35 (1) (g) S. 35 (1) (f)
S. 29 (1) (a) S. 35 (1) (d)

Jeannine Fitzgerald advised that the AESP database required membership to gain access to the directory. Rob Hull requested that Jeannine look into the costs of the membership to gain
access to potential resources that may help identify electricity customers. Jeannine Fitzgerald agreed to do so.

Corey Snook provided a brief overview of the current electrification initiatives currently being discussed with the federal government. It was noted that we would discuss this as part of the current items on the agenda.

03. UPDATES
Market Optimization Arrangements

Rob Hull noted there was nothing new to note in this regard but that Jennifer Williams and Greg Jones are engaged in the mechanics of maximizing value.

Medium/Long Term Rate Mitigation Initiatives
Provincial Developments

Corey Snook outlined the initiatives currently being discussed between the Province and the federal government.

04. TERMINATION

There being no further business, the meeting was terminated.
MINUTES OF THE RATE MITIGATION STEERING COMMITTEE (RMSC) MEETING HELD IN LEVEL 5, CONFERENCE 1, HYDRO PLACE, ST. JOHN’S, NEWFOUNDLAND AND LABRADOR ON THURSDAY, OCTOBER 5TH, 2017 AT 2:00 P.M.

Present: J Cowan  
L. Hutchens  
R. Hull  
J. Fitzgerald  
E. Lewis  
A. Warren  
D. Sharpe  

Regrets: C. Martin  
J. Haynes  
C. Snook  

01. SAFETY MOMENT  
Jeannine Fitzgerald provided a safety moment on pedestrian safety.

02. ACTION ITEMS AND MINUTES  
Jeannine Fitzgerald reviewed the Action List from the September 21st meeting and also asked for any required revisions to the September 21st minutes.

Minutes:  
No changes to the minutes were noted.

Action Items:  
S. 29 (1) (a)  
S. 35 (1) (d)  
S. 35 (1) (f)  
S. 35 (1) (f)  

John Cowan advised that while the memo provided good context, quantitative analysis is required to support the memo and to identify the size, as well as specific sources, of the pool of funds that Nalcor is expecting will be available to be used in rate mitigation.

Rob Hull noted that this analysis was not yet complete and would be conducted by the Investment Evaluation Team. Auburn Warren stated that his team has been engaged in this work but that it will take some time to produce a final product.
Rob Hull noted that as was stated in the rate mitigation memo, Nalcor would be preparing a detailed implementation plan that would be finalized by October 31, 2017. It was noted that the plan would be finalized and not the quantitative analysis as requested by John Cowan, however Nalcor understands the importance of this piece of work and will incorporate timing into the work plan.

**03. UPDATES**

Electricity Exports/Market Opportunities

Rob Hull noted that Nalcor continues to work with Emera on finalizing required commercial agreements associated with the Atlantic Link, with an anticipated completion date of December 31, 2017.

Market Optimization Arrangements

Rob Hull noted that Greg Jones and Jennifer Williams continue to advance this initiative and are currently working through documentation on required process to secure required supply to Hydro and optimize revenues to Nalcor.
Medium/Long Term Rate Mitigation Initiatives
S. 29 (1) (a) S. 35 (1) (d)
35 (1) (g) S. 35 (1) (f)

Provincial Developments
S. 29 (1) (a) S. 35 (1) (d)
35 (1) (g) S. 35 (1) (f)

04. TERMINATION

There being no further business, the meeting was terminated.
MINUTES OF THE RATE MITIGATION STEERING COMMITTEE (RMSC) MEETING HELD IN LEVEL 5, CONFERENCE 1, HYDRO PLACE, ST. JOHN’S, NEWFOUNDLAND AND LABRADOR ON THURSDAY, NOVEMBER 2ND, 2017 AT 2:00 P.M.


Regrets: C. Martin, C. Snook

01. SAFETY MOMENT
Rob Hull provided a safety moment on the dangers of items left to close to baseboard heaters.

02. ACTION ITEMS AND MINUTES
Jeannine Fitzgerald reviewed the Action List from the October 5th meeting and also asked for any required revisions to the October 5th minutes.

Minutes:
No changes to the minutes were noted.

Action Items: S. 29 (1)(a) S. 35 (1)(d) S. 35 (1)(g) S. 35 (1)(f)
Market Optimization Arrangements

Rob Hull noted that Greg Jones and Jennifer Williams continue to work through details of the NEM/Hydro PPA including optimization principles.

Jeannine Fitzgerald advised that a draft workplan was being completed and should be available for discussion at the next meeting.

Rob Hull advised that he will draft the memo and circulate to the group.

Rate Mitigation Sub Committee

Jim Haynes advised that he sent an e-mail out earlier in the week suggesting that a rate mitigation sub-committee be established to get traction on specific rate mitigation initiatives.
Members of the RMC supported this initiative and Jim advised he would set up the first meeting to outline mandate and objectives.

**Rate Mitigation Analysis**

Elizabeth Lewis provided an overview of analysis completed by Investment Evaluation and provided to the Department of Finance with respect to projected sources funds available for rate mitigation.

**04. TERMINATION**

There being no further business, the meeting was terminated.
MINUTES OF THE RATE MITIGATION STEERING COMMITTEE (RMC) MEETING HELD IN LEVEL 4, CONFERENCE 2, HYDRO PLACE, ST. JOHN’S, NEWFOUNDLAND AND LABRADOR ON THURSDAY, NOVEMBER 16TH, 2017 AT 2:00 P.M.

Present: J Cowan
     D. Jones
     R. Hull
     J. Fitzgerald
     A. Warren
     D. Sharpe
     D. Fisher

Regrets: C. Martin
         C. Snook
         J. Haynes

01. SAFETY MOMENT
Jeannine Fitzgerald provided a safety moment on winter driving (tire changeover safety).

02. ACTION ITEMS AND MINUTES
Jeannine Fitzgerald reviewed the Action List from the November 2nd meeting and also asked for any required revisions to the November 2nd minutes.

Minutes:
No changes to the minutes were noted.

Action Items:
Rob Hull noted that the action items related to specific rate mitigation initiatives being examined by the Rate Mitigation Sub Committee (RMSC) should be removed from the RMC Action List and moved to the RMSC. Items #16-19 on the November 2nd Action List are to be moved to the RMSC.
Electricity Exports/Market Opportunities

Rob Hull noted current focus continues to be the Atlantic Link and Nalcor is making progress with negotiations with Emera on the PPA/TSA’s. Current timing for a decision on successful proponent for the Atlantic Link is currently scheduled for end January 2018.

Market Optimization Arrangements

Rob Hull noted that Greg Jones and Jennifer Williams continue to co-ordinate and get their teams aligned on principles.

Provincial Developments

Rate Mitigation Sub Committee

Dave Jones advised that the RMSC has held an initial meeting and plan to meet every Thursday. Dave Jones noted that the RMSC reviewed the list of rate mitigation ideas put forth by the RMC and the plan is to screen and develop a paper around each initiative. He also stated that his plan is have a draft Terms of Reference available for the next RMC meeting.
04. TERMINATION

There being no further business, the meeting was terminated.
01. SAFETY MOMENT
Dave Jones provided a safety moment on slips, trips and falls.

02. ACTION ITEMS AND MINUTES
Jeannine Fitzgerald reviewed the Action List from the November 16th meeting and also asked for any required revisions to the November 16th minutes.

Minutes:
No changes to the minutes were noted.

Action Items:

35 (1) (g)  S. 29 (1) (a)  S. 35 (1) (d)  S. 35 (1) (f)
Market Optimization Arrangements

Rob Hull noted that Greg Jones and Jennifer Williams are very close to finalizing production planning procedures and would be procedurally ready for January 2018.

Rate Mitigation Sub Committee

Dave Jones noted that the sub-committee reviewed the list of rate mitigation ideas put forth by the RMC and divided the list with each member tasked with digging deeper and developing a 1-2 page paper outlining the pros and cons of specific initiatives. Dave Jones stated that a summary will be developed and brought forth to the RMC.
04. TERMINATION

There being no further business, the meeting was terminated.
MINUTES OF THE RATE MITIGATION STEERING COMMITTEE (RMC) MEETING HELD IN LEVEL 5, CONFERENCE 1, HYDRO PLACE, ST. JOHN’S, NEWFOUNDLAND AND LABRADOR ON THURSDAY, JANUARY 4TH, 2018 AT 2:00 P.M.

J. Cowan
D. Jones
R. Hull
G. Young
R. Henderson
G. Jones
J. Williams
J. Fitzgerald
J. Haynes

01. SAFETY MOMENT
Jeannine Fitzgerald provided a safety moment on ice safety.

02. ACTION ITEMS AND MINUTES
Jeannine Fitzgerald reviewed the Action List from the December 14th meeting and also asked for any required revisions to the December 14th minutes.

Minutes:
One change to the minutes was noted by John Cowan.

Action Items:
Action items # 23 and #24 were noted to be complete by Rob Hull and Jim Haynes.

03. UPDATES
S. 35 (1) (f) 35 (1) (g) S. 29 (1) (a) S. 35 (1) (d)

Jim Haynes noted that Hydro has received a letter from the Consumer Advocate requesting additional information regarding Hydro’s proposed deferral account in the GRA. It was noted that the request may result in GRA delays.
Electricity Exports/Market Opportunities

Greg Jones noted that re-engagement with Emera will resume next week on commercial discussions regarding the Atlantic Link. Current timing for a decision by Massachusetts on successful proponent is January 25th, and if successful, Emera has three months to finalize contract. 35 (1) (g) S. 29 (1) (a) S. 35 (1) (d) S. 35 (1) (f)

Provincial Developments

Rate Mitigation Sub Committee

Dave Jones noted that the sub-committee has developed a prioritized list of potential rate mitigation options. Next steps are to pull together 1-2 page summaries of the highest ranked options and bring back recommendations to RMC for discussion. It was noted that the next meeting scheduled for January 18th would focus mainly on discussion of the sub-committees findings.

Market Optimization Arrangements

Rob Hull noted that as per discussion in the December 14th meeting, additional attendees beyond the RMC are present to facilitate discussion on market optimization, including related policy matters and the ability of market optimization to aid in rate mitigation. 35 (1) (g) S. 29 (1) (a) S. 35 (1) (d) S. 35 (1) (f)
04. TERMINATION

There being no further business, the meeting was terminated.
MINUTES OF THE RATE MITIGATION STEERING COMMITTEE (RMC) MEETING HELD IN LEVEL 5, CONFERENCE 1, HYDRO PLACE, ST. JOHN’S, NEWFOUNDLAND AND LABRADOR ON THURSDAY, JANUARY 18TH, 2018 AT 2:00 P.M.

Present: J. Cowan
          D. Jones
          R. Hull
          J. Fitzgerald
          J. Haynes
          A. Warren
          D. Sharpe

Regrets: D. Fisher
          C. Snook
          C. Martin

01. SAFETY MOMENT
Jim Haynes provided a safety moment regarding dull/dirty headlights.

02. ACTION ITEMS AND MINUTES
Jeannine Fitzgerald reviewed the Action List from the January 4th meeting and also asked for any required revisions to the January 4th minutes.

Minutes:
No changes to the minutes were noted.

Action Items:
No current action items to discuss.

03. UPDATES
Rate Mitigation Sub Committee

Dave Jones noted that the sub-committee completed the initial assessment of rate mitigation initiatives and has grouped them under the following categories: Revenue Generation, Cost Reduction, Load Building, Structural and Other Finance.

Dave Jones supplied a list of those initiatives to the RMC and the remainder of the meeting was focused on discussion around several of those initiatives including:

35 (1)(g) S. 29 (1)(a)
35 (1)(d) S. 35 (1)(f)
Fitzgerald agreed to follow up on obtaining information pertaining to this potential option. As well,

It was decided that the next RMC meeting scheduled for February 1st would focus on continuing the discussion around the rate mitigation initiatives brought forth by the sub-committee.

**04. TERMINATION**

There being no further business, the meeting was terminated.
MINUTES OF THE RATE MITIGATION STEERING COMMITTEE (RMC) MEETING HELD IN LEVEL 5, CONFERENCE 1, HYDRO PLACE, ST. JOHN'S, NEWFOUNDLAND AND LABRADOR ON THURSDAY, FEBRUARY 15TH, 2018 AT 2:00 P.M.

Present: J. Cowan
D. Jones
R. Hull
J. Fitzgerald
J. Haynes
A. Warren
C. Martin

Regrets: D. Fisher
C. Snook
D. Sharpe

01. SAFETY MOMENT
Jeannine Fitzgerald provided a safety moment regarding sledding safety.

02. ACTION ITEMS AND MINUTES
Jeannine Fitzgerald asked if there were actions to note from the February 1st meeting as she was not present at previous meeting. No actions were noted.

03. UPDATES
Pre-Muskrat Falls Holyrood Fuel Displacement

Rob Hull noted that required commercial arrangements are in place to enable transactions to commence across the Maritime Link. Mr. Hull also noted that Greg Jones and Jennifer Williams are focused on production planning related to utilization of the Labrador Island Link.

Electricity Exports/Market Opportunities

Rob Hull noted that although Hydro Quebec's Northern Pass bid was chosen under the Massachusetts RPP, New Hampshire has denied the Northern Pass application.
Market Optimization

Rob Hull noted that there have been two workshops with representation from Nalcor, Hydro, DNR and Finance on alternatives re market optimization, as well as an initial meeting with Derrick Sturge and Stan Marshall outlining alternatives. Mr. Hull noted that it was agreed that direction is required from the Province as to what alternatives Nalcor should focus on in terms of modelling financial impacts to Hydro, Nalcor, Province, ratepayers and taxpayers.

Rate Mitigation Sub Committee: 35(1)(g)  S. 29 (1) (a)  S. 35 (1) (d)  S. 35 (1) (f)

Rate Mitigation Structure: 35 (1) (g)  S. 29 (1) (a)  S. 35 (1) (d)  S. 35 (1) (f)

Craig Martin and John Cowan provided thoughts on what areas Nalcor/Hydro should focus their attention on and it was decided the following four options should be the focus at this time, including an analysis of the implications to Nalcor, Hydro and the Province:

04. TERMINATION

There being no further business, the meeting was terminated.
MINUTES OF THE RATE MITIGATION STEERING COMMITTEE (RMC) MEETING HELD IN LEVEL 5, CONFERENCE 1, HYDRO PLACE, ST. JOHN’S, NEWFOUNDLAND AND LABRADOR ON THURSDAY, March 1st, 2018 AT 2:00 P.M.

Present: J. Cowan  
D. Jones  
J. Fitzgerald  
J. Haynes  
A. Warren  

Regrets: D. Fisher  
C. Snook  
C. Martin  
R. Hull

01. SAFETY MOMENT
Dave Jones provided a safety moment regarding travel safety and not disclosing plans and/or pictures on social media prior to or during travel.

Rate Mitigation Sub Committee

Rate Mitigation Structure

There was a discussion between all attendees on path forward on specific rate mitigation options. John Cowan requested that Nalcor/Hydro begin to paper some of the current focus areas and requested that the following areas be included:
04. TERMINATION

There being no further business, the meeting was terminated.
MINUTES OF THE RATE MITIGATION STEERING COMMITTEE (RMC) MEETING HELD IN LEVEL 5, CONFERENCE 1, HYDRO PLACE, ST. JOHN'S, NEWFOUNDLAND AND LABRADOR ON THURSDAY, MARCH 15TH, 2018 AT 2:00 P.M.

Present: J. Cowan
        D. Jones
        R. Hull
        J. Fitzgerald
        J. Haynes
        A. Warren

Regrets: D. Fisher
         C. Snook
         D. Sharpe
         C. Martin

01. SAFETY MOMENT
Jeannine Fitzgerald provided a safety moment regarding fire hydrant safety.

02. ACTION ITEMS AND MINUTES
Jeannine Fitzgerald asked if there any changes to the minutes and action list to note from the March 1st meeting. No changes were noted.

Electricity Exports/Market Opportunities

Province being kept in the loop on market opportunities of a significant nature.
Market Optimization

Rob Hull stated that a meeting has been set with the CEO to discuss

John Cowan requested that Nalcor provide an information note on path forward after the meeting with the CEO. Rob Hull agreed to develop this information note.

Rate Mitigation Sub Committee

Provincial Developments

John Cowan asked how the Board meetings on rate mitigation were proceeding. Rob Hull and Auburn Warren provided an update and advised that the Board was concentrating in Nalcor driven activities and not actions of the Province.
04. TERMINATION

There being no further business, the meeting was terminated.
MINUTES OF THE RATE MITIGATION STEERING COMMITTEE (RMC) MEETING HELD IN LEVEL 5, CONFERENCE 1, HYDRO PLACE, ST. JOHN’S, NEWFOUNDLAND AND LABRADOR ON THURSDAY, MAY 10TH, 2018 AT 2:00 P.M.

Present: J. Cowan
  D. Jones
  R. Hull
  J. Fitzgerald
  A. Warren
  C. Martin
  D. Sharpe

Regrets: D. Fisher
  C. Snook
  J. Haynes

01. SAFETY MOMENT
Auburn Warren provided a safety moment regarding street safety; reminder with spring arriving there is an increase in children on streets (bikes, roller blades etc.) and to slow down.

02. UPDATES

Rate Mitigation Deck

Rob Hull noted that materials have been gathered and a version is being reviewed internally within Nalcor, with an aim to have a version to socialize with leadership by end of next week. He also reiterated that the deck would have to be reviewed by both Jim Haynes and Stan Marshall prior to being circulated to GNL. Rob Hull also noted that the financial reporting implications have not yet been sorted out and would be provided at a later time.
03. TERMINATION

There being no further business, the meeting was terminated.
### A. Revenue Generation Initiatives

<table>
<thead>
<tr>
<th>Name</th>
<th>Level of Investment Required</th>
<th>Degree of Savings Generated, Scale of Rate Impact</th>
<th>Pattern and Duration of Impacts: Temporary or Permanent</th>
<th>Time Involved</th>
<th>Ease vs Complexity</th>
<th>Source of Funding: Taxpayer vs Rate Payer vs Lender</th>
<th>Internal (In) or External (Ex)</th>
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### B. Cost Reduction Initiatives

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Dave
CC: Dave, Ken, Mark
CC: Dave
CC: Ken
Rate Mitigation Update
Presentation to Province
July 20, 2018
Abbreviations

- DSCR – Debt Service Coverage Ratio
- GNL – Government of Newfoundland and Labrador
- GRA – General Rate Application
- kWh – Kilowatt-hour
- LCP – Lower Churchill Project
- LIL – Labrador Island Link
- MF – Muskrat Falls
- MW – Megawatt
- NLH – Newfoundland and Labrador Hydro
- O&M – Operating and Maintenance
- PPA – Power Purchase Agreement
- PUB – Public Utilities Board
- RMC – Rate Mitigation Committee
- TFA – Transmission Funding Agreement
- ¢/kWh – cents per kilowatt-hour
- (f) – Forecast
- p.a. – per annum
Outline

- Background
- Mitigation/Subsidization Analysis
- Rates Analysis
- Electrification Initiatives
- Challenges and Risks
Background
Purpose

- To provide the Province an update on rate mitigation and rate subsidization related to the Muskrat Falls Project
Background

- Rate Mitigation Committee ("RMC") formed in August 2017
- Comprised of representatives from Nalcor/NLH, Department of Natural Resources, and Department of Finance
- Chaired by Assistant Deputy Minister, Energy Policy
- Executive Sponsor – Jim Haynes
- RMC Mandate

"To ensure that initiatives undertaken to fulfill the goals and objectives of the rate mitigation strategy are realized and the activities are coordinated between the Province, NLH and Nalcor in an integrated manner to ensure that maximum results to achieve tangible rate mitigation are achieved"
Rate Mitigation – Strategy

- The rate mitigation strategy is two-fold:
  - To establish and maximize a pool(s) of funds through capitalizing on external opportunities and making internal arrangements to mitigate future rates. The funds will be accumulated over time and applied to reduce customer rates, at levels to be pre-determined by the Province; and
  - To undertake initiatives and take actions to protect and/or economically grow provincial load
- Following development of the strategy, the RMC created a sub-committee in Q4 2017, comprised of representatives from Nalcor, NLH, Department of Natural Resources, and Department of Finance, to consider initiatives to protect/grow load and to consider other identified potential opportunities for rate mitigation and subsidization
Measures to Reduce Electricity Rates

S.29(1)(a)  S.35(1)(d)  S.35(1)(f)  S.35(1)(g)

- **Rate Mitigation**
  - Use of Nalcor assets to generate funds and/or economically grow provincial load so as to reduce future electricity rates

- **Nalcor Subsidization**
  - Use of Nalcor cash flows that would otherwise have been distributed to the Province that may be used to reduce future electricity rates

- **Provincial Subsidization**
  - Use of Provincial cash flows to reduce future electricity rates

- **Other**
  - Use of structural changes in contractual arrangements that enable more favourable timing of cash flow requirements from ratepayers
Mitigation/Subsidization Analysis
Rates Analysis
Rates Analysis Overview

Provide:

- Current and forecasted (mitigated and unmitigated) NL Rates by Customer Class
- Proposed cost of mitigation by Customer Class
- Comparison of proposed mitigated NL Rates by Customer Class to the Maritime Provinces
- 2017 HQ Electricity Rate Comparison
Assumptions

- Atlantic Average is a simple average of Nova Scotia, New Brunswick and Newfoundland (mitigated Island)
  - Excluded PEI due to magnitude of energy consumption
- Potential future investments in other Atlantic provinces are not included and therefore would likely increase rates in these jurisdictions
- Impacts of carbon related costs are not incorporated and may materially affect forecasts
- Fuel prices (coal, natural gas, oil) assumed to escalate at inflation
- For comparative purposes, rates for the Atlantic Provinces have been calculated utilizing usage patterns for each customer class consistent with that filed by NLH with the PUB
Limitations of Comparative Rates Analysis

- 2018 to 2020 rates for the Maritime provinces based on publicly available utility data – beyond 2020, NS and NB rates are assumed to grow at 2% per annum – PEI only provides 2018 rates and are held flat thereafter\(^1\)
- As such, public rates data for the Maritime provinces is not available for any years post-MF – therefore a modest growth rate for electricity rates was used to determine comparative rates
- However, this modest growth rate may not reflect variations in capital and other expenditures, carbon costs and fuel prices in future years – therefore, extreme caution should be taken in drawing conclusions from this analysis

Notes:
1. Forecasted rates are subject to regulator approval and may be materially different than forecasted by the utilities
## 2017 HQ Electricity Rate Comparison

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<th>Residential</th>
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Source: Hydro Quebec, 2017 Comparison of Electricity Prices in Major North American Cities

**Notes:**
1. Rates in effect as of April 1, 2017, excluding taxes
2. Rates include both demand & energy costs
3. Rates are for major cities and may not be reflective of rates in other parts of the provinces
4. HQ assumes average monthly residential consumption of 1,000 kWh; whereas NLH assumes 1,517 kWh
Electrification Initiatives
Challenges and Risks
Potential Rate Mitigation Strategies (DRAFT For Discussion Purposes Only)

Contents contained within this document are intended for use by the Rate Mitigation Steering Committee as an avenue to document ideas and facilitate discussion. Contents have not been researched/analyzed/approved in any manner and are not representative of the views of the members of the Rate Mitigation Steering Committee.

S.29(1)(a)  S.35(1)(d)  S.35(1)(f)  S.35(1)(g)

Priority #1 (ongoing or shorter term in nature)

Priority #2 (longer term, political considerations)