

November 20, 2018

[REDACTED]

Dear [REDACTED]:

**Re: Your request for access to information under Part II of the *Access to Information and Protection of Privacy Act* (File # NR-239-2018)**

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On October 22, 2018, the Department of Natural Resources received your request for access to the following records/information:

**Any messaging prepared for the fall sitting of the house of assembly during the month of October 2018.**

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.

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](mailto:rhynes@gov.nl.ca).

Sincerely,

A handwritten signature in cursive script that reads "Rod Hynes".

Rod Hynes  
ATIPP Coordinator

## KEY MESSAGES

### Natural Resources Bay du Nord Equity Stake October 17, 2018

#### Summary:

In July 2018, government announced a framework agreement for the development of the Bay du Nord Project which included an equity stake of 10 per cent. Equity stakes in other oil and gas projects include Hebron - 4.9 per cent, White Rose Expansion - 5 per cent and Hibernia South Extension - 10 percent.

#### Anticipated Questions:

- What are the benefits of having equity in the Bay du Nord project?
- How much is the equity stake costing taxpayers?

#### Key Messages:

- The Bay du Nord project offers a strong return on investment for the province with a short period to reach pay back. Estimated return on investment is \$800 million to \$1 billion after all costs and royalties are paid.
- To date, Nalcor Oil and Gas has produced approximately 15 per cent of its current equity reserves and have already realized over \$720 million in revenues.
- Nalcor Oil and Gas will acquire a 10 per cent working interest in the Bay du Nord project, including Baccalieu, at a purchase price of \$89.4 million and 10 per cent of working interest obligations going forward.

#### Secondary Messages:

- In addition to the equity stake of 10 per cent, Bay du Nord Project benefits include:
  - More than \$14 billion in economic activity (in 2017 dollars)
  - In-province employment of 22.3 million person hours over the life of the project (approximately 11,000 person years)
  - Estimated \$3.5 billion in government revenues
  - Expected in-province fabrication of 5,000 metric tonnes
  - Focus on subsea engineering and new fabrication capabilities
  - A minimum \$75 million in research and development, and education and training expenditures over 10 years to position Newfoundland and Labrador as a deepwater centre of excellence

# KEY MESSAGES

## Natural Resources

### Local Employment for Industrial Projects

October 17, 2018

#### Summary:

Natural resources projects have had a significant impact on the provincial economy, creating thousands of jobs and numerous business opportunities. Government expects that qualified residents of the province are given first consideration for employment for all activity that is subject to a benefits agreement. The Department of Natural Resources regularly monitors project activity to ensure compliance with benefits agreement commitments. Any issues of non-compliance are addressed promptly.

#### Anticipated Questions:

- What is government doing to ensure local employment is maximized on industrial projects?

#### Key Messages:

- Through the negotiation of benefits agreements in the oil and gas, mining and electricity sectors, government works to ensure that the people of the province are the principle beneficiaries of our natural resources.
- Projects in Newfoundland and Labrador have created thousands of local employment opportunities in skilled trades and professional occupations:
  - More than 5,000 NL residents were working on offshore oil and gas projects as of June 2018 representing 90 percent of total employment on the projects.
  - Vale's Underground Mine Project, currently under construction, will see peak employment of more than 4,800 positions in the province in 2020.
  - The recently announced Bay du Nord Framework Agreement includes new employment opportunities during the engineering, development and operations phases of the project. More than 84 percent of all employment for the life of the project will take place the province.

#### Secondary Messages:

- Government has negotiated numerous benefits arrangements including:
  - NL offshore: Husky White Rose Project and West White Rose Expansion, Hebron Project, Hibernia Southern Extension, and Bay du Nord Project.
  - Mining: Voisey's Bay and Vale Hydromet facility, Elross Lake project, IOC's Wabush 3 project and Canada Fluorspar's mine.
- In addition, under the benefits provisions of the Atlantic Accord, qualified residents of the province are given full and fair opportunity and first consideration for employment and business opportunities for NL offshore projects. CNLOPB is responsible for monitoring industrial benefits so operators are in compliance with Accord.

## KEY MESSAGES

### Natural Resources

Liberty Consulting Group  
October 17, 2018

#### Summary:

On August 30, Liberty Consulting Group presented a report to Public Utilities Board on Newfoundland Island interconnected system power supply adequacy for winter 2018-2019. The executive summary notes: delays in the reliable in-service date of the LIL and their impacts on anticipated supply from Labrador, and poor performance at Holyrood Thermal Generating Station increases the risk of supply related outages considerably.”

#### Anticipated Questions:

- Is NL Hydro ready for winter 2018-2019?
- What is happening with Labrador Island Link and contractor General Electric (GE)?

#### Key Messages:

- We take reports from Liberty Consulting Group very seriously. We speak regularly with NL Hydro and Nalcor about readiness for the upcoming winter.
- NL Hydro has assured the Public Utilities Board that they have a plan in place with Nalcor to have the LIL up and running in monopole mode by mid-December 2018; and that a contingency plan is in place to deal with unavailability of the LIL.
- NL Hydro has assured us that the right level of investment has been made to thermal and hydro units to ensure reliability this winter, and that LIL reliability should not affect overall system reliability this winter.

#### Secondary Messages:

- During May 2018, the energization phase of the province’s new transmission assets began. This phase included the first flow of electricity from the Churchill Falls Generating Station to the island over the Labrador Island Transmission Link (LIL).
- A phased approach is being taken to integrate the new transmission equipment into the existing system. Nalcor is taking a cautious approach to commissioning LIL to ensure the new transmission assets are successfully integrated into the existing grid with minimum disruption of Hydro’s existing system.
- Bringing the LIL into service for this coming winter in this manner builds upon the reliability of the existing Hydro assets.
- This is new technology for the province and integrating the new transmission assets into the current electricity system is complex work that takes time. Nalcor has experienced some delays from its contractor GE in the progression of the software required to operate the system, and continues to work closely with the contractor to ensure that the required functionality to reliably operate the new transmission assets is in place for this coming winter.

## KEY MESSAGES

### Natural Resources

#### Electricity Rate Mitigation and PUB's Review

October 17, 2018

#### Summary:

Residents of the province are very concerned about increases in electricity rates expected as a result of the Muskrat Falls Project.

#### Anticipated Question:

- What is government doing to mitigate electricity rates?
- What the timelines for the Board of Commissioners of Public Utilities providing its reports to government?

#### Key Messages:

- The people of the province cannot be expected to bear the cost of the Muskrat Falls Project - a project that should have never been started.
- Be reassured – we are working to keep electricity rates as low as possible once the Muskrat Falls Project comes online in 2020 by:
  - Ensuring the budget and schedule is under control
  - Securing a federal loan guarantee for the increased costs associated with the cost overruns
  - Firming up long-term allocation in Budget 2018 of up to \$200 million a year once Muskrat Falls comes online
  - Tasking Nalcor to find ways to address rising rates
  - Seeking advice of a panel working within government on this issue
  - Asking the Board of Commissioners of Public Utilities to undertake a review
- We are looking at all options to reduce costs, find savings and generate revenue to reduce rates. We will leave no stone unturned, no option unconsidered in doing so.

#### Secondary Messages:

- In September 2018, government requested that the Board undertake a review of electricity rate mitigation options and impacts in relation to the Muskrat Falls Project.
- Government has appointed Dennis Browne, Q.C. as Consumer Advocate. In addition, two expert consultants have been engaged to assist with the review: Liberty Consulting Group and Synapse Energy Economics.
- The Board is required to provide two reports to government: an interim report by February 15, 2019, and a final report by January 31, 2020.
- The interim report will address the Board's preliminary findings - options to reduce the impact on rates and the amount of required and surplus energy and capacity from the Muskrat Falls Project. The Board's final report is to set out its conclusions on these issues and address the rate impacts of the identified options.