

## **Churchill River Management Expert Panel Terms of Reference**

### **1. Purpose**

Churchill Falls (Labrador) Corporation Limited (CFLCo), a subsidiary of Newfoundland and Labrador Hydro (NLH), entered into a long-term power contract with Hydro-Quebec

(HQ) in May 1969 (the “Power Contract”). The Power Contract provided for the development and subsequent sale of large amount of power produced at the Churchill Falls plant to HQ. The original agreement expired in 2016, but the automatic renewal clause extended the contract for an additional 25 years. CFLCo is also party to a Water

Management Agreement with Muskrat Falls Corporation (MFCo) in accordance with provincial legislation to coordinate the most efficient generation of power at both Churchill Falls and Muskrat Falls.

The Power Contract and the Shareholder’s Agreement expire on August 31, 2041.

Although that date is 20 years in the future, it is a short period of time in terms of the utility planning horizon and to plan for the role of this 5,428 MW asset in the province’s electricity system, to determine the best approach to ensure maximum benefits from the asset and other potential generation sites on the Churchill River.

On November 20, 2017 Government established a Commission of Inquiry (the Inquiry) respecting the Muskrat Falls Project (MFP), appointing Justice Richard D. LeBlanc as the sole Commissioner. Commissioner LeBlanc delivered his final report to Government on March 5, 2020. Recommendation 7 of the Inquiry report pertains to the Churchill Falls power contract expiring in 2041 as follows:

“In preparation for 2041, government should appoint an expert panel with a mandate to determine the best approach to be taken by the Province in its attempt to ensure maximum long-term benefits from the Churchill Falls generating station and other potential generation sites on the Churchill River.

This panel should be properly funded, non-political and include experts who are best able to assist government in preparing for the negotiations with

Québec. The panel should be required to report its progress to Cabinet on a regular basis.”

Furthermore, the Premier’s Economic Recovery Team final report recommended that the Province, “Package the Churchill River resources as a single opportunity, including

Muskrat Falls, Gull Island, and the 2041 contract on the Upper Churchill, and seek federal government and private sector partners to maximize the economic value and its renewable energy potential.”

At this time, the Province is seeking to convene an expert panel to fulfil its commitment to act on this recommendation of the Muskrat Falls Commission of Inquiry.

## **2. Membership**

The Expert Panel shall consist of up to twelve members.

The panel will include members with professional accreditation and/or significant expertise in areas such as finance, law, engineering, economics and other categories of experience directly relevant to mandate and objectives of the Expert Panel.

Innu Nation, Nunatsiavut Government, and NunatuKavut Community Council may each appoint its own expert to serve on the Expert Panel.

The Chair would be selected by the Province from amongst the members of the Expert Panel.

The Expert Panel will be supported by Cabinet Secretariat and the Deputy Minister of Industry, Energy and Technology.

## **3. Mandate**

The Panel has a mandate to recommend potential approaches for the government to

ensure maximum long-term benefits from the Churchill Falls assets, the 5,428-megawatt generating station and associated transmission facilities in Labrador, including future upgrades and expansion to the facility (the 'Assets'), given the expiry of the current contract in 2041. The Panel will educate the public and government on the current contract's implications for Newfoundland and Labrador.

## **4. Objectives**

1. To carry out its mandate, the Panel will gain an understanding of the 1969 Churchill

Falls Power Contract, current operation and ownership of the Churchill Falls

Generating station by:

a) Reviewing the current contractual, financial and legislative arrangements for the 1969 Churchill Falls Contract between CFLCo and HQ.

b) Reviewing the potential alternative contractual, financial and legislative considerations for CFLCo and the Asset post-2041.

c) Reviewing the current and projected revenue streams to the Province from CFLCo, and what options the Province may have to increase such revenue (including the export sale of recall power and infrastructure upgrades to increase available power for export).

7. The Panel will provide strategic advice aimed at maximizing value from the Assets after 2041. This could include:

a) Advice on the development of a strategy for engagement with HQ for power export and/or sale.

b) Advice on the identification of opportunities to market energy from this asset for export to consumers in eastern Canada and the Northeastern US (through traditional transmission).

c) Advice on the identification of opportunities to market energy from this asset to companies that want to establish operations inside the province for local consumption (such as development of green steel).

d) Advice on the identification of opportunities to market energy from this asset to companies that want to establish operations inside the province for alternate export (such as hydrogen).

e) Advice on direction to NLH to begin engagement in potential markets.

#### **5. Meetings**

Panel meetings will be held on a monthly basis, with additional engagement as required.

#### **8. Timelines**

The Panel will provide advice to the Premier and Cabinet, concluding its work no later than September 30, 2022.

#### **9. Budget and Staffing**

Budget will be required for the establishment of the Panel and funds may be requested if any additional professional services are required.