

Terms of Reference

Churchill River Energy Analysis Team

CONTEXT

1. The Government of Newfoundland and Labrador has a strong interest in determining the full economic potential of the Churchill River, which includes the existing plant at the Upper Churchill (5,428 MW), Gull Island (2,215 MW) and potential upgrades at the power house at Upper Churchill (approximately 1,300 MW) in conjunction with any opportunities that may exist in relation to Muskrat Falls (824 MW).
2. By determining the full economic potential of the Churchill River, the Government of Newfoundland and Labrador will be best positioned to maximize future opportunities for the Province and the people of Newfoundland and Labrador. This includes preparing information that will allow the Province to be in a strong position with respect to the Upper Churchill as 2041 approaches.

MANDATE

3. To undertake a detailed analysis of the hydro-electric opportunities that exist on the Churchill River. This includes detailed forecasting of electricity prices, potential capital costs, energy trends, and other relevant factors that could affect the potential value that could be achieved from the Churchill River.
4. To undertake analysis of bulk electricity export opportunities, value added bulk export, expanding domestic use, and new industrial development as it relates to the Churchill River and electricity output therefrom.
5. To provide completed analysis that ensures maximum long-term benefits from the Churchill River assets.

OBJECTIVES

6. To strengthen Newfoundland and Labrador's negotiating position in advance of 2041.
7. To identify meaningful opportunities that leads to the development of the Churchill River in the interests of the people of Newfoundland and Labrador.
8. To provide clear analysis on electricity market trends, including the cost and access to transmission.
9. To value potential future developments and electricity sales.
10. To identify opportunities that will maximize the Province's position as a green energy producer that supports a carbon neutral world in advance of 2050.
11. To provide support to the Team Lead, who will work with the Churchill River Management Expert Panel.

STRUCTURE

An Energy Analysis Team will be created to undertake the required analysis. The Team will be led by Brendan Paddick. The Team Lead will be supported by a team of: (i) seconded officials from within the Government of Newfoundland and Labrador, with experience in finance, legal advice, electricity, and intergovernmental relations, (ii) seconded resources from Newfoundland and Labrador Hydro knowledgeable about the opportunities on the Churchill River and (iii) such other government officials or NL Hydro resources as the Team Lead reasonably requests as necessary to fulfil the Mandate and Objectives. The team will also include external legal, financial, and forecasting experts to be determined by the Team Lead.

GOVERNMENT REPORTING

Progress on the analysis will be reported to a committee that includes the Clerk of the Executive Council, the Deputy Minister of Finance, the Deputy Minister of Industry, Energy and Technology, and the Deputy Minister of Intergovernmental Affairs.

BUDGET

The Team Lead will serve without receiving compensation, except for out-of-pocket expenses. It is anticipated that very limited travel may be required. In those cases, funding will be provided. Preference is given to virtual meetings wherever possible. Officials seconded to the Negotiating Team from the Government of Newfoundland and Labrador and NL Hydro will receive remuneration as per their existing employment terms from their current employer. Resources will be made available to the Energy Analysis Team to ensure that external financial, legal, forecasting, or engineering advice can be provided in a timely manner to support the valuation analysis.