

Toward 2041:

Planning for the future of the Churchill River

CHURCHILL RIVER MANAGEMENT EXPERT PANEL

The contract to sell power from Churchill Falls to Hydro Quebec expires in 2041. That may seem a long way off but not when it comes to utility planning. It's important to plan now to ensure the Province achieves the maximum long term value of this unique and important resource.

THE EXPERT PANEL

The Churchill River Management Expert Panel (The Panel), announced by the Government of Newfoundland and Labrador May 2022, was given the task of recommending potential approaches that ensure long-term benefits from the Churchill Falls assets. The formation of the Panel was a recommendation of the Muskrat Falls Commission of Inquiry.

Panel members are highly qualified experts, combining expertise such as in energy development, finance and economics and management of large facilities, and includes representatives to ensure engagement of Indigenous peoples. The Innu Nation, Nunatsiavut Government and NunatuKavut Community Council have each appointed an expert to the panel. The vast majority of panel members are from or have deep roots in NL. They are engaged in their communities and connected to the wants and needs of Newfoundlanders and Labradorians. The Panel takes this responsibility very seriously and is committed to protecting and advancing the future interests of all Newfoundlanders and Labradorians.

IT'S TIME TO GET THIS RIGHT, AND THE WORK OF THIS PANEL HAS STARTED US DOWN THAT ROAD.

RECOMMENDATIONS TO MAXIMIZE VALUE

The Panel has spent the past several months gathering the right information and reviewing options to provide strategic advice to Government in consideration of the Churchill River assets. The Panel has now concluded its work and provided advice to the Government of Newfoundland and Labrador.

Three main opportunities were considered, and are not mutually exclusive:

1. Increased sales inside the province for electrification, as well as new and growing industries
2. Increased sales to export markets
3. A new arrangement for sales to Hydro Québec

The Panel believes the Province should continue to show its respect to Indigenous Peoples and Indigenous rights holders in Labrador by taking into account any existing agreements and duties to consult, and by ensuring any consultation regarding the future of the Churchill River is carried out in a timely, meaningful, and sustained manner.



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OUR RESOURCE AT CHURCHILL FALLS

As a tremendous source of renewable, low-carbon energy, Churchill Falls electricity offers significant potential towards the achievement of national, regional, and provincial climate change and net-zero emissions goals. The Churchill Falls facility has an installed generating capacity of 5,428 megawatts and produces about 34 terawatt-hours (i.e. 34 billion kilowatt-hours) annually of clean, reliable electricity.

There are two main aspects to the relationship with Quebec and Newfoundland and Labrador as it relates to Churchill Falls:

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ASSET OWNERSHIP

(Extends beyond 2041)

- The Churchill Falls Generating Station, the corresponding transmission assets in Labrador, and the town itself is owned and operated by Churchill Falls (Labrador) Corporation (CF(L)Co).
- Newfoundland and Labrador Hydro (a crown corporation owned by the Government of Newfoundland and Labrador) and Hydro Quebec own 65.8% and 34.2% of CF(L)Co. shares respectively.
- Hydro Quebec has maintained an ownership interest in CF(L)Co. since the signing of the original 1969 Power Contract, before the facility was constructed.

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CONTRACT TO PURCHASE POWER

(Expires in 2041)

- Hydro Quebec has a contract to purchase the majority of power from Churchill Falls. This original power contract was signed in 1969 and included an automatic 25-year renewal in 2016.
- Approximately 85% of the power generated at Churchill Falls is sold to Hydro Québec, and the remaining 15% is used to serve customers on the Labrador Interconnected System or is sold into export markets.
- While the Renewed Power Contract expires in 2041, Hydro Quebec retains its 34.2% share of CF(L)Co. post 2041.

THE WORK HAS JUST BEGUN

Taking lessons from the past, it's time to look to the future and make decisions that ensure the people of the province get the maximum value of this unique and important asset. There is more planning, consultation, decision-making, and negotiation to come. **To protect Newfoundland and Labrador's future commercial interests and ability to negotiate, the Panel's report will not be shared publicly.** Revealing the details of this analysis could compromise the Province's ability to achieve maximum value for the energy, capacity, and storage of Churchill Falls.