Tabled by the Minister of Industry, Energy and Technology
K Hawley Gerry
April 10, 2025

INDEPENDENT CHURCHILL RIVER NEGOTIATION OVERSIGHT PANEL

INITIAL QUARTERLY REPORT

March 2025

Table of Contents

1. Background
2. Purpose of Presentation
3. Independent Oversight Panel (IOP)
4. Initial Observations
5. Moving Forward
6. Biographies

1. Background

- MEMORANDUM OF UNDERSTANDING (MOU) for a New Long-Term Energy Purchase and Development Initiative between Newfoundland and Labrador Hydro (NLH) and Hydro-Québec (HQ) signed December 12, 2024.

- MOU relates to two primary undertakings:
  - Existing Churchill Falls Plant and new power purchase agreement (PPA); and
  - Churchill Falls Plant upgrade, Churchill Falls Expansion, Gull Island and related PPAs.

- Extraordinary debate on the MOU held in NL House of Assembly from January 6 – 9, 2025.

- MOU requires that terms of agreements be enshrined in Definitive Agreements by the target date of April 30, 2026 which can be extended by mutual agreement.
- On January 27, 2025 NL Government announced NL Negotiating Team including:
  - Karl Smith, Chair of the Churchill River Management Expert Panel;
  - Jennifer Williams, President and CEO of NLH; and
  - Denis Mahoney, former Deputy Minister of Justice and Public Safety.

▪ *Contemplated Joint Committees*

The MOU contemplates the following three (3) Joint Committees as between NLH and HQ:

- Steering Committee – Comprised of four members (two from each of NLH and HQ). Responsible for overseeing, directing and coordinating all project workstreams and making sure timelines and schedules are established and followed.
- Committee for Indigenous Community Engagement – Responsible for coordinating Indigenous engagement and consultation. Reports to Steering Committee.
- Technical and Regulatory Committee – Responsible for overseeing technical matters associated with the development, execution and/or construction as well as the operation of the Development Projects. Reports to Steering Committee.

2. Purpose of this Presentation

- The terms of reference require the Independent Oversight Panel to report quarterly to Cabinet and, consistent with confidentiality requirements, the public.
- This presentation represents the Independent Oversight Panel's initial quarterly report.

3.0 Independent Oversight Panel (IOP)

3.1 Overview

3.2 IOP Mandate, Objective, Responsibility

3.3 IOP Guiding Principles

3.4 IOP Status

3.1 Overview

- Independent Churchill River Negotiation Oversight Panel (IOP) announced by NL Government on January 27, 2025.
- Panel members include:
  - Dennis Browne, KC, Consumer Advocate, Chair;
  - Doug Bowman, BS, MS; and
  - Michael Wilson, CA, FCA.
- Biographies of panel members are annexed.

3.2 IOP Mandate, Objective, Responsibility

- ***Mandate:***

To provide reliable and transparent oversight on the following issues associated with ongoing negotiations process in respect of new contracts and developments with HQ:

- Review the Memorandum of Understanding dated December 12, 2024;
- Review progress towards Definitive Agreements; and
- Provide advice to Cabinet.

- ***Objective:***

To provide reliable oversight on the progress of negotiations and to establish a direct and effective transparent communication channel to the public while protecting privileged, commercially sensitive, or other information that could impair negotiations.

- ***Responsibility***
  - Assist Cabinet in ensuring accountability of any negotiators as well as NLH in meeting their mandates; and
  - Review and analyze the information provided by the negotiating team and/or NLH and their independent advisors and experts.

3.3 IOP Guiding Principles

- IOP Guiding Principles include:
  - Clear jurisdiction and authority with accountability to Cabinet;
  - Clear understanding of public policy and business objectives;
  - Independent, unbiased, reliable and transparent oversight;
  - Effective oversight mechanisms, limiting duplication and disruption;
  - Thoroughness with oversight focused on key decisions;
  - Confidentiality and protection of sensitive data;
  - Full cooperation from NLH and access to documentation;

- IOP Guiding Principles include (continued):
  - Access to and accountability of negotiators, and NLH executives, consultants and advisors;
  - Shareholder support: adequate funding and resources with assistance from independent consultants and experts as required;
  - Public outreach, web-site, written submissions; and
  - Effective quarterly reporting to Cabinet and the public.

3.4 IOP Status

- The Independent Oversight Panel is now operational.
- Commenced study of the legal, technical and commercial terms of the MOU.
- Developed objectives and procedures.
- Prepared for and participated in meetings with NLH Negotiating Team.
- Requested and received detailed information from NLH Negotiating Team.
- Professor Guy Holburn retained to provide advice to IOP (biography attached).
- NLH has put together a team of internal and external consultants to support continuing negotiations through to completion of Definitive Agreements.

4. Initial Observations

- Project Management Master Plan
  - A project management master plan is critical to the successful conclusion of the Definitive Agreements and the ability of the IOP to oversee the process and report accordingly.
- Managing the negotiation is expected to require:
  - A strong project management team with skills in the development of a broad array of diverse contracts and associated documentation;
  - A dedicated team with diverse background in hydro generation development and operation, high-voltage electric transmission, markets for electricity products, electricity supply alternatives and integrated resource planning, power system operations, water management, economics, finance, legal.
  - Care must be taken to avoid placing an unduly heavy burden on NLH staff who remain responsible for day-to-day activities.

- NLH Negotiating Team estimates that between 12 and 20 Definitive Agreements will be necessary to realize the outcomes envisioned in the MOU.
- It is anticipated that the establishment of a steering committee will help to provide a structured framework for drafting final contracts including responsibilities, deadlines and commitments.
- Transmission is a critical component of the negotiations. HQ must have the ability to deliver power from the new projects to market.
- April 2026 completion date for Definitive Agreements appears to be aggressive, but NLH believes attainable.

5. Moving Forward

- The IOP is charged with responsibility for providing advice to the Cabinet.
- As our engagement evolves, advice will be provided to Cabinet as required by our terms of reference.
- Review and analyze documentation made available by NLH Negotiating Team including estimates of costs and benefits identified in the MOU.
- Continue work arising from meetings with NLH Negotiating Team and matters arising from information provided by NLH Negotiating Team and other sources.
- Interview external advisors and consultants and review advice they have provided to NLH and the assumptions underpinning financial models.

- Develop an understanding of other oversight mechanisms relating to negotiations and the NLH Negotiating Team; e.g., NLH Board of Directors.
- Gain a complete understanding of the NLH Negotiating Team's project management plan in order to develop oversight mechanisms that will enable accurate reporting to Cabinet and the public on the progress of negotiations.
- Guy Holburn, Professor of Business, Economics and Public Policy will be working with IOP in all endeavours.

6. Biographies

Dennis Browne, KC, Chair

Dennis Browne, KC, practices administrative law. A graduate of Dalhousie Law School, he was called to the bar in 1984 and appointed Queen's Counsel in 1997. He is best known as the province's Consumer Advocate, representing ratepayers on electricity issues, and has served in this role from 1996-2004 and from 2016 to the present.

Additionally, Mr. Browne is a labour arbitrator since 1986 and a Federal Labour Adjudicator and Mediator since 1990. He served as Chair of the Newfoundland Labour Relations Board from 1989-1998.

From 2017-2018, he served as Chair for the New Brunswick Ministerial Task Force and WorkSafeNB.

Additionally, in 1997 he authored a report to the Newfoundland and Labrador Government on gasoline pricing. From 2000-2002 he was a member of the Government of Newfoundland and Labrador Freedom of Information Review Committee, which issued a report on privacy. From 2010-2014, he was a member of 2041, the group who advocated against the Muskrat Falls Development.

Douglas Bowman, BS, MS

Mr. Bowman (BS and MS in Electrical Engineering at University of Buffalo) has more than 40 years of experience in the power industry both domestically and internationally. His primary areas of expertise include electricity services costing, pricing and contracts, and power sector restructuring, regulation and markets. Mr. Bowman has provided consulting advice to governments, regulators, utilities and consumer groups, and has played a leading role in consulting projects in over 50 countries around the world.

Mr. Bowman has provided advice relating to regional electricity market design, development and pricing in SIEPAC, which covers seven Central American countries; the Pan-Arab Regional Electricity Market covering 22 Arab countries; and the Electricity Market of South Asia for Regional Trade of Electric Energy and Services covering eight South Asian countries.

He has advised and trained regulatory staff on all issues related to electricity markets in Egypt, Mongolia, Serbia, and the Republic of Georgia. He has advised clients on electricity generation project development, market assessment and transmission access in all of the NERC reliability regions covering the interconnected power systems of the United States and Canada, and parts of Mexico.

For the past 28 years he has routinely provided advice to the Consumer Advocate in the Province of Newfoundland and Labrador on utility capital budgets, general rate applications and issues relating to generation, transmission and distribution planning.

Michael Wilson, CA, FCA

During his career spanning over 40 years, Michael Wilson served in a number of executive positions within the global professional services firm Ernst and Young including office managing partner in St. John's and senior partner in the Toronto office leadership group.

Throughout his career, Mr. Wilson prepared and/or reviewed a significant number of commercial contracts relating to the formation of partnerships, joint ventures and IPO's, the purchase and sale of specific assets, businesses enterprises, capital investment, and financing structures. He provided service to clients in the power and energy, oil and gas, technology, insurance, financial services, construction, and transportation sectors. In addition, Mr. Wilson provided consulting services to all three levels of government, sovereign wealth funds and unions. Mr. Wilson negotiated and executed complex multi-jurisdictional contracts and completed numerous consulting contracts including program development and evaluation, capital budgeting, risk management and forensic audits.

Mr. Wilson is also a veteran entrepreneur having owned and operated business undertakings in the outfitting, cable TV, service, construction and entertainment industries.

Mr. Wilson is a former president of both the St. John's Board of Trade and Rotary Club of St. John's East and former director of numerous NPOs and charities. He obtained his Chartered Accountant designation in 1978 and was awarded a Fellowship in 2003 in recognition of his outstanding service to the profession and the community. Mr. Wilson retired in 2013 and continues to operate his professional services firm and small outfitting business.

Guy Holburn, Ph.D

Guy Holburn is Professor of Business, Economics and Public Policy at the Ivey Business School, University of Western Ontario. His areas of expertise are corporate governance, regulation, stakeholder management and business strategy. He has authored numerous reports on provincial and federal energy policies, and is a regular contributor to local and national media.

Dr. Holburn is the founder and former Director of the Ivey Energy Policy and Management Centre, Canada's leading university-based centre for applied research on energy sector policy. He is also a director of London Hydro, a Canadian utility, a board member of the Alliance for Research on Corporate Sustainability, and a member of the Council for Clean and Reliable Energy.

Dr. Holburn has served as an expert consultant to corporations and governments in Canada and the U.S., including Altalink, BC Hydro, Bell Canada, Bruce Power, Competition Bureau of Canada, GlaxoSmithKline, Government of Newfoundland and Labrador, Government of Nunavut, Government of Ontario, Hydro One, Innovation, Science and Economic Development Canada, Invenergy, London and St. Thomas Association of Realtors, NextEra, Southwest Ontario Economic Alliance, and Toronto Hydro. He has provided advice on corporate governance, competition policy, economic impact assessments, merger strategy, electricity regulation, pipeline regulation, and regional economic development strategy. He testified as an expert witness on utility regulation and Crown corporation governance issues at the Muskrat Falls Inquiry, and he has also testified in court as an expert witness on business strategy issues in commercial litigation.

Holburn teaches both degree and executive development programs at Ivey Business School. He holds a Ph.D. and M.A. from the University of California, Berkeley, and a B.A. Hons. (First Class) from Cambridge University. Previously, Holburn worked for several years as a management consultant for Bain and Company in England and in South Africa, and for the California Public Utilities Commission.