

MAR 22 2023

**Ms. Sandra Barnes**  
Clerk of the House of Assembly  
House of Assembly  
P.O. Box 8700  
St. John's, NL  
A1B 4J6

Dear Ms. Barnes:

In accordance with section 16 of the **Transparency and Accountability Act**, I wish to issue a statement concerning the 2023-2025 Strategic Plan for Newfoundland and Labrador Hydro (Hydro) and Nalcor Energy (Nalcor).

In June 2021, Government announced that Nalcor's operations would move under Hydro. While Nalcor operations have effectively moved under Hydro in a streamlined executive structure, they currently remain separate legal entities under the **Hydro Corporation Act, 2007** and the **Energy Corporation Act**, and are categorized entities in accordance with the **Transparency and Accountability Act**. In consideration of the June 2021 announcement, the Boards of Directors of Hydro and Nalcor have consolidated the Strategic Plan into a single document that provides transparency and accountability for both entities now operating as a single organization.

Sincerely,



**ANDREW PARSONS, KC**  
Minister of Industry, Energy and Technology

# NEWFOUNDLAND AND LABRADOR HYDRO

Strategic Plan 2023-2025  
Transparency and Accountability

March 2023





## Message from the Boards of Directors

Honourable Andrew Parsons, K.C.  
Minister of Industry, Energy and Technology  
Government of Newfoundland and Labrador  
P.O. Box 8700  
St. John's, NL  
A1B 4J6

Dear Minister Parsons:

In accordance with the **Transparency and Accountability Act**, I am pleased to provide the 2023-2025 Strategic Plan for Newfoundland and Labrador Hydro (“Hydro”) and Nalcor Energy (“Nalcor”) on behalf of the Boards of Directors for both entities.

In June 2021, the Government of Newfoundland and Labrador (“Province”) announced that Nalcor’s operations would move under Hydro. As such, the 2023-2025 Strategic Plan reflects the goals and objectives of both entities which are now operating as a single organization.

The goals and objectives outlined within this 2023-2025 Strategic Plan are aligned with the organization’s Corporate Strategic Plan 2023-2025, released in December 2022. They outline how the organization, as a Crown utility, intends to fulfil its mandate and support the Provincial Government in executing its priorities during this timeframe and beyond.

As the Boards of Directors of Hydro and Nalcor, we are accountable for the preparation of this 2023-2025 Strategic Plan and the achievement of the specific goals and objectives contained herein.



**Albert Williams**

Chair

Newfoundland and Labrador Hydro



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# 1 Introduction

As of December 31, 2022, Newfoundland and Labrador Hydro (“Hydro”) and Nalcor Energy (“Nalcor”) continue to be Crown Corporations that exist as Category 1 public bodies and are therefore required to submit three-year strategic plans in accordance with the **Transparency and Accountability Act**.

On June 23, 2021, the Government of Newfoundland and Labrador (“Province”) announced that Nalcor operations would move under Hydro.<sup>1,2</sup> As such, this 2023-2025 Strategic Plan is being provided on behalf of both Hydro and Nalcor. For clarity, within this plan the use of “Hydro” and “Nalcor” is in reference to the entities of Newfoundland and Labrador Hydro and Nalcor Energy, respectively. Use of the “Organization” is in reference to the integrated company that publicly operates under the Newfoundland and Labrador Hydro brand but is responsible for the operations of all Hydro and Nalcor entities, in accordance with the direction of the Province.

In December 2022, the Organization released its Corporate Strategic Plan 2023-2025 (“Corporate Strategy”).<sup>3</sup> The purpose of the Corporate Strategy is to further unify the Organization in its purpose and work as a Crown utility, guided by a vision and values focused on operating a sound utility for the benefit of the people of the province. The Corporate Strategy is based on three core themes that support the Organization’s mandates and execution of provincial energy policy:

- **Serving Our Province:** In all operations, regulated and non-regulated, the Organization is a Crown utility owned by, and operated for, the people of Newfoundland and Labrador.
- **Working Together:** The Organization is comprised of energy professionals working together in a safe, inclusive, and collaborative manner, and whose skills and competencies enable the safe and reliable delivery of an essential service to the people of Newfoundland and Labrador.
- **Enabling Sustainable Growth:** The Organization contributes to a sustainable, economically vibrant future for the province through the responsible management and development of provincial energy resources.

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<sup>1</sup> Press Release, June 23, 2021, “Premier Furey and Minister Parsons Announce Nalcor Operations Moving Under Newfoundland and Labrador Hydro.”

<sup>2</sup> The changes are operational in nature – the Nalcor legal entity structure and all of its subsidiaries remain unchanged at this point in time pending legislative amendments.

<sup>3</sup> Accessible at <https://nlhydro.com/about-hydro/our-strategic-goals/>



These three themes directly support the Organization’s mandate, provincial energy policy, and the strategic directions of the Province (i.e., a better economy, healthier people, better living, a bright future, and a more efficient public sector). To ensure consistency, transparency, and accountability, the goals and objectives defined within this 2023-2025 Strategic Plan are consistent with the Organization’s Corporate Strategy. The goals and objectives were developed in consideration of the Organization’s stakeholders and partners’ expectations of it as a Crown utility, its history, and its role in the future of the province. The plans outlined herein will ensure the Organization is prepared to face challenges, harness opportunities, and contribute in a meaningful way to sustainable economic prosperity for future generations. As such, the Corporate Strategy is intentionally ambitious and, by its nature, some of the work will extend beyond the next three years.

## 2 Overview of the Organization

### 2.1 Mandate

The mandates of both Hydro and Nalcor are established in legislation.<sup>4</sup> They render the Organization responsible for the provision of electricity within Newfoundland and Labrador and the development of provincial energy resources in a manner that supports the economic prosperity of Newfoundland and Labrador. The specific mandates for each entity are further described in the sections that follow.

#### 2.1.1 Newfoundland and Labrador Hydro

The **Hydro Corporation Act, 2007**<sup>5</sup> mandates Hydro to be responsible for:

- Developing and purchasing power on an economic and efficient basis;
- Engaging within the province and elsewhere in the development, generation, production, transmission, distribution, delivery, supply, sale, purchase and use of power from water, steam, gas, oil, wind, hydrogen and other products used or useful in the production of power; and
- Supplying power, at rates consistent with sound financial administration, for domestic, commercial, industrial or other uses in the province and, subject to the prior approval of the Lieutenant-Governor in Council, outside of the province.

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<sup>4</sup> The 2023-2025 Strategic Plan does not reflect directions that may arise following the Provincial Government’s review of the **Public Utilities Act**, the **Electrical Power Control Act, 1994** or any of the Organization’s governing legislation.

<sup>5</sup> **Hydro Corporation Act, 2007**, Section 5(1).

The corporation may also engage in activities that the Lieutenant-Governor in Council may approve.<sup>6</sup>

### **2.1.2 Nalcor Energy**

Nalcor's mandate, established under the **Energy Corporation Act**,<sup>7</sup> is to invest in, engage in and carry out activities in all areas of the energy sector in the province and elsewhere, in accordance with the priorities of the Province, including:

- Developing, generating, producing, transmitting, distributing, delivering, supplying, selling, exporting, purchasing and using power from wind, water, steam, gas, oil, hydrogen or other products used or useful in the production of power;
- Exploring for, developing, producing, refining, marketing and transporting hydrocarbons and products from hydrocarbons;
- Manufacturing, producing, distributing and selling energy related products and services; and
- Research and development.

The corporation may also engage in activities that the Lieutenant-Governor in Council may approve.<sup>8</sup>

## **2.2 Number of Employees and Physical Location**

The Organization's headquarters is located in St. John's, Newfoundland and Labrador. Appendix A provides an overview of the Organization's energy system with assets located throughout the province.

In 2022, the Organization had 1,511 employees, almost 65 per cent of whom are located in rural parts of the island and Labrador. In 2022, the gender composition of the Organization's employee group was 72 per cent male and 28 per cent female. Table 1 provides an overview of the composition of the Organization's employees as of December 31, 2022.

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<sup>6</sup> **Hydro Corporation Act, 2007**, Section 5(2).

<sup>7</sup> **Energy Corporation Act**, Section 5(1).

<sup>8</sup> **Energy Corporation Act**, Section 5(2).

**Table 1: 2022 Overview of the Organization’s Employees**

<b>Gender</b>	<b>Rural</b>	<b>Urban</b>	<b>Total</b>	<b>Per cent</b>
Female	180	247	427	28
Male	801	283	1,084	72
<b>Total</b>	981	530	1,511	
<b>Per cent</b>	65	35		

The Organization continues to advance on its performance related to gender equity targets. Overall, the Organization’s percentage of female employees increased from 22 per cent in 2011 to 28 per cent in 2022. The Organization is committed to continually evolving its equity, diversity and inclusion priorities to build on its past successes. Table 2 shows the Organization’s progress towards its gender equity targets.

**Table 2: 2022 Overview of the Organization’s Employees**

<b>Position</b>	<b>2022 Actual Per cent Female</b>	<b>Target Per cent Female</b>
Executive	33	30
Management	33	35
Engineers & Engineers-in-Training	25	30
Technicians & Technologists	9	10
Field Supervisors	5	6
Skilled Trades & Apprentices	6	10
Manual Workers	19	20

### **2.3 Business Segments**

The Organization is the primary generator of electricity in Newfoundland and Labrador. The Organization is comprised of both regulated and non-regulated operations and includes generation, transmission and distribution assets, as well as support services.

The regulated portion of the Organization is primarily responsible for the provision of safe, reliable, least-cost electricity supply for domestic residential and industrial needs. This portion of the Organization is regulated by the Newfoundland and Labrador Board of Commissioners of Public Utilities (“PUB”) and its electricity rates are set through periodic general rate

applications.<sup>9</sup>

The non-regulated portion of the business is responsible for the operations and development of other provincial energy resources. This includes the Muskrat Falls Project assets,<sup>10</sup> Churchill Falls (Labrador) Corporation,<sup>11</sup> the Menihek Generating Station and the Maritime Link.<sup>12</sup> The non-regulated portion of the business is also responsible for Nalcor's interest in the Province's oil and gas developments<sup>13</sup> and the energy trading activities undertaken by Nalcor Energy Marketing ("NEM").

The Organization is supported by a common set of corporate services. Costs associated with these services are proportionally shared between the regulated and non-regulated components of the business (e.g., finance and accounting, corporate planning and reporting, etc.)

## 2.4 Legal Structure

The Organization's legal structure as of December 31, 2022 included the entities listed in Table 3.

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<sup>9</sup> Energy sales to industrial customers in Labrador are non-regulated. Such rates are set in accordance with the Labrador Industrial Rates Policy.

<sup>10</sup> Includes 824 MW hydroelectric generating facility, Labrador Transmission Assets and Labrador-Island Link.

<sup>11</sup> Churchill Falls is one of the largest underground hydroelectric powerhouses in the world, with a rated capacity of 5,428 MW. The majority of electricity produced by the Churchill Falls Generating Station is sold to Hydro-Québec under long-term contract; however, Churchill Falls sells 225 MW to Hydro for use in Labrador West and 300 MW of energy for use in the province. Any surplus Recapture energy (energy that is surplus to Newfoundland and Labrador's needs) which is not used by Hydro is made available to Nalcor Energy Marketing ("NEM") for export.

<sup>12</sup> The Maritime Link is owned by NSP Maritime Link Inc., a wholly-owned subsidiary of Emera Newfoundland & Labrador Holdings Inc. and an affiliate of Nova Scotia Power.

<sup>13</sup> Nalcor Oil and Gas is an equity partner in three offshore fields: White Rose, Hibernia Southern Extension and Hebron. The Oil and Gas Corporation of Newfoundland and Labrador ("OilCo") was created by legislation and manages these interests on behalf of Nalcor Oil and Gas. Exploration for new oil and gas prospects and any new ownership interests in Newfoundland and Labrador's offshore will be undertaken by OilCo.

**Table 3: Legal Structure**

<b>Entity Name</b>	<b>Description of Interest</b>
Newfoundland and Labrador Hydro	Wholly-owned subsidiary
Nalcor Energy – Oil and Gas Inc. <sup>14</sup>	Wholly-owned subsidiary
Nalcor Energy Marketing Corporation	Wholly-owned subsidiary
Muskrat Falls Corporation	Wholly-owned subsidiary
Labrador Transmission Corporation	Wholly-owned subsidiary
Labrador-Island Link Holding Corporation	Wholly-owned subsidiary
Labrador-Island Link Limited Partnership	Limited partnership in which Nalcor, through LIL <sup>15</sup> Holdco, owns 100 per cent of the 75 Class A and 1 Class C partnership unit and, through LIL GP, 1 General Partner Unit
Labrador-Island Link General Partner Corporation	Wholly-owned subsidiary
Labrador-Island Link Operating Corporation	Wholly-owned subsidiary
Lower Churchill Management Corporation	Wholly-owned subsidiary
Churchill Falls (Labrador) Corporation Limited	65.8 per cent owned joint operation of Hydro
Twin Falls Power Corporation Limited <sup>16</sup>	100 per cent owned by Churchill Falls (Labrador) Corporation Limited
Gull Island Power Company Limited	Wholly-owned subsidiary (inactive)
Lower Churchill Development Corporation	51 per cent owned subsidiary of Hydro (inactive)
Labrador-Island Link General Partner (2021) Corporation	Wholly-owned subsidiary
Labrador-Island Link Holding (2021) Corporation	Wholly-owned subsidiary
LIL (2021) Limited Partnership	Limited partnership in which Nalcor, through LIL Holding (2021) Corporation, owns 100 per cent of the 1 Class A Unit and, through LIL General Partner (2021) Corporation, owns 100 per cent of the 1 GP Unit

<sup>14</sup> In 2019, a stand-alone Crown Corporation (i.e., OilCo) was established to work directly with the Department of Industry, Energy and Technology to accelerate growth opportunities in the petroleum industry. Nalcor Oil and Gas continues to hold ownership of existing equity interests and has transitioned to a supporting role in the management of these assets. The new corporation is a Category 1 entity and will prepare its own three-year strategic plan in compliance with the **Transparency and Accountability Act**.

<sup>15</sup> Labrador-Island Link (“LIL”).

<sup>16</sup> Ownership changed during 2022, previously owned jointly by Churchill Falls (Labrador) Corporation Limited, Wabush Resources Inc. and Wabush Iron Co. Limited, and Iron Ore Company of Canada.

## 2.5 Board of Directors

As Hydro and Nalcor remain separate legal entities, each entity maintains a separate Board of Directors. The Boards of Directors are accountable to provide oversight to the Organization's policies, plans, risks, and performance, ensuring consistency with the Organization's mandates. Members of the Hydro and Nalcor Boards of Directors are appointed by the Province upon recommendation by the Independent Appointments Commission, which is an independent body established by the Province to provide merit-based recommendations for appointments. Although two separate Boards of Directors exist for the legal entities of Hydro and Nalcor, to reflect the coming together of the organization from an operational perspective, both Boards of Directors work jointly together to provide oversight of the entire Organization.

The composition of the Hydro and Nalcor Boards of Directors as of December 31, 2022 was as shown in Table 4.

**Table 4: Board Members as of December 31, 2022**

<b>Hydro</b>	<b>Nalcor</b>
Albert Williams, Chair <sup>17</sup>	Albert Williams, Chair
Jennifer Williams	Jennifer Williams
Donna Brewer	Geoff Goodyear
Fraser Edison	John Green, K.C.
John Green, K.C.	Jack Hillyard
Chris Loomis	Mark MacLeod
John Mallam	Debbie Molloy
David Oake	David Oake
Trina Troke	Derek Purchase
Brian Walsh	Dr. Edna Turpin, ICD.D

## 3 2022 Consolidated Revenues and Expenses

In 2022, the Organization had revenues of \$1,359 million. The majority of the Organization's revenues were generated from electricity sales from Hydro and petroleum sales in oil and gas. The majority of the Organization's expenses related to fuels and power purchases (24 per cent), operating costs (23 per cent), net finance expenses (20 per cent) and depreciation, depletion,

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<sup>17</sup> Albert Williams was appointed as Chair of the Hydro and Nalcor Boards of Directors in October 2022. Prior to his appointment, John Green, K.C. was Chair of both Boards of Directors in 2022.

amortization and impairment (20 per cent). Table 5 summarizes the Organization’s consolidated revenue and expenses for the year ended December 31, 2022.

**Table 5: Consolidated Revenue and Expenses 2022**

<i>For the year ended December 31, 2022 (millions of dollars)</i>	\$	Per cent
Energy sales	1,327	98
Other revenue	32	2
<b>Revenue</b>	<b>1,359</b>	<b>100</b>
Fuels	188	17
Power purchased	81	7
Operating costs	264	23
Production, marketing and transportation costs	30	3
Transmission rental	23	2
Depreciation, depletion, amortization and impairment	224	20
Net finance expense	225	20
Other expense	95	8
Share of loss of joint arrangement	0	0
<b>Expenses</b>	<b>1,130</b>	<b>100</b>
Profit for the year before regulatory adjustments	229	
Regulatory adjustments	(351)	
<b>Profit for the year</b>	<b>580</b>	

## 4 Vision and Values

To support the ongoing transition of the Organization to a consolidated entity focused on delivering on its mandate as a Crown utility, the Organization established a new vision and organizational values in November 2022. These were developed through extensive consultation with employees and select stakeholder groups.

The new vision reads:

“Hydro<sup>18</sup> is the people’s utility that you can count on – providing safe, cost-conscious, reliable electricity while harnessing sustainable energy opportunities to benefit the people of Newfoundland and Labrador.”

The Organization’s values are as follows:

- We are safe: We don’t compromise when it comes to the safety and wellbeing of our employees and customers. Every one of us shares the responsibility of making sure we go home safely at the end of the day.

<sup>18</sup> In the context of the vision, “Hydro” refers to the integrated company that publicly operates under the Newfoundland and Labrador Hydro brand but is responsible for the operations of all Hydro and Nalcor entities.

- We are committed: Our dedicated people are our greatest strength. We bring passion, expertise, integrity, and perseverance to everything we do.
- We are inclusive and collaborative: We seek diversity and understand its value. We work together, listen to each other, and serve with respect.
- We are forward thinking: We find solutions, embrace ideas, test our decision-making, and face challenges head-on to find a path forward together – all to deliver a sustainable future.
- We are community focused: We serve our neighbours, family, and friends in every part of the province. We give back, work hard, and power lives, businesses and industries.

## 5 Primary clients

The Organization's primary clients include:

- Newfoundland Power - an investor-owned utility which distributes electrical power to approximately 270,000 customers on the island portion of the province, with Hydro supplying over 90 percent of its energy requirements;
- Industrial customers – On the Island, regulated sales to Braya Renewable Fuels (Newfoundland) LP, Vale Newfoundland and Labrador, Praxair Canada Inc., Teck Resources Limited, and Corner Brook Pulp and Paper Limited. In Labrador, regulated transmission service and unregulated generation service to the Iron Ore Company of Canada and Tacora Resources Incorporated;
- Approximately 39,000 residential and commercial customers in Newfoundland and Labrador;
- Partners in oil and gas projects (Hebron, White Rose, Hibernia Southern Extension).
- Emera Energy; and
- Supply and service companies in the energy sector and construction sector.



## 6 Issues

The energy landscape, provincially and federally, is rapidly evolving and Hydro's electrical system is undergoing transformational change with the integration of the Muskrat Falls Project assets and interconnection to the North American Grid through the Maritime Link. These shifts provide immense opportunity, which can benefit the people of Newfoundland and Labrador, as the demand for clean, renewable energy sources rapidly grows.

The Federal Government is moving forward with Clean Electricity Regulations to achieve net-zero emissions from the electrical grid by 2035. The Province has also made clear its commitment to net-zero emissions by 2050, as identified in its Renewable Energy Plan.<sup>19</sup> The electric utility industry must accelerate its efforts to transition from fossil-fueled generation to renewable energy sources to meet this timeline. The Organization has a significant role to play in the Province's efforts to decarbonize the energy sector and its economy.

The province's existing renewable generation and vast undeveloped potential present a unique advantage. The Organization has a critical role to play in supporting the Province's Renewable Energy Plan, effecting provincial energy policy, innovating through technological advancement and responsibly growing renewable capacity to meet the rapidly-increasing demand for electricity within the province and beyond.

The electrical system is transforming. As the remaining Muskrat Falls Project assets become integrated and proven reliable, they continue to increase the province's renewable generation, reduce reliance on thermal generation, support customer reliability, and provide increased access to import and export markets. This enables the Organization to transact with neighbouring jurisdictions and optimize the value of its renewable electricity.

The transition from fossil-fuel based energy sources to renewable electricity in many residences, businesses, and industries will increase the demand for clean electricity. As is being seen across the country and here in our province, load growth requires a careful balance of investment in new generation capacity and application of energy policy, demand management programming, and rate design to encourage efficient use of the electrical system. The Organization recognizes that system investments impact customer rates and Hydro's ability to contribute financially to the province's economy. This is also an opportunity to maximize

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<sup>19</sup> Maximizing Our Renewable Future, A Plan for Development of the Renewable Energy Industry in Newfoundland and Labrador, December 2021.

revenue associated with the sale of energy available in the province. The Organization remains committed to balancing cost and reliability and making prudent, transparent decisions that are in the best interest of the people of the province.

The Organization is evolving and has unified as one entity operating as Newfoundland and Labrador Hydro. Hydro continues to evaluate and will execute on opportunities to streamline areas of the business when prudent. This work is done to determine the workforce composition and skills required to deliver on the future commitments required in the changing energy landscape. It is critical that employees continue to work safely, feel healthy, and be proud to be part of the Organization.

The strategic issues outlined below reflect the vision of the Organization to participate in the evolving energy landscape and harness opportunities that will provide benefit to the people of the province. Prioritizing these areas directly contributes to the Organization's ability to realize its mandate. Consistent with the underlying philosophy of the multi-year performance-based planning required under the provisions of the **Transparency and Accountability Act**, these issues are at a governance level and reflect the priorities of the Organization's Boards of Directors and support the Province's strategic directions.

- Issue 1: Serving Our Province
- Issue 2: Working Together
- Issue 3: Enabling Sustainable Growth

## **7 Goals and Objectives**

### **7.1 Issue 1: Serving Our Province**

As the province's Crown utility, the Organization provides an essential service to the people of the province and brings value to the provincial economy with energy that is safe, reliable, and cost-conscious. Over the next three years, the Organization will prioritize its core function: serving the province as a Crown utility owned by, and operated for, the people of Newfoundland and Labrador. This includes making sound decisions that are aligned with good utility practice and being transparent in how it conducts its business and supporting public examinations of the decisions it makes. Specifically, the Organization will prioritize the following:

- Revitalizing the Organization: The Organization has undergone significant change in

recent years and has unified to become Newfoundland and Labrador Hydro. It will instill in its culture the common understanding that it is a Crown utility and, in both its regulated and non-regulated operations, will continue to responsibly develop and deliver energy that the people of the province, and beyond, can count on.

- **Delivering Reliable Electricity to Customers at the Lowest Possible Cost:** The Organization will use good utility practice to plan, operate, and maintain the provincial electrical power systems and deliver reliable service – that is consistent with its environmental and legislative obligations – at the lowest possible cost.
- **Recognizing Indigenous History and Strengthening Indigenous Relationships:** As a Crown utility, the Organization has a vital role to play on the path towards Truth and Reconciliation. To build respectful, sincere, and meaningful relationships with Indigenous Peoples, the Organization will prioritize employee education, respect for Indigenous history, and engagement with Indigenous governments, organizations, and communities.
- **Engaging the People and Entities that the Organization serves:** The Organization has proudly served the people of Newfoundland and Labrador for 50 years in more than 200 communities across the province, and now also generates renewable power consumed by customers in Atlantic Canada, Quebec, Ontario, and the Northeastern United States. To ensure customer service remains at the core of its operations, the Organization will prioritize proactive stakeholder engagement.

## Issue 1: Serving Our Province

### Goal 1

By December 31, 2025, the Organization will have revitalized its role as a Crown utility and advanced material filings and proceedings that are fundamental to its utility operations (e.g., those related to system reliability and resource adequacy, customer rates, rate mitigation, corporate governance, etc.).

#### Indicators

- Operated in a cost-conscious and accountable manner.
- Prepared for future system requirements through thorough analysis and prudent decision-making.
- Informed and supported development and implementation of provincial power policy and legislation.
- Utilized sound regulatory and rate design principles and policies to encourage efficient use of the electrical system and resources.
- Applied corporate governance practices to ensure sufficient and effective oversight of the Organization.

### Objective

By December 31, 2023, the Organization will have progressed its efforts to revitalize its role as a Crown utility and advanced material filings and proceedings that are fundamental to its utility operations.

#### Indicators

- Worked with Government to advance rate mitigation efforts.
- Worked to support Hydro's next General Rate Application.
- Continued advancement of the Reliability and Resource Adequacy Study to inform future provincial energy supply requirements and the role that the Holyrood Thermal Generating Station will play in supporting the provincial electrical system while the Muskrat Falls assets are integrated and proven reliable.
- Developed and implemented non-firm energy rates to facilitate in-province use of excess energy.
- Advanced review of the Organization's commercial, legal, and governance structures.

### Objective

By December 31, 2024, the Organization will have further progressed its efforts to revitalize its role as a Crown utility and advanced material filings and proceedings that are fundamental to its utility operations.

### Objective

By December 31, 2025, the Organization will have revitalized its role as a Crown utility and advanced material filings and proceedings that are fundamental to its utility operations.

**Issue 1: Serving Our Province****Goal 2**

By December 31, 2025, the Organization will have continued to deliver reliable electricity to its customers at the lowest possible cost.

Indicators	<ul style="list-style-type: none"><li>▪ Commissioned and integrated the remaining Muskrat Falls Project assets into the provincial electrical system.</li><li>▪ Improved asset management practices to ensure the Organization's decision-making processes integrate a balance of risk, performance, and cost.</li><li>▪ Made measured and responsible capital investments.</li><li>▪ Strengthened cybersecurity capabilities to ensure resilience in the Organization's technology systems.</li></ul>
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**Objective**

By December 31, 2023, Hydro will have continued to apply good utility practice to plan, operate, and maintain the provincial electrical system and continued to deliver reliable service at the lowest possible cost.

Indicators	<ul style="list-style-type: none"><li>▪ Further integrated all the Lower Churchill Projects assets into the existing electricity grid.</li><li>▪ Advanced implementation of standard approach for capital investment across regulated and non-regulated operations.</li><li>▪ Further strengthened the Organization's cybersecurity program with a focus on training and awareness, network segmentation, and incident response.</li></ul>
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**Objective**

By December 31, 2024, Hydro will have continued to apply good utility practice to plan, operate, and maintain the provincial electrical systems and delivered reliable service at the lowest possible cost.

**Objective**

By December 31, 2025, Hydro will have used good utility practice to plan, operate, and maintain the provincial electrical systems and delivered reliable service at the lowest possible cost.

**Issue 1: Serving Our Province****Goal 3**

By December 31, 2025, the Organization will have strengthened its recognition of Indigenous history and Indigenous relationships.

Indicators	<ul style="list-style-type: none"><li>▪ Demonstrated commitment to building upon and strengthening relationships with Indigenous Peoples and communities across the province.</li><li>▪ Developed and began implementation of policies and processes to cultivate an employee culture that embraces the Organization's role as public servants to support reconciliation within the workplace and within communities.</li><li>▪ Strengthened the Organization's engagement process with Indigenous Peoples.</li></ul>
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**Objective**

By December 31, 2023, the Organization will have progressed its efforts to strengthen relationships with Indigenous governments, organizations, and communities.

Indicators	<ul style="list-style-type: none"><li>▪ Engaged with Indigenous leaders for the development of the Organization's Indigenous Principles Statement.</li><li>▪ Commenced review of policies and processes to identify further opportunities to promote procurement from Indigenous suppliers and organizations.</li><li>▪ Commenced development of educational and training materials for employees that promote respect for Indigenous culture, history, values, and traditional knowledge.</li><li>▪ Engaged with Indigenous Peoples regarding the development of a strategy to support communications and meaningful engagement.</li><li>▪ Continued fulfilment of commitments made through Impacts and Benefits Agreement and Community Development Agreement.</li></ul>
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**Objective**

By December 31, 2024, the Organization will have further progressed its efforts to strengthen relationships with Indigenous governments, organizations, and communities.

**Objective**

By December 31, 2025, the Organization will have strengthened relationships with Indigenous governments, organizations, and communities.

<b>Issue 1: Serving Our Province</b>	
<b>Goal 4</b>	
By December 31, 2025, the Organization will have proactively engaged those it serves.	
Indicators	<ul style="list-style-type: none"> <li>▪ Openly and regularly communicated with stakeholders regarding its operations.</li> <li>▪ Actively sought input from stakeholders and incorporated their feedback to improve customer service capabilities.</li> <li>▪ Collaborated and supported stakeholders, particularly regarding efforts to manage the impacts of climate change.</li> </ul>
<b>Objective</b>	
By December 31, 2023, the Organization will have advanced its efforts to understand customer needs and further evolve processes and programs to assist in meeting those needs.	
Indicators	<ul style="list-style-type: none"> <li>▪ Proactively educated stakeholders regarding the provincial electrical system.</li> <li>▪ Reviewed customer satisfaction and reputation surveys and developed action plans as required.</li> <li>▪ Completed customer satisfaction survey for industrial customers.</li> <li>▪ Commenced development of a plan to engage with communities and partners on climate change resilience to proactively prepare for severe weather events and facilitate safe and timely response to these events.</li> </ul>
<b>Objective</b>	
By December 31, 2024, the Organization will have engaged with customers, partners, and communities and continued implementation of processes and programs to meet their needs.	
<b>Objective</b>	
By December 31, 2025, Hydro will have implemented certain new processes and programs to meet customer needs and continued ongoing customer and stakeholder engagement.	

## 7.2 Issue 2: Working Together

Whether in the field or in the office, all of the Organization's workforce are utility professionals who remain steadfast in their commitment to supporting the communities where they live and work and operate with good utility practice.

As the energy industry evolves to support the transition from fossil fuels to clean, renewable energy, the Organization must proactively prepare its workforce and adapt to ensure the Organization can continue to reliably serve the people of the province into the future. The Organization will continue to foster a workforce that is proud to serve the province, and values keeping each other safe, diverse perspectives, listening to one another, supporting new ideas, and collaborating with respect. Specifically, the Organization will focus on:

- **Continuing to Prioritize the Safety and Health of its Employees:** A safe and healthy work environment is critical. The Organization will remain committed to preventing injury and illness, and supporting the safety and overall health of its employees.
- **Foster Proud and Engaged Teams:** As the Organization continues to unify and the complexity of the energy sector increases, it is paramount that the Organization supports a collaborative, inclusive, and engaged workforce of unionized and non-unionized employees who work together to meet the energy needs and opportunities within the province. As responsible corporate citizens, it is important for the Organization to contribute to local communities and support and encourage employees to be active members of their communities as well.
- **Anticipate and Develop Workforce Requirements:** The Organization will optimize its workforce with consideration to the changing labour market and changing energy sector. It will proactively assess its current and future needs to ensure it has the right mix of skills and people to efficiently and effectively serve the province.



## Issue 2: Working Together

### Goal 5

By December 31, 2025, the Organization will have demonstrated its continued commitment to the health and safety of its employees.

Indicators	<ul style="list-style-type: none"><li>▪ Improved proactive identification and mitigation of safety risks, monitoring, and trending.</li><li>▪ Fostered a strengthened safety leadership culture.</li><li>▪ Promoted a psychologically safe workplace.</li><li>▪ Supported employees affected by injury or illness.</li></ul>
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### Objective

By December 31, 2023, the Organization will have advanced efforts to further strengthen and expand its safety culture.

Indicators	<ul style="list-style-type: none"><li>▪ Reviewed existing work methods and practices to ensure appropriateness of tools and technologies.</li><li>▪ Promoted improved safety reporting of workplace hazards and continued to embed fundamental safety principles into core work processes and practices.</li><li>▪ Continued to advance Hydro's mental health strategy.</li><li>▪ Continued to work with employees affected by injury or illness to determine the appropriate supports necessary to facilitate recovery and early and safe return to meaningful work.</li></ul>
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### Objective

By December 31, 2024, the Organization will have continued to advance efforts to further strengthen and expand its safety culture.

### Objective

By December 31, 2025, the Organization will have strengthened and advanced its processes to support a strong safety culture.

## Issue 2: Working Together

### Goal 6

By December 31, 2025, the Organization will have fostered a culture that encourages and supports proud and engaged teams.

Indicators	<ul style="list-style-type: none"><li>▪ Expanded its culture of inclusion to encourage belonging and provided opportunities for employees to reach their full potential.</li><li>▪ Revitalized its corporate culture to unify teams and further brought together the Organization.</li><li>▪ Built trusted partnerships with union (IBEW) leaders.</li><li>▪ Improved engagement and the frequency and quality of communication with employees.</li><li>▪ Strengthened employees' connections to, and involvement in, the Organization's social responsibility.</li></ul>
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### Objective

By December 31, 2023, the Organization will have advanced programs, policies, and activities to nurture a collaborative, engaged workforce of proud employees.

Indicators	<ul style="list-style-type: none"><li>▪ Continued development of educational materials for employees regarding the importance of equity, diversity and inclusion.</li><li>▪ Continued to promote awareness and understanding of the Organization's refreshed vision and values.</li><li>▪ Regularly engaged IBEW union leadership to proactively understand their priorities to better support unionized employees.</li><li>▪ Educated employees regarding the Organization's social responsibility and opportunities for employee participation.</li></ul>
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### Objective

By December 31, 2024, the Organization will have further advanced programs, policies, and activities to nurture a collaborative, engaged workforce of proud employees.

### Objective

By December 31, 2025, the Organization will have implemented certain programs, policies, and activities to nurture a collaborative, engaged workforce of proud employees and continued to advance others.

## Issue 2: Working Together

### Goal 7

By December 31, 2025, the Organization will have developed and commenced implementation of a workforce planning strategy.

#### Indicators

- Developed a framework to support the identification of critical skills, competencies and workforce requirements to support organizational priorities.
- Further supported employees' abilities to work safely, efficiently, and effectively for the current and future needs of the organization.
- Provided better support to its supervisors to effectively support and motivate their teams.

### Objective

By December 31, 2023, the Organization will have begun developing a workforce planning strategy to further optimize Hydro's workforce with consideration to the changing labour market and the changing energy landscape.

#### Indicators

- Commenced a review of the Organization's existing workforce to identify existing skills and expertise.
- Commenced a centralized training approach to ensure a consistent methodology is applied across the organization.
- Established a plan that outlines focus areas that will provide support to front line supervisors.

### Objective

By December 31, 2024, the Organization will have developed a workforce planning strategy to optimize its workforce with consideration to the changing labour market and the changing energy landscape.

### Objective

By December 31, 2025, the Organization will have commenced implementation of its workforce planning strategy to optimize its workforce with consideration to the changing labour market and the changing energy landscape.

### 7.3 Issue 3: Enabling Sustainable Growth

As Canada works towards a net-zero economy by 2050, including the plan for a net-zero electricity grid by 2035, the energy industry is working hard to transition away from fossil fuels to meet these climate goals. The Organization is at the forefront of this energy transition and is in an enviable position in this regard. In 2021, approximately 91 per cent of the electricity supplied was from renewable sources. As the Muskrat Falls Project assets are further integrated, this amount will continue to increase. Throughout this transition, the Organization will optimize its use of these assets to reduce generation from the Holyrood Thermal Generating station in favour of clean, cost-conscious energy from renewable energy resources.

Creating a sustainable, greener tomorrow for future generations of Newfoundlanders and Labradorians continues to be the Organization's priority. The Organization has worked with the Province to support the development of its Renewable Energy Plan, "Maximizing Our Renewable Future," and will play a substantial role in executing many of the energy-related initiatives outlined in the plan. The province's rich energy resources provide tremendous opportunity – from wind generation to green hydrogen. Over the next three years, the Organization is committed to drawing on its experiences and leveraging the knowledge and expertise of its people, local communities, and partners to make thoughtful, balanced decisions. Specifically, the Organization will prioritize:

- **Supporting Growth of Renewable Energy Supply:** The Organization will collaborate with the Province and industry stakeholders to evaluate and advance viable projects.
- **Advancing Electrification and Demand Management:** The Organization will advance electrification in a prudent manner that benefits customers and the provincial electrical system and minimizes the impact on peak demand.
- **Optimizing the Value of Provincial Energy Resources:** The Organization will responsibly optimize energy resources (i.e., extract the most value from excess energy) for the benefit of the province and continue to ensure customers receive safe, reliable, and cost-conscious energy.
- **Integrating Renewable Energy Resources in Local Communities:** The Organization will work with Indigenous communities and organizations to safely and responsibly integrate renewable energy resources in isolated diesel communities.

### Issue 3: Enabling Sustainable Growth

#### Goal 8

By December 31, 2025, the Organization will have demonstrated its commitment to optimizing provincial energy resources and supporting growth of renewable energy supply.

Indicators	<ul style="list-style-type: none"><li>Participated in evaluation of potential renewable development opportunities and proposals for integration into the provincial electrical system.</li><li>Partnered with the Province to support the responsible growth of the renewable energy industry.</li><li>Explored opportunities to maximize the potential value of existing generating assets.</li></ul>
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#### Objective

By December 31, 2023, the Organization will have advanced analysis, and policy development to support the optimization of provincial energy resources to contribute to sustainable economic prosperity within Newfoundland and Labrador.

Indicators	<ul style="list-style-type: none"><li>Commenced studies and analysis to support the feasibility assessment of potential wind, battery, or solar alternatives in the province.</li><li>Worked with industry partners on potential purchases of economical renewable energy as required.</li><li>Supported the Province in evaluation of the impact of potential new industries, such as hydrogen, on the electrical system.</li><li>Supported the Province's development of public policies to manage the impact of existing industries' transitioning from fossil-fuel powered operations to clean, renewable electricity.</li><li>Examined potential opportunities to further optimize existing renewable generation assets to improve performance or output.</li></ul>
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#### Objective

By December 31, 2024, the Organization will have further advanced its analysis, and any related policy development required to support the optimization of provincial energy resources to contribute to sustainable economic prosperity within Newfoundland and Labrador.

#### Objective

By December 31, 2025, the Organization will have supported the optimization of provincial energy resources to contribute to sustainable economic prosperity within Newfoundland and Labrador.

### Issue 3: Enabling Sustainable Growth

#### Goal 9

By December 31, 2025, the Organization will have advanced electrification and demand management within Newfoundland and Labrador.

Indicators	<ul style="list-style-type: none"><li>▪ Supported electrification of transportation within the province to increase domestic energy sales while planning to minimize the impact on system peak.</li><li>▪ Managed the early transition to low-carbon heating in residential and commercial buildings.</li><li>▪ Managed the electrification of commercial industries within the province to mitigate impacts on system peak demand.</li><li>▪ Developed and executed programs that promote efficient use of electricity.</li></ul>
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#### Objective

By December 31, 2023, the Organization will have progressed electrification and demand management programming in a manner that benefits customers and the provincial electrical system and minimizes the impact on peak demands.

Indicators	<ul style="list-style-type: none"><li>▪ Collaborated with the Province and Newfoundland Power to facilitate rebates for electric vehicles and demand response programming.</li><li>▪ Supported the continued expansion of the provincial DC fast-charging network (subject to federal funding approvals).</li><li>▪ Provided customer facing programming for heating alternatives and encouraged efficient heating systems that limit the impact on system demand.</li><li>▪ Executed approved conservation and demand management programming.</li><li>▪ Supported efficient electrification of industrial processes in commercial industries as required.</li></ul>
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#### Objective

By December 31, 2024, the Organization will have further progressed electrification and demand management programming in a manner that benefits customers and the provincial electrical system and minimizes the impact on peak demands.

#### Objective

By December 31, 2025, the Organization will have prudently advanced electrification and demand management programming in a manner that benefits customers and the provincial electrical system and minimizes the impact on peak demands.

### Issue 3: Enabling Sustainable Growth

#### Goal 10

By December 31, 2025, the Organization will have demonstrated its efforts to optimize the value of provincial energy resources by maximizing the value from energy sales and other opportunities.

Indicators	<ul style="list-style-type: none"><li>▪ Extracted maximum value from the Organization’s energy portfolio.</li><li>▪ Supported growth from industrial customers.</li></ul>
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#### Objective

By December 31, 2023, the Organization will have pursued opportunities to maximize the value of its energy and supported industrial customer growth in a manner that is cost-conscious and consistent with environmental and legislative responsibilities.

Indicators	<ul style="list-style-type: none"><li>▪ Continued evaluation of potential opportunities for excess energy, including sale within the province (e.g., electrification, industrial customers, etc.) and outside of the province (e.g., export opportunities).</li><li>▪ Engaged existing and potential industrial customers to better understand their current and future electricity needs.</li><li>▪ Continued to support OilCo in its role as manager of Nalcor Oil and Gas assets, as per the terms of the Management Services Agreement (“MSA”).</li></ul>
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#### Objective

By December 31, 2024, the Organization will have continued to pursue opportunities to maximize the value of its energy and supported industrial customer growth in a manner that is cost-conscious and consistent with environmental and legislative responsibilities.

#### Objective

By December 31, 2025, the Organization will have identified, explored, and executed opportunities to maximize the value of its energy and supported industrial customer growth in a manner that is cost-conscious and consistent with environmental and legislative responsibilities.

### Issue 3: Enabling Sustainable Growth

#### Goal 11

By December 31, 2025, the Organization will have demonstrated its commitment to supporting the integration of renewable energy resources in local communities.

Indicators	<ul style="list-style-type: none"><li>▪ Supported Indigenous governments, Indigenous organizations, and local communities with the development and integration of renewable energy into isolated diesel systems.</li><li>▪ Ensured environmental protection in the development and operation of renewable energy resources, and develop mitigation measures and monitoring programs to address environmental impacts.</li></ul>
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#### Objective

By December 31, 2023, the Organization will have engaged with stakeholders regarding the operations and development of renewable energy resources and provided environmental supports as required.

Indicators	<ul style="list-style-type: none"><li>▪ Continued engagement with communities and interested organizations to advance initiatives to increase the development of renewable resources in isolated diesel communities.</li><li>▪ Provided environmental oversight, regulatory compliance, and fulfill environmental commitments and monitoring related to, or in support of, renewable energy projects.</li><li>▪ Supported Government's creation of an Independent Power Producer Policy for diesel-generated electricity systems in remote communities.</li></ul>
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#### Objective

By December 31, 2024, the Organization will have further engaged with stakeholders regarding the operations and development of renewable energy resources and provided environmental supports as required.

#### Objective

By December 31, 2025, the Organization will have worked with stakeholders regarding the operations and development of renewable energy resources and provided environmental supports as required.





# Appendix A

## Provincial Electricity System



