

October 17, 2025

VIA EMAIL

Attention: [REDACTED]

Dear [REDACTED]

Re: Your request for access to information under Part II of the *Access to Information and Protection of Privacy Act, 2015* (File #: PB/1151/2025)

On September 5, 2025, we received your request for access to the following records/information:

- Escalator clause while not fixed it is vague. Does it include the market value of oil right now? If so what is that value? What is the exact escalation?
- After the 50 years from the MOU, what happens then? After the agreement is it paid off? Are we going to benefit then? Estimate who benefits more HQ or NL?
- CF is paid off but we are not getting big benefits, will it be the same as in the MOU?
- Is the \$225 billion tied to inflation? Is that net or gross?
- Is the \$17 billion/year indexed to inflation?
- How are we paying for the transmission lines? From a loan or from the benefits from the agreement?
- Explain why it is not cost effective through the Maritime Link instead of Quebec?

Please be advised that access has been granted. Please see appendix A attached hereto.

Please be advised that you may ask the Information and Privacy Commissioner to review the processing of your access request, as set out in section 42 of the Access to Information and Protection of Privacy Act, 2015 (the Act) (a copy of this section has been enclosed for your reference). A request to the Commissioner must be made in writing within 15 business days of the date of this letter or within a longer period that may be allowed by the Commissioner.

The appeal may be addressed to the Information and Privacy Commissioner as follows:

Office of the Information and Privacy Commissioner
2 Canada Drive
P. O. Box 13004, Stn. A
St. John's, NL. A1B 3V8

Telephone: (709) 729-6309
Toll-Free: 1-877-729-6309

Email: commissioner@oipc.nl.ca

You may also appeal directly to the Supreme Court within 15 business days after you receive the decision of the public body, pursuant to section 52 of the Act (a copy of this section has been enclosed for your reference).

If you have any further questions, please contact me by telephone at (709) 725-4859 or by email at cassandrahearn@nlh.nl.ca

Sincerely,

A handwritten signature in cursive script that reads "Cassandra Hearn".

Cassandra Hearn

Access & Privacy Officer

Access or correction complaint

42. (1) A person who makes a request under this Act for access to a record or for correction of personal information may file a complaint with the commissioner respecting a decision, act or failure to act of the head of the public body that relates to the request.

(2) A complaint under subsection (1) shall be filed in writing not later than 15 business days

(a) after the applicant is notified of the decision of the head of the public body, or the date of the act or failure to act; or

(b) after the date the head of the public body is considered to have refused the request under subsection 16 (2).

(3) A third party informed under section 19 of a decision of the head of a public body to grant access to a record or part of a record in response to a request may file a complaint with the commissioner respecting that decision.

(4) A complaint under subsection (3) shall be filed in writing not later than 15 business days after the third party is informed of the decision of the head of the public body.

(5) The commissioner may allow a longer time period for the filing of a complaint under this section.

(6) A person or third party who has appealed directly to the Trial Division under subsection 52 (1) or 53 (1) shall not file a complaint with the commissioner.

(7) The commissioner shall refuse to investigate a complaint where an appeal has been commenced in the Trial Division.

(8) A complaint shall not be filed under this section with respect to

(a) a request that is disregarded under section 21 ;

(b) a decision respecting an extension of time under section 23 ;

(c) a variation of a procedure under section 24 ; or

(d) an estimate of costs or a decision not to waive a cost under section 26 .

(9) The commissioner shall provide a copy of the complaint to the head of the public body concerned.

Direct appeal to Trial Division by an applicant

52. (1) Where an applicant has made a request to a public body for access to a record or correction of personal information and has not filed a complaint with the commissioner under section 42, the applicant may appeal the decision, act or failure to act of the head of the public body that relates to the request directly to the Trial Division.

(2) An appeal shall be commenced under subsection (1) not later than 15 business days

(a) after the applicant is notified of the decision of the head of the public body, or the date of the act or failure to act; or

(b) after the date the head of the public body is considered to have refused the request under subsection 16 (2).

(3) Where an applicant has filed a complaint with the commissioner under section 42 and the commissioner has refused to investigate the complaint, the applicant may commence an appeal in the Trial Division of the decision, act or failure to act of the head of the public body that relates to the request for access to a record or for correction of personal information.

(4) An appeal shall be commenced under subsection (3) not later than 15 business days after the applicant is notified of the commissioner's refusal under subsection 45 (2).

Appendix A

Q. Escalator clause while not fixed it is vague. Does it include the market value of oil right now? If so, what is that value? What is the exact escalation?

A. As part of the CF Power Purchase Agreement ("CF PPA"), at this time Schedule G of the MOU includes an escalating series of forecasted payments from Hydro-Québec to CFLCo over the term of the new CF PPA. Schedule F of the MOU describes the principles for linking the actual payments to changes in certain forecasted market references, including the wholesale electricity market value in Quebec and the northeast markets and replacement cost in Quebec. The pricing will not be directly linked to the market value of oil. However, to the extent that generation fueled by oil is affecting the wholesale cost of electricity in these markets, the value of oil may be reflected in the pricing.

Q After the 50 years from the MOU, what happens then? After the agreement is it paid off? Are we going to benefit then? Estimate who benefits more HQ or NL?

A. Under the existing MOU, the Churchill Falls Power Purchase Agreement (CF PPA) with Hydro-Québec would be retroactive to 2025 (once the definitive agreement is negotiated and executed) and would expire in 2075. At the time of signing the MOU, Newfoundland and Labrador was projected to receive approximately \$180 billion from the new CF PPA and an additional \$48 billion from new developments (Gull Island and expansion of Churchill Falls) over the terms of the respective PPAs. Actual financial returns will depend on many factors including the pricing terms negotiated and the actual changes in the market values (for Quebec, Northeastern US and Quebec replacement costs) over the term of the contract. Both parties stand to benefit from the new PPAs; Québec will benefit from cost-competitive supply sources, and Newfoundland and Labrador will benefit (i) from Churchill Fall sales that will be linked to changes in the wholesale markets from forecasts, if and when they occur; (ii) from earning a return on the cost-plus pricing applicable to Gull Island and Churchill Falls expansion; and, (iii) from access to new volumes of electricity.

Q. CF is paid off but we are not getting big benefits, will it be the same as in the MOU?

A. While Churchill Falls is paid off, under the existing contract with Quebec, Newfoundland and Labrador receives less than \$20 million per year for electricity from Churchill Falls. Under the terms in the MOU as of December 2024, Newfoundland and Labrador is projected to receive approximately \$17 billion from Churchill Falls between 2025 and 2041 (\$1 billion per year for 17 years), and a total of \$180 billion over the 51-year term of the new agreement. The actual financial returns will be subject to the pricing terms negotiated in the definitive agreements and actual changes in the market value over the term of the PPAs.

Q. Is the \$225 billion tied to inflation? Is that net or gross?

- A. The \$225 billion represents a nominal, net amount over the life of the agreement, after accounting for all expenses. This total includes approximately \$180 billion forecasted from Churchill Falls and \$45 billion forecasted from the new developments (Gull Island and Churchill Falls expansion). The financial returns from Churchill Falls are a forecast that will be subject to change based on changes in market value relative to the forecast over the term of the PPA. The financial returns from the new developments will depend on many factors including the final capital cost of these projects.

Q. Is the \$17 billion/year indexed to inflation?

- A. The \$17 billion represents forecasted nominal dollars over the 17-year period (2025-2041) after accounting for all expenses. Actual revenues will vary based on market prices, as outlined in Schedule F of the MOU signed in December 2024.

Q. How are we paying for the transmission lines? From a loan or from the benefits from the agreement?

- A. Transmission lines will be financed separately by NL Hydro and Hydro-Québec within their respective jurisdictions. The details of the source of financing remain to be determined. The NL transmission will be 100% owned by NL Hydro with all costs recovered from Hydro-Quebec.

Q. Explain why it is not cost effective through the Maritime Link instead of Quebec?

- A. There is no firm capacity (or space for electricity to flow) available on the path from Labrador and Nova Scotia. The Maritime Link has a maximum transfer capacity of 500 MW and the power generated at Churchill Falls and from new developments would be significantly higher than 500MW.