

1 Q. **Reference: Volume I, page 1.8, footnote 14**

- 2 **a)** Provide an update on the transfer of the Exploits generation assets to Hydro.
- 3 **b)** Describe the current arrangements for the purchases from Exploits generation facilities,
4 including the term of any license relating to the use of the facilities and the terms for
5 purchase by Hydro of power from the facilities, including price and quantities. Provide a
6 copy of any written agreement relating to the purchases by Hydro from these facilities.
- 7 **c)** Provide the forecast capital expenditures for the Exploits generation facilities for the
8 period 2027 – 2032 and provide a description of any major projects over the period.

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11 A. **a)** Newfoundland and Labrador Hydro (“Hydro”) is engaging with the Department of Energy
12 and Mines (“Department”) regarding the potential transfer of the Exploits and Star Lake
13 assets from the Government of Newfoundland and Labrador (“Government”) to Hydro.
14 Hydro and the Department are considering next steps with respect to the analysis and key
15 decisions related to the potential asset transfer.

16 **b)** Please refer to PUB-NLH-039, Attachment 1. The power purchase price has remained
17 consistent since the expropriation of the assets.

18 **c)** The Exploits assets are provincially owned assets of the Government that are operated by
19 Hydro under existing arrangements. Capital expenditures associated with these assets are
20 approved and funded by the province and are not incurred by Hydro or recovered from
21 customers through rates.

22 As a result, forecast capital expenditures for the Exploits assets do not form part of Hydro's
23 proposed capital program and are not proposed or subject to review or approval in the
24 context of the 2026 General Rate Application.



Government of Newfoundland and Labrador
Department of Energy and Mines
Office of the Minister

June 26, 2026

Jennifer Williams
CEO, Newfoundland and Labrador Hydro
500 Columbus Drive
St. John's, NL
A1B 0C9

Dear Jennifer Williams:

RE: Operating Licenses for Exploits Generation Assets

As Minister of Energy and Mines, I am pleased to advise that under the authority of section 14 of the Abitibi-Consolidated Rights and Assets Act, Newfoundland and Labrador Hydro is hereby issued licenses for the operation of the hydro-electric generating facilities, and their associated transmission and auxiliary facilities, located at Grand Falls-Windsor, Bishop's Falls, Star Lake and Buchans, effective July 1, 2026 to June 30, 2028. These licenses are in accordance with the terms and conditions on file with the Clerk of the Executive Council, including the following:

- a) The occupation, use and access to all facilities described in Schedule C of the **Abitibi Consolidated Rights and Assets Act**;
- b) Water rights consistent with the water use licenses described in Schedule B of the **Abitibi-Consolidated Rights and Assets Act**; and,
- c) Those easements described in Schedule D of the **Abitibi-Consolidated Rights and Assets Act** pursuant to section 6 of the **Abitibi-Consolidated Rights and Assets Act**.

The additional terms and conditions of the operating licenses are outlined in the attached Schedule A to this letter.

Sincerely,

A handwritten signature in black ink, appearing to read "L. Parrott", written over a horizontal line.

HON. LLOYD PARROTT, MHA
District of Terra Nova
Minister

c. Hon. Tony Wakeham, Premier



Schedule A Terms and Conditions of Operating License(s)

Exploits Generation Assets

Under the authority of section 14 of the **Abitibi-Consolidated Rights and Assets Act** (the "**Abitibi Act**"), the licence(s) to Newfoundland and Labrador Hydro ("**NL Hydro**") for the occupation, use and access to facilities described in Schedule C of the **Abitibi Act**, use of water rights consistent with the water use licences described in Schedule B of the **Abitibi Act**, and certain easements described in Schedule D of the **Abitibi Act** (collectively the "**Exploits Generation Assets**") for the purposes of generation and transmission of hydro-electricity, will be effective July 1, 2026 and expire on June 30, 2028. The licence(s) shall include access by NL Hydro to those facilities pursuant to section 12 of the **Abitibi Act**.

The foregoing is provided on the basis of the following terms and conditions:

1. NL Hydro Services – While the aforesaid licence is made available to NL Hydro (the "**Term**"), NL Hydro shall assume operational control of the Exploits Generation Assets and provide for all things reasonably required of a prudent hydro-electric plant operator, directly or through qualified third parties, while operating such assets including:
 - a. providing power, energy, system voltage, system frequency and system power factor requirements,
 - b. providing routine and non-routine, planned and unplanned maintenance requirements,
 - c. executing minor repairs,
 - d. complying and following work protection code development consistent with other NL Hydro owned facilities,
 - e. developing, implementing, reviewing and maintaining a safety and health program applicable to such assets,
 - f. developing and complying with an environmental management system consistent with other NL Hydro owned facilities,
 - g. developing, implementing, reviewing and maintaining an emergency response plan for such assets,
 - h. developing, documenting and maintaining plans, processes and procedures for managing such assets,



- i. taking such emergency and timely actions as it reasonably believes are necessary to maintain normal operations of such assets, to protect safety and health, to protect the environment and the Exploits Generation Assets,
 - j. ensuring all equipment, tools and materials are in good working order and are adequately stored,
 - k. maintaining the lands upon which the Exploits Generation Assets are found and located,
 - l. providing for housekeeping at the plant upon which the Exploits Generation Assets are located,
 - m. performing snow clearing as required to operate the Exploits Generation Assets,
 - n. conducting all planning necessary for the management of the Exploits Generation Assets with a view to maximizing its useful design life,
 - o. making commercially reasonable efforts to minimize all costs and expenditures in respect of which NL Hydro is entitled to reimbursement herein,
 - p. providing operating and maintenance personnel who have the qualifications, certifications, skills, training, expertise, supervision and experience necessary to properly perform all things reasonably required by a prudent operator in the provision of such services,
 - q. developing, implementing, reviewing and maintaining a safety and health program for the Exploits Generation Assets in compliance with requirements of laws and regulations,
 - r. insuring the Exploits Generation Assets as part of NL Hydro's ordinary insurance coverage.
2. Budgets - NL Hydro shall annually provide a comprehensive draft capital and operating budget and plan (the "**Budget**") for approval by the Department of Energy and Mines or its successor ("**Government**") with respect to projected operating, maintenance and sustaining activities and costs associated with the Exploits Generation Assets. As well, NL Hydro shall provide a long-term plan to Government on a regular basis which includes at least five years of cost estimates required to maintain the assets in good working condition.
3. Financial Matters - NL Hydro shall incur the costs related to the Exploits Generation Assets in exchange for the receipt of energy from the Exploits Generation Assets valued at \$0.04 kWh. If the value of the energy received from the Exploits Generation Assets exceed the total costs incurred, NL Hydro shall apply the excess value to future year's costs. If the



total of the costs incurred exceed the value of the energy received, NL Hydro shall include the deficiency in the following annual Budget provided to Government. Depending on the extent of the deficiency, Government may agree to fund the deficiency, or to defer the deficiency to future years.

4. Monitoring - NL Hydro shall provide timely reports as requested from time to time by Government, including responding to supplemental requests and providing necessary backup documentation in such form and content reasonably requested.

5. Technical and Financial Records

NL Hydro shall produce, maintain and retain:

- a. technical records relating to the provision of services provided herein and comply with requirements of laws and regulations.
 - b. financial records relating to the provision of services, management, operation, and maintenance of the Exploit Assets, the applicable annual Budget and change orders to comply with requirements of laws and regulations and the provisions set forth herein so to enable Government to fulfil monitoring contemplated herein.
6. Right of Inspection – Government will, at all reasonable times, be entitled to inspect and obtain copies of all records and accounts kept by NL Hydro relating to the Exploits Generation Assets or the provision of services contemplated herein. NL Hydro shall supply Government, on a timely basis, copies of all records, reports, statements and certificates together with such explanations thereof as Government may reasonably request.
 7. Audit – NL Hydro shall provide Government with access at all reasonable times to all records and books of account maintained by or in the possession or control of NL Hydro, in connection with or relating to the provision of services contemplated herein.