LABRADOR NORTH
CHAMBER OF COMMERCE
Explore the Opportunity

Technical Briefing Re: Churchill River Deal

Key Outcomes

The province has reached a landmark energy agreement valued at **$49 billion net present value**, described as likely the largest clean energy investment in North American history. NL Hydro secured significantly more power and transmission access than the prior 2024 MOU, with definitive agreements targeted for completion by Christmas 2025. Federal support of **$3.5 billion NPV** was a key differentiator enabling the deal.

Deal Highlights

- **Total deal value:** $49B NPV (direct utility contracts + water rentals + provincial treasury benefits); economic spinoff not yet included
- **Capital investment:** ~$50B across all projects (excluding financing and federal tax credits)
- **Federal contribution:** $3.5B NPV — transmission ($1B), wind development ($1B), Gull Island/CF upgrades/NL transmission ($1.5B)
- **Churchill Falls effective price:** 7.4 cents/kWh in 2027 dollars; starts at 1.8 cents Jan 1, 2027, escalating ~14% average annually to ~2042, then 2.6%/year thereafter, with CPI inflation protection
- **Early cash flow:** ~$10B NPV in direct provincial cash flows vs. waiting until 2041
- **NPV breakdown:** CF base plant $38.6B, Gull Island $7.3B, federal support $2.9B, other (wind, etc.)

Power Allocation & Optionality

- **NL's power access increases** from 525 MW today to **2,750 MW** (2,350 MW hydro + 400 MW wind, subject to feasibility)
- **HQ allocation** grows from 4,765 MW to 8,515 MW
- **Premium pricing:** NL can sell unused CF base plant power back to HQ at **150% of purchase price**; does not apply to Gull Island or CF upgrades

- **Optionality mechanism:** NL can hold power for economic development, sell to HQ at premium, and pull it back when industrial demand materializes — protecting against project delays
- **Export market access:** Up to 985 MW at market pricing — 240 MW at NYC pricing (~8¢/kWh), 200 MW at Massachusetts pricing (~6.3¢/kWh), 280 MW synthetic export blend (~5¢/kWh), plus 265 MW confirmed direct transmission retained for Muskrat Falls/wind surplus

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Project Scope & Capital Costs

Project	Capital Cost
Gull Island (2,700 MW target)	$29.1B
Wind (2,000 MW, Labrador)	$8.0B
Gull Island transmission	$5.9B
CF upgrades (23.5% capacity increase)	$4.8B
Churchill Falls–Lab West transmission line	$2.6B

Federal government seeking up to **40% ownership** in wind farm; NL retains option to buy back.

Governance & Ownership Protections

- NL Hydro retains **majority ownership**: two-thirds of CFLCO, 60% of new Gull Island Company
- NL nominates majority of directors + independent chair at both assets
- **HQ cannot dilute NL's equity** for any reason
- New conflict resolution process ensures NL controls next PPA award (50 years out) without HQ veto
- NL guaranteed access to **2,350 MW** at market rates when future PPAs expire

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Indigenous & Community Benefits

- Hiring priority order (binding on HQ and all subcontractors): **Innu of Labrador → all Labrador → rest of NL → Quebec/Canada**

- Innu Nation opportunities for equity participation in transmission and wind; federal government committed to support Innu financing
- Existing IBA with Innu Nation remains in place; participation method at Innu Nation's discretion
- **Engineering/PM:** minimum 4M person-hours in-province; **Construction:** minimum 85% or 20M person-hours in-province
- Benefits strategy for Gull Island to be updated before definitive agreements, reflecting HQ as principal constructor

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Q&A Highlights

- **Procurement access:** Interim — use NL Hydro's existing website; dedicated supplier sessions and streamlined portal planned post-definitive agreements
- **Timeline:** Minimal field work expected in 2025; engineering/planning ramps in 2026; heavy construction activity from ~2027 onward; CF upgrades span ~11 years
- **Water management:** CF base plant contracts are availability-based — HQ pays regardless of water levels; NL customers take first draw from plant
- **Power allocation policy:** Government will determine allocation criteria (jobs, economic spinoff, viability); economic development in-province is the stated default priority
- **Lab West line:** 735 kV, up to 1,500 MW capacity; Class 3 engineering estimate underway; specific customer details withheld for commercial confidentiality
- **North Coast/Boise's Bay transmission:** Not part of current DCIA; acknowledged as worthy of focused re-examination given new power access
- **Muskrat Falls lessons:** Commitment to apply learnings from that project to improve community engagement and employment outcomes for these projects

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Next Steps

- **NL Hydro & HQ:** Complete definitive agreements by Christmas 2025 — primary focus for fall
- **NL Hydro:** Follow up with Labrador business groups on procurement visibility and bidding processes
- **Regional Development Committees:** To be stood up post-definitive agreements; will include chambers of commerce and Indigenous representatives
- **Projects of National Importance:** Federal referral to Major Projects Office for permitting, EA coordination, and Indigenous engagement acceleration