February 27, 2026

RE: Submission Regarding the Memorandum of Understanding for a New Long-Term Energy Purchase and Development Initiative (MOU) signed by Newfoundland and Labrador Hydro and Hydro-Québec in December 2024

Members of the Independent Churchill Review Committee,

On behalf of *econext*, thank you for providing an opportunity for public participation to inform your review of the Memorandum of Understanding for a New Long-Term Energy Purchase and Development Initiative (MOU) signed by Newfoundland and Labrador Hydro and Hydro-Québec in December 2024.

We believe it is prudent to consider if the MOU is in the best long-term interests of the people of Newfoundland and Labrador (NL). *econext* is well positioned to provide insight in this regard. *econext* is a not-for-profit association with a mission to accelerate clean growth in NL by: (1) stimulating research, development, and innovation; (2) preparing its workforce for a greening economy; and (3) acting as a catalyst for climate action within the province's industries, businesses, and communities. For more than 30 years, *econext* has been working on behalf of members across many sectors to support environmentally sustainable economic development in NL.

We support taking the necessary steps to ensure that NL maximizes its return on this agreement. We believe that Newfoundland and Labrador Hydro was prudent to obtain third-party analysis of the MOU from JPMorgan Chase & Co. and Power Advisory. We urge the committee to consider this analysis from recognized industry professionals in its review, in addition to the expertise found within Newfoundland and Labrador Hydro itself.

The Benefits

We believe that the development of the province's hydroelectric resources is vital to the long-term future of NL's economy. The benefits articulated in the MOU would be transformational for NL's economy. The early renegotiation of the existing Churchill Falls agreement would change the trajectory of the province's economy – away from a period of chronic budget deficits and ballooning debt – and towards prosperity and the ability to invest in the province's future.

The estimated 3,000 average annual direct jobs during a 10+ year construction period will provide longer-term employment opportunities than anything NL's workforce has been able to rely on for the past decade. Indirect jobs and benefits are also expected to be significant, along with benefits for the many NL-based companies who will provide goods and services to these projects.

Megaproject opportunities also exist in Labrador relating to critical minerals and secondary processing. Realization of these opportunities is entirely dependent on access to electricity. Existing heavy industrial operations in Labrador also require electricity access to expand and decarbonize their operations. Providing electricity access to these current and future operations will not only have significant follow-on economic impacts, but will also result in a meaningful contribution to the province's climate action, as heavy industry in Labrador is one of the province's most significant sources of greenhouse gas (GHG) emissions.

Along with the relatively long-term benefits for the province, it is important to consider what the MOU can mean for the people of the province today. There is a generation of young workers who have endured a very challenging time in their lives – from the global oil price wars of 2020, to the COVID-19 pandemic and recovery, to the present day's upheaval of international norms. These developments will provide young workers with certainty in a time of disruption.

The Alternatives
econext has represented many members over the years as they've pursued renewable energy projects. The fundamental question for these developers has been: Who is the customer? For the 2,250 MW Gull Island project, who is the alternative customer to Hydro-Québec? If the Government of Newfoundland and Labrador is assessing viable alternatives, we ask that updates be shared with the people of the province.

For the Gull Island project, who would be the alternative developer? NL cannot afford the risks associated with solely developing the Gull Island project, which is almost three times the size of Muskrat Falls. Is there a credible alternative development partner who is willing and able to take on this scale of risk?

If there are tangible alternatives to the MOU, we ask that these details be made public to allow for fulsome comparison. Future, unforeseen alternatives cannot be guaranteed as better than those presented in the MOU.

Areas for Improvement
While we cannot comment on the MOU's financial and legal specifics, we believe the agreement might be improved to maximize NL's benefits:

- **Jobs:** The MOU is not explicit in stating that the primary beneficiary of employment and jobs for the development(s) will be Newfoundlanders and Labradoreans. There is an opportunity for the agreement to be strengthened for NL in this regard.
- **SMEs:** The MOU is not explicit in stating that the primary beneficiary of supply chain and business opportunities for the development(s) will be NL small-to-medium-sized businesses (SMEs). There is an opportunity for the agreement to be strengthened for NL in this regard.
- **Energy opportunities:** There are additional energy collaboration opportunities for NL and Quebec. For example, additional transmission from NL to Quebec has the potential to unlock more of NL's vast renewable energy potential. Adding a partnership to advance additional renewable energy opportunities would benefit NL.
- **Labrador transmission infrastructure:** Megaproject development in western Labrador – as well as the expansion and decarbonization of existing operations – depends on new transmission infrastructure from Churchill Falls. Including support for this transmission line in the agreement would benefit NL.
- **Biomass:** The project development(s) and transmission infrastructure contained in the MOU will result in significant clearcutting. The biomass that results from this activity has value and can help kickstart a new biomass energy industry for NL. Adding a partnership to advance biomass energy opportunities would benefit NL.
- **Local benefits:** The MOU is not explicit in the benefits that will accrue to everyday Newfoundlanders and Labradoreans. The agreement could be strengthened by including a commitment of financial resources to R&D and innovation directed toward reducing household electricity bills in NL.

Conclusion
econext appreciates the opportunity to provide feedback regarding the MOU. The partnership between NL and QC can be a leading example of how provinces can work together to create jobs, build economies, pursue net zero, and benefit their citizens. We recognize that every partnership features benefits in some areas and concessions in others.

We urge the provincial government to consider the areas for improvement listed above, and to be expedient in its decision making. We wish the committee well in its review of the MOU, and urge the provincial government to be expeditious in its decision making following receipt of the report by April 30, 2026.

Sincerely,

Laura Barron
Chief Executive Officer