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NEWFOUNDLAND AND LABRADOR
REGULATION

NLR 110/25

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Inquiry Respecting the Memorandum of Understanding for a New Long-Term Energy Purchase and Development Initiative Between Newfoundland and Labrador Hydro and Hydro-Québec Order
under the
Public Inquiries Act, 2006
(O.C. 2025-360)

(Filed December 15, 2025)

Under the authority of section 16 of the *Public Inquiries Act, 2006,* the Lieutenant-Governor in Council makes the following Order.

Dated at St. John's, December 15, 2025.

Karen Stone KC
Clerk of the Executive Council

ORDER

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Short title

1. This Order may be cited as the *Inquiry Respecting the Memorandum of Understanding for a New Long-Term Energy Purchase and Development Initiative Between Newfoundland and Labrador Hydro and Hydro-Québec Order*.

Definitions

2. In this Order

(a) "Act" means the *Public Inquiries Act, 2006*;

(b) "inquiry committee" means the persons appointed under section 3 to conduct the inquiry;

(c) "minister" means the Minister of Energy and Mines; and

(d) "Memorandum of Understanding" means the Memorandum of Understanding referred to in subsection 3(1).

Inquiry established

3. (1) There is established an inquiry respecting the Memorandum of Understanding for a New Long-Term Energy Purchase and Development Initiative Between Newfoundland and Labrador Hydro and Hydro-Québec signed by Newfoundland and Labrador Hydro, Hydro-Québec, and Churchill Falls (Labrador) Corporation Limited.

(2) The following individuals are appointed to conduct the inquiry:

(a) Chris Huskilson, as chairperson;

(b) Dr. Guy Holburn; and

(c) Michael Wilson.

Terms of reference

4. (1) The inquiry committee shall

(a) obtain, review and analyze all relevant information and documentation, including the full text of the Memorandum of Understanding, related studies, draft term sheets and correspondence; and

(b) determine whether the Memorandum of Understanding is in the best long-term interest of the people of the province.

(2) In conducting the inquiry, the inquiry committee is encouraged to consider the following:

(a) whether the negotiators representing Newfoundland and Labrador Hydro and the government of the province were given an appropriate mandate before beginning the negotiations with Hydro-Québec that resulted in the Memorandum of Understanding, and whether any such mandate was consistent with the final report of the Commission of Inquiry Respecting the Muskrat Falls Project, advice from the 2041 Churchill River Management Expert Panel and any other reports the inquiry committee considers relevant;

(b) whether claims made about revenue the Memorandum of Understanding would generate, and the resultant forecasted benefits to the provincial treasury, were accurate and reasonable, including a review of how the total value of $33.8 billion (on a net present value basis) in Schedule F of the Memorandum of Understanding, total forecasted payments to be made to Churchill Falls (Labrador) Corporation Limited by Hydro-Québec and how the annual schedule of forecasted payment amounts in Schedule G of the Memorandum of Understanding were determined and why;

(c) whether the sufficiency of water rentals or royalties, or both, were or should have been considered;

(d) whether claims about how many full-time jobs would be created for the residents of the province were based upon reasonable current cost estimates and how this number compares to the estimated total number of jobs that would be created in the province;

(e) whether alternative markets for power were considered, including pursuing opportunities with entities other than Hydro-Québec, concerning both existing and potential hydropower assets on the Churchill River;

(f) whether the economic opportunities and social benefits related to the proposed development projects for Churchill

Falls and Gull Island were considered independently and whether more benefits could be achieved by developing them separately;

(g) whether there are any barriers to maximizing export opportunities;

(h) whether the proposed governance structures and agreements, ownership, equity participation and control mechanisms of hydropower assets on the Churchill River and Gull Island and related transmission projects ensure the province has control and is clearly the principal beneficiary of the energy resources of the Churchill River;

(i) whether the pricing structures for both Churchill Falls (Labrador) Corporation Limited and the Gull Island Joint Venture power and the allocation of energy and capacity are consistent with the province being the principal beneficiary of the energy resources of the Churchill River;

(j) whether the balance between capacity and energy production was properly considered to ensure a reliable and cost-effective energy system for the benefit of the people of the province;

(k) whether appropriate consideration was given to how changes to the Churchill River water management agreement will impact Muskrat Falls operations and whether the compensation for any such impact is fair and reasonable;

(l) whether the proposed contract duration specified for each of the new Churchill Falls Power Purchase Agreements, the Churchill Falls Expansion Power Purchase Agreements and the Gull Island Power Purchase Agreements, and the duration of the Exclusivity Agreement, are in the best long-term interest of the people of the province, and in the alternative, what contract duration would be appropriate given current energy market dynamics;

(m) whether sufficient contingency was included in the cost estimates for the new developments and transmission assets to reflect increasing costs of labour and materials;

(n) whether the proposed commercial terms and pricing mechanisms provide adequate compensation to the province, as principal beneficiary, and limit its exposure to acceptable levels of construction and financial risk; and

(o) whether the financial, economic and social value to the province ensures current and future generations will be the principal beneficiaries of the Churchill River resource.

(3) In addition to the matters the inquiry committee is encouraged to consider under subsection (2), the inquiry committee may review, analyze and comment on any matter related to the Memorandum of Understanding it considers necessary to determine whether the Memorandum of Understanding is in the best long-term interest of the people of the province.

Conduct of inquiry

5. (1) The following mechanisms may be used in the conduct of the inquiry:

(a) interviews and surveys;

(b) research studies;

(c) inspections and investigations; and

(d) submissions.

(2) The inquiry committee may commission any assistance it determine necessary including technical, financial, legal and energy market assistance.

Powers

6. For the purpose of conducting the inquiry, the inquiry committee

(a) may receive evidence;

(b) shall have the powers of a commission under section 9 of the Act to compel the production of testimony and evidence;

(c) shall have the powers of a commission under section 10 of the Act to conduct inspections, and subsection 10(2) of the Act shall apply; and

(d) shall have the powers of a commission under section 11 of the Act to apply for a warrant to search, and subsection 11(2) of the Act shall apply.

Minister responsible

7. The minister shall be the minister responsible for the inquiry.

Final report

8. (1) The inquiry committee shall deliver a final report to the minister and the Premier on or before April 30, 2026.

(2) The final report shall include

(a) an executive summary;

(b) an outline of the inquiry process; and

(c) conclusions of the inquiry committee.

(3) The minister shall release the final report to the public.

(4) The final report shall not

(a) contain privileged, commercially sensitive or any other information that may interfere with the current or future negotiating position of, or result in financial loss or harm to the province, Newfoundland and Labrador Hydro and their subsidiaries or Churchill Falls (Labrador) Corporation Limited; or

(b) express any conclusions or recommendations regarding the civil or criminal responsibility of any person or organization.

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