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Department of Energy and Mines

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Honourable Paul Lane, MHA

RESOURCE COMMITTEE

Department of Energy and Mines

Chair: Mark Butt, MHA

Members: Elvis Loveless, MHA
Riley Balsom, MHA
Fred Hutton, MHA
Keith Russell, MHA
Joseph Power, MHA
Sheilagh O'Leary, MHA

Clerk of the Committee: Evan Beazley (A)

Appearing:

Department of Energy and Mines
Hon. Lloyd Parrott, MHA, Minister
Craig Martin, Deputy Minister
Paul Carter, Assistant Deputy Minister, Mining and Mineral Development
Megan Nesbitt, Assistant Deputy Minister, Corporate and Strategic Services
Tansy Mundon, Director of Communications
Brad Noftall, Departmental Controller
Jeremy Howell, Executive Assistant to Minister

Also Present
Michael King, MHA
Jim Dinn, MHA
John Hogan, MHA
Nick Ellis, Official Opposition Caucus
Angelica Hill, Official Opposition Caucus
Meghan Parsons, Official Opposition Caucus
Steven Kent, Third Party Caucus
Emily Gushue, Committee Analyst (A)

Pursuant to Standing Order 68, Michael King, MHA Burgeo - La Poile, substitutes for Elvis Loveless, MHA for Fortune - Cape La Hune for a portion of the meeting.

Pursuant to Standing Order 68, James Dinn, MHA for St. John's Centre, substitutes for Sheilagh O'Leary, MHA for St. John's East - Quidi Vidi.

Pursuant to Standing Order 68, John Hogan, MHA for Windsor Lake, substitutes for Elvis Loveless, MHA for Fortune Bay - Cape La Hune for a portion of the meeting.

The Committee met at 8:57 a.m. in the House of Assembly Chamber.

CLERK (Gushue): Order, please!

Bear with me please. It's my first time.

The first order of business is the election of the Chair. Are there any nominations from the floor?

The Member for Carbonear - Trinity - Bay de Verde.

R. BALSOM: I nominate the Member for Lewisporte - Twillingate.

CLERK: Are there any further nominations from the floor?

Are there any further nominations from the floor?

The motion is that the Member for Lewisporte - Twillingate be elected Chair.

All those in favour?

SOME HON. MEMBERS: Aye.

CLERK: All those against?

The motion is carried. The Member for Lewisporte - Twillingate is elected Chair.

CHAIR (Butt): Order, please!

I'll announce Committee substitutions. Substituting for Fortune Bay - Cape La Hune, MHA Loveless, is Burgeo - La Poile, MHA King, for the first half of the meeting, and the other half will be the MHA for Windsor Lake. St. John's East - Quidi Vidi, MHA O'Leary, will be substituted by St. John's Centre, MHA Dinn.

We'll all have a break about an hour and a half in, about 10:30 we'll stop for a 10-minute break. I must remind everybody that each time you speak, wave to identify yourself and wait for the tally light to come on before you speak. Say your name and position each time you speak for transcription purposes. Please do not make adjustment to the chairs. Water coolers are located in the four corners of the House, if needed.

Are there any unaffiliated Members? No, okay.

I now ask the Committee Members, substitutions and caucus employees to introduce themselves, starting with the front row closest to the Chair.

The hon. the Member for Conception Bay East - Bell Island.

F. HUTTON: Fred Hutton, MHA for Conception Bay East - Bell Island and Energy and Mines critic.

A. HILL: Angelica Hill, Director of Research for the Official Opposition.

M. KING: Michael King, MHA for Burgeo - La Poile.

M. PARSONS: Meghan Parsons, Opposition staffer.

J. DINN: James Dinn, MHA for St. John's Centre.

S. KENT: Steven Kent, Researcher for the Third Party caucus.

J. POWER: Joe Power, MHA for Labrador West.

K. RUSSELL: Keith Russell, MHA, Lake Melville.

R. BALSOM: Riley Balsom, MHA, Carbonear -Trinity - Bay de Verde.

CHAIR: I now ask the department officials to introduce themselves, starting with the minister.

L. PARROTT: Lloyd Parrott, MHA, Terra Nova, Minister of Energy and Mines.

P. CARTER: Paul Carter, ADM for Mining and Mineral Development.

M. NESBITT: Megan Nesbitt, ADM, Corporate Services.

C. MARTIN: Craig Martin, Deputy Minister, Energy and Minnes.

T. MUNDON: Tansy Mundon, Director of Communications.

J. HOWELL: Jeremy Howell, Executive Assistant to Minister Parrott.

B. NOFTALL: Brad Noftall, Departmental Controller, Energy and Mines.

CHAIR: We will now proceed with the Estimates review process. Once I ask the Clerk to call the first subhead group for this head of expenditures, I will proceed to recognize the minister who will get 15 minutes for opening remarks, then proceed to introduce the first responder/questioner from the Committee who will get 15 minutes for questions in the first round. After the first round, questions will proceed in rounds of 10 minutes each, alternating between Members of the Committee.

I now ask the Clerk to call the first subhead.

CLERK (Beazley): For the Department of Energy and Mines, 1.1.01 to 1.2.03 inclusive, Executive and Support Services.

CHAIR: Shall 1.1.01 to 1.2.03 inclusive carry?

I now recognize the minister for opening remarks.

The hon. the Minister of Energy and Mines.

L. PARROTT: Thank you, Chair.

It's a real pleasure to be here. It's the first Estimates for me in this position. I've been on the other side lots, and I think it's a very important process. I guess the first thing I'd like to do is thank the department. I've been blessed with what I would call probably the best department in all of government. It's been a real pleasure working alongside them on a daily basis. Not just the insight they provide and knowledge from their past experiences, but they're all a bunch of very forward-looking people and they've made my job quite easy.

Obviously, we all know that this department is part of the main economic engine that drives this province forward, so it's critically important. We've seen expansion in mining, obviously the Bay du Nord contract being signed, many other new things coming on the horizon. So it's an exciting time to be a part of this department.

It's, I guess, really critical to understand where we've come from and where we are right now. So these Estimates will show that we've made a few changes inside the department that are going to help us from a staffing standpoint going forward. Between the critical minerals, offshore oil and gas, energy, there are a whole lot of exciting things happening.

So I'm not going to sit here and talk all morning. I think it's more important that we get to the questions. We will provide everyone with a copy of our binders at the end of it. We have it here for you on a jump drive, so we're prepared for that and I think we'll just get right to it.

CHAIR: I now call on the Member for Conception Bay East - Bell Island.

F. HUTTON: Do I identify myself with the title as well, again, like the district or is just the name good?

CHAIR: Yeah.

F. HUTTON: Okay.

Good morning and thank you for your opening remarks. I would echo your statements that the folks that work not just in your department but all departments across government do a lot of the heavy lifting, if not all of the heavy lifting, to make the minister's job that much easier. But there are obviously still some difficult decisions at the ministerial level. I recognize that as well, but would also echo your sentiments about the work that's been done by your staff who are here with you and others who are not.

So thank you for your efforts, and also in preparing this budget process, it's obviously very painstaking and this is where we do get to ask some questions. This is my first time on this side asking questions in an Estimates format. I had a couple of times before.

I would, first of all, ask and I know the minister has mentioned that he will provide us with a full jump drive of the binders but can the minister table the full Estimates binder for Energy and Mines just for the record, again.

L. PARROTT: Yes, as I indicated, we've got the jump drives here for your guys to take when you leave. They're good to go.

F. HUTTON: Okay, thank you.

Minister, do I direct my questions to the minister or do I go through the Chair? Sorry, again, this is my first time.

CHAIR: To the minister.

F. HUTTON: To the minister, okay.

Minister, how many political staff are employed in the minister's office?

L. PARROTT: One.

F. HUTTON: Okay. Thank you.

What is the title, salary range and job description?

L. PARROTT: It's Jeremy Howell, he's an EA and the salary range, I believe, runs between $60,000 to $80,000.

F. HUTTON: I already know the answer to the question. No other political staff have been hired in your department since you took over as minister?

L. PARROTT: No.

F. HUTTON: Is there a plan to hire any more?

L. PARROTT: No.

F. HUTTON: Okay, thank you.

The Minister's Office salary line is $220,600. How many full-time employees does this represent and are there any vacancies?

L. PARROTT: Megan Nesbitt can answer that.

F. HUTTON: Thank you.

M. NESBITT: There are three positions that are funded. That includes the minister himself as well, the executive assistant, the secretary and there are no current vacancies.

F. HUTTON: Thank you.

Transportation and Communications drops from $125,600 from the revised Estimates budget to $46,100 – the actual budget. What caused the spike last year and what is being reduced this year due to that lower number?

L. PARROTT: Interesting question. The budget, historically, has been around $46,100 and we intend on keeping it there as it stands right now. So last year, one minister spent almost $66,000 in less than five months – far less than five months. That's something we're looking into and there should be answers to that. It's excessive.

I don't know why that would have happened. The other previous minister, in a three-month period, only spent $3,700, and we have spent, in our short time there, 6 months, $32,000, which would keep us around budget.

It's our plan not to travel while the House is open, as a minister, unless absolutely necessary, but as it stands right now, the previous minister, I don't even know how he could have spent the amount of money. He spent $67,000 almost. I would suggest that it was excessive. It was approved by the previous administration, and I think that they didn't keep very tight reins on what they should have been keeping reins on.

F. HUTTON: Minister, what conferences do you plan on attending as part of policy or vision? Are there things that you want to go to, to be part of to either learn from or speak at or be part of?

L. PARROTT: Yes, absolutely.

That moves a little bit throughout the year, but we will attend as many of the mining conferences inside of this province as we possibly can. Goose Bay is on the horizon there now, and Bay de Verde.

We attended CERA. I suggest we will attend CERA in the future. I don't think that was conference that was always attended by the minister. We'll look for ways to attend OTC and PDAC, which I would suggest are the big three in North America.

The department is now currently doing up a schedule of upcoming conferences and lists so we have a good understanding of what's there in the future, so we can plan it from a logistical standpoint, but anywhere where we think, from a business development standpoint, that we can benefit, as we did at CERAWeek, we will be attending.

F. HUTTON: Thank you, Minister.

Is there anything specific related to wind energy that you would like to attend or that you have your eye on that you think might be beneficial to you and your department officials?

L. PARROTT: Yes.

Unfortunately, this year, the hydrogen conference has conflicts with the schedule of the House of Assembly, so I will not be going, but we do see wind hydrogen as a beneficial future for this province. It will help us transition into a green economy.

So it's not off the radar, it's just this year it conflicts with the schedule of the House.

F. HUTTON: We'll probably talk about wind energy more in detail a little bit later but just from this perspective of this part of the subheadings.

From a mining perspective, you mentioned the provincial conferences, that we would know about obviously, but are there any national or international that are of benefit that you may think of?

L. PARROTT: So we sent staff to England last year. We will be sending staff back this year, I would suspect. Depending on timing, perhaps me. PDAC will be attended by the full team for certain. You know, when it comes to mining, we see it as very critical. So we look for every opportunity possible.

F. HUTTON: Thank you, Minister.

Minister, what about from an oil and gas perspective?

L. PARROTT: Same. Energy NL will have their conference the first week of June. We meet with players all around the world globally, either here in Newfoundland or through conferences. We attended CERA. We have people at OTC as we speak.

So these conferences are critical for business development, and we look for other ways and other areas throughout the globe in order to participate. Our goal is to revitalize the gas industry here in the province, oil and gas, and a big part of that would be through networking and certainly meeting with investors and taking advantage of these opportunities.

F. HUTTON: Thank you, Minister.

I'm sorry, I'm going to jump to a new heading, which is 1.2.01. Minister, we probably will discuss further some of the points that you've just made in the previous answers, but just to move along on the subheadings of the Estimates. Are we okay with that, Chair?

CHAIR: Sure.

F. HUTTON: Okay.

Minister, Salaries dropped from $1.53 million, which was revised, to $1.43 million in the Estimates document. How many vacancies now exist in Executive and Support?

L. PARROTT: Megan, do you want to take that?

M. NESBITT: I don't have the exact figures for this area as a whole offhand. The variance that you're seeing though, I can speak to and acknowledge that that is actually a filled position that had been budgeted in petroleum development, so you'll see that later in the binder.

It was basically just an administrative move where the position is staffed and should have been budgeted out of the petroleum development. So we just made an administrative change to rightsize that and move the salary for that position over in the area for which it's operationally employed.

F. HUTTON: Okay, so we'd see an equal increase in the other department?

M. NESBITT: That is correct.

F. HUTTON: Thank you, Ms. Nesbitt.

Minister, how many staff in Executive and Support Services are currently on secondment leave or acting assignments?

L. PARROTT: Megan can take that again.

F. HUTTON: Thank you.

M. NESBITT: There are none currently on leave or being seconded.

F. HUTTON: Thank you, Ms. Nesbitt.

Chair, we'll move to 1.2.01.

L. PARROTT: Did you say 02?

F. HUTTON: Sorry, 1.2. – sorry, it is still 01. My apologies.

For the minister, Purchased Services is $533,100. How much of this goes for consulting work?

L. PARROTT: Sorry, can you clarify the line item again because that number don't jive.

F. HUTTON: My apologies, Minister, the document that I have in front of me is incorrect. So this is why I thought that we were switching to section 1.2.02.

L. PARROTT: Okay.

F. HUTTON: My apologies, Chair.

Minister, I'll ask again, Purchased Services, the budget line is $533,100. How much of this is for consultant work, consultant spending?

L. PARROTT: It's all related to trade shows and conferences.

F. HUTTON: So would that include travel?

L. PARROTT: No, it's booths and registration.

F. HUTTON: Registration fees, sure. Okay, thank you.

How many vacancies, Minister, exist in Corporate and Strategic Services?

L. PARROTT: None that I'm aware of, but I think Megan can answer it.

M. NESBITT: So the Corporate and Strategic Services budget makes up several divisions that fall under my area. We do have one current vacancy in one of those divisions. It's a temporary position in the Policy Division, and we do have a vacancy in Finance and General Operations. Aside from that, the positions are filled and staffed.

F. HUTTON: Thank you.

Is there a plan, Minister or Ms. Nesbitt, to fill those vacancies?

L. PARROTT: You can go ahead, Megan.

M. NESBITT: Yes, there are recruitment plans underway to try to fill those vacancies.

F. HUTTON: Okay, thank you.

How many positions overall are there in the department, Minister or Ms. Nesbitt?

M. NESBITT: The department, as a whole across all the branches, we currently have 163 employees.

F. HUTTON: Thank you very much.

Is there a plan to cut any of these temporary or contractual workers?

L. PARROTT: No.

F. HUTTON: Thank you, Minister.

We'll now move to Geological Survey subheadings of 2.1.01, Chair?

L. PARROTT: It's not called yet.

CHAIR: We're not gone to that section yet.

F. HUTTON: My apologies.

I have 55 seconds; I can ask whatever I want.

Minister, if I can, and we can come back to this again, wind energy, what are you thinking about wind energy in your department?

L. PARROTT: Yes, we want it to be successful, obviously, we've seen down take in hydrogen off-take areas. We've got a couple of projects now in EVREC and North Atlantic that I believe represent a huge possibility of being successful. North Atlantic has off-take agreements, not just with themselves for internal use, but outside through Graviton in France and other areas. EVREC, the same, they've got a couple of existing off-take agreements, which would give them a higher probability for success.

On top of that, we've got, obviously, an RFP that was put out for energy to go back into the grid. There was a substantial amount of uptake on that. Then we've got the Pattern Energy group out there who are still pursuing a similar type. They're stepping back from the hydrogen part of it, but they're looking for a way to create energy that could possibly come back to Newfoundland and Labrador grid.

We're looking at every opportunity possible, to be quite frank, offshore and onshore, but, as we all know, the big craze for wind as it stood initially fell to the wayside, through no fault of government, not the previous administration or this one, it's just the situation where these off-take agreements never came about. We had companies that didn't pay their bills. So there are a couple of companies that had their land leases terminated but the other ones we're working with very closely and hoping to find a way to help them succeed.

F. HUTTON: Thank you, Minister.

I think my time is up, Chair.

CHAIR: The Chair recognizes the Member for St. John's Centre.

J. DINN: Thank you.

Is there any indication that tariffs could delay or dramatically increase the cost of the new Churchill Falls expansion and what are some of the new risks going forward?

L. PARROTT: No indication that we've seen. What we know is that the long-lead items haven't necessarily changed. I'd be remiss if I didn't say there was a possibility of that happening. But under the previous MOU, it wasn't the responsibility of the provincial government so we'll see where that goes through negotiations.

J. DINN: Thank you.

What is the total cost for the dry dock to be built at Bull Arm and how much of that money will come from the province?

L. PARROTT: I would say to the Member that he's well aware that there's a $200-million addition to the benefits agreement, which will be tabled in the House of Assembly this afternoon. There is $2 million put aside in the budget to give us a prefeasibility study that will give us that number. There have been ongoing conversations with both the federal government and private entities that are interested in being a part of this project.

I cannot give you exact number as to what it would cost. There's an estimate order of magnitude, plus or minus, I think, 20 per cent or 25 per cent of around $400 million to $450 million. We're confident that this money will be a combination of federal, the proponent and possibly outside entities that are investing and until we get the prefeasibility done, we will not know.

J. DINN: Thank you.

Helium, is there currently exploration for helium in this province? I was listening to an article on CBC this morning about that. I'm just wondering exploration.

L. PARROTT: White hydrogen I think you're referring to. There are proponents out there that have an interest in pursing white hydrogen. White hydrogen is pure hydrogen that comes out of the ground, no different than oil or gas. It's the rawest form of hydrogen. We don't have legislation in place but we're looking for ways for people to pursue that avenue and we think we can find that.

It's an interesting avenue for people to be taking right now, given the demand for hydrogen globally and this is one of the cleaner options for it.

J. DINN: Thank you.

Minister, you talked about, I think, in response to a question about revitalizing the oil and gas industry. I've heard in the past, we're back in oil. Where does the confidence come from that this industry will have the return you're hoping it will have?

L. PARROTT: I would say it's a combination of conversations that we've had with current offshore proponents, with new super majors that have interest in coming here, and there are several. We feel that the Bay du Nord benefits agreement opens up a new field and a new type of work here that demonstrates to the world what we're capable of.

There will be, in the coming weeks, an announcement, a new gas survey that's coming out that should excite the world. It certainly excites me and my department. When all of this comes to fruition, I think people will see what we have to offer.

The geopolitical situation in the world doesn't hurt us. Although, I, like you, I'm sure, wish that that was not the situation currently. It is and I think it's made not just Canada, but the rest of the countries inside of NATO and the United Nations realize that we have to increase our self reliance and decrease our dependency on other nations.

I think that there's a very strong desire to eliminate countries like Russia from supplying dirty oil and when I say dirty oil, I don't mean just oil that's a heavier crude with higher sulphur content and other byproducts, I mean oil that is utilized to fund wars and warlords.

From an environmental standpoint, we have proven that we are perhaps the best in the world. We look no further than companies that have had wind and oil projects in the States that have been part way through and the administration down there has cancelled them.

They're looking for places where they can derisk and Newfoundland and Labrador certainly and Canada represents that. We've seen a change in attitude in the federal Liberal government in that they want these things developed, and they're very bullish on the development of offshore gas along with the oil.

You know, we have the resources here. We have 50 trillion cubic feet of gas at our fingertips. We have over 200 billion barrels of oil that we know are out there so at the end – sorry, I got that backwards 50 billion barrels of oil and 200 trillion cubic feet.

At the end of the day, we're a good place to work. We're a safe jurisdiction and the belief is that – and it's not just a belief; it's conversations we've had. So this round of bids that's coming out are very exciting. We feel that we will have people bid to come back here for the first time in a long time.

I just think it's a good time to be in this – and, listen, when we say we're back in the oil and gas business, I know some people take exception to that, but the reality of it is that we haven't had a new project in a very long time while the new West White Rose extension is just going to field. Construction on that started a long time ago and through COVID and other things there were delays.

We look at Hibernia right now is just entering into a life-of-field-asset extension. So when that went to field the belief was that it was a 20- to 25-year project. They're looking to extend their asset 20 more years which really shows – when we go out and we look at the P, which is the probable; the PP, which is probable and possible; PPP, which is proved, probable and possible – Hibernia has far excelled the PPP which is what industry looks at, as has Terra Nova and others. Our reserves are robust.

We've had a great history, as short as it is, and we haven't had the development that we should have as a country. I look no further than countries like Guyana who started exploration in 2015 and they've got seven FPSOs offshore right now. We did our first exploration back in the '70s – '69 I think, actually, may be the right number but the first big find in the '70s. Hibernia didn't produce oil until '97. I think that we've fallen behind and the previous administration's *Advance 2030* indicated that there was as many as 650 major fields out there that were undeveloped.

We look to take advantage of that, obviously, and move the industry forward and indications from industry is that they are excited about coming here.

J. DINN: Okay.

Minister, have you heard of the term demand destruction?

L. PARROTT: Can't say that I have.

J. DINN: So the geopolitical situation, if anything, apart from driving the need for oil refining or looking for places to derisk or looking for other partners is actually driving countries away from oil more quickly and driving them towards transitioning to renewables.

We see the UAE withdrew from OPEC. Obviously, they want to increase their oil production as quickly as possible because they probably see the future that demand and prices will drop. China is moving towards becoming an electrostate as opposed to a petrostate. Asian countries are also looking at transitioning towards that renewable.

Actually, a lot of the countries in Europe learned their lesson from the Ukraine. Spain, France and many others have actually started to accelerate their transition away from oil and gas and towards electricity as a way of maintaining energy independence, making sure their people do not fall into energy poverty and also making sure that life is more affordable and attainable.

We're looking at the long term, but by the time, I guess, Bay du Nord comes online – if, indeed, Equinor decides to make a final investment decision – we risk being left behind in that transition, in that race to a more renewable energy source. That's the concern I have with this as well, that world events are probably driving people to realize we have to move away from oil; because, as I've said before, there are no wars that have been fought over sunshine or wind and you can't block it by blocking a channel. That's the concern I have here.

It is positive to see wind energy; I think maybe we also need to be capitalizing that. Apparently even Australia – even the US – are still investing more into wind energy than Canada is.

L. PARROTT: I would say that Newfoundland and Labrador is 97 per cent clean energy; 97 per cent of our energy, and that fluctuates a little tiny bit, comes directly from hydroelectricity.

When we look globally at geopolitical situations and we start talking about countries, as you just indicted, most of them don't have the resource to develop so they don't. They are not an (inaudible) country, so they require stockpiles of oil and gas. If we look to them now, their natural reserves are running out.

Unlike them, we export our oil and gas. We have a capability here in the province of storing 300 million barrels of oil tomorrow. If we became a country like that, that's been investigated by myself and my department, and we know that we can be a strong part of how Canada stores their energy reserves and moves forward.

Right now, as it stands, the reliance on oil and gas is going to continue. There is no better way to transition into a green economy than to utilize gas. Our oil – and I know people don't like this terminology – is a cleaner, greener alternative than most other options out there, when it comes to oil and crude specifically. We have a resource. We have a historical debt that we haven't managed very well, I would argue, and our silver bullet to transition into a green economy is to utilize the resources that we have.

If you look at countries like the UAE and other countries that are putting up smelters, hand over fist, they're doing it because of their access to natural gas and their ability to process, not just green steel, but other critical minerals. You look to China, while they're electrifying, they're still looking. CNOC is all over the world drilling wherever they can, looking for reserves. The difference is a lot of these countries rely on coal, which we know is a much dirtier alternative for power and less efficient.

We look for ways to move forward. Churchill Falls, CF1, CF2 and, certainly, Gull Island is a part of that conversation, but if you dive deep into the studies and you understand the difference between energy and capacity, you'll quickly understand that wind energy will not power this province anytime soon, even if we have enough turbines here. It depletes from our capacity. Places like Labrador would have a serious issue with wind and solar, based on the type of weather and the harsh climate that they are in.

So we need to look at hydroelectricity. I agree with you, I'd love to see Holyrood go by the wayside at some point in the near future, and I'm sure it will, but as long as the world needs oil and gas and we have a better alternative for them and it helps us transition to a green economy, then I think we should be looking to that.

It's a historical fact and we know when it comes to the carbon footprint of our oil producing rigs offshore, that we are far, far, far less than most around the world, if not all. Our ability to supply the world with a cleaner alternative, until we get to the green transitions, means that should be front and centre. What the rest of Canada does is up to them, but when I compare the oil sands to what we have here from a product and what it offers the world from an environmental step forward, I think that we should be world leaders and we should be moving our product forward.

CHAIR: Any further questions?

The Chair recognizes the Member for Burgeo - La Poile.

M. KING: Thank you to the minister and his staff for coming here. This is my first time participating in Estimates on this side as well. In the past, I've sat in the executive assistant chair behind the minister, as he would know, so I certainly appreciate the work that department does. I know that they're very forward thinking and a lot of great things happening in our province that that department is a part of. So I certainly appreciate them being here today.

I just have a couple of questions left for this section. I'd go back to 1.1.01 in the Minister's Office.

Minister, the executive assistant salary that was mentioned earlier, can you confirm that that has increased from previous years.

L. PARROTT: No, I don't know what you made. I know the broad stroke of it, but I don't know what the previous EA made.

M. KING: Okay.

Yeah, I would ask you to look back on that too because I do believe that salary has increased.

L. PARROTT: Yeah, we can certainly get an answer for you.

M. KING: Thank you.

Has there been any terminations in the department without cause?

L. PARROTT: No.

M. KING: Perfect. Thank you.

I also have a couple of questions on 1.2.03, that's Administrative Support. I can assume that's budgeted based on a contingency?

L. PARROTT: Yes, it is.

M. KING: Okay. Could you elaborate on the $125,000 that was spent last year, what that was for?

P. CARTER: So that was the purchase of a particle size analyzer, which is a scientific instrument for dealing with geological substrate. It's a service that generally we would outsource and it would be out of the province to get that analysis done. So we thought it would be prudent to purchase the machine ourselves and then be able to do that in house, to avail of that service within our own laboratory. So that was the purchase of that piece of equipment.

M. KING: So would that have been outsourced?

P. CARTER: I'm not certain what you mean by outsourced.

M. KING: Services previously, sorry.

P. CARTER: Yes, it was. That service that we would have received to do that type of analysis would have been done outside the province in other labs around. So we now have the capability to do that within the geological survey.

M. KING: Would that budget have been decreased for that?

P. CARTER: No, not necessarily.

M. KING: Wherever it's housed.

P. CARTER: It was some funding that we did have that we felt would be best utilized to purchase this piece of equipment.

M. KING: Thank you.

Minister, sorry, I also missed a question back on 1.1.01 under Transportation and Communication. That would cover the cost for every staffer in your office, right?

L. PARROTT: Under 1.1.01?

M. KING: Yes, Transportation and Communications.

L. PARROTT: No, that's the minister and his EA.

M. KING: And his EA, yes.

So if the minister was to travel for any conferences and the EA was to go, that would be, obviously, included in that budget as well.

L. PARROTT: For some, I guess but I can give you a full listing.

Minister Crocker spent $65,492.48 and you were $4,265.41. So you didn't go everywhere with him, obviously. Minister Parsons was $3,651.55 and Alicia Carla Anderson travelled at $8,313. Since I've been there, $32,207 spent by myself and $5,650 with my EA.

M. KING: Perfect. Thank you.

I think that is all the questions I have for this subhead.

Thank you.

CHAIR: Any further questions?

The Chair recognizes the Member for St. John's Centre.

J. DINN: Just one or two.

In exploration, what is the use of drone technology in exploration?

L. PARROTT: Specifically for mining or for oil and gas?

J. DINN: No, anything, oil and gas, mining, exploration for new sites.

L. PARROTT: Yes, so I'll just speak vaguely. New drone technology with the use of LiDAR and other things allows them to, not just survey the land, but penetrate the land a little bit. I don't know how many people here in the province are utilizing drone technology in that manner. I've never seen it utilized offshore, perhaps for survey work but other than that, I haven't seen it.

It's used in mining quite a bit, and if Paul wants to add to it, he's welcome to.

P. CARTER: So drone technology is relatively new in a more general concept but, yes, we do use drones in Geological Survey and, actually, in Mineral Lands as well. They are very useful for surveying, as an example, like quarries, the boundaries of quarries to make sure that we have accurately captured the footprint of the quarries themselves.

The geological survey itself does have drones that we use, then as you look forward to what we're planning to do with the critical mineral artificial intelligence program, anywhere where we could use a piece of equipment that can accelerate the collection of geoscience data, you know is certainly something that we're advocating and trying to deploy as we speak.

J. DINN: Perfect.

L. PARROTT: Also to add to that, I overlooked – so you'd also see drone technology for such things as underwater seismic for survey of Hebron, Hibernia or assets that are at field, any subsea well heads or that type of stuff. Semiautonomous submarines would be used, which is very similar to a drone.

J. DINN: So would the department own them or would they lease them?

P. CARTER: We have some drones that we own by the geological survey that staff and scientists use throughout their field programs.

J. DINN: Last question, what is the estimated cost of producing a barrel oil from Bay du Nord, if and when it comes online?

L. PARROTT: I'm pretty certain that the number that Equinor was using was, their breakeven point was $40.

J. DINN: Okay, thank you very much.

CHAIR: Any further questions?

Seeing no further questions, I now ask the Clerk to recall the subhead.

CLERK: 1.1.01 to 1.2.03 inclusive, Executive and Support Services.

CHAIR: Shall 1.1.01 to 1.2.03 inclusive carry?

All those in favour, 'aye.'

SOME HON. MEMBERS: Aye.

CHAIR: All those against, 'nay.'

Motion carried.

On motion, subheads 1.1.01 through 1.2.03 carried.

CHAIR: I now ask the Clerk to call out the next subhead.

CLERK: 2.1.01 to 2.1.03 inclusive, Mines and Mineral Development.

CHAIR: Shall 2.1.01 to 2.1.03 inclusive carry?

The hon. the Member for Conception Bay East - Bell Island.

F. HUTTON: Thank you, Chair.

Minister, you mentioned in a previous answer that you'll be tabling the Bay du Nord benefits agreement today. Can we have a sneak peek?

L. PARROTT: This afternoon, yes.

F. HUTTON: Would you like to talk about anything that's in there?

L. PARROTT: No.

F. HUTTON: Okay.

Can I ask you about the dry dock? You have mentioned in a previous answer as well, from another Member, that there is potential for private investment, federal investment, in addition to the $200 million that Equinor has put forward. Can you expand on the private and federal investment that is potentially there?

L. PARROTT: What I would say is, as you're aware, I'm sure there are lots of different opportunities out there. As we get through the FEED study, all of that will be determined when we know cost and full cost for construction.

Exactly the size and capabilities that we will build, we have it hammered down pretty good from the study we did previously but, right now, you can't go to the federal government looking for funding, or anyone else, until we get to that point.

What I will say, MHA Hutton, is that this dry dock will be able to handle any piece of equipment that currently sits in the Canadian Navy or the Canadian Coast Guard, which is something that we don't have right now.

I'll also add that it will be the only piece of equipment on the eastern seaboard that meets that specification. I'll also add that many opportunities will most likely arise through the gateway to the North. If a ship breaks down, this thing is moveable, transportable and it opens up a whole other avenue and ways to do work.

We understand that there's possibly as much as 40 years worth of work just in decommissioning that would keep every single yard in North America completely blocked for that time frame. NATO has the desire to do a lot of that decommissioning in North America, and we are in the right location based on where we are right now. It opens up that as an industry. It also gives us the ability to be a massive supporter for the Canadian Military when we're looking at defence work.

The federal government is obviously interested, given the fact that they have very loudly indicated that they're going to meet their 5 per cent spend for NATO. What a lot of people don't realize comes under that spend, not just oil and gas exploration and development, not just critical minerals, but things such as this dry dock, if it could be utilized in any sense for the Coast Guard or the Canadian Navy. So we will make sure it's big enough to handle all those of vessels.

It's also expandable. When this dry dock is complete, if there's a need to add size to it, it's basically as simple as building another smaller portion. It just attaches on or comes off as required, so it's an industry that we see as an opportunity to grow. The federal government sees it as an opportunity, and so does industry. It has been looked upon very highly from all proponents.

It's a piece of infrastructure that we don't have as a country and we see it as a very important next step to create a new industry. It's not, as some people have suggested, just a way to build new ferries or any of that kind of stuff. We have a facility in Marystown that can do that. It's not a piece of infrastructure that will have to be locked into Bull Arm. It's a piece of infrastructure that can be utilized here in the harbour. It can be utilized in Greenland or in Marystown. It can go pretty much anywhere.

I would think that if we had a piece of infrastructure like this when the *Baltic III* went ashore, that this is exactly what could have taken that out of there fairly quickly.

So we see it as a very key asset for the province.

F. HUTTON: Thank you, Minister.

It sounds like you have in your mind, or perhaps your department has in their minds, the folks who are there, some specs on what this will look like, this dry dock. I know it's still in the planning stages and you haven't, but I mean to be as large as you want it to be and possibly expandable, can you talk about some of the specifications of this? I know work had been done prior to your appointment –

L. PARROTT: Genoa done a study and the study indicated that the dry dock would be approximately 9,000 metric tons in fabrication and it would have the ability to lift a 25,000-metric ton vessel. I'm not sure of the exact length. I think it was somewhere in the vicinity of 180 metres maybe.

But that study is out there, so it is public and I think that there's access for it if you want it. The FEED study will certainly nail that down a little bit better. As we move forward with it, that will be built here in the province by Newfoundlanders and Labradorians and it should open doors that we haven't had in the past.

It's interesting that successive governments – and I don't point the finger at anyone – having come from that industry twice in our history, we've built a bund wall in Bull Arm, which should have had gates put there initially and I think it would have opened up an industry right from the word go for us.

We had the opportunity to do it in Argentia and, instead, we took money and we walked away from it again. Had we had gates put in, it would have opened the door not just for oil and gas development, but for work on larger vessels that could have been carried out here in the province.

This will not give us an opportunity to build a GBS, but certainly the oil and gas industry is gone away from that. I suspect that most of any larger offshore oil and gas vessels that we see here in the province will be an FPSO because that's where the world is. We're going into deeper waters and GBS just don't work there.

But this will give us an opportunity to work on ships. It will give us an opportunity to do decommissioning, retrofit. It will give us the opportunity to work on submarines.

Again, it's an asset that's in demand in North America and we believe that it will position us in a place where it will not only bring work here to the province, but it will set up an entirely different industry.

F. HUTTON: Thank you, Minister.

I'm aware of the Genoa study, but just from your perspective, do you see something, what could be built here, bigger than what was there to have larger capabilities, larger capacity?

L. PARROTT: I haven't closed the door on anything. Obviously, we're going to look at cost and every option as it comes up during this FEED study. The whole idea that this is expandable gives us the opportunity to make this bigger in the future. So that is what you need to do. There are units out there now that are a set size and they're not scalable. The unit that we are looking to build will be scalable.

To put it right, this still would be one of the larger dry docks in the world.

F. HUTTON: Thank you.

Is there any estimate on cost, if it were just the Genoa –

L. PARROTT: Yes, same as I said. The initial numbers that we're getting are $400 million to $450 million order of magnitude on a pre-feasibility, plus or minus 20 per cent or 25 per cent. This FEED study will nail that down pretty tight.

F. HUTTON: Minister, can you tell us when the FEED study is expected to be completed?

L. PARROTT: I would say six to eight months.

F. HUTTON: From now?

L. PARROTT: From award.

F. HUTTON: From award, okay.

Minister, I only have a minute left, but I'll ask this, what involvement would the province have in terms of money that would have to be spent by the provincial government for building the dry dock?

L. PARROTT: So obviously a FEED study is what we're doing. We're utilizing IBDF to do that. When it comes back, all options are on the table.

F. HUTTON: Who would operate the dry dock?

L. PARROTT: Same, that will all be part of the FEED study. So, as it stands right now, it would most likely come under OilCo. But as we move that forward, we'll research all of that and make sure that we've got it nailed down right.

F. HUTTON: If private ownership is involved, could it possibly be run by a private entity, if they decided to step in?

L. PARROTT: All options are on the table, and we have been reached out to by many different entities.

F. HUTTON: What talks have been ongoing with the federal government, Minister?

L. PARROTT: They were aware of this quite some time ago. They understand where we are with it. I've met with both the Minister of National Defence and the Minister of Natural Resources.

F. HUTTON: Okay, thank you.

Chair, I think my time has expired, but, Minister, we'll likely go back to this again.

Thank you.

CHAIR: The Chair recognizes the hon. Member for St. John's Centre.

J. DINN: Thank you, Chair.

Under 2.1.01, Geological Surveys, I'll sort of combine the questions here. How many geological surveys were undertaken last year? Would you be able to provide us with an overview of what knowledge was gained from them? Which areas are slated for a geological survey this year?

P. CARTER: Thank you for the question.

The geological survey has been quite active. If I recall correctly, approximately 11 field studies and geological survey activities were ongoing during the '25-'26 year. Some of these programs, of course, are multi-year programs with field components and then data compilation and then publication; several of them are multi-year in nature.

A couple that I will highlight, of course, are the Labrador-specific activities which are taking place, a review of the main plutonic suite geology. There was research being undertaken with rare earth elements in Southeastern Labrador. On the Island, we had the White Bay geophysical survey, which was completed and flown this year.

There are quite a variety of projects taking place, several of them multi-year, some of them finishing up, as an example, the geophysical survey in the White Bay area where the data has now been collected and is now being processed as well.

J. DINN: Are there any new geological surveys slated for this year?

P. CARTER: Not in the geological survey, all of the programming, of course, you know the budgetary money, as you can see, is being allocated for ’26-’27.

One that we’re aggressively pursuing right now is the critical mineral artificial intelligence program, which is a significant program. We’re in the process of staffing for the new geoscientist to join the division to commence that work. We’ve been doing quite a bit of preparation in terms of purchasing data, developing algorithms in order to feed that remote sensing effort and looking to advance, if you will, the use of artificial intelligence to accelerate the program to generate public geoscience data in a more quicker manner, but, of course, always still followed up by ground truthing and actual boots on the ground to complete the work.

J. DINN: Thank you.

Under 2.1.02, Mineral Lands, how many claims were staked last year and, for the number of mineral claims staked, what percentage resulted in further investment or mining projects?

P. CARTER: The number is very large. Actually, if you go to our website, we do have a portal that tracks the actual number of claims staked in the province. It updates; it changes quite frequently, but I would put the number somewhere in excess of 100,000 claims staked currently in the province. They have been over various years and whatnot.

Many of the programs, of course, are leading to further exploration and development. There are many projects in the province that have advanced to the place of an NI 43-101, resource statements; some with preliminary economic assessments; some more advanced and actually developing feasibility assessment.

I guess, if you think about the trajectory of what we’re seeing in the province, we’re expecting for this year probably to be one of the largest on record in terms of exploration expenditures. For 2025, I believe our number was approximately $250 million in exploration expenditures. For the upcoming year, we’re anticipating it to be approximately $285 million. So the industry is really busy, a lot of claim staking ongoing and you have various projects from early stage right through to developing projects right now.

If you think about the work with FireFly Metals, as an example, their exploration program. You have Hammerdown now restarted in the Baie Verte area. You have Canada Fluorspar on the Burin Peninsula restarting production; Equinox is looking to double production in the near term, ramping up to nameplate capacity. So a lot of activity.

J. DINN: Thank you.

Under 2.1.03, Mineral Development, I think you sort of touched on it, but I’m just wondering could you provide an overview of the current development activity in this area in mining.

P. CARTER: Sure.

This is the group, of course, that when you actually get to a place where a project is passed through environmental assessment, the next step in the permitting process would be the actual development plan, rehab and closure plan and financial assurance for the various projects.

This group is managing that aspect of mining development. As I mentioned previously, some of the projects that are currently being examined or recently approved would include Atlas Salt, as an example, FireFly Metals, Canada Fluorspar, Equinox Gold, Hammerdown in Baie Verte as well. As well, expecting in the near future that we would be receiving something from, once it passes through environmental assessment, the next gold project, which will be Queensway by New Found Gold.

There are some of the projects that are currently active at this point.

J. DINN: Thank you.

Are there any programs or grants under consideration by the department to help mining companies avail of green energy to replace diesel-powered generation – wind turbines, for example, at Voisey's Bay?

L. PARROTT: So Voisey's Bay did a study on wind a few years ago and it didn't pan out to be as, I guess, advantageous as they would have liked. We are looking and the Premier has said that they would like to find a way to electrify Labrador.

Obviously, contrary to what you may hear, we are still actively pursuing Gull Island and the expansion at Churchill Falls. There is a Phase 1 study for the powerline to go over to Labrador West for electrification. We're expecting to release Phase 2 in the coming weeks. We're just waiting on feedback from the federal government for funding for that.

There was $18 million given to IOC last year for green energy when it comes to their ability to pelletize their iron. We are actively pursuing every avenue possible when it comes to that. As I said earlier, when we look at LNG, as an example, if we had LNG here, I think that our mining, certainly when it comes to secondary processing, would look much different.

I think you would see a lot of companies with interest in doing secondary processing here in Newfoundland and Labrador and you would see the ability for them to open and, I guess, do partial refining or get it ready for market change in a huge way.

We look at Labrador West and the Labrador Trough and what is going to become available there, in the not-too-distant future, as a great opportunity and they will need energy in order to do that. It is our goal to make sure that it is a green energy source.

J. DINN: Thank you.

Again, under 2.1.03, would you know the total estimated cost for government liabilities for abandoned mines?

P. CARTER: I don't have the number precisely in front of me at this point in time. If I do recollect but certainly subject perhaps to correction, but I believe it was in the order of $100 million.

J. DINN: Okay, thank you.

CHAIR: The Chair recognizes the Member for Burgeo - La Poile.

M. KING: Thank you.

I'll go back to 2.1.01, Geological Survey, under Salaries the budgeted amount and the estimate is the same but we underspent in the revised last year. Can you explain why that is?

L. PARROTT: The variance is due to vacancies during the year and delays in hiring new critical mineral positions approved in the budget in 2025.

M. KING: Thank you.

Under Transportation and Communications, it was $1.7 million under the budget, the revised was underspent and there's a slight increase this year. Can you explain that as well?

L. PARROTT: The variance was due to less than anticipated helicopter usage due to unavailability and a lot of that came as a result of the wildfires.

M. KING: Thank you.

Under Purchased Services, there was a budget for about $650,000 that was increased to about $900,000 and it's budgeted for about $2.15 million this year. Can you explain that as well, Minister, please?

L. PARROTT: The variance, the $649,000 up to $899,000, was due to securing data services to support CMAI program; utilize $250,000 from T & C savings, unavailability – that's the helicopters. Then when we look over at the other ones – the groups all come together there, Supplies, Professional Services, Purchased Services, Property.

Professional Services: ACOA funded airborne geophysical surveys, $427,000, concluded in '25-'26. Purchased Services; Supplies; Property, Furnishings and Equipment: Funding provided for critical minerals, AI remote bedrock and mineral productivity mapping approved in *Budget 2025* with delayed implementation to '26-'27. So it was just pushed out.

M. KING: Perfect, thank you.

How much under that line is, in total, for consultant spending?

L. PARROTT: None that I'm aware of.

M. KING: Okay, thank you.

So obviously you've talked a little bit about critical minerals and I know there has been a number of work done in that sphere for a number of years now under previous governments. Can you just elaborate on your government's commitment to critical minerals and what you see going forward in that area?

L. PARROTT: There's obviously a global demand and when we look at the global demand, we see that there's a high concentration, certainly in China. Australia has got capabilities, but we've certainly seen that we have at least 34 out of the 50 identified minerals here. Labrador West and the Labrador Trough being a substantial stake in what the world would want and need from an iron ore standpoint.

If you look south to Search Minerals, what they have, and then you look north to our own reserve and the Torngat situation, go to Voisey's Bay and they just made an announcement of life of field extension, and obviously the gold resources and everything else around, critical minerals present a very unique opportunity to Newfoundland and Labrador as a province.

Last year, we were the eighth most attractive mining jurisdiction in the world, and I would argue that number is much higher, given the fact that we've got a substantial amount of Labrador that hasn't been explored. So we're looking for ways to expand, and certainly get our first really big, new opportunity up and running, outside of the gold, and with the ones we know are here, the steadfast ones.

If you go to the Baie Verte Peninsula and you look at now, with technology changing the way that we can abate asbestos and recover minerals out of that, it's a huge deal. If you look at FireFly mine, that was pretty much shut down, that it's now saying that, at their nameplate, they have the ability to process for 134 years. So technology is changing how we look at critical minerals.

The other thing we're doing is the hyperspectral core analysis of our existing cores that we have as a province historically, which will allow us to add to our geological survey and certainly let companies out there understand what we have to offer as a province that we didn't know we had previously. I see mining, certainly with the critical minerals, being a very huge opportunity for this province.

M. KING: Yes, no doubt. I mean, we know how much the mining sector certainly means to the province and it's future here.

You had mentioned the Labrador Trough, actually. Are there any updates on work or conversations happening there that you can provide?

L. PARROTT: Yes, absolutely.

Kami is still moving forward the way they have always been. Tacora has had positive feedback on their manganese that they've sent overseas for refining. That should help Tacora become a very profitable mine, not just in iron ore, but in manganese, which was always a by-product and tailings that they'd throw away.

You have IOC moving forward, Rio Tinto, with their plans. They've had a tough year with the fact that they, I would guess, have high graded a little bit and they have a lot of product that they have to move in order to get to the sweet spot when it comes to getting the high-quality iron ore that they have.

You've got companies such as Iron Bear, up around Schefferville, that have a deposit, if they can bring to fruition, that would eclipse what ICO does, and the fact that their nameplate would be somewhere in the vicinity of 36 million tons a year, which is massive. Tata is looking at doing an expansion. Then we have our own reserve in Julienne Lake. Again, we've had interest in that.

The opportunities, when it comes to, I won't say green steel, but iron ore that can produce green steel is huge. I'll go back again, if we had the opportunity to bring natural gas to shore here, there are multiple companies involved that I just listed off, that would love nothing more than to have secondary processing right here in Newfoundland and Labrador.

I think that there's a steadfast, calculated approach as to how we do this. Part of it is electricity; part of it is hopefully the availability of gas. If we can find a proponent to do that and we can open up secondary processing here in Newfoundland, it's a gamechanger.

I don't think it comes to the surprise of anyone in this province, our biggest issues, outside of health issues and our deficit and that kind of stuff, but what creates those issues, we all say it, as politicians, is geography and population. The way around that is to have long-term sustainable jobs that are good for people, and secondary processing here in this province, I think, would be gamechanger, as we see with the Long Harbour facility.

If we could have another one or two facilities like that here in the province operating for 30 or 40 years, I think people come home or people just don't leave, I think it changes everything.

M. KING: Thank you very much for that, Minister.

I'll move on to 2.1.02, Mineral Lands, under Salaries, there was just shy of $1.5 million budgeted, overspent that and it's increased again in the Estimates, could you explain that line item, please?

L. PARROTT: Yes, the increase mid-year was due to hiring temporary staff to address regulatory work related to the quarry developments, land use proposals, growth and renewable energy sector and a review of the mineral exploration rights legislation. The variance going up again is due to $370,000 in new funding and the reprofiling of salaries from within the branch to reflect relative salary pressures and mineral lands restructuring. We have taken some of the people, certainly in our quarry department, and made them permanent employees.

I'm sure that I don't need to tell you the issues that were inside of that department. With the new legislation that has come and everything, we've seen not just the desire, I think, not just the staff, but the province deserves to have a department that's run in the correct way, that allows work to move forward and gives us access to the materials needed to maintain roads and other things. I think it's a wise spend.

M. KING: I certainly appreciate your comments there, Minister, as you and I both would know, we've went back and forth many times in the quarry department.

With a minute left, I probably give you a chance to elaborate on that a bit, you just mentioned a couple of things. Are there any plans to add additional staff? What are the timelines right now, the average permitting timeline for quarry permits? Just kind of elaborate on that and the work that you're doing to address some of those concerns in that case with the little bit of time that I have.

Thank you.

L. PARROTT: There are a few things that happened – and just for the benefit of everyone in here, I worked very closely with MHA King on several occasions in the past. He was a great help when it came to all issues inside the department, but certainly when it came to the quarries. I think that there's not very many MHAs in the House that don't have issues with quarries.

The first thing is, is that the province has adopted its own quarries with Transportation and Infrastructure, which they see as an opportunity to help, not only eliminate the amount of applications that are out there, but to help move along roadwork with a product that they know meets all the specs required.

Let's just use Central Newfoundland as an example, if we're out around Lewisporte or somewhere and there's a job that comes up, the province will have a quarry there that anyone who bids know they have access to. They know that the material there meets the spec. The only thing that wouldn't be done, I guess, would be a sieve testing. The sieve testing is the responsibility of the individual who is crushing, but they'd know that everything meets the spec and they'd be able to go out and utilize that on a – what's the proper word? The way it works now is, if you have a quarry and someone else wants to utilize it, they can come in and get a subordinate – that's the word I'm looking for. So they would operate a subordinate permit, they would get a subordinate permit under Transportation and Infrastructure.

In the past, if you had six companies bidding to go to this work, there was a good chance that all six of them also had a quarry application in, at the same time, just in case they got the work. Now, five of those permits would not have been necessary, so it was five permits that the department was trying to push through, when only one of them was needed. Every individual, every company out there was saying they needed it right away. Now, hopefully, that will help eliminate some of that.

We have made six contract – five were temporary workers, they are now permanent plus one new hire. That, again, is to help push this process forward.

It's a department that generates revenue on a regular basis. When we stepped into the job in November, I believe we were up over 400 outstanding applications, at the time. We've knocked that number down substantially. I believe we're right around 300 now and hoping to continue that process to eliminate them and get them to where we've got to get them.

We're ready to launch a new online system that will help with the process also, giving the staff the support they need in order to move those things forward is a big deal. We've got a lot of quarries in the province – a lot. The new legislation will give people the ability not to have to renew every 12 months and the different things that have come about.

I'm sure most of us can remember the conversation between me and the previous minister here in the House, which was a good conversation, actually. It is a good piece of legislation.

M. KING: Thank you, Minister.

Chair, I believe my time is expired.

CHAIR: Any further questions?

Since there are no further questions for the subhead, I now ask the Clerk to recall the subheads.

CLERK: 2.1.01 to 2.1.03 inclusive, Mines and Mineral Development.

CHAIR: Shall subheads 2.1.01 to 2.1.03 inclusive carry?

All those in favour, 'aye.'

SOME HON. MEMBERS: Aye.

CHAIR: All those against, 'nay.'

Motion carried

On motion, subheads 2.1.01 through 2.1.03 carried.

CHAIR: I now ask the Clerk to call the next subhead.

CLERK (Gushue): 3.1.01 to 3.1.09 inclusive, Energy Development.

CHAIR: Shall 3.1.01 to 3.1.09 inclusive carry?

The Member for Burgeo - La Poile.

M. KING: Thank you, Chair.

As someone is replacing me, before we move on to this section, would it be okay if everyone agreed to have our break now so that I can be replaced by the MHA for Windsor Lake? Is that okay?

L. PARROTT: No issue.

M. KING: I don't know if we have to do a formal motion or not for that.

CHAIR: No, seeing as it's brought up by the Member for Burgeo - La Poile, we will break now for 10 minutes for our break and we'll reconvene here around 10:30.

Recess

CHAIR: Okay, everybody is back. We'll continue on.

The Chair recognizes the hon. Member for Windsor Lake.

J. HOGAN: We're on 3.1.01?

CHAIR: Yes.

J. HOGAN: Thanks, Minister, just some quick questions off to start on 3.1.01. The Salaries budget has increased from $2.29 million to $3.48 million. Could you explain that, please?

L. PARROTT: There were new positions approved in the budget of 2025. There was partial implementation of '25-'26, the full implementation in '26-'27. Also, additional salaries related to the 10-year energy plan development. Increase is also due to routine salary adjustments.

J. HOGAN: Sorry, could you just list how many positions there are again?

L. PARROTT: Total?

J. HOGAN: New positions, I guess, to make up the $1.2 million.

L. PARROTT: Fourteen would be energy development. These positions are coming from your budget in '25, so partial implementation happened last year and the full implementation is coming this year. There are currently 36 positions; 30 of them are energy and six are regulatory affairs. For new positions, 14.

J. HOGAN: Just to be clear, new positions for '26-'27, obviously it wouldn't make up the whole of the $1.2 million then but is it 14 new positions in the '26-'27 budget?

M. NESBITT: Yes, it would be 14 new positions related to the full implementation that the minister had said for the last year's budget decision and two additional for this year for a total complement of 16.

J. HOGAN: Okay, thank you.

I guess, just to be clear again, all positions were based on a rollout from last year's budget?

M. NESBITT: Fourteen of those 16.

J. HOGAN: Okay, so there's two new positions that weren't contemplated in '25-'26, in '26-'27's budget?

L. PARROTT: Yes.

J. HOGAN: So what are those two new positions?

L. PARROTT: They're implemented for the 10-year energy plan.

J. HOGAN: What will those two new people – what will be their job titles and roles?

L. PARROTT: They'll both be doing research and coordination.

J. HOGAN: Thank you.

3.1.02, the '25-'26 budget was about $1.5 million and the '26-'27 budget is $1.2 million so a decrease in salaries – if the minister or someone could explain that, please.

C. MARTIN: That particular change in '25-'26 is we had the natural gas resource assessment going on – it's a one-time project – back last year, so there were additional salary dollars for temporary staff to perform that. Then there were also vacancies within the division during the year as well.

That's what's causing the variance in that case, so it was one-time money and vacancies within the division.

J. HOGAN: Let's move on to 3.1.03, the C-NLOER, no questions about the dollars and cents there, but just a question about the Bay du Nord agreement and if the minister or someone could explain to me the process and protocol, if there is one, for filing a benefits agreement with the regulator?

L. PARROTT: The benefits agreement is signed right now and the regulator will go through a process with the proponents as they apply for their application. When all of that goes through, then everything goes through.

J. HOGAN: Has the benefits agreement been filed with the regulator yet?

L. PARROTT: Yes.

J. HOGAN: Okay.

C. MARTIN: The benefits agreement itself is directly with the province from an agreement perspective. What they'll file with the board is their benefits plan. That will be developed and filed as part of their development plan approval process.

J. HOGAN: The plan obviously is taken from the construct of the benefits agreement, I assume.

C. MARTIN: Generally, yes.

J. HOGAN: Okay, so just to be clear, the agreement itself is not filed with the regulator, correct?

C. MARTIN: The agreement itself is normally shared with the regulator but not filed with the regulator. The agreement itself is administered by the province.

J. HOGAN: What time does the province anticipate the plan will be filed with the regulator?

C. MARTIN: The plan itself is normally filed during the development plan. I don't have an actual date at this point in time, but I would anticipate some time in June.

J. HOGAN: Does the province work with the private company on that plan or is that just between the regulator and the private company?

C. MARTIN: The plan itself is done between the company and the regulator. Basically, the plan has to be consistent with their Atlantic Accord obligations and that. Benefits agreements normally build on those commitments.

J. HOGAN: Not implying anything nefarious, but where is the government's role or the department's role in ensuring that the plan matches what's contemplated in the benefits agreement?

C. MARTIN: Normally what would happen, the plan would never conflict with the benefits agreement because from the company's perspective, they've already entered into the agreement at this point in time. Generally, a benefits agreement is greater than what would be in the benefits plan because it creates actual commitments beyond just fair opportunity. It will make specific commitments to certain obligations within it.

J. HOGAN: So can you just repeat that, that you'd get less in the plan than what's contemplated in the benefits agreement, or did you say the opposite?

C. MARTIN: No, generally the agreement normally provides stronger commitments and remedies than it would under a benefits plan. That's the purpose under which the province has implemented these benefits agreements over time for all the projects, essentially.

J. HOGAN: So can you explain why the plan that's filed varies in terms of what commitments were in the agreement?

L. PARROTT: So think of it like a union agreement, no different. So we've got labour laws and different things that precede stuff here in the province and the union agreements are always greater than what those labour laws are. So the benefits agreement for the province is greater than what C-NLOER says is the minimum standard.

As they file their plan, they would utilize information inside the benefits plan as part of what they file, so there would never be a question.

J. HOGAN: Is the benefits plan, once it's filed, a public document?

C. MARTIN: Yes, it is.

J. HOGAN: Can you confirm what date the benefits agreement was signed?

L. PARROTT: March 3, 2026, I believe.

J. HOGAN: Can you state for the record all the parties that signed the benefits agreement?

L. PARROTT: Yeah, it would be the province, it would be Equinor and it would be BP.

OFFICIAL: (Inaudible.)

L. PARROTT: And OilCo, yeah. Sorry.

J. HOGAN: That was going to be my next question. Would GNL sign it or just OilCo have signed it?

L. PARROTT: No, GNL signed it.

J. HOGAN: GNL signed it as well. Thank you.

I think there were some questions earlier on the dock. I'm just going to ask some questions – I only have a minute left so we probably won't get too much into it – about the construction, what's contemplated in the benefits agreement in terms of topside construction and any guarantees that topside construction will take place in Newfoundland and Labrador?

L. PARROTT: The benefits agreement will be released this afternoon.

J. HOGAN: Minister, I'm sure you've read it and I'm sure you know the information in it. We're here, you can answer questions. You've spoken in the House a lot and publicly outside of the House, as well, that you are prepared to answer question, so I'd be surprised if you weren't prepared to answer those questions here this morning. I don't know if there is anything secretive between now and this afternoon when it will be released.

Can you provide the information to the public this morning about detailed information, whether it exists or not, in terms of guarantee of topside construction here in Newfoundland and Labrador.

L. PARROTT: Topsides construction is gone out to tender and the winning proponent will construct topsides.

J. HOGAN: My 10 minutes is up.

CHAIR: The Chair recognizes the hon. Member for St. John's Centre.

J. DINN: Thank you, Chair.

Under 3.1.01, Energy Policy, the Renewable Energy Plan is entering its final year. Will your government be drafting a new one soon?

L. PARROTT: Sorry, I didn't hear the question, but I just got it there. Yes, the Renewable Energy Plan will come under our new 10-year Energy Plan.

J. DINN: Thank you.

How much is the province on the hook for in dealing with orphaned and abandoned wells?

C. MARTIN: The province is not responsible for orphaned and abandoned wells. That would be handled by the C-NLOER through its regulations, so it falls under joint regulation. There is currently nothing that the C-NLOER is actually obligated for. Everything is currently covered by the current operators.

J. DINN: Thank you.

We talked a little bit before about wind energy. Has there been any expression of interest in developing offshore wind energy?

L. PARROTT: No, previously there was a company that was highly interested, but, as it stands right now, we don't have a specific EOI that's been filed for offshore wind.

J. DINN: Thank you.

Did Braya ever repay the loan that was granted in 2021, and how much money have they spent from the one issued back in September?

L. PARROTT: I'm not aware that they've paid it back. That comes under JGRD. To my knowledge they haven't, but that's a questions for JGRD Estimates.

J. DINN: Thank you.

Subheading 3.1.02, again, we've talked a little bit about natural gas. I think, Minister, you said it could be a gamechanger for the mining industry in Labrador, at the time, and for processing. So have there been any attempts in the past year in developing our natural gas reserves?

I know that there have been studies done on it before, whether it was even feasible. I'm just curious where we are with it.

L. PARROTT: Yes, so lots of interest from different proponents, globally. Obviously, we've got a new study coming out that we think will change the water on the beans.

Before, the look at natural gas was brownfield work, recovery of existing gas fields. We have changed the lens on that a little bit and we're looking for frontier work on greenfields.

Technology has changed. I would say, previously, the only way to get natural gas would be to pipe it ashore, but the technology right now allows for FLNG, which you'd be able to liquify at ocean. In the past, the only ability to do that is if it was utilization of a GBS, gravity base structure, but that is no longer the case.

So I think that between technology, geopolitical situations and, I guess, interest globally, and the change in tune from the current administration federally, those things all open the door for gas in this province.

J. DINN: Thank you.

Subheading 3.1.03, the Canada-Newfoundland and Labrador Offshore Energy Regulator: The C-NLOER has both regulatory duties, especially around compliance, as well as the task of expending production. Sometimes these roles can create conflict of interest. The same agency meant to be the regulator is also the cheerleader, I guess.

Has this government had any discussions around separating those functions, especially with the federal government?

L. PARROTT: Yeah, so I'm not so certain that's a conflict when you have a regulator that is there to regulate supply and how supply is delivered from a safety standpoint, from an environmental standpoint and from a regulatory standpoint. The proponent would file an application and they would have to prove that they meet all of the standards and the C-NLOER would approve it.

J. DINN: Thank you.

3.1.05, Oil and Gas Industries Support: What projects or initiatives were funded with this funding in the past year?

L. PARROTT: I've sorry I never heard you.

J. DINN: Sorry, my apologies.

Under 3.1.05, Oil and Gas Industries Support: What projects or initiatives were funded with this money in the past year?

L. PARROTT: So that's the IBDF fund that comes directly from Cenovus. That's money into the province that goes out for exploration and other things. They administer the fund. So it's a question that you would ask them. While we hold the money, they hold the responsibility in separation.

J. DINN: Thank you.

So following up on, contributions by Cenovus will be ending in a couple of years. Are there any talks about renewing it after 2028?

L. PARROTT: The way it works is that while the contributions may end in a couple of years, it looks as if there may be funds there to carry it out for an extra year or two, depending on applications and the like. As we get closer to that, we'll look at it.

J. DINN: Thank you.

Thank you, Chair.

CHAIR: The Chair recognizes the Member for Windsor Lake.

J. HOGAN: Just to go back to the *Bay du Nord Benefits Agreement*, we were talking about topsides. Can you just confirm whether or not Equinor has made a final decision that it will be building any topsides in relation to the project anywhere in the world?

L. PARROTT: So on last Tuesday, I believe, Equinor signed their FEED agreement with SIA and on Wednesday they signed with BW Offshore. BW Offshore has indicated that they have a desire for topsides portions to be built here in the province. We know the model that they're utilizing. They're leasing a facility.

What I would say is that there are proponents in the province that have bid on those projects. There are proponents that have been approved to move forward. They needed to demonstrate that they could do that based on economics and calendar and they've met that standard. They'll go through a competitive process and if they win, those portions will be built here in the province.

J. HOGAN: Just to clarify, Minister, if there's a leasing decision, will that mean new construction for topsides from that lease?

L. PARROTT: Yes.

J. HOGAN: You understand what I'm asking –

L. PARROTT: It is a new vessel.

J. HOGAN: Okay.

Then to follow up on that, once that lease is put in place, if that lease is put in place, there will be new construction for topsides, again, somewhere in the world, and what you're saying is that Newfoundland and Labrador companies can then bid on that process?

L. PARROTT: Absolutely.

J. HOGAN: Okay, thank you.

I'm going just to move on – I might move back to some Bay du Nord questions but, just for the time being, if we could just move on to some questions on 3.1.05, Oil and Gas Industry Support, the Grants and Subsidies budgeted last year in '25-'26 was $20 million and now the Grants and Subsidies is approximately $6.4 million, if you could explain the decrease downwards.

L. PARROTT: That is, as I said a few moments ago, a carry-over of funds from '25-'26 for the IBDF.

J. HOGAN: When you said carry-over of funds, it was budgeted for a certain amount and now it's budgeted – just explain what was carried over and from when.

L. PARROTT: Cenovus, through their benefits agreement, puts a certain amount of money into the province every year for this fund, the IBDF fund, which is the Innovation and Business Development Fund, which, every year, gets allotted based on applications. Obviously last year, there was $20,095,000 allotted, there was only $14,195,000 spent and the variance was due to the IBDF cashflow savings from projections and timing of project claims. Funding will need to be carried forward for future years to meet the necessary commitments.

It's just money that's being carried forward.

J. HOGAN: Thank you.

So $20 million is allocated and only $14 million was spent – I mean, we're only looking at a snapshot of two fiscal years here. There's only $6.5 million allocated this year. So does that mean even if you look at the variance, $14 million was spent, $6 million budgeted this year, there would potentially be $12 million fewer dollars being spent in this fiscal year? That would seem like a downside to me.

C. MARTIN: Normal funding on the program is $6 million a year. That's what new funding would come in annually. When there are funds that are unexpended during a year, or I shouldn't just say unexpended, uncommitted during the year, those are potentially carried forward to the following year or even moved out to the out-years, depending on what the forecast looks like.

I think you're indicating that there's about $6 million there between the budget and revised in that year. So that $6 million likely – I don't have the cashflows here with me. Some of that may be already committed funds with the expenditures planned for out-years. Therefore, it would not show up in this current fiscal year and some of it may be carried forward to future years.

J. HOGAN: My point is we're only looking at two fiscal years. Historically, that budget line item would be closer to $6 million than $20 million.

C. MARTIN: Yes, in terms of the fund, the actual annual contribution that the fund increases by is $6 million a year. That comes from the agreement relating to West White Rose and $60 million over 10 years. So it was $6 million a year under that agreement, and it's got this fiscal year and next fiscal year left where there's actual funding contributed.

J. HOGAN: So the next fiscal year should be about $6 million as well?

C. MARTIN: Yes.

J. HOGAN: So I guess just to be clear, budgeted in '25-'26 was $6 million they brought forward and passed historical years to that year.

C. MARTIN: Yes, what you would have seen in that year would have been a combination of what was budgeted in that year, the $6 million, commitments that were expected to be spent in that year from previous periods that were already committed, and then potentially unused portions that were also carried forward.

J. HOGAN: So I guess my question then would be if the budget each year is about $6 million, it makes sense that '26-'27 is $6 million. But if about $6 million wasn't spent from the carry-over last year, why isn't the budget this year $12 million? You follow my math?

C. MARTIN: So that would be potentially two things. One, the money may not have been carried over fully into this fiscal year. It might be into the out-years. That's happened previously in experience. The other portion of it is part of that $6 million may be already committed funds to a project, but the project may be going over three or four years so, therefore, parts of the money. All would be committed this year would be the amount that was actually expected to be expended this year from previous commitments, and that just follows the cash flows for those projects where it's already committed.

J. HOGAN: Last question – so we're not dropping any money? It will eventually come out in a future fiscal year, that's the plan?

L. PARROTT: Absolutely, right.

J. HOGAN: Thank you.

3.1.06, again, this is Oil and Gas Corporation, or Oil and Gas Co, as we call it. There are Grants and Subsidies budgeted for about $7.5 million in '25-'26, $2.4 million was spent and this year's budget for the fiscal year was $4.7 million. So the same questions, I guess, based on the last subhead.

C. MARTIN: So this one's a little bit different than the other subhead in the sense that the other one is an actual annual government expenditure program. This one is a grant program in order to fund the Oil and Gas Corporation in terms of their budgets.

Really, their budget is significantly higher than this in terms of what they would be spending in any given year. What this is, is the portion that they require from the province in the way of a grant as part of their operational funding. So really, at the end of the day, from a funding perspective, what the Oil and Gas Corporation gets is they have funding coming from Nalcor-Oil and Gas, which is for the administration of their assets. They have money that they generate from the actual seismic program, and they also have their grants from the province.

Then they, potentially, because of cash that would have been on hand in previous years – they do have cash on hand – which would cause their requirement, in the way of a grant from the province, to increase or decrease in any given year.

J. HOGAN: So you'd know historically more than I would – certainly, all I can look at is the last two years – does that number tend to move up and down like that? Is that consistent?

C. MARTIN: Yes, that would be moving around all depending on the sources of income for those years and cash on hand. The OilCo budget, itself, in terms of an expenditure budget, is usually around $30 million.

J. HOGAN: Subheading 3.1.08, again this is Grants and Subsidies, Capital, I guess, is the difference, is it? Maybe I'm not sure.

Anyway, you can explain it. It has gone from $2.1 million budgeted, $2.1 million was spent and now it's increased to $6 million.

C. MARTIN: That one is increased this year primarily for two projects: one, the funding is there in order to do the pre-FEED work for the floating dry dock; and the second piece is that there is some additional seismic work that OilCo is going to be undertaking. Part of that would be in their operating budget that we referenced and part of it falls under Capital.

J. HOGAN: Can you say what portion of it was for the floating dry dock proposal, or how many dollars I guess?

L. PARROTT: It's $2 million. That's for a feasibility study.

The other money, they're taking the 2D and 3D seismic data that we have now and it's all being reprofiled to make it more modern.

J. HOGAN: So that money, the $2 million for the dry dock, is coming directly from OilCo –

L. PARROTT: Yes.

J. HOGAN: – and not from Equinor. In the event the project doesn't proceed and GNL or OilCo doesn't proceed with any sort of flowing dry dock based on that feasibility study, then that $2 million is just gone from OilCo's cash reserves?

L. PARROTT: Yes.

J. HOGAN: Okay, thank you.

CHAIR: Are the any further questions?

The Chair recognizes the hon. Member for Conception Bay East - Bell Island.

F. HUTTON: Thank you, Chair.

Minister, we had been talking about this a couple of minutes ago when I was speaking last, before our break, and you were just chatting about it with the MHA for Windsor Lake, the FEED study for the dry dock, which you just discussed and the $2 million cost, when will that be awarded?

L. PARROTT: It's on the streets there now. The closing date, I haven't looked at it, but sometime in the next few weeks the RFP will close and it will be awarded shortly after that.

F. HUTTON: Within a couple of months or …?

L. PARROTT: I would suspect by the first of June, give or take a week or two.

F. HUTTON: And can you talk about some of the scope, for the record here, of what's in the …?

L. PARROTT: It's design build. I mean, obviously, it's the FEED, right. It's front-end engineering design, overall cost, order magnitude, the whole shot.

F. HUTTON: Okay, thank you.

It will be in the benefits agreement, which you're going to release later today, related to local work, related to the dry dock?

L. PARROTT: It will be built here in Newfoundland by Newfoundlanders and Labradorians.

F. HUTTON: Okay. They're first and foremost and then maybe you'll have to hire outside.

L. PARROTT: Absolutely.

F. HUTTON: There will be that criteria of Newfoundland and Labrador and then beyond.

L. PARROTT: Yes.

F. HUTTON: I want to talk a little bit about some things that were in the budget as well. There was $90 million in the plan for jobs, $90 million over three years to support the offshore exploration fund and encourage new offshore exploration activity? Is that new money or had that been previously announced?

L. PARROTT: It's the money that was announced last year, brought forward in the current budget.

F. HUTTON: Okay. Can you expand a little bit on what that money will be spent on?

L. PARROTT: It's anything from offshore exploration, frontier work, to drilling, whatever, same as it's always been utilized for; no different, nothing has changed. It's to promote and bring new people in here to explore our offshore and develop business.

F. HUTTON: You're carrying forward that $30 million per year over the three-year period.

L. PARROTT: Absolutely.

F. HUTTON: Thank you, Minister.

There was $8.65 million for the Innovation and Business Development Fund to expand the province's energy supply and service capabilities. Can you expand on that, Minister?

L. PARROTT: What subheading was it under?

F. HUTTON: It isn't actually. It's from a budget handout.

L. PARROTT: Yes, again, the IBDF is all administered under JGRD. While the fund sits in our department, JGRD runs it.

F. HUTTON: Okay. We can ask that department.

There was $584,000 for a Natural Gas Feasibility and Investment Opportunities Study to assess natural gas development options and attract private sector investment. You had discussed natural gas and your desire to expand there in secondary processing.

L. PARROTT: Yeah.

F. HUTTON: Is that enough money for what needs to be done?

L. PARROTT: So Phase II of that study will be released in the coming weeks and, yes, it will be covered off by Phase III for sure.

F. HUTTON: So there will be more –

L. PARROTT: More studies to come, yeah.

F. HUTTON: More studies to come.

L. PARROTT: Existing data being modernized using AI and other options.

F. HUTTON: Will there be additional funding announced for more studies?

L. PARROTT: If required, there will be, for sure.

F. HUTTON: Okay. The funding to support the concept, design and strategic marketing for the floating dry dock project, that's included in the $2 million.

L. PARROTT: It is, for sure.

F. HUTTON: The marketing aspect of it as well?

L. PARROTT: Absolutely.

F. HUTTON: There was $1.3 million announced to advance critical mineral exploration in rural areas through the Junior Exploration Assistance programs. I know I'm bouncing around a little bit from industry to industry. Can you talk a little bit about that, please?

P. CARTER: There are a couple of aspects to that. There was money that was added back in '24 where we added $1.3 million for the Critical Mineral Exploration Assistance program. We also had a federal contribution for $1.3 million, as well, for the Critical Minerals Exploration Assistance program. In this year's budget, we also secured an additional year for the $1.3 million from the federal portion of that contribution as well.

F. HUTTON: Okay. Thank you, Mr. Carter.

Minister, also in the budget there was $900,000 to support iron ore development in Labrador including the Labrador West transmission and the regional system impact study in Julienne Lake iron ore project. You talked about the need for Tacora, Tata, IOC and others, Julienne Lake, to expand, but as you know and I heard, as well, when I was at MINEx in Lab West, the expansion can't take place without more electricity.

The $900,000, can you expand on what that money will be spent on?

L. PARROTT: Yes, a portion of that, obviously, is for the transmission line, the study, and it's our portion. So both Rio Tinto and Tacora, they have signed on to pay a portion of those studies, and the federal government, obviously.

The electricity in Labrador has never been a secret. The bigger concern ought to be that we can't build industry whatsoever up there, not just Labrador West, but Goose Bay also. It's been overlooked for a long time.

The reality is, is that Kami went in and when they bought that project from Alderon, their original plan was to facilitate their mine utilizing thermal generation. So now we have an opportunity to electrify and utilize that. But, originally, there was never a plan for Gull or the Churchill Falls expansion when they bought it and when they started their feasibility studies and their expansion plans. IOC, Tacora, Kami, Tata, Iron Bear, are all at the very forefront of the requirement for electricity.

Unfortunately, I would argue, based on what I seen and heard from the Gull Island project, there wasn't enough electricity to meet the needs of Labrador. Certainly, with the announcement for Goose Bay, that makes it even less of an amount in order to meet the needs that Labrador is going to need. But if you go to Goose Bay right now or you go to Labrador West, you'll find out that if a business wants to start up and they want to put in a 400-amp service, they can't do it. It's just not there to do.

So this money is to make sure that we have the ability to, not only get power into Labrador West, but to make sure that we have enough power going there, not just for tomorrow but for many years down the road.

F. HUTTON: Thank you, Minister.

Minister, where will the power come from?

L. PARROTT: There are all kinds of different opportunities to send power to Labrador, we all know that. We know there's an expansion of Bay d'Espoir that's on the books now in front of the PUB. There are wind opportunities here in the province. There's the Gull Island prospect. There's the expansion of CF1 and CF2 and there's the availability of thermal generation. We will find the power to go to Labrador, no question about it.

F. HUTTON: What are the companies telling you in terms of the timelines on when they need electricity in order to be able to expand so that they don't downsize before they can expand?

L. PARROTT: Timelines have never changed – never changed. IOC is in the same place that they've always been. Tacora, with the expansion in the manganese, hasn't changed what they require.

But, again, I'll go back and I'll say through many years of mismanagement, and when we look across the border at Quebec and we see multiple companies opening up, up there in their industrial park that are now servicing Labrador West, it's a travesty.

We will find a way to get the electricity over to Labrador West, there's no question about it, and those conversations are ongoing daily.

F. HUTTON: Minister, by mismanagement, many years of mismanagement, who do you mean? The companies or previous governments?

L. PARROTT: Previous governments, no doubt.

F. HUTTON: In what way, Sir?

L. PARROTT: The demands for electricity in Labrador West and Goose Bay have existed for a long time, to the point that there couldn't be an expansion in housing, couldn't be an expansion in industry – and when I say that, I'm not talking about the mining companies. The mining companies are substantial what they need, but I'm saying that if you want to go in and you want to open up a welding shop in Labrador to service the existing mines or you wanted to do that 10 years ago, the electricity was not there to do it.

If you buy a piece of land in the Labrador West industrial park right now, you can build your building, but you cannot electrify it because the electricity is not there and it has not been there for a long time.

The power outlined by the previous administration that was going to supply Labrador West does not meet the needs going forward.

F. HUTTON: The 1,500 megawatts?

L. PARROTT: Does not meet the needs going forward.

F. HUTTON: Chair, I think my time has expired.

CHAIR: Any further questions?

J. HOGAN: I'd just like to follow up on my colleague's questions. What discussions did you have with NL Hydro about their plans to meet the needs for Labrador West?

(Inaudible.)

L. PARROTT: Lots of conversations have happened with options and the options range, like I said just then, from Gull Island to thermal generation to the expansion of

Bay d'Espoir, from rediverting electricity from Muskrat to Labrador West and Goose Bay and utilizing excess power here in Newfoundland in order to meet those needs.

All options are on the table, whether it be wind, Gull, CF1, CF2, thermal generation. We are looking at every way possible, but Labrador will not suffer through a power shortage.

J. HOGAN: No, I meant more specifically in terms of, I guess, based on what are you making the conclusion or making the statement that there's not enough power for Labrador West?

L. PARROTT: My statement was that while it may meet the power needs today, it won't meet the power needs tomorrow.

J. HOGAN: I understand that. So based on what?

L. PARROTT: On conversations that we've had and the idea that industry wants to expand and move forward. Based on the requirements that the mines have asked for up there to meet their current needs and the idea of any new proponent, be that Search Minerals in the south or any other mining proponent, no matter where it is, Goose Bay, that the current recall power distribution, as per the previous MOU, will not meet future needs.

J. HOGAN: So the MOU is dated to December 2024, I believe. You said historically this has been mismanagement, so I'm trying to get at, what has NL Hydro told you about their planning – I assume they would have felt that they did a good job in planning for expansion of power in all parts of the province where it's needed. That's part of what they do.

So when you say to them, the planning is not done properly and there was not good management, what was NL Hydro's response?

L. PARROTT: I'm not talking about NL Hydro.

J. HOGAN: Okay, so maybe give details about, specifically, what government, what departments and when there was a failure to do the planning, which I would suggest is NL Hydro's planning and government works with NL Hydro to make sure it's done properly.

L. PARROTT: I would say, when we look at Labrador as a whole and the requirements that are there in the immediate future – and when I say immediate future, I'm referring to the next five to six years with regard to the Kami project, Iron Bear, the expansion for IOC and Tacora. Then you add on to that the probability that Julienne Lake may get done, other parts of the Labrador Trough. You look at Search Minerals and you look at the South Coast of Labrador. Then you look at the idea that the Kami project has in their benefits agreement – had anyone read it, they would know that the Kami benefits agreement clearly says that housing – people will be living there versus fly in, fly out.

While we look at industry, nobody looked at the whole picture as to what those requirements would be going forward. Part of that is the creation of possibly 400 to 500 houses.

On top of that, then you look at what that creates from an industrial standpoint, with the industrial park; what it creates with regard to infrastructure for Wabush and Labrador City. Then you have to look at what Goose Bay is going through over there, and then add on top of that the $8.4 billion that the federal government is going to spend for expansion in Goose Bay, all with a requirement for energy needs.

I would think that any government would be wanting to grow at every opportunity they get. So if you add up all of the previous power requirements that were given by the proponents that exist, and you look at the situation we're in now, it doesn't meet the needs.

J. HOGAN: I'll try again.

When you present that to NL Hydro, what is their response in saying that planning wasn't done properly to meet all the needs you just outlined for all the projects in Labrador?

L. PARROTT: I'm quite certain, in the coming days, we'll hear from NL Hydro and they'll say the same thing.

J. HOGAN: I think you said there wasn't enough power, based on the MOU, to deliver what you talked about. What does NL Hydro say about that, given that they were obviously the negotiating lead on the MOU?

L. PARROTT: They don't say anything right now.

J. HOGAN: I'm curious, what do you mean by that? Do you not have conversations with NL Hydro about the MOU?

L. PARROTT: I talk to them on a regular basis.

J. HOGAN: So if they don't say anything about it, what do you mean? They refuse to give answers or you don't bring it up?

L. PARROTT: No, we're in the middle of a 10-year energy plan where we will look to the future instead of to the present, and we will understand the exact needs for Labrador from an industrial, from a commercial and from a private standpoint when it comes to housing and everything and we'll have a very clear understanding of what those powered needs are required. Previously, it was based, specifically, on industry expansion.

J. HOGAN: So do we expect to hear from NL Hydro this week on something?

L. PARROTT: No idea.

J. HOGAN: You said –

L. PARROTT: Coming days.

J. HOGAN: Yes, that is this week.

L. PARROTT: Yes.

J. HOGAN: Is there an announcement coming from NL Hydro? Is it something that we should be expecting?

L. PARROTT: No.

J. HOGAN: So why would we hear from them in the coming days?

L. PARROTT: I would think that we are going to start keeping to the line items in this Estimates versus asking questions outside.

J. HOGAN: Well, you have an obligation to answer questions. It's a lot of what goes in your department is policy-driven. I mean the first set of questions I asked were about grants and subsidies for developing energy policies in the province. I think that's important for people to know so I guess I'll ask again. Is there an expectation that we'll hear from NL Hydro of something new in the coming days, as you said?

L. PARROTT: The expectation is that sometime over the next several weeks, we will probably – not probably, we will release the IRC and when that comes out, then I think that the answers will be answered.

J. HOGAN: I just want to go back to the construction of the topsides. Has there been a calculation done by your department on how many jobs would result from construction of the topsides, regardless of who it's done by?

L. PARROTT: Say it again.

J. HOGAN: If and when the topsides are constructed for the project for Bay du Nord, someone will, obviously, be doing that construction work. Is there a calculation done by your department about how many jobs that would look like?

L. PARROTT: We have not seen what topsides are going to look like so, obviously, the FEED was signed last week and those calculations will happen as we get access to them. It's a different dynamic. So when you look at the ability to do the vessel here – the vessel can't be built here. We all know that. That's not new to anyone. As part of an FPSO, there are proponents of that that are integrated based on how that vessel is to operate.

So I would suggest that probably the drill module and a couple of other ones will be integrated in the hull of that and that happens wherever the hull is built. So as we find that out, we will know what it is. Right now, it's just not there.

J. HOGAN: I understand the details aren't there. Is there any sort of estimation? I mean, we know what these look like, in some respects. I know the details don't exist yet. I guess, is there any estimation in the departments about how many jobs that could be?

L. PARROTT: No.

J. HOGAN: Okay, thank you.

Now that the MOU with NL Hydro and Hydro-Québec has expired, is there a plan to talk to other entities or other jurisdictions in relation to development of any or all parts of Churchill River?

L. PARROTT: I would say if you listened to the Quebec premier on Friday, she clearly said that she still has a desire to negotiate with Newfoundland and Labrador, and we will look at opportunities as they arise.

J. HOGAN: So she said that, that's great, but does the government or the department or NL Hydro have any plans to talk to other entities or jurisdictions outside of Hydro-Québec now that the MOU has expired?

L. PARROTT: I would think, as a government, we'd be remiss if we didn't look at every option, but I would say there is a desire for us to get it done and, as has been stated in the past, Quebec is a big part of that.

J. HOGAN: There was a public document released within the last two or three months, all the provinces and I think maybe one or two territories – I stand to be corrected on that – with regard to the national energy grid. Newfoundland and Labrador and Quebec did not sign that.

I'm just curious if you could explain a little bit more now that we're here why Newfoundland and Labrador chose not to sign that?

L. PARROTT: Well, I would say that was upfront in the previous administration and you were probably the premier when it wasn't signed the first time. So since then, I would say conversations have been ongoing with Quebec; you know if you're in a negotiation, you need to make sure what it is.

The next thing I would say is that we currently have the ability to ship electricity to Nova Scotia and onward from there. We don't have the ability, with the exception of the 500 megawatts of recall power that we currently have, under the Churchill Falls contract, I think, 245 megawatts of that at times are sold to the open market but that's through an agreement with Quebec.

Right now, the national energy grid – I would say we feel strongly, as I would think any administration would, that if there's a pipeline that flows east, it should flow west and if that electricity flows east, it should flow west, and talks are ongoing.

CHAIR: The Chair recognizes the Member for St. John's Centre.

J. DINN: I wasn't planning to ask any further questions but I do have to seek some clarification on answers provided by the minister.

First of all, if I understood the minister saying that when it came to the power to Labrador, it was the result of years of mismanagement, I understood from his comments that he's blaming the Liberals. So is the minister saying that the years of mismanagement stopped with the last Liberal administration and didn't go back before that in sort of planning for the future? I'm just trying to make sure I understood it.

L. PARROTT: What I would say is that if you visit Labrador West right now and you travelled to Fermont, you will see a community 27 kilometres away that is on bust. You'll see a multitude of camps, an industrial park, a new mine, everything all powered by electricity that flows out of Churchill Falls.

When you go to Labrador West right now and if you go to the current industrial park and you buy a piece of land, Newfoundland Hydro will quickly tell you that there is no access to a 400-amp service. There is a little bit of access to 200-amp services to build some housing but not a lot.

Labrador West has been stymied for growth for a very long time. When you talk to proponents up there, they will tell you that some of the businesses that they're dealing with come out of Quebec. They come out of Quebec for a reason, because they can't open in Labrador West where the two larger mines are. They simply can't do it because there's no electricity there.

That's not a new issue. It's an issue that's been going on for the last 10 years and it is a huge issue in my opinion. Don't take my word for it, you've been up there, I would suggest that you drive over to Fermont, you have a look at what's going on up there, the growth. The amount of money that's being spent. The new commercial properties that are being erected in their industrial park. They are being built to service Labrador more so than they are to service Quebec.

J. DINN: I have and actually I know that a lot of people from Fermont actually come over to Labrador West because there are more facilities there. I talked to people in Labrador West including the mayor of Labrador West and people in the mining industry, what they don't want Labrador West to turn into, Lab City to turn into is another Fermont, which is primarily a fly-in, fly-out.

L. PARROTT: Fly-in, fly-out. I totally agree.

J. DINN: So while they may have power, they certainly are not on the scale of Labrador West. If you walked through, I guess, the main complex there in Fermont, the store, you'll find that it's hallowed out compared to some of the places in Labrador West.

I would argue that any blame goes back before the Liberals, before the Liberal administration. This is a failure to foresee the future or to even plan for it.

I do want to follow up, the minister said that there would be no worry, power would get to Labrador. They will have a plan to get power to Labrador. I think he mentioned wind, other options and so on and so forth.

Just to clarify, what are the other options of getting that power to Labrador, indeed while we're waiting for the Churchill Falls or any deal to be struck? What are those options? I think you mentioned about getting power from the Island to Labrador.

L. PARROTT: Yes. I mean, there is an ability for us to put wind back into the grid and utilize Muskrat Falls power in Labrador West. There's an ability for us, once we do the expansion to Bay d'Espoir 1 and 2 and get the excess energy capability there, the same thing. All options are on the table.

So at the end of the day, we have electricity, and the 10-year energy study is going to help us move that along when we understand, not just our energy capabilities, but our capacity. I think it's long overdue that we do that and understand exactly what we have and how we can manage that.

Again, right now, NL Hydro knows that it's a requirement for us to look after the needs of Labrador and Newfoundland. They are looking at every option and that 10-year energy study is a big part of that.

J. DINN: Earlier in the Committee meeting, the minister said that wind and solar weren't really options for Labrador, I think you said the environment was too harsh. I'm assuming that these wind energy options are going to be placed on the Island somewhere. So what would be the logistics then of getting that power from the Island, from Muskrat Falls – if that's a possibility – to, whether it's Happy Valley-Goose Bay, over to Lab City? I'm just trying to understand.

If I understand, even constructing a third line from Churchill Falls to Lab City would be a multi-billion dollar project. I'm trying to understand how these other options, it's feasible to even get them there, 10-year plan or no 10-year plan. I'm just trying to understand where this comes from.

L. PARROTT: No logistical issues whatsoever. A few years ago, there was a redundant powerline and switchyard put in Chapel Arm that went to Bay d'Espoir. At the same time, there was a redundant powerline that went from Muskrat Falls over to Churchill.

Right now, the Labrador-Island Link has a set amount of capacity they can ship out, but those lines operate in a two-way situation. Muskrat has the ability to ship power over towards Churchill Falls. That's where the line would come from down to Labrador West, no different than what's already planned, and less power would come to Newfoundland.

It's addition by subtraction. So if we create power capabilities here in the province, it means Muskrat supplies less power to Newfoundland and more power to Labrador.

J. DINN: Are you saying then that there are lines currently going from Muskrat Falls to Labrador West?

L. PARROTT: No, I never said that at all.

J. DINN: Okay.

L. PARROTT: We still need the power line.

J. DINN: My point is, Chair, there is no way of getting power here directly and to do so would mean constructing a line to Labrador West, a DC line I'm assuming, similar to the one. I'm just trying to understand how that –

L. PARROTT: Two 730 KVA lines that would go over, as the plan is now. The feasibility study part one is done; part two will be done this summer.

J. DINN: I would say I would like to know what the cost will be.

The next question, with regard to that, I think the minister has said that really, if I understood correctly, there's not enough power even in the Churchill Falls, even in the current agreement, iteration of it, to even supply the future needs of Labrador West. Now, that's not the impression I've gotten from talking to the mayor, two people in the mining industry, very clear – Kami, Tacora, IOC that they need power – actually Labrador needs power just for housing.

I'm assuming then, that the minister has, or the department has studies, an analysis done to back this up and, if so, would we able to have a copy to show it to see where this conclusion comes from? It's the first time I've heard it and I've been up to Labrador West several times and spoken to people in the industry and those in housing.

I'm trying to understand, where this seems to be new information and if there's an analysis or report, I would dearly love and I would assume the Official Opposition would like to have a copy of that so we can see just where this conclusion came from.

L. PARROTT: I'll go back and I was very clear when I said they looked at the industrialization of Labrador West. Probably not included in that is future projects. I said, from a commercial standpoint and from a private residence standpoint, none of that was included, as best I can see.

When you look at Iron Bear, when you look at Tata Steel, when you look at Search Minerals, when you look at the requirements in Goose Bay and any other mineral development that would come in Labrador, outside of the proponents who have already committed to electricity, through the Gull Island and the Churchill Falls expansion, it doesn't give us a long enough look into the future.

As the MOU was designed, there was a set amount of electricity based on today's current needs. It is my opinion and I am certain that once our 10-year energy study comes out, is finalized and done, it will show that if we are to electrify Labrador and utilize the electricity for, maybe as far east as Voisey's Bay, we have not negotiated enough electricity in that MOU to look after our future needs.

I wasn't talking specifically about Wabush Mines and IOC or Labrador West, and I would have the conversation with the mayors, and I have, when we look at Labrador West right now, you cannot build one building in an industrial park and power it.

So as you just said, the Kami benefits agreement clearly says it requires residences, that it won't be fly in, fly out, that people will live there. When you have people that move in there to live, you need to take into consideration schooling, health care, everything else associated with that.

When we look at the study that was done for mining specific, and not looking out into the future for potential mines and the ability for us to expand in this province, I do not believe for one second that the MOU took that into consideration.

J. DINN: But, again, the minister has no analysis to back up that opinion.

Thank you.

CHAIR: Excuse me, the Member's time has expired.

The Chair recognizes the Member for Windsor Lake.

J. HOGAN: I'll follow up on that line of questioning from the Member for St. John's Centre.

So forget the logistics of the MOU, whether it's enough money or not enough money, construction cost and risks and all that, let's just talk about the amount of power. Your opinion is that based on the future needs for Labrador, and I guess for Newfoundland as well, that the MOU did not provide enough power?

L. PARROTT: From the recall portions as they progressed, after 2032, I believe, I think that it handcuffs us in a scenario where our growth may be stymied. No different than it has been previously based on previous agreements. I'm not pointing at an administration. We know that we've had, not just an energy issue but a capacity issue.

J. HOGAN: No, I understand that. I'm not trying to point the blame here either. I'm just trying to understand now if NL Hydro had made the analysis that that was an appropriate amount of power to get from that MOU, as the Member for St. John's Centre said, you were saying something different. So where is that analysis that what you're saying differs from what had gone into the MOU negotiations?

L. PARROTT: So high-level analysis based on projects that we know will probably come to fruition. I would say that Newfoundland Hydro's analysis was based on projects that have been sanctioned and that are moving forward tomorrow versus looking far enough out into the future.

J. HOGAN: So is there an actual detailed analytical report or is you or someone in your department looking at an analysis that was done and then putting plus, plus, plus on top of it?

L. PARROTT: The Newfoundland Hydro requirement as they laid out, plus information that we know about, mines that we would hope will come to fruition; the fact of the shortage of electricity in Labrador West when it comes to housing and the things that are associated with 500 or 600 new houses going in there; the fact that the industrial park can't build commercial properties.

Goose Bay is in the exact same situation. Now we've got an $8.4-billion expansion going to happen in Goose Bay, that's going to require electricity no different. We've got the issues on the South Coast of Labrador that we're all well aware of. We've got Search Minerals.

We know that if we're going to electrify Labrador and put them on an equal playing field, that we need more electricity.

J. HOGAN: Minister, you mentioned about a pipeline out west and it'll only be fair if there was an electricity line, I guess, or corridor east if there was going to be a pipeline out west. Is it the position of the government that we won't negotiate with Hydro-Québec until such a national energy corridor exists?

L. PARROTT: No, that was never said. But I'm sure us, as any administration, would love to have the ability to sell our power wherever we want.

J. HOGAN: But that has been a sense of frustration whether it's fair or not fair. This is the country we live in, the province we're next to, et cetera, et cetera. We all know that stuff. There has certainly been discussion in the public about not doing a deal with Quebec unless we can sell it at the border for market price. The MOU is different than that.

You spoke in the House about a national energy corridor, so I guess I'm asking that of you now. Is that the position of GNL or the department that that's a prerequisite of doing the deal with Hydro-Québec?

L. PARROTT: No, but I would say, as negotiations go on, regardless of who it's with that, it would be the stance of anyone that the ability for us to export power – as an example, let's just say, hypothetically, the MOU was the foundation of any contract and that contract was signed and our 1,500 megawatts of recall power and there was no mines open in Labrador and there was no need. Well, at 1,500 megawatts, we should have the ability to transport that to where we want.

Quebec had first right of refusal, I believe, on the MOU. But, at the end of the day, I think that if we have the ability to produce – and my concern, as I highlighted in here last year, January 6 or 7, is the exclusivity deal that was there. I look no further than Churchill Falls.

Right now, if they do CF1 and CF2 and they upgrade the capacity to the amount that they say they can – I'm doing the math here now – 56 years later, I guess, or 65, what if we find a way in 15 years to double the capacity of Muskrat Falls, what can we do with that? Can we sell it? Not on the current conditions or the previous MOU, there's an exclusivity right that says we can't.

I would think that any province in this country would like the ability to sell their electricity across boarders.

J. HOGAN: But that's not the country that we have. That's not the way the Constitution works. So unless you're going to change the Constitution or come to a deal with Quebec where that's possible, what are we going to do? What are you going to do?

The budget had one line item that says you're going to build and develop Gull Island. So what is your plan to do that, if it's not based on the MOU?

K. RUSSELL: I question its relevance, Mr. Chair, based on that we should be here talking about Estimates, not the future direction of the government.

CHAIR: Member for Lake Melville, I'll take that into consideration.

I ask the Member for Windsor Lake, keep it to the expenditures.

J. HOGAN: I've been here for over five years now and government policy is part of the Estimates process. If we can't answer questions about the policy developing our most valuable resource, that's a troubling position for the government to take.

L. PARROTT: I'll respond to that, actually.

I would say, yes, you have been that way. I think I have been that way today, and I don't mind answering your questions.

J. HOGAN: Yes, 100 per cent. You didn't object.

L. PARROTT: There are ministers that stuck specifically to Estimates. I don't have an issue answering your questions.

What I would say is this, it's no good hypothesize on what-ifs. The Premier has been pretty clear that he wants to develop Gull Island and do the expansion of CF1 and CF2. I don't think that it's any secret that Quebec is most likely our best partner in that. So at the end of the day, maybe through the conversations and what I've just highlighted, it highlights why we need to negotiate something different.

J. HOGAN: Thank you.

There has been comments made by Members of your government that the Liberals rushed into a deal with Hydro-Québec. I guess I'd ask, if you're going to negotiate a deal with Hydro-Québec, what is your time frame for that?

L. PARROTT: I don't think there's a set time frame. The time frame is based on getting the absolute best deal for Newfoundlanders and Labradorian, and part of that is understanding the requirements that we have from an energy standpoint here in the province and making sure that we meet those needs.

It's an important project, not just from a constructability standpoint and what it means for work, it's an important project for this province for our abilities to develop our own resources.

CHAIR: The Chair recognizes the Member for Conception Bay East - Bell Island.

F. HUTTON: Thank you, Chair.

Minister, I've got a couple of questions here on different topics that I wanted to go through. My colleague finished a little bit early. I just want to make sure that I'm going in the right direction here.

You mentioned, I think to both other colleagues who have asked you about this, about the possibilities of electrifying Labrador, parts of Labrador with either wind energy that could come from the Island or thermal energy or things with the upgraded Bay d'Espoir.

Has there been any cost analysis on what it would actually cost to get enough electricity from the Island portion of the province to Labrador West – just to focus on Labrador west? Understanding that Voisey's Bay needs electricity, Goose Bay needs it and also the South Coast of Labrador.

L. PARROTT: So I would say the cost analysis done by the previous administration highlighted the fact that the power line was somewhere in the vicinity of $2.2 billion to go from Churchill Falls into Labrador West. That was a one 735 kVA line that would sufficiently supply the needs there.

When it comes to construction of new power lines and whatnot to get the electricity to Churchill Falls –

F. HUTTON: From the Island.

L. PARROTT: – we have the ability to do that now. So we can use the Labrador-Island Link to push power back there or we can also just not send the power to Newfoundland and utilize the power from Muskrat to go through Churchill through.

So as we have seen in the last energy crunch, we can loop power pretty much all the way around now. I mean, at the end of the day, the ability for us to utilize Muskrat Falls in Labrador is there. Right now, it's $2.2 billion for the power line and that study, and that progress is moving forward. It has to move forward, in my opinion, to meet the timelines, to meet the industry requirements.

The other projects, as we analyze, study and come up with solutions, be that Gull Island, CF1, CF2 or something else, they will be made public as we go along – no question.

F. HUTTON: Thank you.

So you had referenced the possibility of wanting to send electricity as far east as Voisey's Bay in Labrador. Has there been a cost analysis done on that?

L. PARROTT: No. What I said is, at some point, obviously, Voisey's Bay would like to have that. In the past MHA Hutton, the proponent says they want electricity; they pay for the power line. I believe it's in the vicinity of 350 kilometres. I would say it's pretty close to the same idea coming from Churchill into Labrador West, it's a couple billion dollars.

If Voisey's Bay has a large enough desire or if the feasibility study comes out for the road to the north, as you guys had carried out and it wasn't released, if that were to come out and you moved forward with things and there are other mines up there or alternatives where electricity is a requirement, then I think that they look at those options, but, right now, it's not something that we've plugged into whatsoever.

I do know that they did a wind study. They looked at doing it up there and it just wasn't feasible. It would have took away, I think, about 10 per cent of their requirement, so they rely heavily on thermal generation.

Again, I'll say, when we look at Voisey's Bay, as an example, and thermal generation, it's been a bee in my bonnet since I came in here in 2019, that all of the fuel that goes into Voisey's Bay for thermal generation comes out of Quebec. It should be coming from here in Newfoundland. It's never changed and I'm hoping that is something that can be changed. I've had those conversations with them, but I believe that if we've got a proponent operating here in the province that it should be looking after the province.

F. HUTTON: Thank you, Minister.

Is there a cost analysis on what it would cost to get extra electricity to Goose Bay?

L. PARROTT: It's the same. I mean, it would come from Muskrat Falls, nothing changes. It has to do with our ability to create excess power here in Newfoundland or utilize – it won't require a new line to Goose Bay, the infrastructure is there, but for us to put it to Labrador West, because of the amount that's required for the mining industry over there, it would require a new line.

But if we have an ability to offset our power capabilities, our energy and capacity capabilities here in the province, whether that's through upgrades to Bay d'Espoir or other hydro facilities, I believe there are 27 hydro facilities that we have throughout the province. There may be capabilities for us to upgrade some of them to create more. All of that will come out in the 10-year Energy Plan.

F. HUTTON: What about cost analysis for bringing electricity to some South Coast communities in Labrador, which are diesel generated?

L. PARROTT: Same distance. Newfoundland Hydro went through a process with the PUB, which the PUB shut down, and that was more about redundancy and the ability to power multiple communities. I believe that, as a government – and the PUB have a responsibility to Labrador, no different than they do to the Island.

It's not unknown knowledge that the Labrador ratepayers are subsidized heavily through the Newfoundland ratepayers. When the PUB looks at these types of things, it's through a cost-analysis type situation.

When that fire happened up there, unfortunately, in 2018 – it's 2026, and there is no excuse for that to take as long as it did, but I would think, if there comes a situation where it can be done economically and it makes the best sense for the people of Southern Labrador, perhaps there's a new mine and other things that help move that forward, then those are options we have to look at.

F. HUTTON: The MOU called for quadrupling the existing power that would go to Labrador West, and you don't feel that is enough? Will you be taking Newfoundland and Labrador Hydro's advice on how much electricity is actually needed out there? Who is going to figure out what is needed in Labrador West?

L. PARROTT: It won't come from me, but it will be very forward looking.

Obviously, it will include current needs, future estimated needs and what we know, potentially, we're going to need. If we lock ourselves into any agreement that handcuffs us with our capability to buy electricity that we create, then we have an issue. We should have first right of refusal on a block of power. If we don't utilize it, then it goes to Quebec.

If we develop resources here in this province that we can't electrify, then we've planned very poorly.

F. HUTTON: If that advice won't come from you, who will it come from, Sir?

L. PARROTT: I didn't say it wouldn't come from me; what I said is I will not decide.

What I would say to you is that there will be an analysis done, a detailed analysis that includes housing, commercial, industrial and future projects, including other projects in Labrador that currently have not been built and everything that goes along with that, a very forward-looking analysis that makes us understand specifically what we need in this province from a power standpoint.

If we wanted to do secondary processing here in Newfoundland right now, we cannot. When we go to open up mines here in Newfoundland right now, or Labrador, we are handcuffed as to what we can provide. We have –

F. HUTTON: Under the current situation, Sir – sorry to interrupt – or after the MOU?

L. PARROTT: Absolutely, under the current and with the MOU, if we expand the way that we would like to expand.

I don't think it's what we'd like to do; it's what's on the horizon. The eighth best mining jurisdiction in the world. Critical minerals are at the forefront. The federal Liberal government is pushing things forward from an environmental and economical standpoint right now that gives us an opportunity as a province to move things forward.

If we have to turn down development because we cannot provide electricity, we have failed. If that's in five years or 10 years or 15 years, we've failed. We've failed before, and I think it's prudent on us, as a government, to make sure we don't do it again.

F. HUTTON: So will that high-level analysis come Hydro, on the housing, 20 years down the road if somebody –?

L. PARROTT: It will come from my department and Hydro.

As we look at benefits agreements existing, certainly with the Kami project and others; when we look at Goose Bay and what their expansion is going to mean from a National Defence standpoint and everything else, it's a simple answer.

I mean, if we look at what is provided in the previous MOU, what the needs are currently today and we don't project out growth and we don't have the power to do the things that we want to do as a province, we failed. It's pretty simple.

F. HUTTON: I have a minute left and I'll come back to this again if I get another opportunity. I want to go back to Bay du Nord for a moment, Minister.

Have you had any discussions with Equinor or BP related to a 10 per cent ownership or any ownership of the – I know that in the briefing we had with your department officials, your assistant deputy minister and others who were in the room at the time, I think, mentioned that you're keen on this idea.

L. PARROTT: Yes, so the equity option is on the table and when we get to that point, we'll make a decision as a government.

F. HUTTON: Any idea on how much that would cost? Is there an estimate?

L. PARROTT: I do, but off the top of my head, I don't have it – I believe that the number is $180 million.

F. HUTTON: That's the upfront capital cost?

L. PARROTT: Yes.

F. HUTTON: Okay.

That would have to be approved by Treasury Board, right?

L. PARROTT: Absolutely, yes.

F. HUTTON: Chair, I'm out of time right now but I will have more questions afterwards.

L. PARROTT: I'll get that exact number for you on the equity, but I believe it's $180 million. I'll get you that answer.

CHAIR: Any further questions?

F. HUTTON: Yes, Chair, I did.

CHAIR: The Chair recognizes the hon. Member for Conception Bay East - Bell Island.

F. HUTTON: Can I ask, Minister, what is it about an equity share that peaks your interest, or thinks that it's a good idea from a policy perspective?

L. PARROTT: What I would say is that any ability for us to create revenue for this province, that puts us in a place where we're helping eliminate debt or pay for programs, then it's good. Until we do a deep dive and an analysis into that, then there won't be a decision made.

Our previous equity shares have proven to pay. I think historically it has, but until we understand exactly what that looks like, then there won't be a decision made.

F. HUTTON: Minister, obviously, with the benefits, there are downsides to that. Because if the Province of Newfoundland and Labrador, the Government of Newfoundland and Labrador owns a 10 per cent share in Bay du Nord, they would equally be responsible for anything that would go wrong with some kind of an issue and also the decommissioning, which those costs have to be considered.

L. PARROTT: Yes.

F. HUTTON: That's obviously going to be part of the analysis.

L. PARROTT: Absolutely.

F. HUTTON: But some of them are just things that you will never know what they would be until they actually happen.

L. PARROTT: Absolutely.

F. HUTTON: If there was a spill – God forbid there is, but if that ever happens.

L. PARROTT: Absolutely.

F. HUTTON: Equally with the other investments we have.

L. PARROTT: What I would say is there will be a very detailed analysis into that so we understand exactly where we are and where we stand with all of that. When it comes to equity, that's all negotiated. It's a maximum of 10 per cent. We don't have to take 10 per cent as we move forward. As the project goes forward and gets sanctioned, then we'll make a decision.

We know that there's always cost associated with it, but the reality is that to date, historically, the costs have been outweighed by the benefits.

F. HUTTON: Who will do the analysis on that? Is that within your department on the cost-benefit analysis? Or will you go outside as well?

C. MARTIN: So the announcement on that will happen – it's really three-fold. They'll go do their analysis. We'll do our internal analysis, any of them, and the Department of Finance will also do their analysis and we'll feed back and forth with department findings.

F. HUTTON: Mr. Martin or Minister, is there any outside involvement in terms of analysis – advice from someone else?

C, MARTIN: From the actual final decision point on that, there wouldn't be at that point in time. It will be a government decision.

F. HUTTON: Minister, Equinor will make its final investment decision within 10 or 11 months or whatever. I think it's been two months since the agreement was signed in March. Have you had any ongoing talks with those companies, either Equinor or BP, related to what's happening with Bay d Nord?

L. PARROTT: Yes, so we've talked and just updates. Last week, the CEO of Equinor was here with the CEO of BW Offshore, CEO of BP and the CEO of SIA. They came and they did site visits at Bull Arm, Marystown. They had extensive meetings and both companies, individually, on two separate days, signed FEED agreements with Equinor.

But, listen, we wouldn't be doing our jobs if we're not keeping the conversation open.

F. HUTTON: Has there been any change in timelines on when their final investment decision will be made?

L. PARROTT: Nothing. No. Everything from their standpoint is on schedule.

F. HUTTON: And want about with respect to first oil? Should the final investment decision next year be yes?

L. PARROTT: Same. Nothing has changed.

F. HUTTON: Obviously, the benefits agreement that you're going to release later today will include local work requirements for subsea?

L. PARROTT: Absolutely.

F. HUTTON: And your pleased with what has been negotiated?

L. PARROTT: Absolutely.

F. HUTTON: With respect to topsides as well?

L. PARROTT: Same. Four companies have prequalified and we'll see what happens with them as the process moves forward.

F. HUTTON: Timelines on those?

L. PARROTT: We haven't got the timelines.

F. HUTTON: Okay.

Have there been any further talks with Quebec related to the MOU? I know that the previous MOU expired on April 30. Has there been any discussion between your department and your colleague in Quebec?

L. PARROTT: So what I would say is I don't think prior to me taking over this position there was ever conversations between my department and Quebec. I have talked to Minister Fréchette, at the time, I haven't talked to her since she has become the premier.

F. HUTTON: Are you dealing with the department though at all on that level, or is it on the Premier's level and the utilities?

L. PARROTT: No, not right now, but hopefully those things will all move forward in the near future.

F. HUTTON: Do you care to elaborate, Sir?

L. PARROTT: No, my elaboration is the same as I said earlier. Our desire is to get a deal and Quebec is, I believe, probably one of our best options. So those conversations will continue at some point. They have also expressed their desire to continue with the conversations. She said explicitly on Friday that she doesn't think that that deadline means anything really, that they want to continue the conversations, so the conversations will continue.

F. HUTTON: Minister, is it possible to do a deal to develop Gull or to expand Churchill Falls, the Churchill Falls existing, to upgrade and expand, and do Gull Island without Quebec as part of that formula, in your opinion?

L. PARROTT: That's a good question. I mean, we know the cost. We know the previous pitfalls that the province has hit. I believe that to be prudent there has to be outside investment in some manner. We're looking at every option.

F. HUTTON: Has anyone else come forward, aside from Quebec, to offer the ability to finance this because obviously the provincial Treasury would likely not qualify for that loan, if you will.

L. PARROTT: So what I would say is that prior to last week, we weren't allowed to talk to anyone else. So did people publicly say that they had interest in the electricity from

Gull Island? Yes. We weren't allowed to have those discussions.

F. HUTTON: Minister, you are now. Has anyone come forward since the expiry of the MOU?

L. PARROTT: Well, it's Monday. It expired on Friday.

F. HUTTON: Yeah, I know.

L. PARROTT: I'm in here. I haven't looked at my phone.

F. HUTTON: Okay. I would think, though, that if somebody was going to develop a $35-billion project, they may have contacted you right away, if they knew that the thing was expiring. That's why I was asking the question.

I'm good. Thank you, Chair.

CHAIR: Any further questions?

Seeing there are no further questions for the subhead, I'll ask the Clerk to recall the subhead.

CLERK: 3.1.01 to 3.1.09 inclusive, Energy Development.

CHAIR: Shall 3.1.01 to 3.1.09 inclusive carry?

All those in favour, 'aye.'

SOME HON. MEMBERS: Aye.

CHAIR: All those against, 'nay.'

Motion carried.

On motion, subheads 3.1.01 through 3.1.09 carried.

CLERK: Total for the Department of Energy and Mines.

CHAIR: Shall the total carry?

All those in favour, 'aye.'

SOME HON. MEMBERS: Aye.

CHAIR: All those against, 'nay.'

The motion is carried.

On motion, Department of Energy and Mines, total heads, carried.

CHAIR: Shall I report the Estimates of the Department of Energy and Mines?

All those in favour, 'aye.'

SOME HON. MEMBERS: Aye.

CHAIR: All those against, 'nay.'

Motion carried.

On motion, Estimates of Department of Energy and Mines carried without amendment.

CHAIR: Please remember that all the earpieces will be returned for recycling.

I'd like to thank the minister, department officials and the Committee for their attendance. The next date and time will be Tuesday, May 5, at 6 p.m.

I'll ask for a mover for adjournment.

K. RUSSELL: So moved.

CHAIR: The Member for Lake Melville has moved.

All those in favour, 'aye.'

SOME HON. MEMBERS: Aye.

CHAIR: All those against, 'nay.'

Motion carried.

On motion, the Committee adjourned.