



September 5, 2024

Energy NL Submission to the Department of Environment and Climate Change

Re: Environmental Assessment of the Argentia Renewables Wind Project

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Introduction

Energy NL was founded in 1977 to represent the supply and service sector of the energy industry. Today Energy NL represents over 500 member organizations worldwide which are involved in, or benefit from, the energy industry of Newfoundland and Labrador. Energy NL members are a diverse representation of businesses involved in a range of activities related to both renewable and non-renewable energy development, construction, and operations. This includes, but is not limited to, areas such as direct offshore and onshore supply; health and safety equipment and training; engineering solutions and fabricators; law firms and human resource agencies.

Energy NL is pleased to participate via this submission on the Environmental Assessment for the proposed Argentia Renewables Project.

Project Rationale

Clean hydrogen has been recognized by governments around the world as a key element in meeting international energy and climate goals. Clean hydrogen can assist in decarbonizing a range of hard-to-abate sectors including long-haul transport, and heavy industries such as iron and steel production and is expected to contribute significantly to global energy security. The International Energy Agency (IEA) reports that 41 governments now have hydrogen strategies in place.

Governments have also been laying the groundwork with policy actions and initiatives to encourage low-emission hydrogen production, with support being made available through such measures as the US Hydrogen Production Tax Credit; the European Union (EU) Important Projects of Common European Interest; the UK Low Carbon Hydrogen Business Model; and in Canada, the Clean Hydrogen Investment Tax Credit. The IEA estimates that, based on current stated government policies, the market size for a low-emission hydrogen sector could reach USD 12 billion by 2030, and with additional measures being implemented as envisioned under a "Net Zero Emissions by 2050" scenario, it could reach USD 112 billion.¹

¹ Global Hydrogen Review 2023, International Energy Agency, September 2023.

The development of a low-carbon hydrogen economy is a strategic priority for the Government of Canada, and in December 2020, Canada's Hydrogen Strategy was released. The government has made commitments surrounding the export of clean hydrogen to Germany via Memorandums of Understanding signed in August 2022 and March 2024. Following from these agreements, in July 2024, Canada and Germany committed \$600M which will assist Canadian companies to access German markets for clean hydrogen and ammonia.

Newfoundland and Labrador is ideally suited to be a world leader in the production and export of clean hydrogen and derivative fuels with:

- some of the best onshore and offshore wind resources in North America;
- availability of Crown land and potential offshore acreage;
- existing and future hydroelectricity for base load and backup;
- fresh water availability;
- industrial focused ports and sites to support development;
- offshore natural gas which could be used for blue hydrogen development;
- market access as a proven prime location for shipping to Europe and the U.S.;
- local supply and service companies which have developed capacity and specialized expertise in areas such as engineering; fabrication; marine transportation; logistics; health and safety operations; environmental and weather monitoring, to highlight just a few; and
- a work force with transferable skills.

These attributes are well recognized by the Government of Newfoundland and Labrador which has been undertaking important steps towards creating a regulatory and business environment for wind energy and hydrogen production. Since the completion of the Government of Newfoundland and Labrador's Plan for the Development of the Renewable Energy Industry in December 2021, the government has removed a longstanding moratorium on the development of onshore wind energy; implemented a competitive process for the acquisition of Crown land for wind and hydrogen production; awarded crown land wind application letters; released a wind-hydrogen fiscal framework; announced a Green Technology Tax Credit towards the capital costs of green activities such as wind-hydrogen projects; and in May 2024, released a hydrogen development action plan. The Government of Newfoundland and Labrador has also signed a Memorandum of Understanding with the Port of Rotterdam to cooperate on green hydrogen opportunities, and a Declaration of Intent with the city of Hamburg.

Key aspects which make the Argentia Renewables Project ideal for Newfoundland and Labrador now are:

- an opportunity for the province to have a new commercial operation and be at the forefront in the emerging global energy industry of large-scale hydrogen production and exportation;
- with Pattern Energy's leading role in this project, the entrance into the Newfoundland and Labrador energy industry of a recognized leader in renewable energy and storage projects across North America, and one which places emphasis on sustainability and opportunities for local communities;

- the opportunity to further diversify the Newfoundland and Labrador economy, and specifically the Port of Argentia and Placentia Bay area;
- commitment to training and hiring employees from Newfoundland and Labrador, leveraging the province's relevant skills in areas such as marine, fisheries, offshore oil and gas, and hydro;
- the outlined capital investment is indicative of a major project which can provide significant direct, indirect and induced economic activity in the province from construction and many years of ongoing operations;
- the opportunity for a significant private sector investment into the provincial economy; and
- project leadership which includes a wide range of specialized expertise with strong local knowledge and networks.

Economic Impact of the Argentia Renewables Project and a Newfoundland and Labrador Hydrogen Industry

As indicated in the proponent's Environmental Assessment Registration Document, the project is expected to require a \$1.5B capital investment with an estimated 960 full-time equivalent positions for construction, during peak construction activity. A total labour force of about 65 is expected to be required for the combined wind farm and green fuels facility operations for the projected 30-year timeframe. Most activity and significant economic benefits are anticipated to accrue directly to the local area adjacent to the project.

With the assistance of Natural Resources Canada's Clean Fuels Fund, Energy NL, in partnership with econext, commissioned a study of the potential economic benefits for a Newfoundland and Labrador wind-hydrogen industry. The research was undertaken by Jupia Consultants and was based on five large scale wind-hydrogen export projects proceeding in the province. The results indicate that an average project could expect to contribute \$394M to the province's GDP annually, contribute nearly \$220M per year in employment income, and provide over \$300M per year in government taxes. An industry based on five projects operating for at least 30 years would contribute over \$70B towards provincial GDP; more than \$41B in employment income; and nearly \$49B in combined taxes to governments (including direct, indirect, and induced benefits).²

The Argentia Renewables Project is an example of the type of project considered by Jupia Consultants for the above-referenced analysis, and is the type of project which will need to proceed on a timely basis, for the province of Newfoundland and Labrador to realize its potential as a clean fuels provider to areas of the world where hydrogen will be in demand.

Local Supply and Service

As with any new large scale energy development, wind-hydrogen projects such as the Argentia Renewables Project provide opportunities for local Newfoundland and Labrador-

² Game Changer: Green Hydrogen and the Evolution of Newfoundland and Labrador's Energy Sector, Jupia Consultants, March 2024.

based companies to secure contracts within their existing business lines; increase capacity and specialization within their lines of business delivered locally, through expansion and joint ventures; or enter entirely new lines of business. The size of capital investment coupled with a 30-year timeframe envisioned for operations provides the opportunity for additional investment in supply chain support necessary for the project proponents to achieve project objectives.

The Government of Newfoundland and Labrador, through its process in awarding Crown land wind application letters and contingent-wind energy land reserves, such as the one for the Argentia Renewables Wind LP, requires proponents to submit a Benefits Plan. These plans must be approved by the provincial government prior to the commencement of project construction. The development and implementation of these plans will be instrumental in ensuring first consideration and full and fair opportunity for Newfoundland and Labrador-based companies and Energy NL members through such measures as supplier development sessions, local capacity assessments, consistent and transparent notification of bid opportunities, and selection processes that encourage and include Newfoundland and Labrador based organizations.

The Argentia Renewables Registration Document recognizes that business activity associated with the project will be part of the strong contribution the project will make to the local, regional, and provincial economies. Business effects are identified and coupled with the Economy and Employment, as a "Valued Component" from which key economy and business indicators will be derived for measurement and assessment. Appendix Q of the Registration Document outlines the project's Benefits Policy which commits the proponents to delivering employment and economic opportunities within Newfoundland and Labrador focused on local residents, businesses, and Indigenous Peoples. This section of the Registration Document references the intention to ensure that both individuals and businesses in Newfoundland and Labrador have a full and fair opportunity to participate in employment opportunities and supply goods and services competitively.

Energy NL is looking forward to the details of the Benefits Plan prepared for the Argentia Renewables Project, and is available to assist the proponents of the project to develop and implement this plan.

Indigenous Participation, Diversity and Inclusion

Similar to the requirements for Project Benefits Plans, the Government of Newfoundland and Labrador also requires wind-hydrogen projects to have an approved Diversity, Equity, and Inclusion Plan. In the Registration Document, Argentia Renewables commits to a diverse, equitable, and inclusive workplace and has identified a range of measures which will be undertaken. These measures include initiatives such as development and implementation of a Diversity, Equity, and Inclusion (DEI) strategy which will outline commitments and drive accountability; identification, tracking and reporting on DEI metrics and progress; overcoming DEI barriers that might impact talent acquisition, development, retention etc.; and, application of DEI perspective across their business activities and value chain, including procurement, community investment, and stakeholder engagement.

The project proponents have established relationships with Indigenous groups and demonstrated a commitment to engagement, consultation and partnership with Indigenous communities. The Registration Document indicates a series of consultations which have taken place with the Miawpukek First Nation and the Qalipu First Nation on a range of topics including the project details and potential business opportunities.

Environmental and Other Considerations

The Registration Document for the Argentia Renewables Project outlines details of the existing environment and the assessment and mitigation for the atmospheric, aquatic, and terrestrial environment, as well as the land and resource use associated with the project. The proponent has clearly articulated an environmental management framework which establishes its policies on reducing potential negative environmental effects, tracking environmental performance, and advancing long-term environmental sustainability.

The proponent has been engaged with the local community regarding this project and has undertaken numerous public and stakeholder information and consultation activities. A public participation plan has been included as part of the Registration Document to ensure that interested and affected parties, including local communities, continue to be engaged in a meaningful way throughout all phases of the project.

A key consideration for the Argentia Renewables Project is that much of the activity will take place on Port of Argentia owned land which is used for industrial purposes. The Port of Argentia (the Port) has been a longstanding strategic industrial asset for Newfoundland and Labrador and Canada, having been the site of a U.S. military base under the Leased Bases Agreement signed by the United States and Britain in the 1940's. Following the base closure in the mid-1990s, a priority for all levels of government was reuse of the site, with a primary focus on industrial and commercial business centred around the strategic port. The Argentia Renewables Project fits the intentions of governments at the time for development in the area and diversification of the local and provincial economy. The Port and surrounding lands and assets currently support various types of industrial and commercial activities on site, including heavy civil construction associated with offshore oil and gas; cargo and container shipments; and supply of major components for offshore U.S. wind projects. The Argentia Renewables Project, with future development of onshore wind and hydrogen production, is located in an area with some distance from residential communities and, with the measures identified by the proponents, can be developed, constructed, and operated in a manner with limited impact on the environment.

Conclusion

Energy NL supports the approval of this project based upon the environmental research undertaken, including baseline studies in the project area; the commitments from the proponent to meet environmental standards; and the economic benefits the project will provide the province. This wind power and hydrogen project would be an integral part of a new aspect of energy development in Newfoundland and Labrador, providing employment, local supply and service opportunities, training, technology transfer, and

other benefits. This project would also help meet global energy demand, and specifically the growing demand in Europe for clean energy.

This project is consistent with the stated priorities of governments, and will be a conduit to fulfill international agreements and commitments made to produce and export clean hydrogen and derivative fuels. For Newfoundland and Labrador and Canada to advance its hydrogen economy, projects such as the Argentia Renewables Project must proceed.

Given the potential for this project, Energy NL encourages the Government of Newfoundland and Labrador to ensure a clear, consistent, and concise process for the proponents of this and other major renewable energy projects in the province. Energy NL is encouraged by the actions already taken by the Government of Newfoundland and Labrador to create the appropriate business environment for the development of this new industry. Energy NL strongly encourages the provincial government to continue to act in an expeditious manner to move forward with these approaches so that the tremendous energy resources available in the province can be used to meet global energy demands, in keeping with our reputation as a preferred source for safe, reliable, environmentally conscious energy. We must move swiftly to establish our place in the global energy market, specifically in the international wind and hydrogen sectors.

With respect to supply and service opportunities for Newfoundland and Labrador companies, Energy NL believes the Argentia Renewables Project is a tremendous opportunity for its members and we encourage the approval of this project and the timely development of the relevant benefits plan. Energy NL is willing to work with the provincial government and any proponent regarding the development and implementation of such a plan, as well as engagement of the supply and service sector of the energy industry to ensure full and fair opportunity for them to participate in these renewable energy projects.



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