



Energy NL
Pre-Budget Submission
Government of Newfoundland and Labrador
January 6, 2025

The Newfoundland and Labrador energy sector is a leader in Canada and the world due to its lower carbon offshore oil and gas, abundant and green hydroelectric capacity, and natural resources to develop a strong renewable energy sector led by wind energy and clean fuel development.

As the Government of Newfoundland and Labrador prepares Budget 2025, it has the opportunity to further the development of the energy sector through a number of targeted initiatives that will help support a prosperous energy sector that provides tremendous economic opportunity, thousands of well-paying jobs, and significant revenue. Below are requests from Energy NL to help move the sector forward and continue these numerous benefits.

Modified Offshore Exploration Initiative

On December 20, 2024, Energy NL CEO Charlene Johnson wrote Premier Andrew Furey and Minister Andrew Parsons with recommendations to modify the Offshore Exploration Initiative. The initiative would use funds forfeited by the offshore oil and gas sector through the Calls for Bids process. The proposed modifications were made after much consultation with industry members by Energy NL.

Key modifications proposed by Energy NL included (but were not limited to):

- a) Revise and extend the expiring Offshore Exploration Initiative to offer a 30% reimbursement (to a maximum of \$30 million) for the first well for an offshore Newfoundland and Labrador exploration program on a licence awarded by the C-NLOPB.
- b) A second well (if undertaken) would be eligible for a 35% reimbursement (up to a maximum of \$35 million) for a well:
 - i). on the same exploration licence as the first well in the program or,
 - ii). a well on an exploration licence adjoining to the licence of the first well in the program.
- c) A second exploration well (if undertaken) on a different or non-adjoining licence will be eligible for a 30% reimbursement (up to a maximum of \$30 million).
- d) A well is only eligible for reimbursement if it reaches planned target(s) formation as agreed with the Department of Industry, Energy and Technology.
- e) Only exploration wells are eligible (delineation wells, appraisal wells, or sidetrack wells are not eligible).

Energy NL requests the Government of Newfoundland and Labrador extend the Offshore Exploration Initiative as recommended December 20, 2024.

Offshore Seismic Program

Offshore seismic data has played a significant role in attracting investment offshore Newfoundland and Labrador and has led to numerous offshore exploration campaigns. In a sector where attracting investment is becoming evermore competitive, Government of Newfoundland and Labrador support for acquiring seismic data makes our jurisdiction much more attractive for such investment. Also, as Energy NL has stated in the past and has been recognized by the provincial government, data acquired during the seismic program can be used as part of the province's consideration of a future carbon capture and storage (CCS) industry offshore and for examining potential gas reserves.

Energy NL requests that Budget 2025 return provincial government support to OilCo for the offshore seismic program to the level of approximately \$20 million, as provided before the pause placed in Budget 2022.

Department of Industry, Energy and Technology (Petroleum Development Section) Support

With global investment increasing in offshore oil and gas, Energy NL strongly believes substantial focus must be placed on this sector and requests that the Government of Newfoundland and Labrador enhance support to the current oil and gas division (Petroleum Development Section) of the Department of Industry, Energy and Technology. The knowledgeable and dedicated staff currently managing the offshore oil and gas industry file must be bolstered to enhance efforts of the provincial government in attracting offshore investment, internationally promoting the Newfoundland and Labrador offshore oil and gas industry, coordinating related activities across the provincial government and with other levels of government, and to liaise with the offshore oil and gas industry, including the supply and service sector.

Renewable Energy

The renewable energy market remains dynamic and Energy NL commends the provincial government for remaining committed to commencing a robust renewable energy industry in Newfoundland and Labrador. Energy NL has worked closely with the provincial government on several issues related to the renewable energy sector and looks forward to continuing this collaboration.

In the coming days, Energy NL will be submitting a letter to the Government of Newfoundland and Labrador related to local content in the renewable energy industry. Energy NL was encouraged to see local engagement and activity as important decision factors in the early processes of allocating Crown land for renewable energy development. Energy NL believes local content and the opportunity for Energy NL members to fully participate in economic activity associated with these projects will be critical to their success.

Similarly, Energy NL believes a commitment to local content related to the Upper Churchill projects will be required to ensure the successful completion of the mega hydroelectric projects. As development of the projects will involve the governments of Newfoundland and Labrador and both NL Hydro and Hydro-Québec, Energy NL offers its experience in working with these organizations to coordinate supplier development sessions for the sector so members can learn about upcoming requirements and actively participate in the construction projects.

Bay du Nord

The Bay du Nord project remains an important opportunity for Energy NL members and the entire province of Newfoundland and Labrador.

Energy NL encourages the Government of Newfoundland and Labrador to continue to work with Equinor to ensure Bay du Nord proceeds. As both parties work toward a revised benefits agreement for the project, Energy NL advocates for a strong local content approach as provided by the Atlantic Accord with significant work components and decisions such as procurement, project management, and engineering and construction to occur in Newfoundland and Labrador.

Conclusion

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 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 appreciative of the opportunity to provide input into the development of Budget 2025 and make recommendations to help build a strong and vibrant energy sector.

Should you have any questions related to the Pre-Budget Submission of Energy NL, please do not hesitate to contact Ken Morrissey, Chief Strategy & Communication Officer, via kmorrissey@energynl.ca or 709-725-5172.