Submission of Edmund Martin with respect to the interpretation of the Terms of Reference for the

Commission of Inquiry Respecting the Muskrat Falls Project

3 February 15, 2018

The purpose of this correspondence is to provide a submission with respect to the interpretation of the Terms of Reference for the Commission of Inquiry Respecting the Muskrat Falls Project. I believe the following points are elements which are included in the Terms of Reference, representing important considerations to be understood and addressed during execution of the Terms of Reference.

RE: Section 4(a)

- 1. It is suggested that this term of reference allows the Inquiry to determine the value of the Project measured in the context of the full suite of financial, economic, GHG emission, reliability and strategic benefits over the useful life of the assets (including, not limited to, the ability to mitigate electricity rates) to Newfoundlanders and Labradorians. The value of the Project ought to be accurately portrayed and this is impossible when considering only "unmitigated electricity rates".
- 2. The baseline assumptions under this term would have to be considered over a long period of time, not as a "snapshot" of one particular point in time, as the assumption content will change in the context that things generally ebb and flow over time. For example, consider that the condition of the economy and associated electricity demand changes significantly at different times, and also consider the continuing volatility of oil prices over the past decades. This would fall under a reasonable reading of 4(a)(i).
- The Inquiry terms of reference are reasonably interpreted to include reference to the province's
 Energy Plan, which formed the foundation of developing the Province's energy sector, and

- among other things, the intention to invest portions of the Province's non-renewable resource revenues into the Provinces renewable resource development.
- 4. Under the terms of reference specifically 4(a)(iii) there is implicit in the term a need to analyze the benefits of the Project, such as the benefits of the Maritime Link in monetizing excess sales, increasing system reliability, and securing the Federal Government Loan Guarantee.
 Consideration of the MF Project debt is a necessary aspect of the least cost option and how it supported a revenue generating suite of assets as well as a Federal Government AAA Loan Guarantee would be integral to assessing the least cost option over the life of the project and appears to be contemplated as necessary under the terms.

RE: Section 5

5. Under the terms of reference generally: delving into the powers, duties and responsibilities of a Crown corporation in carrying out the terms of reference (section 5 of the terms) also includes a review of the degree of necessary shareholder influence beyond the Board appointments. This would include a perspective regarding what an effective governance relationship between a government and a crown corporation looks like, and how the degree of clarity and adherence to such governance processes impacts the performance of the Crown corporation.