

1 Q. (Summary Report – Additional Cost of Service Information, page 7, Table 5) For off-
2 island purchases over the Maritime Link, is Hydro required to follow the Provincial
3 Government’s procurement policy; i.e., a process similar to that followed for the
4 procurement of the Holyrood combustion turbine? If not, why not?

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7 A. Under the *Public Procurement Act*, SNL Chapter P-41.001 and *Public Procurement*
8 *Regulations*, NLR13/18, Hydro is not required to follow the same process for the
9 purchase of energy as it is required to do for the acquisition of goods and services,
10 or of a generating station such as the Holyrood combustion turbine.

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12 The relevant parts of Section 6 of the Regulations read:

- 13 6. *Notwithstanding section 5 a public body is not required to issue an open*
14 *call for bids where*
15 *(a) the head of the public body determines that;*
16 *(iii) the commodity is available from a public body;*
17 *(vii) an acquisition of a commodity is for the purpose of resale or for*
18 *incorporation into a product for resale;*

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20 In this instance of purchasing energy over the Maritime Link, Hydro is purchasing
21 the energy from Nalcor Energy Marketing, a public body. More to the point, as is
22 provided for in subparagraph 6(a)(vii) of the *Regulations*, this energy “is for the
23 purpose of resale or for incorporation into a product for resale.” That is, Hydro is
24 acquiring this energy to supplement its other energy sources which it, in turn,
25 incorporates and sells to its customers. Therefore, Hydro is not required to apply
26 public procurement processes for these purchases.