

1 Q. **Re: Exhibit 2, pages 3-4**

2 Citation:

3 The System Operations group manages the Newfoundland and Labrador power
4 system and coordinates the supply of and demand for electricity in accordance with
5 reliability standards in effect in the province.

6

7 a) Please describe in the detail the role of the System Operations group with
8 respect to the Churchill Falls Generating Station.

9 b) Has Hydro-Québec indicated its agreement with this role? If so, please
10 provide a copy of communications to that effect from Hydro-Québec.

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13 A.

14 a) The System Operations group, which is a part of the Newfoundland and
15 Labrador System Operator (NLSO) is primarily responsible for the safe and
16 reliable operation of the Province's bulk transmission system. The NLSO will
17 also have the role of Balancing Authority¹ for both the Island and Labrador
18 regions, or Balancing Authority Areas.² By NERC definition, the Balancing
19 Authority is responsible for the following resource management functions in
20 order to maintain resource-demand balance within a Balancing Authority

21 Area:

- 22
- Frequency control through tie-line bias;

¹ The Balancing Authority's mission is to maintain the balance between loads and resources in real time within its Balancing Authority Area by keeping its actual interchange equal to its scheduled interchange and meeting its frequency bias obligation. The load-resource balance is measured by the Balancing Authority's Area Control Error (ACE).

² The collection of generation, transmission, and loads within the metered boundaries of the Balancing Authority. The Balancing Authority maintains load-resource balance within this area.

- 1 • Regulation service deployment;
- 2 • Load-following through economic dispatch; and
- 3 • Interchange implementation.

4

5 For the Labrador Balancing Authority Area, which includes the Churchill Falls
6 (CF) generating station, the NLSO expects to balance generation with load
7 and interchange. To perform this balancing function, the NLSO will require
8 close coordination with the CF facility for the provision of generating unit
9 status and capability information as well as maintenance plans.

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11 b) Hydro is in discussions with Hydro-Quebec on this issue.