

1 Q. LAB-NLH-63: Re: LAB-NLH-042

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3 **Citation 1:**

4 The NLSO does not require the authority of the Board to carry out all of its
5 functions—some of them it can carry out by agreement with the transmission
6 owners—but it will need rates approved to enable it to charge a transmission rate,
7 including an open access tariff.

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9 **Citation 2 (GRA, section 4.3):**

10 The NLSO will reside in Hydro but will be functionally separate and will act as the
11 independent system operator for the transmission system in the Province. It will
12 operate the facilities owned by Hydro and Nalcor along with interconnections to
13 Emera’s Maritime Link assets on the island.

- 14 a) Regarding Citation 1, please explain in what sense the NLSO will “charge” a
15 transmission rate. Will rates be paid to the NLSO, or to the asset owners?
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- 17 b) Will the NLSO charge (or set) a transmission rate for the use of the transmission
18 assets of the Muskrat Falls Project, specifically the Labrador-Island Link and the
19 Labrador Transmission Assets? If not, how will the rates for the use of those
20 assets be charged (or set)?
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- 22 c) If the NLSO will charge (or set) a transmission rate for the use of the
23 transmission assets of the Muskrat Falls Project, will that rate be fixed or
24 approved by the PUB? If not, how will it be fixed?
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- 26 d) If the transmission rate to be charged by the NLSO for the use of the
27 transmission assets of the Muskrat Falls Project will be fixed or approved by the

1 PUB, will the PUB have jurisdiction to determine a just and reasonable rate,
2 based on the actual costs of those assets? Please elaborate.

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4 e) Please explain the implications of OIC 2013-343 for the rates charged (i) to NLH
5 and (ii) to third parties for the use of the LiL and the LTA.

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7 A. a) The Newfoundland and Labrador System Operator (NLSO) will charge
8 transmission tariff rates to Transmission Customers. The rates will be paid
9 to the NLSO. The NLSO will then remit the amounts received to the
10 transmission asset owners in accordance with their revenue requirements.

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12 b) The revenue requirements associated with the Labrador-Island Link (LIL) and
13 the Labrador Transmission Assets (LTA) will be included in the transmission
14 tariff rates.

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16 c) Hydro, in its capacity as the NLSO, is preparing to make an application to the
17 Board for approval of the transmission tariff rates to be charged by the
18 NLSO.

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20 d) The owners of transmission assets over which the NLSO has operational
21 control, and which form part of the Newfoundland and Labrador
22 Transmission System, will provide their revenue requirements associated
23 with these assets to the NLSO. It is the responsibility of the asset owners to
24 obtain any necessary regulatory approvals of their revenue requirements.
25 The NLSO will apply for approval of a transmission tariff that will recover
26 sufficient revenue from transmission customers to fulfill these revenue

1 requirements. The Board will then review and rule on the proposed
2 transmission tariff.

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4 e) OC2013-343 directs the Board to allow Hydro to recover from Island
5 Interconnected customers all costs Hydro incurs for the use of the LIL and
6 LTA. OC2013-343 does not apply to third party customers; however, these
7 customers will pay the same transmission tariff rates as Hydro.