

1 **Q: Re: Brattle Group, Embedded and Marginal Cost of Service Review, May 3,**  
2 **2019, page 61 (65 pdf)**

3  
4 **Citation:**

5  
6 **The Muskrat Falls PPA agreement between Muskrat Falls and**  
7 **Hydro provides Muskrat Falls with the opportunity to sell any**  
8 **excess energy and capacity into external markets including**  
9 **markets in Quebec and New York and, because of the LIL and**  
10 **the ML, markets in Nova Scotia, New Brunswick and New**  
11 **England. As stated in the PPA agreement, the ability to sell**  
12 **excess energy and capacity on a firm or non-firm basis will**  
13 **depend upon Hydro's demand for energy and capacity and at**  
14 **times, there may not be energy or capacity available to export.**  
15 **Because of government policy, Island Interconnected customers**  
16 **are required to pay for the facilities of Muskrat Falls. At the**  
17 **same time, all export sales associated with the Muskrat Falls**  
18 **PPA are to be credited to Island Interconnected customers, also**  
19 **resulting from government policy.**

20  
21 **Note 59: See letter from the Premier to the Minister of Natural**  
22 **Resources dated December 14, 2015 where the government**  
23 **indicated that export sales will be used to mitigate potential**  
24 **increases in electricity rates (PUB-NLH-018).**

25  
26 **Preamble:**

27  
28 **The letter found in PUB-NLH-018, Attachment 1, apparently**  
29 **the mandate given to the Minister of Natural Resources by the**  
30 **Prime Minister in 2015, states: "You will direct Nalcor to sell**  
31 **surplus power generated from the Muskrat Falls Project and**  
32 **use revenue to mitigate potential increases in electricity rates**  
33 **and ratepayers' bills." (page 2)**

- 34  
35 **a) Is Brattle aware of any order-in-council or official government policy**  
36 **enacting the instruction found in the mandate letter?**  
37  
38 **b) Absent such OIC or policy, is it Brattle's position that the Board has the**  
39 **power to oblige the Muskrat Falls Corporation to transfer all such export**  
40 **revenues available to Hydro?**

- 1 A. a) No, we are not aware of any order-in-council or official government policy
- 2 enacting the instruction found in the mandate letter.
- 3
- 4 b) Brattle is not in a position to be able to opine on this legal matter.