Q. Reference: Power Sales – General

How much of the non-firm demand in Labrador can be met from the existing surplus "Recapture Energy" which cannot be exported? Why does Hydro consider this to be a cost rather than an additional revenue source that it does not now have? If it cannot be exported, why does Hydro state in Section 5.1 of Schedule 1 Attachment 1 that the "provision of non-firm service on the Labrador Interconnected System will result in reduced energy available for exports"?

A. Newfoundland and Labrador Hydro ("Hydro") currently has two contracts with Churchill Falls to supply power to customers on the Labrador Interconnected System. First, Churchill Falls sells up to 225 MW (TwinCo[1] Block) to Hydro for sale to Labrador West customers, with first priority given to Industrial customers in Labrador West. Second, Churchill Falls sells 300 MW to Hydro for use in the province (Recapture Block) with no limitations on location of use. Available capacity attributable to surplus Recapture Energy is approximated to be 60 MW over peak on the Labrador Interconnected System.

The ability to support incremental load in Labrador West and Labrador East is restricted by transmission system limitations. These local transmission system limitations do not limit the exporting of unused Recapture Energy from Churchill Falls; therefore, an increase in usage on the Labrador Interconnected System to provide non-firm service will reduce that availability of energy to export. As a result, Hydro considers the estimated value of forfeited exports to be the incremental cost of non-firm sales on the Labrador Interconnected System.

[1] Twin Falls Power Corporation Limited ("TwinCo").