

1 Q. **Reference: Request for Information NP-NLH-016, page 3, lines 1-3.**

2 Is Hydro required to credit net export revenues to the SCVDA? If not, please explain the process
3 that determines what portion of net export revenues are credited to the SCVDA to the benefit of
4 Island customers.

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7 A. Net export revenues are allocated based on existing contractual energy entitlements. Any net
8 export revenues earned by Newfoundland and Labrador Hydro (“Hydro”)¹ are deferred in either
9 the SCVDA or the Hydraulic Resources Optimization Deferral Account. Hydro’s net export
10 revenue associated with the Pilot Agreement for Optimization of Hydraulic Resources are
11 credited to the Hydraulic Resources Optimization Deferral Account and all other remaining
12 entitlements of net exports are credited to the SCVDA.

¹ Hydro’s entitlement under the Muskrat Falls Power Purchase Agreement that is not used to serve Island load can be deferred to be used in future years or monetized and the proceeds credited to the Supply Cost Variance Deferral Account (“SCVDA”).