Q. **Requests for information in relation to Hydro's Monthly Energy Supply Report for the Island Interconnected System for May 2020, filed with the Board on June 16, 2020 (the "May 2020 Monthly Energy Supply Report").**

At page 2, lines 31-34 of the May 2020 Monthly Energy Supply Report, Hydro states as follows:

"Figure 1 plots the 2019 and 2020 storage levels, maximum operating level storage, and the 20-year average aggregate storage for comparison. Hydro has established minimum storage limits to April 30, 2021 in consideration of potential delays in the availability of the Labrador-Island Link ("LIL") to deliver energy to the Island Interconnected System. This will help ensure sufficient storage to reliably serve customers should the LIL continue to be delayed beyond the fall of 2020."

Please confirm that it is the intent of Hydro to maximize the generating potential of water in storage pre-LIL to offset Holyrood fuel usage, such that at the time when LIL is reliably in service there is minimal Island water in storage that will, in effect, offset future Muskrat Fall deliveries. If not confirmed, please discuss why this is not the economically rational outcome, or why other strategies may have to be pursued.

A. To meet system energy requirements, Newfoundland and Labrador Hydro ("Hydro") uses a planning methodology which balances hydraulic and thermal production and is continually monitored and adjusted in consideration of system energy in storage, weather forecasts, thermal and hydraulic asset health, forecast purchases, and forecast system requirements. Hydro has a strong focus on ensuring the economic dispatch of its generation and specifically focuses on maximizing generation from hydraulic sources and minimizing generation from thermal sources to manage the resultant cost to customers while satisfying the established minimum storage limits. This methodology balances cost and reliability by minimizing the amount of thermal generation to the extent possible while ensuring sufficient energy in storage to reliably operate the system in consideration of the historic hydraulic record.

Consistent with its established practices and commitment to economic dispatch, it remains Hydro's intent to maximize the generating potential of water in storage in advance of the reliable in-service of the Labrador-Island Link ("LIL") to offset Holyrood Thermal Generating Station usage; however, there is a balance to maintain until such time when the LIL is considered reliably in service. To that end, Hydro has established minimum storage limits to April 2021 which assume the LIL will not be available to deliver energy to the Island Interconnected System, consistent with direction received from the Board of Commissioners of Public Utilities on March 5, 2020 which requested Hydro's Near-Term Reliability report include analysis which reflected the LIL remaining unavailable until June 1, 2021 and June 1, 2022.

Hydro notes that similar assumptions were used when establishing the 2019 revised minimum storage limits.[1] Consistent with Hydro's commitment to economic dispatch, subsequent deliveries to the Island Interconnected System via the LIL were used to economically reduce the thermal generation required. Hydro will continue to economically offset higher cost thermal generation to the extent technically feasible through next winter using both the Maritime Link and the LIL, should it become available prior to May 1, 2021. Following the spring freshet, Hydro's energy in storage reached approximately 2,120 GWh and has remained above the established minimum storage limit. As such, at this time costs have not been incurred to support the required minimum level of storage to ensure winter 2020–2021 service reliability.

[1] 2019 minimum storage limits were revised from August 31, 2019 to April 30, 2020 due to a change in the LIL assumptions following a project schedule update.