

1 Q. **Newfoundland and Labrador Hydro – Near-Term Reliability Report, May 15, 2020**

2 ***Maritime Link Imports***

3 Please describe efforts and results of efforts and who has made them to secure firm power
4 purchase agreements for any period with a duration of one month or longer.

5

6

7 A. With respect to arrangement for deliveries of energy and capacity over the Maritime Link,
8 Newfoundland and Labrador Hydro (“Hydro”) and Nalcor Energy Marketing (“NEM”) have
9 worked together to secure power purchase agreements with a duration of one month.
10 Agreements were sought on a firm and non-firm basis, dependent on system requirements.

11 In each circumstance, an opportunity was identified by Hydro’s Resource and Production
12 Planning department to either 1) offset production that would have otherwise been required
13 from the Holyrood Thermal Generating Station (“Holyrood TGS”), or 2) to increase energy in
14 storage given then-current storage below minimum storage limits established and approved by
15 Hydro. As part of this opportunity identification, Hydro also determined whether firm capacity,
16 firm energy, or non-firm energy would be acceptable to meet system requirements. Pursuant to
17 Hydro’s commitment to providing energy to its customers at the lowest cost consistent with
18 reliable service, agreements of one month were not sought in instances where there was
19 sufficient energy in storage, asset health was in accordance with planned unit performance, and
20 there was limited opportunity for Holyrood TGS offset.

21 Following Hydro’s identification of these opportunities, Hydro then requested that NEM solicit
22 potential suppliers and negotiate pricing on Hydro’s behalf. NEM would then provide the
23 information on prospective suppliers and associated pricing to Hydro, with a recommendation
24 on which supplier could meet requirements at least-cost.

25 Hydro then reviewed information provided by NEM and internally confirmed that the options
26 presented did provide lower cost energy to the system than the energy that would have
27 otherwise been required to be supplied by Hydro’s own internal generation.

1 Hydro then provided authorization to NEM to establish the agreement with the third-party on
2 Hydro's behalf.

3 Efforts to establish agreements for a duration of one month were made on four occasions;
4 March, October and November 2019, and March 2020. Successful agreements were established
5 in all instances where agreements for a period of one month were sought. The agreements were
6 for both firm and non-firm energy, pursuant to system requirements.¹

7 At this time no agreements have been sought or established for periods longer than one month.

¹ Non-firm energy can be used to reduce Holyrood TGS production above minimum and to increase energy in storage while firm energy is required to place Holyrood TGS units in hot standby or to take Holyrood TGS units offline.