

1 Q. Does this application have the potential to affect NL Hydro's statutory obligation to supply
2 power at rates that are "reasonable and not unjustly discriminatory"? Does Hydro have the
3 ability to withhold sale of export power on any given time?

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6 A. No, it is the opinion of Newfoundland and Labrador Hydro's ("Hydro") that this application is
7 consistent with Hydro's obligation to supply power at rates that are "reasonable and not
8 unjustly discriminatory." The rates that Hydro proposes to charge for non-firm service are
9 reasonable, as has been set out in Hydro's application and responses to requests for
10 information. Hydro has an obligation to treat all customers seeking access to non-firm power in
11 a fair and equitable manner and Hydro believes that its proposal for allocation of the non-firm
12 power meets that obligation.

13 In the long-term export contracts that Hydro is party to, Hydro has contractual commitments to
14 export and cannot withhold the power without consequences.

15 Outside of those long-term export contracts, Hydro enters into short-term commitments daily in
16 the day-ahead market for energy exports; once these commitments are made there are
17 potential financial consequences to withholding exports. However, Hydro considers market
18 prices prior to entering short-term commitments and a very low market price can influence the
19 timing of when Hydro chooses to export.

20 During the normal course of scheduling energy exports to the day-ahead market, there is
21 normally an amount of energy that is held in reserve for generation and load forecast variances;
22 this energy is normally scheduled in the real time markets a few hours in advance and can more
23 easily be withheld. In general, withholding energy could lead to a lost export opportunity and
24 could financially impact export sales.