

1 Q. In its response to NP-NLH-013, Hydro stated that the provision of non-firm service does not have
2 any foreseeable impact on firm water sources that serve the Island Interconnected System over
3 both the short-term and the long-term time horizons. Please explain.

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6 A. Newfoundland and Labrador Hydro (“Hydro”) does not consider non-firm energy sales in system
7 planning to determine additional transmission or generation investments. Non-firm or
8 surplus/excess energy enables Hydro to increase sales without additional system investments.

9 Island Industrial customers are permitted to use in excess of firm load when system capacity is
10 available to supply. If Hydro forecasts, for a particular time period, no excess from hydro
11 resources, Hydro will not use hydro generation to supply non-firm energy to Island Industrial
12 Customers. Hydro will not start thermal generation to provide non-firm supply. However, if
13 thermal generation is already in operation, non-firm energy can be provided with the non-firm
14 customers reimbursing the fuel costs in accordance with the approved non-firm rate.