

1 Q. **Volume 1 (1st Revision), Chapter 3: Operations**

2 Please fully explain the implications of the standards or requirements of each of the
3 North American Electric Reliability Corporation (NERC), Northeast Power
4 Coordinating Council (NPCC), and Federal Energy Regulatory Commission (FERC) on
5 the ability to import and export electricity between the Island Interconnected
6 System and other North American jurisdictions. (Volume I (1st Revision), Chapter 3:
7 Operations, Page 3.45, Lines 10-12)

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10 A. NERC and NPCC rules do not restrict or authorize import or export transactions.

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12 FERC requirements, with regard to market-based rate authorization, govern the
13 ability to import and export energy into/out of U.S. markets. This authority requires
14 that, as a condition of Nalcor Energy Marketing taking transmission service over
15 transmission systems where FERC regulations are followed, Nalcor Energy
16 Marketing's transmission owning affiliates must provide comparable transmission
17 service to third parties, including affiliates of the transmission providers over whose
18 systems Nalcor Energy Marketing takes transmission service. Failure to satisfy this
19 requirement may result in FERC's revocation of Nalcor Energy Marketing's market-
20 based rate authority.