Q. **Reference: 2018 Cost of Service Methodology Review Report, Appendix A, Cost of Service Methodology Review, Christensen Associates Energy Consulting (CAEC), Nov. 15, 2018, page 75 (131 pdf)**

Citation:

> **Background**. Upon completion of the Muskrat Falls project, Hydro will find itself with an exportable surplus of energy and new outlets for those exports, thanks to construction of the LIL and ML dc lines. By contractual requirement, Island Interconnected customers must pay all the costs of these facilities. Operationally, Hydro will determine how much power Nalcor Energy Marketing (NEM) will have available for export. NEM will sell the power and remit the net revenues from the sale to Hydro.

a) Please clarify the precise meaning of “net revenues” in the citation.

b) Please clarify by virtue of what statute, regulation or policy NEM will remit the net revenues from the sale of exported Muskrat Falls power to Hydro.

A. a) Net revenues referred to in the citation are to be interpreted as net export revenues, defined in Newfoundland and Labrador Hydro’s (“Hydro”) response to LAB-NLH-010.

b) There is currently no statute, regulation, or policy requiring Nalcor Energy Marketing to remit the net revenues from the sale of exported Muskrat Falls power to Hydro. The Muskrat Falls Power Purchase Agreement entitles Hydro to a certain portion of the energy produced at Muskrat Falls Generating Station, and to the extent that this amount exceeds Hydro's needs for serving Native Load, Muskrat Falls Corporation (acting through Nalcor Energy Marketing) can be directed by Hydro to sell the excess into external markets, with the net revenues achieved for such sales paid to Hydro.