

1 **Q. Re: Non-Firm Rate Application, page 32**

2 **Citation:**

3 Presently, Hydro has two contracts with Churchill Falls to supply power to customers on  
4 the Labrador Interconnected System. First, Churchill Falls sells up to 225 MW (TwinCo<sub>2</sub>  
5 Block) to Hydro for sale to Labrador West customers, with first priority given to  
6 industrial customers in Labrador West. Second, Churchill Falls sells 300 MW to Hydro for  
7 use in the province (Recapture Block) with no limitations on location of use. There is  
8 currently more Recapture Energy available than what is currently needed to serve  
9 Hydro's existing customers in Labrador. Hydro currently sells the surplus to Nalcor  
10 Energy Marketing for export. Table 3 summarizes the average surplus Recapture Energy  
11 available by season.

12 **a)** Please explain in the TwinCo Block and the Recapture Block have energy components, or  
13 if they simply consist of a power entitlement available at all times.

14 **b)** More specifically, if Hydro uses less than its allotment of 225 + 300 MW during some  
15 hours for Labrador loads and for export, can it recover those amounts during other  
16 hours?

17 **c)** Please describe the current corporate relationships between NLH, Nalcor, and Nalcor  
18 Energy Marketing.

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21 **A. a)** The TwinCo<sup>1</sup> Block allotment is 225 MW at 100% load factor – in no circumstances can  
22 Newfoundland and Labrador Hydro (“Hydro”) go above the 100% load factor. It is not  
23 possible for Hydro to recover unused energy from prior hours in subsequent hours. The  
24 Recapture Block allotment is 300 MW at a monthly average 90% load factor; therefore,  
25 within a month if Hydro takes less than its 90% entitlement in one hour, it can take more  
26 than 90% in another hour (but not above 100%) within that month, as long as the total  
27 average load factor for that month does not exceed 90%.

28 **b)** See Hydro's response to part a).

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<sup>1</sup> Twin Falls Power Corporation Limited (“TwinCo”).

1           c) Nalcor Energy (“Nalcor”), created by the *Energy Corporations Act*,<sup>2</sup> is the parent company  
2           with its subsidiaries including Hydro and Nalcor Energy Marketing. On June 23, 2021, the  
3           Government of Newfoundland and Labrador announced that Nalcor operations would move  
4           under Hydro.<sup>3</sup> Although Nalcor remains a legally separate entity and its structure and  
5           subsidiaries are unchanged at this time, operationally, Nalcor is transitioning to the Hydro  
6           structure.

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<sup>2</sup> *Energy Corporation Act*, SNL 2007, c E-11.01.

<sup>3</sup> “Newfoundland and Labrador Hydro Streamlines Executive Structure To Reduce Costs And Focus On Better Serving The Province,” Newfoundland and Labrador Hydro, November 2, 2021.  
< <https://nlhydro.com/newfoundland-and-labrador-hydro-streamlines-executive-structure-to-reduce-costs-and-focus-on-better-serving-the-province/>>