

1 Q. Re: IN-NLH-117, Att. 1, page 2 of 2.

2 “The Market Block would be all remaining industrial power required beyond the  
3 Development Block and its price would be linked to external market prices. It would  
4 be supplied from the remaining Churchill Falls recall block and other generation  
5 sources in Labrador, including Muskrat Falls. The Market Block would allow Hydro  
6 to earn market value for these electricity sales and, as such, would meet a guiding  
7 principle of the Energy Plan that industrial rates consider market value for energy  
8 resources.”(underlining added)

9 Will the cost price of Muskrat Falls energy, as determined by a power purchase  
10 agreement currently under negotiation, contribute to determining the price of the  
11 Market Block? Please explain.

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14 A. No. The Market Block Energy Rate as specified in the Labrador Industrial rate sheet  
15 is “calculated annually based on the New York Mercantile Exchange (NYMEX)  
16 settlement price for New York Independent System Operator (NYISO) Zone A Swap  
17 Peak and Off-Peak electricity after the end of trading on the 19<sup>th</sup> day of November  
18 of the previous calendar year, converted to Canadian dollars using the exchange  
19 rate at the closing of the same day, adjusted for losses through the Hydro Québec  
20 transmission system and other market fees.”