

1 Q. Does NL Hydro utilize the Exploits and Star Lake assets and energy so as to minimize  
2 the overall cost of generating electricity on the island interconnected system? How  
3 does it do this?  
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6 A. Hydro models both the Exploits and Star Lake generating facilities in its operations  
7 planning decision support program. This program provides guidance to the System  
8 Operations engineers for making decisions for scheduling the output of the  
9 generating plants. The program does not model power purchase costs from these  
10 facilities and therefore makes recommendations that minimize the production of  
11 energy at Holyrood. This results in overall lower cost of generating electricity for  
12 the Island Interconnected System.  
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14 In addition to dispatch decisions, since 2012 Hydro has operated and maintained  
15 the Star Lake hydroelectric plant as part of its overall hydroelectric plant  
16 operations. This has included using Hydro's approaches to asset management to  
17 achieve least cost long-term operation. This approach with Star Lake has resulted in  
18 economies through the utilization of existing expertise, tools and equipment in the  
19 plant's operation. The costs of providing these services are passed on directly to  
20 Nalcor and results in the least cost operation of the plant.  
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22 The Exploits facilities are operated and maintained by a site-specific staff including  
23 engineers and tradespeople. Many of these employees formerly worked for Abitibi  
24 Bowater. The organizational structure has been established much like Hydro with a  
25 strong asset management focus of providing long-term least cost electricity. There  
26 have been numerous projects undertaken within the facilities to ensure their long-  
27 term reliable operation. Hydro, through some of its staff, has provided assistance

1 to the Exploits staff in establishing practices to match those that Hydro follows. The  
2 Exploits plant staff is in the process of establishing Hydro's approach to asset  
3 management in their operations, including the development of long-term asset  
4 management plans.

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6 Since 2012, Hydro has been providing executive oversight of the Exploits facilities in  
7 decisions related to operation, maintenance and capital expenditure. In 2013, the  
8 staff was transferred to Hydro and is becoming more integrated into Hydro's  
9 operations, thus bringing further economies to the operation. Steps are also  
10 underway to merge the IBEW local 512 union at Exploits into the IBEW local 1615  
11 union at Hydro. This will be another step in obtaining efficiencies.

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13 All costs associated with the Hydro staff working on Exploits and Star Lake are  
14 charged to Nalcor in accordance with intercompany charging policies.