

1 Q. **Volume III, Tab 11 – Additions for Load Growth – Isolated Generating Stations,**
2 **L'Anse-au-Loup and Postville Diesel Plant**

3 At p. 12, Hydro outlines that it has a secondary supply of power from Hydro Quebec
4 for the L'Anse-au-Loup area. Please provide details as to the power supply
5 arrangement with Hydro Quebec.
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7

8 A. Hydro Quebec's (HQ) Lower North Shore is not connected to HQ's main electricity
9 grid. In the early 1990s, HQ built a hydro plant at Lac Robertson to displace diesel
10 generation in that area. In 1995, Hydro signed a 25 year contract with HQ to
11 purchase surplus power available from Lac Robertson on a secondary basis. The
12 contract was for a demand of up to 3 MW, but as Hydro and HQ became more
13 experienced in operating the system, Hydro sometimes purchases 4 MW and more.
14 The contract is based on a share-the-savings principle, whereby both parties share
15 the savings of the difference between HQ's cost of supply and of Hydro's avoided
16 cost of diesel fuel at the L'Anse au Loup diesel plant.
17

18 Hydro purchases surplus energy produced by Hydro Quebec's Lac Robertson
19 hydroelectric generating station. The surplus is the energy made available by Hydro
20 Quebec once its own electrical system load has been satisfied. This arrangement
21 with Hydro Quebec is deemed a secondary supply of power as they are not
22 obligated to provide any power to Hydro. As a result, the L'Anse Au Loup diesel
23 plant is considered the primary source of power for the L'Anse Au Loup system and
24 must be capable of supporting the total system demand of the system, any time the
25 supply from HQ is not available.