

1 Q. Consumer Question: The Muskrat Falls generation unit relies upon the huge water
2 reservoirs above Churchill Falls and upon the regulation of water by CFL(CO) which
3 is governed by the terms of the 1969 power contract with Hydro Quebec. The
4 management of water on the Churchill River is of vital importance, but not totally
5 within the control of the Government of Newfoundland and Labrador,
6 notwithstanding the fact that the facilities in place operate on the basis of water
7 leases issued by the Province. The PUB held a hearing on water management for
8 the Lower Churchill in 2009 and issued a board order. Nalcor Exhibit 17 contains the
9 Churchill Falls Management Agreement dated 2009. CE 27Rev 1 (Public) states as
10 follows:

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12 A water management agreement has been formalized between CF(L)Co and the
13 Lower Churchill facilities to ensure that all plants produce in concert to maximize
14 energy production from the river. All the studies conducted contain some or all of
15 the provisions of the agreement. Studies MF1320 and MF1330 explicitly contain the
16 requirement to coordinate operations and share the regulating benefits of the
17 Upper Churchill storage system between plants along the river, thus permitting the
18 benefits of regulation to apply to each facility during the calculation of firm energy.
19 The Acres 1998 study implicitly coordinated production between plants, in that all
20 plants were operated to serve all loads; however, the benefits of the regulation
21 provided by the Upper Churchill reservoirs were not explicitly numerated for the
22 individual facilities.

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24 MHI-Nalcor 22 contains the following question and answer:

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26 With respect to MF1320, this report indicates firm generation of 515 MWc, not 824
27 MWc at Muskrat Falls. Why?

1 The 515 MWc rating is the MW-continuous rating and is a means of expressing the
2 firm capability based on water availability. The 824 MW value refers to the
3 nameplate capacity rating of the plant, comprised of four units at 206 MW each.
4 (MF1320, as of the date of this response, July 26, 2011, has not been disclosed to
5 the public as it may contain commercially sensitive or confidential information.
6 Some or all of this report may be released at a later date.)
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8 Was Hydro Quebec a party to the water management agreement?
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11 A. Hydro Quebec is not a party to the water management agreement. The agreement
12 is between the operators of the proposed and existing facilities on the Churchill
13 River - Nalcor Energy and Churchill Falls (Labrador) Corporation. The terms of the
14 water management agreement, in conjunction with the terms of the 1969 Hydro
15 Quebec power contract that will be in place when Muskrat Falls enters service,
16 provide the necessary certainty for Muskrat Falls to meet the Island's requirements.
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18 This information has been provided to the Board and its Consultant in Confidential
19 Exhibit CE-26.