

1 Q. Consumer Question: The 2009 water management agreement governs the use of  
2 provincial water resources.

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4 (a) Does Nalcor acknowledge that the water management agreement gives priority  
5 to any contracts CFLCo has with Hydro-Quebec? If not, why not?

6 (b) Does Nalcor's plan for Muskrat Falls involve Nalcor drawing on more winter  
7 generation from the Upper Churchill than the 300 megawatts of Churchill Falls  
8 power that it currently has rights to? If so, what is the basis, including the  
9 contractual basis, for Nalcor's plan?

10 (c) How much of Nalcor's entitlement to winter generation from the Upper  
11 Churchill is used to supply local Labrador needs today and over the planning  
12 horizon out until 2041?

13 (d) Does Nalcor assume that all or substantially all generation at Muskrat Falls  
14 available at times when south-bound transmission facilities are congested will  
15 be stored in the reservoir above Churchill Falls? If yes, please explain the timing  
16 of return of that generation and the contractual basis for that return of  
17 generation. Explain any impacts Nalcor's plans for the use of upper Churchill  
18 storage and generation facilities will have on Hydro Quebec.

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21 A. (a) Nalcor interprets this question to mean whether the Water Management  
22 Agreement can adversely affect the 1969 Hydro Quebec Power Contract and the  
23 1998 Guaranteed Winter Availability Contract.

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25 As indicated in Nalcor's response to CA/KPL-Nalcor-204, the operation of the  
26 Water Management shall not adversely affect a provision of a contract entered  
27 into prior to the Water Management Agreement, or a renewal of that contract.

1           Since the 1969 Hydro Quebec Power Contract and the 1998 Guaranteed Winter  
2           Availability Contract were entered into prior to the establishment of the terms  
3           of the Water Management Agreement, the Water Management Agreement will  
4           not adversely affect those contracts.

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6           (b) Nalcor's plans for Muskrat Falls contemplate drawing on available Churchill Falls  
7           generation capacity not required to meet the requirements of other Churchill  
8           Falls delivery obligations. The basis for this is Section 7.1 (c) (ii) of the Water  
9           Management Agreement<sup>1</sup>.

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11           (c) Please refer to Nalcor's response to (b) above. Please note Nalcor is not relying  
12           on availability of the 300 MW recall allocation for supply to the Island. In  
13           Labrador, the amount of recall currently used is approximately 190 MW. By  
14           2041, this is projected to be approximately 210 MW, excluding any additional  
15           industrial demand.

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17           (d) Muskrat Falls production beyond amounts scheduled for delivery over the  
18           Labrador Island Transmission Link or scheduled for export will be stored in the  
19           Churchill Falls reservoir. The energy will be returned from Churchill Falls at  
20           times when (i) the energy is required to meet Muskrat Falls delivery obligations  
21           and (ii) when generation at Churchill Falls is available. The contractual basis for  
22           this arrangement is the Water Management Agreement<sup>2</sup>, the terms of which  
23           were established by Board Order PU 8 (2010).

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<sup>1</sup> Exhibit 17, page 13

<sup>2</sup> Exhibit 17

- 1 As indicated in Nalcor's response to (a) above, the operation of the Water
- 2 Management Agreement will have no impact on Hydro Quebec.