Q. The response to PUB-Nalcor-61 states in lines 14-16 that it is not *"currently"* the case that Hydro must comply with NERC reliability guidelines. What consideration has been given as to whether such compliance will be required in the future?

A. Nalcor expects that compliance with NERC guidelines and standards will be required for its new facilities in Labrador.

Since the Muskrat Falls generating facility, the AC transmission system between Muskrat Falls and Churchill Falls, and the Labrador HVdc terminal are interconnected to the North American grid via the AC interconnection between Churchill Falls and the Hydro Quebec TransEnergie system, Nalcor and its EPCM consultant will apply all relevant NERC reliability guidelines to the design, construction, and operation of Nalcor's new facilities. These requirements will be coordinated with Quebec so that disturbances originating from Nalcor's new facilities do not cause problems in Quebec.

The new Nalcor facilities in Labrador must also ensure compliance with NERC criteria for contingencies specified in the criteria originating from NL Hydro facilities, including the Island Interconnected System and NL Hydro facilities in Labrador. The HVdc interconnection between Labrador and Newfoundland simplifies this task, as the HVdc link provides a high degree of control over the interconnection between the two systems for many events. In effect, the Newfoundland electricity system is 'firewalled' from Labrador and Nova Scotia systems by HVdc interconnects, thus preventing events on the Newfoundland system from cascading into Labrador and Nova Scotia, respectively.

In so far as the application of NERC reliability criteria on NL Hydro system is concerned, NL Hydro continues to be guided by its existing standards and practices. Any changes to these practices will be considered as required if and when NERC reliability criteria are applied to NL Hydro's system.