

1 Q. On pg. 8 of Exhibit 23 it is stated that the HVdc link to the Maritimes would be
2 capable of delivering up to 500 MW to the Island in the event of the loss of the
3 HVdc system between Labrador and the Island.

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5 Outline in detail the contractual arrangements that are in place or proposed to be
6 put in place to purchase the required capacity and energy to be delivered over the
7 Maritime Link in the event of the loss of the HVdc Labrador-Island system.

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10 A. It is expected that there will be an interconnection agreement between the
11 Newfoundland and Labrador System Operator and the Nova Scotia System
12 Operator to facilitate reserve sharing and other emergency services typically
13 provided by and shared between neighbouring systems. Reserve sharing and
14 emergency services will be used to manage short term interruptions of the HVdc
15 system between the Labrador and the Island System. The specifics of the short term
16 reserve sharing and emergency services are under discussion with Nova Scotia and
17 are expected to be consistent with industry practice and reflect the capability of the
18 two systems.

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20 In addition, for longer duration events, Nalcor or a subsidiary of Nalcor will hold
21 market authorizations to sell and purchase energy in the Maritime Provinces and
22 New England. With such authorizations, Nalcor will be able to purchase energy on
23 the spot market in the unlikely event of a sustained failure of the HVdc system
24 between Labrador and the Island systems. Nalcor or a subsidiary of Nalcor will also
25 hold the necessary market authorizations to acquire short term transmission access
26 for the duration of such events.

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1 Given the remote possibility of loss of the Labrador-Island Transmission Link, the
2 structured nature of electricity markets, and noting that the New England market is
3 a summer peaking market with surplus capacity available during Newfoundland's
4 winter peak, no advance contracts, other than those indicated above, are
5 considered to be necessary.