

1 Q. Reference: Public Utilities Board Muskrat Falls Review, *Manitoba Hydro*  
2 *International: Report on Two Generation Expansion Alternatives for the Island*  
3 *Interconnected Electrical System*, January 2012, page 54.  
4 *“MHI finds that Nalcor currently does not comply with North American Electric*  
5 *Reliability Corporation (NERC) standards. A majority of utilities in Canada have*  
6 *adopted the definition of “good utility practice” that incorporates adherence to*  
7 *NERC standards. Also, should the Maritime Link proceed, and Nalcor participates*  
8 *in the electricity marketplace, NERC standards will ultimately apply. MHI*  
9 *recommends that Nalcor complete a self-assessment and prepare for compliance*  
10 *to NERC standards with or without the Maritime Link.”*

11 What are the current and future reliability consequences for the Island  
12 Interconnected System of Nalcor/Hydro not being NERC compliant?

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15 A. NERC compliance does not ensure a specified level of reliability. Rather, NERC  
16 provides a consistent set of reliability standards for matters such as: cyber security,  
17 system planning, system operation, vegetation management and protection and  
18 control. The actual reliability of the system is dependent on the overall practices of  
19 the utility, considering the environment in which it operates. See also Hydro's  
20 responses to PUB-NLH-157 and CA-NLH-038 with respect to Hydro's ongoing review  
21 and cost-benefit analysis regarding potential implementation of NERC standards in  
22 its operations.