

1 Q. Further to the response to PUB-NLH-001, provide a detailed explanation of the
2 interruptible arrangements with Corner Brook Pulp and Paper Limited ("CBPP") for
3 60MW, including why the capacity of Deer Lake Power is reduced to 61 MW when
4 CBPP interruptible is available.

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7 A. As indicated in Hydro's response to PUB-NLH-002, the arrangement with Corner
8 Brook Pulp and Paper Limited for short-term capacity assistance was finalized on
9 December 31, 2013. The arrangement allows for Hydro to call on progressively
10 increasing blocks of capacity from Corner Brook Pulp and Paper's 60 Hz generation
11 (20 MW, 40 MW and 60 MW). These blocks are made available in four-hour
12 periods through load curtailment at the Corner Brook Paper Mill. The following are
13 the details of the arrangement as finalized on December 31, 2013, with an initial
14 term specified to the end of January 2014:

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16 • Payment for all energy received into the Hydro system during a period of the
17 capacity assistance (the four-hour assistance window) is included in the
18 fixed payment below and there shall be no payment through the secondary
19 energy arrangement;

20 • Payment will be only for the highest MW interruption requested. For
21 example, if the initial notice is for 40 MW and it is later modified to a 60 MW
22 requirement, only the 60 MW related payment shall apply. Specifically, for
23 each four-hour request, the payment is the following:

24 ▪ 20 MW - \$40,000;

25 ▪ 40 MW - \$100,000; or

26 ▪ 60 MW - \$180,000,

1 depending on the largest amount requested during the four-hour period;

- 2 • A capacity assistance request shall be made to CBPP with no less than 15
- 3 minutes prior notice to the time that the capacity assistance period is
- 4 scheduled to commence. Hydro will endeavour to provide additional notice
- 5 when possible, with the option of cancelling the notice at least 20 minutes
- 6 prior to the time that the capacity assistance period is scheduled to
- 7 commence; and
- 8 • If the load at the Corner Brook Paper Mill is reduced for any other reason
- 9 and Hydro asks for maximized CBPP hydro generation, CBPP will comply
- 10 with this request to provide power to the system, under the terms of the
- 11 existing Service Agreement, with payments only as per the ongoing
- 12 secondary energy arrangement.

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14 The arrangement with CBPP for capacity assistance has since been extended

15 through the remainder of the winter period (to March 31, 2014). In addition to the

16 amounts for the interruption blocks, Hydro has agreed to pay a capacity fee of

17 \$63,000 per month for each of the months of February and March of 2014. These

18 amounts are payable whether or not Hydro makes a capacity assistance request in

19 those months.

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21 Deer Lake Power operates both 50 and 60 Hz generation to supply the load

22 requirements at the Corner Brook Mill. There is a total of 99.1 MW of 60 Hz

23 generating capacity through a combination of the 60 Hz generating units at Deer

24 Lake and the power conversion at the Corner Brook frequency converter. Of the

25 121 MW of total capacity referenced in PUB-NLH-001, Attachment 1, the remainder

26 is 50 Hz generation.

1 The change in Deer Lake Power capacity in the response to 61 MW is not intended
2 to reflect a reduction in capacity at this facility due to the availability of CBPP
3 interruptible. Rather, it is intended to reflect a 60 MW reduction (from 121 MW in
4 total) in the available capacity from Deer Lake Power to supply load at the paper
5 mill. Under the arrangements of the capacity assistance agreement, this capacity
6 can be requested by Hydro on short notice to supply Hydro System requirements
7 and thus avoids double reporting of the capacity.