

1 Q. Please provide a description of the relationship between the NLSO and Hydro.

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4 A. The creation of the Newfoundland and Labrador System Operator (“NLSO”) was an
5 important step in the integration of the Muskrat Falls and Maritime Link assets into the
6 provincial electrical system and the Island’s interconnection with the North American
7 electricity grid. Industry recognized standards in other jurisdictions recommend that
8 functional separation exist between power production and the system operator.

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10 The NLSO is an independently functioning division within Newfoundland and Labrador
11 Hydro (“Hydro”). The Newfoundland and Labrador Transmission System¹ is comprised of
12 transmission facilities for which operational control has been transferred from all
13 Newfoundland and Labrador Transmission Owners to the NLSO pursuant to the Multi-Party
14 Pooling Agreement. In addition to the the transmission facilities owned by Hydro and
15 Nalcor, the NLSO also operates the interconnections to Emera’s Maritime Link assets on the
16 Island. The NLSO acts as the Independent System Operator for the Transmission System in
17 Newfoundland and Labrador.

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19 The Code of Conduct² for the NLSO stipulates that employees of the NLSO will treat all
20 transmission customers seeking transmission service over the transmission system without
21 undue discrimination and without any undue preference or advantage. NLSO employees
22 are also required to function independently from Nalcor Energy Marketing employees.

¹ The Newfoundland and Labrador Transmission System is formed from the integration of pooled transmission facilities with the Island Interconnected System, operating at a voltage of 230 kV or higher.

² “Code of Conduct for NL Transmission System Operations,” Newfoundland and Labrador Hydro, December 1, 2017, <https://www.oasis.oati.com/woa/docs/NLSO/NLSOdocs/Code_of_Conduct_for_NL_Transmission_System_Operations.pdf>

1 The NLSO is structured into three main areas: Transmission Planning,³ System Operations,
2 and Reliability and Commercial Compliance:

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4 1. Transmission Planning: The Transmission Planning group is responsible for the safe,
5 efficient, reliable, and environmentally responsible planning of the provincial
6 interconnected transmission system.
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8 2. System Operations: The System Operations group manages the Newfoundland and
9 Labrador power system and coordinates the supply of and demand for electricity in
10 accordance with reliability standards in effect in Newfoundland and Labrador.
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12 3. Reliability and Commercial Compliance: The NLSO is responsible for establishing
13 the reliability framework for operating the bulk electrical system. The NLSO is also
14 responsible for offering open and non-discriminatory access to the Newfoundland
15 and Labrador interconnected transmission system to all transmission customers,
16 including Nalcor affiliates and non-affiliated third parties.

³ A recent organizational change moved Transmission Planning from the NLSO and back into Hydro; however, this department will continue to perform the Transmission Planning role for the NLSO.