

1 Q. On page 2, Schedule 2, under the heading Miscellaneous, there are two clauses which detail two
2 separate instances where it appears additional capacity assistance may be available. Please
3 confirm that additional capacity assistance may be available and provide the circumstances and
4 conditions under which Hydro expects to be able to request this capacity.

5

6

7 A. Newfoundland and Labrador Hydro (“Hydro”) confirms that these clauses, allow for two
8 additional capacity assistance products that may be available from Corner Brook Pulp and Paper
9 Limited (“CBPP”)—Additional Capacity above Maximum Capacity & Duration and Extended
10 Duration Capacity Assistance.

11 1. Additional Capacity above Maximum Capacity & Duration

12 The clause states:

13 During summer or winter, if CBPP can provide more capacity
14 than the maximum contracted amount or for longer than six
15 hours and Hydro would like to purchase the capacity then there
16 will be a variable payment for this extra capacity at \$0.20 per
17 kW per hour.¹

18 Each winter, CBPP must demonstrate, via a test, its capability to provide capacity
19 assistance to the Island Interconnected System. In the 2022–2023 test, for example,
20 107 MW was tested and 90 MW was confirmed to be available for capacity assistance.
21 Any capacity that CBPP makes available to Hydro must be able to be provided to Hydro
22 with ten minutes' notice. When deciding how much capacity to commit under the
23 proposed CAA, CBPP must consider its own operations and essential loads, as well as the
24 potential for units to be out of service. It is for these reasons that the amount of
25 capacity that is confirmed for capacity assistance will be less than the total amount of
26 generation operated by CBPP.

¹ “Application for Approval of the Terms of a Capacity Assistance Agreement between Newfoundland and Labrador Hydro and Corner Brook Pulp and Paper Limited,” Newfoundland and Labrador Hydro, November 16, 2023, sch. 2, p. 2.

1 This clause in the proposed CAA gives Hydro operational flexibility to purchase
2 additional capacity from CBPP at predetermined rates if it is required and available. For
3 example, if Hydro requests 90 MW of capacity assistance and CBPP fulfills this obligation
4 but also indicates that an additional 17 MW is available, Hydro could purchase this at
5 the predetermined variable rate.

6 The same is true for the length of calls. The CAA defines a capacity assistance period as a
7 period between four and six hours. The clause provides a rate for more than six hours, if
8 Hydro requires the capacity assistance and CBPP is able to provide it.

9 **2. Extended Duration Capacity Assistance**

10 The clause states:

11 Extended Duration Capacity Assistance as contemplated in the
12 prior Second Amended and Restated CAA will remain in the new
13 agreement, the variable payment for Extended Duration
14 Capacity Assistance will be at \$0.20 per kW per hour.²

15 Extended Duration Capacity Assistance is intended for use in situations when capacity
16 assistance is required for periods of 24 hours or greater.

17 This clause was added to the previous CAA to provide a predetermined rate for
18 unforeseen circumstances where capacity assistance could be required for an extended
19 period. CBPP's participation in an Extended Duration Capacity Assistance request is
20 voluntary and the clause has not been utilized to date.

21 Generally, the circumstances and conditions where Hydro would use these clauses are
22 unforeseen circumstances in supply and/or transmission deficits on Hydro's systems.

² Ibid.