

1 Q. What would be considered “material and substantial changes in Hydro’s operations” that would
2 provide Hydro the right to terminate the agreement?

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5 A. The proposed capacity assistance agreement (“CAA”) between Newfoundland and Labrador
6 Hydro (“Hydro”) and Corner Brook Pulp and Paper Limited (“CBPP”) has a 15-year term. Given
7 the longer term of the proposed CAA, Hydro considered it reasonable to include an option to
8 terminate the CAA, should there be material and substantial changes to Hydro’s operations.

9 Material and substantial changes to Hydro’s operations that could change the requirement for
10 capacity assistance could include a variety of items, such as a change in forecast load,
11 accelerated generation additions, new technology, or additional interconnections. While this is
12 not an exhaustive list, it provides a variety of changes that could impact Hydro’s need for
13 capacity assistance. While none of these scenarios are contemplated or likely at this time, the
14 use of this general language, which is mirrored in the termination clause for CBPP, was deemed
15 prudent.