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April 21, 2023

BY EMAIL

Board of Commissioners of Public Utilities
Prince Charles Building
120 Torbay Road, P.O. Box 21040
St. John's, NL A1A 5B2

Attention: ***Ms. Cheryl Blundon***
Director of Corporate Services & Board Secretary

Dear Ms. Blundon:

Re: Newfoundland and Labrador Hydro ("Hydro"), acting in its capacity as the Newfoundland and Labrador System Operator ("NLSO")
Application for the Approval of the Effective Date of Post Commissioning Labrador-Island Link ("LIL") Rates

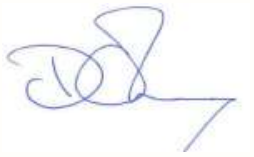
In Order No. P.U. 3(2018), at section 3, the Board of Commissioners of Public Utilities ("**Board**") approved on an interim basis rates to become effective when the LIL came online. In its Order, the Board directed Hydro, acting in its capacity as the NLSO, to file an application for approval of the effective date of these rates at least seven days before they are to become effective. The LIL has been commissioned as of April 14, 2023, and the proposed effective date for the interim rates is May 1, 2023. Accordingly, an application requesting approval of the effective date is attached.

Hydro, acting in its capacity as the NLSO, will file an application for a final order once Hydro's next General Rate Application has been completed.

Should you have any questions, please contact the undersigned.

Yours truly,

AIRD & BERLIS LLP



Dennis M. O'Leary

DMO/vf

Encl.

Cc: *Board of Commissioners of Public Utilities*
Jacqui Glynn
PUB Official Email

Application for the Implementation of Post Commissioning Labrador-Island Link Rates

April 21, 2023

An application to the Board of Commissioners of Public Utilities

newfoundland labrador hydro

IN THE MATTER OF the *Electrical Power Control Act, 1994,* SNL 1994, Chapter E-5.1 ("*EPCA*") and the *Public Utilities Act*, RSNL 1990, Chapter P-47 ("*Act*"); and

IN THE MATTER OF an application by Newfoundland and Labrador Hydro ("Hydro") acting as the Newfoundland and Labrador System Operator ("NLSO"), pursuant to Section 5.1 of the *EPCA*, for the approval of the effective date of interim transmission rates applicable Post Commissioning of the Labrador-Island Link ("LIL") ("Application").

To: The Board of Commissioners of Public Utilities ("Board")

THE APPLICATION OF HYDRO STATES THAT:

A. Parties

1. Hydro is a corporation continued and existing under the *Hydro Corporation Act, 2007,*[1] is a public utility within the meaning of the *Act*, and is subject to the provisions of the *EPCA*.

2. The NLSO is a functionally separate division of Hydro which is responsible for the safe and reliable operation of the Newfoundland and Labrador Transmission System, including the administration and provision of transmission service.

B. Background

3. The Lieutenant-Governor in Council, in Order in Council Order Number OC2017-380, dated December 21, 2017 (the "OC"), directed the Board to adopt a policy that the submissions of the NLSO relating to the transmission of electricity over the province's high-voltage transmission system be approved on the following terms:

    a) the pro-forma Transmission Service Agreements, and attached rates and rate methodology be approved on an interim basis; and

[1] *Hydro Corporation Act, 2007*, SNL 2007 c H-17.

b) the Transmission Policies and Procedures and Code of Conduct for NL Transmission System Operations, to be adopted by the NLSO, be approved until such time as the Board reviews the interim proposals.

4. Hydro, acting in its capacity as the NLSO ("Applicant"), filed an application on February 6, 2018 ("2018 Application") requesting that the Board approve pro-forma Transmission Service Agreements, interim transmission rates and the methodology for the development of rates for transmission service, the NL Transmission Policies and Procedures, and the Code of Conduct for NL Transmission System Operations.

5. Board Order No. P.U. 3(2018)[2] provided approval of:

a) the pro-forma Transmission Service Agreements, the NL Transmission Policies and Procedures, and the Code of Conduct for NL Transmission System Operations, on an interim basis, as filed in the 2018 Application;

b) the rates for transmission services for periods prior to the date when the LIL comes online, on an interim basis, effective February 9, 2018 (the "Pre Commissioning LIL/LTA Rates"); and

c) the rates for transmission services for post LIL periods (the "Post Commissioning LIL/LTA Rates"), with an application for approval of the effective date of these rates to be filed at least seven days before the date the rates are to become effective.

6. Hydro, acting in its capacity as the Applicant, filed an application on December 17, 2020 requesting the Board approve amendments to the pro-forma Transmission Service Agreements, the Transmission Policies and Procedures, and the Transmission Rates and Rates Methodology that had been approved, on an interim basis, in Board Order No. P.U. 3(2018). The amendments were approved in Board Order No. P.U. 3(2021).[3]

C. LIL Commissioning

7. On April 18, 2023, Hydro filed a *Reliability and Resource Adequacy Study Review* – LIL Update and advised that as of April 14, 2023, all of the conditions required for commissioning pursuant

[2] *Public Utilities Act,* RSNL 1990, c P-47, Board Order No. P.U. 3(2018), Board of Commissioners of Public Utilities, February 9, 2018.
[3] *Public Utilities Act,* RSNL 1990, c P-47, Board Order No. P.U. 3(2021), Board of Commissioners of Public Utilities, January 25, 2021.

to the project financing and revenue agreements had been met, and the LIL was officially commissioned as of April 14, 2023.

8. Schedule A to this Application contains the Post Commissioning LIL/LTA Rates approved, on an interim basis, in Board Order No. P.U. 3(2018), with amendments approved in Board Order No. P.U. 3(2021). Hydro proposes the effective date of these rates to be May 1, 2023.

D. Communications

9. Communications with respect to this Application should be forwarded to the undersigned, and copied to Shirley Walsh, Senior Regulatory Counsel for Hydro.

E. Order Sought

10. The Applicant requests that the Board make an Order, in accordance with Board Order No. P.U. 3(2018) and Board Order No. P.U. 3(2021), to implement Post Commissioning LIL/LTA rates with an effective date of May 1, 2023.

11. Section 75 of the *Act* provides that the Board may make an interim Order unilaterally and without public hearing or notice, approving with or without modification, a schedule of rates, tolls and charges submitted by a public utility upon the terms and conditions that it may decide. Having regard to the OC, Board Order No. P.U. 3(2018), and Board Order No. P.U. 3(2021), Hydro submits that a public hearing of this Application is therefore not necessary.

DATED at the city of Toronto in the province of Ontario this 21 day of April, 2023.

Dennis M. O'Leary
Aird & Berlis, LLP
Counsel for the Applicant
Brookfield Place, 181 Bay Street, Suite 1800
Toronto, ON M5J 2T9
Telephone: (416) 865-4711

Schedule A

Post Commissioning LIL/LTA Rates

Newfoundland and Labrador System Operator

Rates Schedules – Post Commissioning LIL / LTA

Effective May 1, 2023

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SCHEDULE 1

Scheduling, System Control and Dispatch Service

This service is required to schedule the movement of power through, out of, within, or into a Control Area. This service can be provided only by the operator of the Control Area in which the transmission facilities used for transmission service are located. Scheduling, System Control and Dispatch Service is to be provided directly by the Transmission Provider (if the Transmission Provider is the Control Area operator) or indirectly by the Transmission Provider making arrangements with the Control Area operator that performs this service for the Transmission Provider's Transmission System. The Transmission Customer must purchase this service from the Transmission Provider or the Control Area operator. The charges for Scheduling, System Control and Dispatch Service, payable monthly, are set forth below. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator.

Point-to-Point Transmission Service:

1)	Yearly Delivery:	One-twelfth of Cdn $ 4,134.47 /MW of Reserved Capacity per year.
2)	Monthly Delivery:	Cdn $ 344.54 /MW of Reserved Capacity per month.
3)	Weekly Delivery:	Cdn $ 79.51 /MW of Reserved Capacity per week.
4)	On-Peak Daily Delivery:	Cdn $ 15.90 /MW of Reserved Capacity per day.
5)	Off-Peak Daily Delivery:	Cdn $ 11.33 /MW of Reserved Capacity per day.
6)	On-Peak Hourly Delivery:	Cdn $ 0.99 /MW of Reserved Capacity per hour.
7)	Off-Peak Hourly Delivery:	Cdn $ 0.47 /MW of Reserved Capacity per hour.

Network Integration Transmission Service:

1)	Monthly Delivery:	Cdn $ 344.54 /MW of Billing Demand.

On-Peak days for this service are defined as Monday to Friday. On-Peak hours for this service are defined as the time between hour ending 09:00 and hour ending 24:00 Atlantic Prevailing Time.

SCHEDULE 2

Reactive Supply and Voltage Control from Generation or Other Sources Service

In order to maintain transmission voltages on the Transmission Provider's transmission facilities within acceptable limits, generation facilities (in the Control Area where the Transmission Provider's transmission facilities are located) and non-generation resources capable of providing this service that are under the control of the control area operator are operated to produce (or absorb) reactive power. Thus, Reactive Supply and Voltage Control from Generation or Other Sources Service must be provided for each transaction on the Transmission Provider's transmission facilities. The amount of Reactive Supply and Voltage Control from Generation or Other Sources Service that must be supplied with respect to the Transmission Customer's transaction will be determined based on the reactive power support necessary to maintain transmission voltages within limits that are generally accepted in the region and consistently adhered to by the Transmission Provider.

Reactive Supply and Voltage Control from Generation or Other Sources Service is to be provided directly by the Transmission Provider (if the Transmission Provider is the Control Area operator) or indirectly by the Transmission Provider making arrangements with the Control Area operator that performs this service for the Transmission Provider's Transmission System. The Transmission Customer must purchase this service from the Transmission Provider or the Control Area operator. The charges for such service, payable monthly, are set forth below. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by the Control Area operator.

Point-to-Point Transmission Service:

1)	Yearly Delivery:	One-twelfth of Cdn $ 10,309.95 /MW of Reserved Capacity per year.
2)	Monthly Delivery:	Cdn $ 859.16 /MW of Reserved Capacity per month.
3)	Weekly Delivery:	Cdn $ 198.27 /MW of Reserved Capacity per week.
4)	On-Peak Daily Delivery:	Cdn $ 39.65 /MW of Reserved Capacity per day.
5)	Off-Peak Daily Delivery:	Cdn $ 28.25 /MW of Reserved Capacity per day.
6)	On-Peak Hourly Delivery:	Cdn $ 2.48 /MW of Reserved Capacity per hour.
7)	Off-Peak Hourly Delivery:	Cdn $ 1.18 /MW of Reserved Capacity per hour.

Network Integration Transmission Service:

1)	Monthly Delivery:	Cdn $ 859.16 /MW of Billing Demand.

On-Peak days for this service are defined as Monday to Friday. On-Peak hours for this service are defined as the time between hour ending 09:00 and hour ending 24:00 Atlantic Prevailing Time.

SCHEDULE 3

Regulation and Frequency Response Service

Regulation and Frequency Response (RFR) Service is necessary to provide for the continuous balancing of resources (generation and interchange) with load and for maintaining scheduled Interconnection frequency at sixty cycles per second (60 Hz). Regulation and Frequency Response Service is accomplished by committing on-line generation whose output is raised or lowered (predominantly through the use of automatic generating control equipment) and by other non-generation resources capable of providing this service as necessary to follow the moment-by-moment changes in load. The obligation to maintain this balance between resources and load lies with the Transmission Provider (or the Control Area operator that performs this function for the Transmission Provider). The Transmission Provider must offer this service when the transmission service is used to serve load within its Control Area. The Transmission Provider obligation to offer this service is conditional upon the Transmission Provider having sufficient visibility and control of the resources in the area in which the load is located to allow the Transmission Provider to perform its balancing function in a non-discriminatory fashion. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements to satisfy its Regulation and Frequency Response Service obligation. The Transmission Provider will take into account the speed and accuracy of regulation resources in its determination of Regulation and Frequency Response reserve requirements, including as it reviews whether a self-supplying Transmission Customer has made alternative comparable arrangements. The amount of and charges for Regulation and Frequency Response Service, payable monthly, are set forth below. To the extent the Control Area operator performs this service for the Transmission Provider; charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator. The Transmission Provider may charge the Transmission Customer under either Schedule 3 or

Schedule 3A for the regulation and frequency response burden imposed by the Transmission Customer, but not both.

Regulation and Frequency Response Service as provided under this Schedule 3 is only applicable to those Point(s) of Delivery located within the Transmission Provider's Control Area.

Intra-hour performance will be monitored for specific behavior that introduces a disproportionate burden on the Transmission Provider with respect to regulation and load following. Sanctions may be invoked. The determination of whether or not such activity is disproportionate will take into account the extent to which the offending party is already paying the Transmission Provider for, or self-supplying to the Transmission Provider, the regulation and/or load following services. This determination will give consideration to the net effect of aggregated intra-hour behaviors of Non-Dispatchable Generators before any such sanction is invoked.

Regulation and Frequency Response (Point-to-Point Transmission Service):

1)	Yearly Delivery:	One-twelfth of Cdn $ 241,709.17 /MW of Generator Capacity requested for RFR per year.
2)	Monthly Delivery:	Cdn $ 20,142.43 /MW of Generator Capacity requested for RFR per month.
3)	Weekly Delivery:	Cdn $ 4,648.25 /MW of Generator Capacity requested for RFR per week.
4)	On-Peak Daily Delivery:	Cdn $ 929.65 /MW of Generator Capacity requested for RFR per day.
5)	Off-Peak Daily Delivery:	Cdn $ 662.22 /MW of Generator Capacity requested for RFR per day.

Regulation and Frequency Response (Network Integration Transmission Service):

1)	Monthly Delivery:	Cdn $ 20,142.43 /MW of Generator Capacity requested for RFR.

There will be an adder applied to these prices when the Transmission Provider incurs extra costs. These extra costs will be limited to out-of-order dispatch costs associated with revised generation or load dispatch for the purpose of providing this ancillary service. The minimum period for which this service is available from the Transmission Provider is one day.

On-Peak days for this service are defined as Monday to Friday.

SCHEDULE 3A

Regulation and Frequency Response Service for Exports

Regulation and Frequency Response (RFR) Service is necessary to provide for the continuous balancing of resources (generation and interchange) with load and for maintaining scheduled Interconnection frequency at sixty cycles per second (60 Hz). Regulation and Frequency Response Service is accomplished by committing on-line generation whose output is raised or lowered (predominantly through the use of automatic generating control equipment) and by other non-generation resources capable of providing this service as necessary to follow the moment-by-moment changes in load for a generator located within the Control Area that is selling outside of the Control Area. The obligation to maintain this balance between resources and load lies with the Transmission Provider (or the Control Area operator that performs this function for the Transmission Provider).

The generator located within the Control Area selling outside of the Control Area that is a Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements to satisfy its Regulation and Frequency Response Service obligation. The Transmission Provider will take into account the speed and accuracy of regulation resources in its determination of Regulation and Frequency Response reserve requirements, including as it reviews whether a self-supplying Transmission Customer has made alternative comparable arrangements. The amount of and charges for Regulation and Frequency Response Service, payable monthly, are set forth below. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator. The Transmission Provider may charge a Transmission Customer under either Schedule 3 or 3A for the regulation and frequency response burden imposed by the Transmission Customer, but not both.

Regulation and Frequency Response Service as provided under this Schedule 3A is only applicable to those Point(s) of Delivery located at the interface(s) of the Transmission Provider's Control Area.

Intra-hour performance will be monitored for specific behavior that introduces a disproportionate burden on the Transmission Provider with respect to regulation and load following. Sanctions may be invoked. The determination of whether or not such activity is disproportionate will take into account the extent to which the offending party is already paying the Transmission Provider for, or self-supplying to the Transmission Provider, the regulation and/or load following services. This determination will give consideration to the net effect of aggregated intra-hour behaviors of Non-Dispatchable Generators before any such sanction is invoked.

Regulation and Frequency Response for Exports (Point-to-Point Transmission Service):

1)	Yearly Delivery:	One-twelfth of Cdn $ 241,709.17 /MW of Generating Capacity requested for RFR per year.
2)	Monthly Delivery:	Cdn $ 20,142.43 /MW of Generating Capacity requested for RFR per month.
3)	Weekly Delivery:	Cdn $ 4,648.25 /MW of Generating Capacity requested for RFR per week.
4)	On-Peak Daily Delivery:	Cdn $ 929.65 /MW of Generating Capacity requested for RFR per day.
5)	Off-Peak Daily Delivery:	Cdn $ 662.22 /MW of Generating Capacity requested for RFR per day.

There will be an adder applied to these prices when the Transmission Provider incurs extra costs. These extra costs will be limited to out-of-order dispatch costs associated with revised generation or load dispatch for the purpose of providing this ancillary service. The minimum period for which this service is available from the Transmission Provider is one day.

On-Peak days for this service are defined as Monday to Friday.

SCHEDULE 4

Energy Imbalance Service

Energy Imbalance Service is provided when a difference occurs between the scheduled and the actual delivery of energy to a load located within a Control Area over a single hour. The Transmission Provider must offer this service when the transmission service is used to serve load within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements, which may include use of non-generation resources capable of providing this service, to satisfy its Energy Imbalance Service obligation. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator. The Transmission Provider may charge a Transmission Customer a penalty for hourly energy imbalances under this Schedule.

For a bilateral schedule of a single load and its single generator, this ancillary service will be applied to the net of the generation and load balance. Otherwise, this ancillary service will be applied separately to deviations from load schedules and deviations from generation schedules.

Energy Imbalance Service does not apply to inadvertent energy imbalance that occur as a result of actions directed by the Control Area operator to:

- Balance total load and generation for the Control Area, or a portion thereof, through the use of Automatic Generation Control;
- Maintain interconnected system reliability, through actions such as re-dispatch or curtailment;
- Support interconnected system frequency; or to
- Respond to transmission, generation or load contingencies.

On-Peak days for this service are defined as Monday to Friday. On-Peak hours for this service are defined as the time between hour ending 09:00 and hour ending 24:00 Atlantic Prevailing Time.

For each Transmission Customer taking service under the Energy Imbalance Service, the Transmission Provider will provide such service under the following terms and conditions:

Deviation bands as follows:

1. deviations within +/- 1.5 percent (with a minimum of +/- 2 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be netted on a monthly basis and settled financially, at the end of the month, at 100 percent of incremental or decremental cost as set forth below;
2. deviations greater than +/- 1.5 percent up to +/- 7.5 percent (or greater than +/- 2 MW up to +/- 10 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled financially, at the end of each month, at 110 percent of incremental cost or 90 percent of decremental cost as set forth below, and
3. deviations greater than +/- 7.5 percent (or +/- 10 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) will be settled financially, at the end of each month, at 125 percent of incremental cost or 75 percent of decremental cost as set forth below.

For purposes of this Schedule, incremental cost and decremental cost represent the Transmission Provider's actual average hourly cost of the last 10 MW dispatched for any purpose, e.g., to supply the Transmission Provider's Native Load Customers, correct imbalances, or make off-system sales, based on the capacity weighted cost of fuel including unit heat rates, start-up costs (including any commitment and redispatch costs), incremental operation and maintenance costs, and purchased and interchange power costs and taxes, as applicable.

1

Energy Imbalance Service:

1) Off-schedule Delivery: Cdn $ 273.40 /MWh.

SCHEDULE 5

Operating Reserve - Spinning Reserve Service

Spinning Reserve Service (also referred to as Contingency Reserves – Spinning) is needed to serve load immediately in the event of a system contingency. Spinning Reserve Service may be provided by generating units that are on-line and loaded at less than maximum output and by non-generation resources capable of providing this service. The Transmission Provider must offer this service when the transmission service is used to serve load within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements to satisfy its Spinning Reserve Service obligation. The aforementioned Transmission Provider obligation to offer this service is conditional upon the Transmission Provider having sufficient visibility and control of the resources in the area in which the load is located to allow the Transmission Provider to perform its balancing function in a non-discriminatory fashion. Spinning Reserve Service requirements arising from contingencies in excess of an incremental threshold will be the responsibility of parties causing such large contingencies. The Incremental Reserve threshold as defined by the Transmission Provider shall be established and published on OASIS and its public website. The amount of and charges for Spinning Reserve Service, payable monthly, are set forth below. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator.

Operating Reserve – Spinning Reserve (Point-to-Point Transmission Service):

1)	Yearly Delivery:	One-twelfth of Cdn $ 21,687.08 /MW of Reserved Capacity per year.
2)	Monthly Delivery:	Cdn $ 1,807.26 /MW of Reserved Capacity per month.
3)	Weekly Delivery:	Cdn $ 417.06 /MW of Reserved Capacity per week.
4)	On-Peak Daily Delivery:	Cdn $ 83.41 /MW of Reserved Capacity per day.
5)	Off-Peak Daily Delivery:	Cdn $ 59.42 /MW of Reserved Capacity per day.
6)	On-Peak Hourly Delivery:	Cdn $ 5.21 /MWh.
7)	Off-Peak Hourly Delivery:	Cdn $ 2.48 /MWh.

Operating Reserve – Spinning Reserve (Network Integration Transmission Service):

1)	Monthly Delivery:	Cdn $ 1,807.26 /MW of Billing Demand (MW).

On-Peak days for this service are defined as Monday to Friday. On-Peak hours for this service are defined as the time between hour ending 09:00 and hour ending 24:00 Atlantic Prevailing Time.

There will be an adder applied to these prices when the Transmission Provider incurs extra costs. These extra costs will be limited to out-of-order dispatch costs associated with revised generation or load dispatch for the purpose of providing this ancillary service. Out-of-order dispatch costs will be calculated as the difference between the cost of serving load and the cost of serving load plus ancillaries. These costs will be charged to Transmission Customers that take this service on a pro rata share basis as a function of the quantity of the service purchased from the Transmission Provider at the time that the out-of-order occurs.

Supplier Obligations

Transmission Customers that self-supply this service, and third party suppliers, shall provide between 100 and 110% of the stated MW amount within ten minutes of notification by the

Transmission Provider to activate these reserves. The reserves shall be sustainable for sixty minutes from activation.

Suppliers who offer Operating Reserves have an obligation to supply these reserves when notified by the Transmission Provider. Due to the infrequent occurrence of this and the importance of reserves to overall system reliability, a penalty will be applied to any supplier who is unable to meet its obligations. The penalty will be equal to one month's charge for the amount of deficient reserves for each failure to supply.

Activation of Reserves

When a contingency occurs, the Transmission Provider will activate, at its sole discretion, sufficient reserves from (1) those under contract with the Transmission Provider, (2) those provided by Transmission Customers, (3) those contracted from third parties by Transmission Customers. Typically the activation will be done to minimize the overall cost of supplying reserves and to return the system to pre-contingency conditions within the time required.

Operating Reserve service will only be available for the hour in which the contingency occurs and the following two hours. The quality of service will be firm for this time period. The Transmission Customer is responsible to address any deficiencies of its supply by the end of that time period. Any unscheduled energy withdrawal will be treated as Energy Imbalance as per Schedule 4.

SCHEDULE 6

Operating Reserve - Supplemental Reserve Service

Supplemental Reserve Service (also referred to as Conditional Reserve – Supplemental) is needed to serve load in the event of a system contingency; however, it is not available immediately to serve load but rather within a short period of time. Supplemental Reserve Service may be provided by generating units that are on-line but unloaded, by quick-start generation or by interruptible load or other non-generation resources capable of providing this service. The Transmission Provider must offer this service when the transmission service is used to serve load within its Control Area. The Transmission Customer must either purchase this service from the Transmission Provider or make alternative comparable arrangements to satisfy its Supplemental Reserve Service obligation. The aforementioned Transmission Provider obligation to offer this service is conditional upon the Transmission Provider having sufficient visibility and control of the resources in the area in which the load is located to allow the Transmission Provider to perform its balancing function in a non-discriminatory fashion. Supplemental Reserve Service requirements arising from contingencies in excess of an incremental threshold will be the responsibility of parties causing such large contingencies. The Incremental Reserve threshold as defined by the Transmission Provider shall be established and published on OASIS and its public website. The amount of and charges for Supplemental Reserve Service, payable monthly, are set forth below. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Provider by that Control Area operator.

6(a) Operating Reserve - Supplemental (10 minute)

This ancillary service is the portion of Operating Reserve – Supplemental that is available within 10 minutes. The charges for this ancillary service, payable monthly, are set forth below:

Operating Reserve – Supplemental Reserve (Point-to-Point Transmission Service):

1)	Yearly Delivery:	One-twelfth of Cdn $ 8,407.54 /MW of Reserved Capacity per year.
2)	Monthly Delivery:	Cdn $ 700.63 /MW of Reserved Capacity per month.
3)	Weekly Delivery:	Cdn $ 161.68 /MW of Reserved Capacity per week.
4)	On-Peak Daily Delivery:	Cdn $ 32.34 /MW of Reserved Capacity per day.
5)	Off-Peak Daily Delivery:	Cdn $ 23.03 /MW of Reserved Capacity per day.
6)	On-Peak Hourly Delivery:	Cdn $ 2.02 /MWh.
7)	Off-Peak Hourly Delivery:	Cdn $ 0.96 /MWh.

Operating Reserve – Supplemental Reserve (Network Integration Transmission Service):

1)	Monthly Delivery:	Cdn $ 700.63 /MW of Billing Demand (MW).

There will be an adder applied to these prices when the Transmission Provider incurs extra costs. These extra costs will be limited to out-of-order dispatch costs associated with revised generation or load dispatch for the purpose of providing this ancillary service. Out-of-order dispatch costs will be calculated as the difference between the cost of serving load and the cost of serving load plus ancillaries. These costs will be charged to Transmission Customers that take this service on a pro rata share basis as a function of the quantity of the service purchased from the Transmission Provider at the time that the out-of-order occurs.

Supplier Obligations

Transmission Customers that self-supply this service, and third party suppliers, shall provide between 100 and 110% of the stated MW amount within ten minutes of notification by the Transmission Provider to activate these reserves. The reserves shall be sustainable for sixty minutes from activation.

Suppliers who offer Operating Reserves have an obligation to supply these reserves when notified by the Transmission Provider. Due to the infrequent occurrence of this and the importance of reserves to overall system reliability, a penalty will be applied to any supplier who is unable to meet its obligations. The penalty will be equal to one month's charge for the amount of deficient reserves for each failure to supply.

Activation of Reserves

When a contingency occurs, the Transmission Provider will activate, at its sole discretion, sufficient reserves from (1) those under contract with the Transmission Provider, (2) those provided by Transmission Customers, (3) those contracted from third parties by Transmission Customers. Typically the activation will be done to minimize the overall cost of supplying reserves and to return the system to pre-contingency conditions within the time required. Operating Reserve service will only be available for the hour in which the contingency occurs and the following two hours. The quality of service will be firm for this time period. The Transmission Customer is responsible to address any deficiencies of its supply by the end of that time period. Any unscheduled energy withdrawal will be treated as Energy Imbalance as per Schedule 4.

6(b) Operating Reserve - Supplemental (30 minute)

This ancillary service is the portion of Operating Reserve – Supplemental that is available within 30 minutes. The charges for this ancillary service, payable monthly, are set forth below:

Operating Reserve – Supplemental Reserve (Point-to-Point Transmission Service):

1)	Yearly Delivery:	One-twelfth of Cdn $ 8,407.54 /MW of Reserved Capacity per year.
2)	Monthly Delivery:	Cdn $ 700.63 /MW of Reserved Capacity per month.
3)	Weekly Delivery:	Cdn $ 161.68 /MW of Reserved Capacity per week.
4)	On-Peak Daily Delivery:	Cdn $ 32.34 /MW of Reserved Capacity per day.
5)	Off- Peak Daily Delivery:	Cdn $ 23.03 /MW of Reserved Capacity per day.
6)	On-Peak Hourly Delivery:	Cdn $ 2.02 /MWh.
7)	Off-Peak Hourly Delivery:	Cdn $ 0.96 /MWh.

Operating Reserve – Supplemental Reserve (Network Integration Transmission Service):

1)	Monthly Delivery:	Cdn $ 700.63 /MW of Billing Demand (MW).

There will be an adder applied to these prices when the Transmission Provider incurs extra costs. These extra costs will be limited to out-of-order dispatch costs associated with revised generation or load dispatch for the purpose of providing this ancillary service. Out-of-order dispatch costs will be calculated as the difference between the cost of serving load and the cost of serving load plus ancillaries. These costs will be charged to Transmission Customers that take this service on a pro rata share basis as a function of the quantity of the service purchased from the Transmission Provider at the time that the out-of-order occurs.

Supplier Obligations

Suppliers who offer 30-Minute Reserve services shall provide between 100 and 110% of the stated MW amount within thirty minutes of notification by the Transmission Provider to activate these reserves. The reserves shall be sustainable for sixty minutes from activation.

Suppliers who offer Operating Reserves have an obligation to supply these reserves when notified by the Transmission Provider. Due to the infrequent occurrence of this and the importance of

reserves to overall system reliability, a penalty will be applied to any supplier who is unable to meet its obligations. The penalty will be equal to one month's charge for the amount of deficient reserves for each failure to supply.

Activation of Reserves

When a contingency occurs, the Transmission Provider will activate, at its sole discretion, sufficient reserves from (1) those under contract with the Transmission Provider, (2) those provided by Transmission Customers, (3) those contracted from third parties by Transmission Customers. Typically the activation will be done to minimize the overall cost of supplying reserves and to return the system to pre-contingency conditions within the time required. Operating Reserve service will only be available for the hour in which the contingency occurs and the following two hours. The quality of service will be firm for this time period. The Transmission Customer is responsible to address any deficiencies of its supply by the end of that time period. Any unscheduled energy withdrawal will be treated as Energy Imbalance as per Schedule 4.

On-Peak days for this service are defined as Monday to Friday. On-Peak hours for this service are defined as the time between hour ending 09:00 and hour ending 24:00 Atlantic Prevailing Time.

SCHEDULE 7

Firm and Conditional Firm Point-To-Point Transmission Service

The Transmission Customer shall compensate the Transmission Provider each month for Reserved Capacity at the sum of the applicable charges set forth below:

Point-to-Point Transmission Service:

1)	Yearly Delivery:	One-twelfth of Cdn $ 21,508.13 /MW of Reserved Capacity per year.
2)	Monthly Delivery:	Cdn $ 1,792.34 /MW of Reserved Capacity per month.
3)	Weekly Delivery:	Cdn $ 413.62 /MW of Reserved Capacity per week.
4)	On-Peak Daily Delivery:	Cdn $ 82.72 /MW of Reserved Capacity per day.
5)	Off-Peak Daily Delivery:	Cdn $ 58.93 /MW of Reserved Capacity per day.

The total demand charge in any week, pursuant to a reservation for Daily delivery, shall not exceed the rate specified in section (3) above times the highest amount in megawatts of Reserved Capacity in any day during such week.

6) **Discounts**: Three principal requirements apply to discounts for transmission service as follows (1) subject to prior written approval by the PUB, any offer of a discount made by the Transmission Provider must be announced to all Transmission Customers by posting on the OASIS, (2) any Transmission Customer initiated requests for discounts (including requests for use by one's wholesale merchant or an Affiliate's use) must occur by posting on the OASIS, and (3) once a discount is approved by the PUB, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, the Transmission Provider must offer the same discounted transmission service rate for the same time period to all Transmission Customers on all unconstrained transmission paths that go to the same point(s) of delivery on the Transmission System.

7) On-Peak days for this service are defined as Monday to Friday. On-Peak hours for this service are defined as the time between hour ending 09:00 and hour ending 24:00 Atlantic Prevailing Time.

8) **Resales**: The rates and rules governing charges and discounts stated above shall not apply to resales of transmission service. A Transmission Customer may sell, assign, or transfer all or portion of its rights under its Service Agreement, but only to another Eligible Customer (the Assignee). The Transmission Customer that sells, assigns or transfers its rights under its Service Agreement is hereafter referred to as the Reseller. Compensation to Resellers shall be at rates established by agreement between the Reseller and the Assignee.

SCHEDULE 8

Non-Firm Point-To-Point Transmission Service

The Transmission Customer shall compensate the Transmission Provider for Non- Firm Point-To-Point Transmission Service up to the sum of the applicable charges set forth below:

1)	Monthly Delivery:	Cdn $ 1,792.34 /MW of Reserved Capacity per month.
2)	Weekly Delivery:	Cdn $ 413.62 /MW of Reserved Capacity per week.
3)	On-Peak Daily Delivery:	Cdn $ 82.72 /MW of Reserved Capacity per day.
4)	Off-Peak Daily Delivery:	Cdn $ 58.93 /MW of Reserved Capacity per day.

The total demand charge in any week, pursuant to a reservation for Daily delivery, shall not exceed the rate specified in section (2) above times the highest amount in megawatts of Reserved Capacity in any day during such week.

5)	On-Peak Hourly Delivery:	Cdn $ 5.17 /MW of Reserved Capacity per hour.
6)	Off-Peak Hourly Delivery:	Cdn $ 2.46 /MW of Reserved Capacity per hour.

7) **Discounts**: Three principal requirements apply to discounts for transmission service as follows (1) subject to prior written approval by the PUB, any offer of a discount made by the Transmission Provider must be announced to all Transmission Customers by posting on the OASIS, (2) any Transmission Customer initiated requests for discounts (including requests for use by one's wholesale merchant or an Affiliate's use) must occur by posting on the OASIS, and (3) once a discount is approved by the PUB, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, the Transmission Provider must offer the same discounted transmission

service rate for the same time period to all Transmission Customers on all unconstrained transmission paths that go to the same point(s) of delivery on the Transmission System.

8) On-Peak days for this service are defined as Monday to Friday.

9) On-Peak hours for this service are defined as the time between hour ending 09:00 and hour ending 24:00 Atlantic Prevailing Time.

9) **Resales**: The rates and rules governing charges and discounts stated above shall not apply to resales of transmission service. A Transmission Customer may sell, assign, or transfer all or portion of its rights under its Service Agreement, but only to another Eligible Customer (the Assignee). The Transmission Customer that sells, assigns or transfers its rights under its Service Agreement is hereafter referred to as the Reseller. Compensation to Resellers shall be at rates established by agreement between the Reseller and the Assignee.

SCHEDULE 9

Network Integration Transmission Service

The rate for Network Integration Transmission Service shall be charged based on the twelve month average of the Network Customers monthly peak load forecast (Billing Demand) in that calendar year, adjusted to the Point of Receipt of the NL Transmission System. The charges for this service, payable monthly, are set forth below:

1)	Monthly Delivery:	Cdn $ 1,792.34 /MW of Billing Demand per month.

SCHEDULE 10

Transmission Losses

Transmission losses are associated with all Transmission Services. The Transmission Provider is not obligated to provide transmission losses. The Transmission Customer is responsible for replacing losses associated with Transmission Service as calculated by the Transmission Provider. All Transmission Customers are required to include an amount of additional capacity in their service requests sufficient to carry the losses associated with their service. The factor applicable to transmission losses is 5.24% of the maximum hourly transfer as measured at the Point(s) of Delivery.

The Transmission Provider will calculate the annual loss factor on a path-by-path basis. For this calculation, the power flow models used to calculate the losses will include peak and off-peak hours to derive an average loss factor for each path.

Locational Loss Factors for new generation will be determined during the System Impact Study and will be applied to the generation dispatch merit order if such generation is to be economically dispatched by the Transmission Provider. If the generator is self-dispatched, loss factors will be applied to determine the unit net output.

Affidavit

IN THE MATTER OF the *Electrical Power Control Act, 1994,* SNL 1994, Chapter E-5.1 ("*EPCA*") and the *Public Utilities Act*, RSNL 1990, Chapter P-47 ("*Act*"); and

IN THE MATTER OF an application by Newfoundland and Labrador Hydro ("Hydro") acting as the Newfoundland and Labrador System Operator ("NLSO"), pursuant to Section 5.1 of the *EPCA*, for the approval of the effective date of interim transmission rates applicable Post Commissioning of the Labrador-Island Link ("LIL") ("Application").

AFFIDAVIT

I, Robert Collett of St. John's in the province of Newfoundland and Labrador, make oath and say as follows:

1) I am Vice President, Engineering and Newfoundland and Labrador System Operator for Newfoundland and Labrador Hydro, the applicant named in the attached Application.
2) I have read and understand the foregoing Application.
3) To the best of my knowledge, information, and belief, all of the matters, facts, and things set out in this Application are true.

SWORN at St. John's in the province of Newfoundland and Labrador this 21st day of April 2023, before me:

Kimberley Duggan
Commissioner for Oaths, Newfoundland and Labrador

KIMBERLEY DUGGAN
A Commissioner for Oaths in and for
the Province of Newfoundland and Labrador.
My commission expires on December 31, 2027.

R. Collett
Robert Collett