

1 Q. **NLH Evidence, Section 5.2, page 5.4 and 5.5**

2 Citation:

3 Hydro and its parent company, Nalcor Energy (Nalcor), will be expected to provide
4 open access to its transmission facilities during the transition period. The provision
5 of open access requires the implementation of a transmission tariff which conforms
6 to universally-accepted reciprocity standards. Under an open access regime,
7 operating and maintenance costs associated with transmission facilities are
8 recovered through a published transmission tariff. Reciprocity standards require
9 that Hydro also pay the same published transmission tariff that is chargeable to
10 outside third parties that want to flow energy on the Provincial transmission grid.

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12 Preamble:

13 FERC policies are designed to ensure that the opening of the wholesale electricity
14 market and the implementation of open access transmission tariffs does not
15 adversely affect Native Load customers.

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17 Please:

- 18 a) confirm or correct the statement in the preamble;
- 19 b) indicate whether or not Hydro shares this objective;
- 20 c) if so, indicate by what means it has ensured or intends to ensure that the
21 establishment of open access transmission tariff does not adversely affect
22 Native Load customers.

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- 25 A. a) It is confirmed, though Hydro wishes to clarify that FERC's reciprocity
26 requirements only cover the provision of transmission service. The
27 structure and treatment of wholesale energy markets are not covered. With

1 respect to the design of Open Access transmission service, FERC has
2 consistently affirmed the importance of protecting native load. For
3 example, in Order Nos. 888 and 890 (which adopted the main structure of
4 Open Access), FERC gave transmission providers the right to reserve existing
5 transmission capacity needed for native load growth—provided such
6 reservations were reasonably forecasted within the utility's current planning
7 horizon. Similarly, FERC has allowed for rollover and extension of long term
8 firm transmission rights that are serving native load customers.

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10 b) Hydro shares the objective that the implementation of open access
11 transmission tariffs does not adversely affect Native Load customers.

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13 c) The implementation of an Open Access regime will not adversely affect
14 native load customers primarily because Hydro will only pay its proportional
15 share of the revenue requirement based on transmission usage.