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December 12, 2022

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 and Board Secretary

Dear Ms. Blundon:

**Re: Application for Approval of a Third Amended and Restated Pilot Agreement for the Optimization of Hydraulic Resources – Hydro's Reply**

On December 2, 2022, Newfoundland and Labrador Hydro ("Hydro") filed an application with the Board of Commissioners of Public Utilities ("Board") requesting approval of a Third Amended and Restated Pilot Agreement for the Optimization of Hydraulic Resources ("Third A&R Pilot Agreement"), which extends the term of the Second Amended and Restated Pilot Agreement for the Optimization of Hydraulic Resources.

The proposed Third A&R Pilot Agreement, attached to the application as Schedule 1, indicates amendments to the Pilot Period at Section 3. Those amendments list the expiration date as the earlier of three occurrences: (a) automatically on December 31, 2023, (b) automatically upon approval of the Board of a replacement agreement, or (c) by agreement by the parties to discontinue the Third A&R Pilot Agreement. In light of the changing composition of the electricity system referred to in Hydro's application, Hydro is considering what should follow.<sup>1</sup>

Hydro notes that Newfoundland Power Inc. and the Island Industrial Customer group advised they had no comments on the application. There were no comments forthcoming from any of the other parties. Hydro respectfully requests that the Board approve the application as submitted.

Should you have any questions, please contact the undersigned.

Yours truly,

**NEWFOUNDLAND AND LABRADOR HYDRO**

Shirley A. Walsh  
Senior Legal Counsel, Regulatory  
SAW/kd

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<sup>1</sup> Hydro notes that all iterations of the Pilot Agreement for the Optimization of Hydraulic Resources have a termination clause that allows Hydro to terminate the agreement with one month's notice to Nalcor Energy Marketing. The additional clause in Section 3 would allow for a similar termination, but without requiring the notice period; both the proposed section and the existing termination section would permit Hydro to conclude the agreement if the analysis referred to above determines that the organizational restructure and/or existing agreements are sufficient to allow for the activities and benefits to customers facilitated by the Third A&R Pilot Agreement.

ecc:

**Board of Commissioners of Public Utilities**

Jacqui H. Glynn  
PUB Official Email

**Consumer Advocate**

Dennis M. Browne, KC, Browne Fitzgerald Morgan Avis & Wadden  
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