

1 **Q. Reference: Response to PUB-NLH-114**

2 **a)** Given that “Hydro’s current energy purchase agreement with Corner Brook Pulp and
3 Paper does not provide Hydro with a contractual right to capacity”, explain why Corner
4 Brook Pulp and Paper was not requested to provide capacity assistance in January 2026
5 when the Bay d’Espoir generating station capability was severely limited due to frazzle
6 ice conditions.

7 **b)** Confirm that during this period Hydro continued to make energy purchases under the
8 Corner Brook Pulp and Paper energy purchase agreement.

9 **c)** Explain how the January 2026 capacity shortage incident demonstrates that capacity
10 assistance agreements receive priority over energy purchase arrangements with Corner
11 Brook Pulp and Paper.

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14 **A. a)** During the January 2026 frazil ice event, Newfoundland and Labrador Hydro (“Hydro”) did
15 not issue a Capacity Assistance Request under the Capacity Assistance Agreement (“CAA”)
16 because Corner Brook Pulp and Paper Limited (“CBPP”) had a mill outage and was already
17 supplying capacity to the Island Interconnected System under Hydro’s existing Power
18 Purchase Agreement (“PPA”). As described in Hydro’s report on the frazil ice event at Bay
19 d’Espoir Hydroelectric Generating Station (“Bay d’Espoir”),¹ Kruger supplied power to the
20 grid under the PPA throughout the event, and Hydro continued to procure energy under
21 that arrangement. The report also notes that CBPP experienced frazil ice conditions of its
22 own, which affected its ability to deliver full power to the system.

23 Hydro’s ability to access capacity assistance under the CAA remained available throughout
24 the event. Had CBPP not supplied the available energy to the system, Hydro could have
25 exercised its rights under the CAA, including the associated performance obligations and

¹ “Frazil Ice at Bay d’Espoir Hydroelectric Generating Station,” Newfoundland and Labrador Hydro, April 30, 2026.

1 consequences for non-performance. Accordingly, there was no operational need during this
2 event to issue a Capacity Assistance Request because CBPP was already providing the
3 available supply to the system.

4 **b)** Yes. Hydro continued to purchase energy from CBPP during the period in which production
5 at Bay d'Espoir was limited.

6 **c)** As described in part a) of this response, the January 2026 frazil ice event did not require
7 Hydro to choose between the PPA and the CAA. CBPP was already supplying the available
8 energy and capacity to the system under the PPA; therefore, Hydro had no operational need
9 to issue a Capacity Assistance Request. The CAA remained available to Hydro throughout the
10 event and would have been available had additional contractual measures been required to
11 secure supply. Accordingly, the event demonstrates that the PPA and CAA operated in a
12 complementary manner, with the CAA remaining Hydro's reliability backstop while the PPA
13 facilitated the delivery of available energy to the system.