Q. Have any of Hydro's studies identified any conditions where a curtailment of the ML could be used to prevent under frequency load shedding, but penalties might be payable? If so, please outline these circumstances. In the response please explain how the time limited operation of the ML, i.e. the time that the MF power block is being transmitted to Nova Scotia, is taken into account in Hydro's assessment.

A. Studies to date have demonstrated that curtailment of the ML for LIL contingencies assists in the prevention of under frequency load shedding on the Island Interconnected System. The Energy and Capacity Agreement between Nalcor and Emera permits curtailment of the ML, including the NS Block, in the transient sense (during the event) for events on the LTA and LIL. The Agreement requires a restoration of the NS Block on a prorated basis with the NL native load deliveries via LIL following system operator adjustment of the Island Interconnected System following the disturbance.

In addition, given the capabilities of the ML converter technology and controls, the manufacturer, ABB, has suggested the potential for the ML to assist in frequency control for both the Island Interconnected System and the NS System purposes during transient events. ABB intends to demonstrate this capability as part of its frequency control study for ML integration. Of particular interest to the Island Interconnected System would be the ability of the ML to assist with frequency control at times when the LIL is either heavily loaded in monopolar or out of service. It is anticipated that any frequency response that could be afforded to the Island Interconnected System by the ML through frequency controls would be the subject of negotiation between Nalcor and Emera should there be additional costs associated with the service. Hydro awaits demonstration of the capability so that it

can be considered in the overall frequency response of the Island Interconnected System and corresponding under frequency load shedding program.