

1 Q. **Reference: GRA, Vol. I, pages 63-66 pdf**

2 Citation:

3 Hydro's system has become increasingly complex since its last GRA, with the integration of the
4 Muskrat Falls Assets and the interconnection to the North American grid through the Maritime
5 Link. The NLSO is responsible for safely and reliably managing the provincial electricity system in
6 real time. In operating the system, Hydro ensures that the security of supply for domestic load
7 remains paramount and continually looks for opportunities to optimize system operations in
8 ways that deliver reliable, least-cost electricity and cost savings for customers, while doing so in
9 an environmentally responsible manner.

10 Please explain the ownership, operational structure and regulatory framework of the NLSO.

11 More specifically:

- 12 a) Is the NLSO part of Hydro, or an independent entity;
- 13 b) Do the NLSO staff have any other roles or responsibilities within Hydro? If so, please
14 provide details;
- 15 c) Is the NLSO regulated by the PUB? If so, please provide details as to its regulatory
16 framework and reporting requirements. If not, what oversight exists regarding its
17 operations?
- 18 d) Is the NLSO mandated to ensure equal and non-discriminatory treatment between
19 Hydro and other actors in the NL energy system? If so, please provide references to the
20 documents setting out that mandate.
- 21 e) What is the NLSO's role, if any, with respect to cost allocation for the use of
22 transmission infrastructure? What oversight exists with respect to that role?

- 1 A. **a)** The Newfoundland and Labrador System Operator (“NLSO”) is a separate division of
2 Newfoundland and Labrador Hydro (“Hydro”), as per the definition in the *Open Access*
3 *Transmission Regulations* under the *Electrical Power Control Act, 1994* (“EPCA”) and the
4 *Public Utilities Act* (“Act”).
- 5 **b)** As the NLSO is a division of Hydro rather than a separate corporate entity, its mandate is
6 carried out by Hydro employees assigned to the NLSO. Those employees perform the
7 functions necessary to discharge the NLSO's statutory responsibilities and are subject to the
8 directions, duties and restrictions established by the *EPCA*, the *Open Access Transmission*
9 *Regulations* (“OATR”), and the applicable Code of Conduct.
- 10 NLSO personnel perform provincial system operator functions, as well as planning and
11 operational functions for Hydro. For example, Hydro Transmission Planning personnel
12 perform annual assessments for the provincial transmission system on behalf of the NLSO
13 and on behalf of Hydro. Similarly, System Operations personnel are responsible for safe and
14 reliable operation of both the NLSO’s High Voltage Transmission System, as well as Hydro’s
15 lower voltage systems.
- 16 **c)** Yes. The NLSO is subject to the regulatory framework established under the *EPCA*, the *Act*,
17 and the *OATR*. Section 14.3 of the *EPCA* states that the system operator is a public utility for
18 the purposes of the *Act* and is responsible for directing the operation of the integrated
19 electric system in accordance with the *EPCA*. The *EPCA* also provides the Board of
20 Commissioners of Public Utilities (“Board”) with authority respecting matters including the
21 relationship between the system operator and transmission owners.
- 22 The *OATR* prescribe the duties and responsibilities of the NLSO, including responsibilities
23 relating to operation of the integrated electric system, transmission service administration,
24 outage coordination, transmission planning, scheduling, and administration of the Open
25 Access Transmission Tariff. The *OATR* also exempts the system operator from certain
26 provisions of the *Act*.
- 27 **d)** Yes. Section 14.5 of the *EPCA* requires the system operator to provide transmission
28 customers with simultaneous, open, non-discriminatory and non-preferential access to

1 specified transmission information. In addition, the *OATR* establishes a framework intended
2 to support the independent administration of transmission service, including provisions
3 respecting transmission functions, marketing functions, and a Code of Conduct governing
4 employees performing transmission functions. These requirements are intended to promote
5 the fair and non-discriminatory administration of transmission service in accordance with
6 the legislative framework.

- 7 **e)** The NLSO's role is to administer the open access transmission tariff, develop and apply the
8 transmission rate and cost-allocation methodology, collect transmission revenues, and
9 distribute those revenues to transmission asset owners. It does not own transmission assets
10 or independently approve transmission costs. Its role is overseen through the Board's
11 approval and regulatory review of transmission tariffs and methodologies, as well as
12 through the broader statutory and regulatory framework governing the provincial
13 transmission system.