

## Nalcor, Emera agree on plan to sell surplus Muskrat Falls power

Two companies make submission to N.S. regulator

Extra power can be sold at spot market prices, Martin says

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Nalcor and Emera think they have a deal to satisfy the Nova Scotia regulator and get a firm green-light to develop Muskrat Falls.

The deal, filed with the Nova Scotia Utilities and Rates Board (UARB) Monday, involves Nalcor selling surplus power to Nova Scotia until 2041 at Massachusetts market rates. But Nalcor CEO Ed Martin told The Telegram Monday that the deal is structured in a way that won't undermine industrial development in the province.

"We have surplus energy; we're selling it into a market to make sure that we're getting cash flow for it," Martin said. "The type of power that we have to have for mines is the power that is available to us whenever they need it. And that's the piece that's not being committed here."

Essentially, the amount of power that a dam like Muskrat Falls can generate will fluctuate from one year to the next, depending on how much rainfall and snowfall there is. The more water flows into the river, the more power Nalcor can generate.

Averaged out over a couple decades, Nalcor feels confident it can provide an average of 1.2 terawatt-hours of power per year to Nova Scotia.

On a dry year, Nalcor may provide only 0.5 terawatt-hours of power, but two years later, when there's a lot of rain, it will be able to provide 1.7 terawatt-hours.

"We know from our historical hydrology records what's happened on the rivers in this province for the last 50 years, and we can tell you, on average, how much surplus power we're going to have available over time," Martin said. "The energy we're talking about having available under this arrangement is pure surplus energy."

But the thing about that surplus energy is that since it fluctuates, you can't rely on it all the time. Because of that, it can't be used to power a mine or a subdivision in St. John's. Martin said the plan was always to sell that on the spot market on the mainland.

But if Nalcor can sell it to Nova Scotia at spot market prices, that's just as good.

"Newfoundland needs are paramount," Martin said. "All we are offering up is surplus energy."

When Emera made its initial application to the UARB to build the Maritime Link, the regulator said that the proposal wasn't the cheapest source of power unless Emera could guarantee a block of power at market prices.

Market prices in the U.S. are substantially below what Newfoundland and Labrador consumers will pay for the electricity, and lower than what Emera will pay to build the Maritime Link.

With the current submission, Martin said that Emera and Nalcor hope to satisfy the UARB that they're guaranteeing the surplus power block at market rates, thereby providing the cheapest source of power for Nova Scotia ratepayers.

Nalcor says Muskrat Falls is also the cheapest source of power for Newfoundland and Labrador ratepayers.