

Newfoundland & Labrador System Operator (NLSO)

WHAT IS IT?

With connections between the island of Newfoundland and the rest of North America, there will soon be new opportunities for external parties to use our provincial transmission system. This means that there are new rules to follow when it comes to managing the transmission system. Hydro's Energy Control Centre, where operators schedule and dispatch energy, ensure voltage control, regulate frequency, and maintain reserves, has been transformed to become part of the Newfoundland & Labrador System Operator (NLSO). The NLSO acts as the independent operator to manage the power system in real-time. It also provides Open Access to the provincial transmission network, which means providing transmission service to users (like Hydro or other utilities) in a way that treats all users equally - as customers.

WHY IT'S IMPORTANT

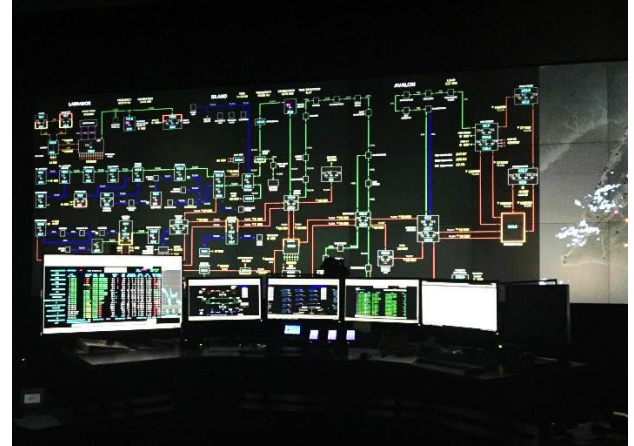
In the new interconnected environment, all transmission users must get equal access to information about available transmission capacity and be provided service on comparable terms/conditions. As in most systems that provide Open Access, the NLSO ensures decision making about the transmission system is independent - allowing decisions on things like scheduling and provision of transmission service to be made independently of Hydro utility operations, which focus on meeting the needs of electricity consumers.

WHO WILL ACCESS OUR TRANSMISSION GRID VIA NLSO?

Currently, Hydro is the only certain user and will have a transmission service agreement that ensures it has the ability to use the transmission system to reliably meet the needs of provincial customers. Other potential users include Nalcor Energy Marketing (NEM) for the purposes of export, out of province entities such as Hydro Quebec (who may wish to transmit through NL into NS), an existing generating facility (like Corner Brook Pulp & Paper) if they wish to begin exporting power, or a new generating facility (i.e. a new wind farm) built with the purpose of exporting power. To export power these customers would purchase access to the transmission network through the NLSO.

3 THINGS YOU MAY NOT HAVE KNOWN:

1. The NLSO does not own assets, but is given authority to manage the transmission of power owned by other entities through a joint agreement.
2. Dozens of new procedures, policies and guidelines had to be developed to set up the NLSO – including things like a Code of Conduct and transmission customer terms of service.
3. There is regulatory oversight by the PUB and a process for setting transmission rates and resolution of any disputes.



The Energy Control Centre – at the heart of the NLSO

QUICK FACTS

- *Independent System Operators are created in almost any jurisdiction that is interconnected and that may trade/sell energy with neighbouring areas.*
- *Hydro's customers – including 38,000 distribution customers, Newfoundland Power's 250,000+ customers, and Island and Labrador Industrial customers are served via the transmission network first. Remaining available transmission capacity is then accessible to all NLSO transmission customers according to their transmission service agreement.*
- *Users can choose their preferred type of service contract – short or long term, broad or from a specific point to point.*