

March 17, 2010

Marie-Claude Lalande,
Directrice Commercialisation
Hydro-Québec TransÉnergie
Casier postal 10 000
Tour de l'Est, 9^e étage,
Succursale Desjardins
Montréal, Québec H5B 1H7

Dear Ms. Lalande:

Subject: Change in methodology for assessing available transmission capability

We have recently been made aware that Hydro-Québec TransÉnergie (HQT) has modified its methodology for assessing the Firm Available Capacity (NATC) calculation on paths interconnected with adjacent jurisdictions. I am writing to confirm that this change will not have any adverse implications for Newfoundland and Labrador Hydro's (NLH) rights related to existing long-term point-to-point service requests and existing transmission service agreements.

We have examined the HQT OASIS and found two postings: the first, dated December 23, 2008 and the second, July 09, 2009. These postings announce 'harmonization' of NATC values; however, there does not appear to be any associated modification of Attachment C of HQT's Open Access Transmission Tariff.

The text of the July 9th posting reads as follows:

"This notice follows the OASIS notice posted by the Transmission Provider on December 23, 2008. As of today, the Transmission Provider is harmonizing its NATC values with those of neighboring systems so that its customers can at all times make transmission reservations based on the transfer capabilities of neighboring systems. Transfer capability for each path over the next 13 months is posted on the Transmission Provider's OASIS site.

No firm transmission reservation existing at the time this notice is posted will be affected by this harmonization. All new firm transmission service requests, including rollovers, will be evaluated based on the new NATC values posted by the Transmission Provider." (Our highlight).

Marie-Claude Lalonde,
Directrice Commercialisation
Hydro-Québec TransÉnergie
March 17, 2010-03-17
Page 2 of 2

In accordance with Attachment C of the HQT OATT, ATC is the amount of unused transfer capability after consideration of meeting existing service contracts and accepted or queued valid applications for transmission service.

We are therefore writing to seek confirmation that NLH's rights related to existing long-term point-to-point service requests and transmission service agreements are not affected by this modification. Specifically, in relation to the two transmission service requests identified as follows:

1. SIS #101–thirty (30) year service request, which is pending before the Régie de l'énergie, including posted reservation # 501233 on the HQT–NE path, # 501231 on the HQT–MASS path and #501235 on the HQT–NB path.
2. SIS #107–thirty (30) year service request, which is in process, posted reservation # 538900 on the HQT–NE path, and #538898 on the HQT- NB path.

We are seeking confirmation that these thirty (30) year service requests are not in any way being adversely affected by the modification.

In addition, in relation to existing transmission service agreements on the LAB- HQT and HQT–MASS path identified as follows: # 622759, # 622762, # 622765, # 622767, # 634657, # 634658, # 634660, and # 634662, we are seeking confirmation that NLH's right to renew these agreements in accordance with Section 2.2 of the HQT OATT is not being affected.

Should any of the service contracted (for which NLH has rollover rights) or pending requests be negatively impacted by this modification, this letter is to be considered an official complaint under the applicable procedure of Section 12 of the HQT OATT.

Yours sincerely,



Gilbert Bennett, P. Eng.
Vice President,
Lower Churchill Project

