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February 3, 2020

Mr. Christopher Lawrence
Office of Electricity Delivery and Energy Reliability
OE-20
1000 Independence Avenue, SW
Washington, DC 20585

US Department of Energy

Feb. 03. 2020

**Electricity Delivery and
Energy Reliability**

**Re: Application of Nalcor Energy Marketing Corporation for Authorization to
Export Electricity to Canada**

Dear Mr. Lawrence:

Enclosed for filing are an original and two conformed copies of the Application of Nalcor Energy Marketing Corporation for Renewal of the Authorization to Export Electricity to Canada. Please date stamp and return the two additional copies of the Application with the enclosed postage-prepaid envelope.

In accordance with 10 C.F.R. § 205.309, please find enclosed a check payable to the Treasurer of the United States for the amount of \$500. A copy of the Application has been served upon the Secretary of the Federal Energy Regulatory Commission.

Sincerely,

Joseph B. Nelson
Attorney for Nalcor Energy
Marketing Corporation.

**UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF ELECTRICITY DELIVERY AND ENERGY RELIABILITY**

Nalcor Energy Marketing Corporation

Docket No. EA- 408-A

**APPLICATION OF NALCOR ENERGY MARKETING CORPORATION
FOR RENEWAL OF AUTHORIZATION TO
EXPORT ELECTRICITY TO CANADA**

Pursuant to section 202(e) of the Federal Power Act (FPA), 16 U.S.C. § 824a(e) (2020), and the Department of Energy's (DOE) regulations contained in 10 C.F.R. § 205.300, *et seq.* (2020), Nalcor Energy Marketing Corporation (NEMC or Applicant) hereby files this Application for renewal of its existing blanket authority to export electricity, as a power marketer, from the United States to Canada for a term of five years (Renewal Application). NEMC respectfully requests that the export authorization be made effective no later than May 22, 2020.¹

I. REQUEST FOR EXPORT AUTHORIZATION

A. Description of the Applicant

The exact legal name of the Applicant is Nalcor Energy Marketing Corporation (NEMC). NEMC is a corporation that is incorporated in the Province of Newfoundland and Labrador with its principal place of business in the City of St. John's, NL. NEMC is a wholly owned subsidiary of Nalcor Energy, which is a Crown corporation wholly owned by the Province of Newfoundland and Labrador, and responsible for the management of the Province's energy resources.

¹ NEMC's existing export authorization is set to expire on May 22, 2020. *See* Order Authorizing Electricity Exports to Canada (Docket No. EA-408 (May 22, 2015)). For purposes of ensuring continuity of authorizations, NEMC respectfully requests the issuance of the requested renewal with a corresponding effective date of May 22, 2020.

NEMC is a public utility pursuant to the Federal Power Act, holding market-based rate authority, which was granted by the Federal Energy Regulatory Commission (FERC) in Docket No. ER14-2579-000.² Further, NEMC has engaged in transactions that have involved the export of electricity from the United States wholesale energy markets into Canada and it plans to continue such wholesale energy market activities during the period covered by this Renewal Application. As a power marketer, NEMC does not own any electric power generation or transmission facilities and does not have a franchised electric power service area within either the United States or Canada.

NEMC is not affiliated with any franchised public utility in the United States and does not have any partners in the export of energy for which authorization is now requested. Through Nalcor Energy, NEMC *is* affiliated with the following entities:

- Newfoundland and Labrador Hydro (NLH), a Crown corporation that generates, transmits, and distributes electricity to utility, residential, and industrial customers throughout the Province of Newfoundland and Labrador;
- Churchill Falls (Labrador) Corporation that operates the 5,428 MW Churchill Falls Generating Station;
- Nalcor Energy – Oil and Gas Inc., which holds oil and gas working interests in licenses in Newfoundland and Labrador, both onshore and offshore, in its own right. Nalcor Energy – Oil and Gas Inc. does not sell oil or gas in the U.S. markets; and
- The Lower Churchill Project, which is undertaking the development of two hydroelectric generation sites and related transmission facilities, with a total

² *Nalcor Energy Marketing Corp.*, Letter Order, No. ER14-2579-000 (Sep. 24, 2014).

capacity of 3,000 MW, on the Churchill River in Labrador. The first of these generation sites, the Muskrat Falls Project, involves the construction of an 824 MW hydroelectric dam and more than 1,600 kilometers of transmission lines in Newfoundland and Labrador, connecting the island of Newfoundland to the North American electric grid. The Muskrat Falls Project is completing construction and testing at this time and is expected to begin commercial power generation in 2020.

B. Communications

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C. State of Incorporation

NEMC is incorporated in the Province of Newfoundland and Labrador with its principal place of business in the City of St. John’s, NL. In the United States, NEMC is registered as a market participant in the wholesale energy markets operated by the New York Independent System Operator, Inc. (NYISO), Midcontinent Independent System Operator (MISO) and ISO New England (ISO-NE).

D. Jurisdiction

Pursuant to section 202(e) of the FPA,³ DOE has jurisdiction over the action to be taken in this Application. No other known federal, state, or local government has

³ 16 U.S.C. 824a(e).

jurisdiction over the export of energy to be undertaken under the authority requested pursuant to this Application.

E. Description of Transmission Facilities

NEMC seeks renewal of its blanket authority to export electricity to Canada as a power marketer over existing cross-border facilities, as well as any additional future international electric transmission facilities that are appropriate for third-party use. NEMC does not own any transmission facilities and currently does not hold any long-term transmission reservations for the delivery of energy from the United States into Canada.⁴ Exhibit C to this Application provides a description, including Presidential Permit numbers, of the transmission facilities which NEMC anticipates using for any authorized export of electricity.

F. Technical Discussion

Pursuant to 18 C.F.R. §205.302(g), NEMC provides the following discussion of the proposed electricity exports' reliability, fuel use and system stability impact, within the context of NEMC's operations as a power marketer. NEMC seeks to continue its blanket authority to transmit electricity as a power marketer over existing cross-border facilities identified in Exhibit C, as well as any additional future facilities that are appropriate for third-party use. NEMC does not own or control electric generation or transmission facilities in the United States and does not have a power supply system of its

⁴ Any transmission reservations necessary to support an export from the United States into Canada will be acquired pursuant to the applicable, FERC-approved open access transmission tariff and subject to all applicable electric reliability regulations. Solely for the purpose of the importation of electricity from Canada into the U.S., NEMC presently holds 33 megawatts (MW) of firm and 18 MW of non-firm transmission reservations on the Hydro-Quebec Phase I/II line with a point of receipt in Quebec and point of delivery in Massachusetts.

own on which exports of power from the United States could have a reliability, fuel use, or system stability impact.

Sufficiency of Electric Supply. NEMC will purchase electric energy from wholesale energy markets operated by NYISO, ISO-NE, MISO or other organized electric markets in which NEMC holds status as a market participant, as well as through bilateral, voluntary agreements with electric or municipal utilities, cooperatives and federal power marketing agencies (as applicable). NEMC does not have a franchised service area and therefore does not have native load requirements within the United States that could otherwise be impaired by exports.⁵ Accordingly, the electric energy that NEMC will export on either a firm or interruptible basis will not impair the sufficiency of the electric power supply within the United States.

Criterion # 2 – Reliability. NEMC’s exports of electric energy to Canada will not impede or tend to impede the regional coordination of electric utility planning or operations. NEMC will acquire all necessary transmission rights and reservations as well as schedule and deliver energy for export in accordance with the applicable transmission tariffs governing the provision of transmission service for any transmission facility(ies) over which an export transaction is sought. Further, NEMC will comply with all applicable reliability rules and procedures in the conduct of its energy purchase and selling activities, including those activities effectuating the export of energy from the United States to Canada pursuant to this requested authorization. NEMC will schedule each transaction with the appropriate balancing authority in compliance with the reliability criteria, standards, and guidelines of NERC and its Regional Entities. NEMC

⁵ See *Shell Energy N. Am. (U.S.), L.P.*, Order No. EA-339-A, at pp. 4-5 (May 9, 2013).

will obtain any and all regulatory approvals required to accomplish any export of energy from the United States into Canada. Moreover, NEMC will comply with the terms and conditions contained in the export authorizations issued for those cross-border facilities as well as other export limitations that the DOE may deem appropriate for those facilities.⁶

The controls inherent in any transaction that complies with applicable transmission tariffs, NERC requirements and DOE export limits on the transmission facilities in Exhibit C, and any additional future facilities that are appropriate for third-party use, are sufficient to ensure that exports by Applicant will not impede the coordinated use of transmission facilities within the meaning of section 202(e) of the FPA.

DOE has concluded that, where it has previously reviewed technical reliability studies for Presidential permit applications for cross-border facilities, additional reliability impact assessments are not required for an export authorization over such facilities, provided that the maximum rate of transmission through a border system does not exceed the authorized limit of that transmission system.⁷ The transmission facilities listed in Exhibit C are the facilities over which NEMC intends to export energy into Canada, all of which have each received Presidential permits and therefore have been previously subject reliability studies reviewed by DOE.

Pursuant to the National Environmental Policy Act of 1969 and applicable implementing regulations under 10 C.F.R. Part 1021, DOE has established a categorical

⁶ See e.g. *Luminant Energy Company, LLC*, Order No. EA-472 pp. 12-15 (July 18, 2019) and *Northland Power Energy Marketing (US) Inc.*, Order No. EA-473, pp. 12-15 (June 18, 2019); an (granting power marketers authorization to export to Canada).

⁷ See *Northland Power*, Order No. EA-473 at p. 7 (citing to *AEP Texas Central Co.* Order No. EA-317, pp. 2-3 (Jan. 22, 2007) and *Montana Alberta Tie Ltd.*, Order No. 305, pp. 2-4 (Nov. 2008)).

exclusion for energy export authorizations under FPA, Section 202(e).⁸ Under this categorical exclusion, it has been determined that the authorization for export of electric energy is a specific agency action that does not, individually or cumulatively, have a significant effect on the human environment and, therefore neither an environmental assessment nor an environmental impact statement is required.⁹ Further, to apply this categorical exclusion DOE must determine that there are no extraordinary circumstances related to the proposal that may affect the significance of the environmental effects of the proposal and that the proposal has not been segmented to meet the definition of categorical exclusion.¹⁰ NEMC's application presents no special or unique circumstances and is not related to, or segmented from, any other project or facility that is under review pursuant to NEPA. Accordingly, application of the categorical exclusion pursuant to DOE's NEPA implementing regulations is appropriate.

II. EXHIBITS

In accordance with 10 C.F.R. § 205.303, the following exhibits are attached hereto and made part hereof:

Exhibit A Agreements – **Not Applicable**

Exhibit B Legal Opinion

Exhibit C Transmission Facilities

Applicant will use all existing and future DOE-approved transmission facilities available over the United States-Canada border. Existing transmission facilities are identified in Exhibit C.

Exhibit D Non-U.S. Applicant's Power of Attorney

⁸ 10 C.F.R. Part 1021, Subpart D, App. B, §B4.2.

⁹ *Id.*

¹⁰ 10 C.F.R. §1021.410(b)(2) and (3); *see e.g., Northland Power*, Order No. EA-473 at pp. 8-

Exhibit E Statement of Any Corporate Relationship or Existing Contract Which in Any Way Relates to the Control or Fixing of Electric Power Rates - **Not Applicable.**

Exhibit F Operating Procedures – **Not Applicable**

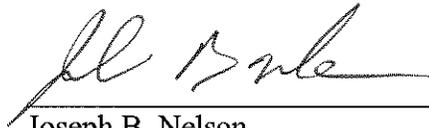
Pursuant to 10 C.F.R. § 205.309, a copy of this Application is being provided to:

Federal Energy Regulatory Commission
Office of the Secretary
888 First Street, N.E.
Washington, DC 20426

III. CONCLUSION

In consideration of the foregoing, NEMC requests that this Application be expeditiously considered and approved, no later than May 22, 2020, for a term of five years, effective from the date of its issuance.

Respectfully submitted,



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Dated: February 3, 2020

Exhibit A

Transmission Agreements

NEMC has no long-term transmission reservations or transmission agreements for delivery of electricity from the United States into Canada. Any transmission reservations necessary to support an export from the United States into Canada will be acquired pursuant to the applicable, FERC-approved open access transmission tariff and subject to all applicable electric reliability regulations.

Exhibit B
Statement of Opinion of Counsel
(Attached)