NEWFOUNDLAND AND LABRADOR'S ELECTRICITY EXPORTS

Sources, Volumes and Marketing Arrangements

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PURPOSE OF THE PAPER

This paper examines Newfoundland and Labrador's existing electricity export activities, including the sources of electricity available for sale, the volumes exported, the organizations involved and the arrangements used to reach external markets.

Its purpose is to bring together information that is not always readily available in one place, explain the existing export business and identify its significance for the Province's future electricity opportunities.

The paper is offered as a contribution to informed discussion and as a foundation for further examination and analysis by interested readers.

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Executive Summary

Newfoundland and Labrador (NL) already has an established electricity export business. Its principal identified sources are surplus Churchill Falls Recapture electricity and Muskrat Falls Residual Block electricity. These sales are marketed through Nalcor Energy Marketing Corporation (NEMC), a wholly owned subsidiary of Newfoundland and Labrador Hydro (NLH). NEMC carries forward electricity marketing activities previously conducted within the Nalcor Energy organization.

This paper examines NLH's existing electricity marketing and export activities, rather than the much larger contractual sales of Churchill Falls electricity to Hydro-Québec by Churchill Falls (Labrador) Corporation (CF(L)Co).

NLH reported 2,330 gigawatt-hours (GWh) of “Other” export sales in 2025 and 2,391 GWh in 2024. These amounts exclude separately reported Nova Scotia Block deliveries and sales to Hydro-Québec. The published totals do not provide a complete breakdown by generating source or export destination.

An important feature of the existing business is NLH's 265 megawatt (MW) point-to-point transmission reservation through Québec to New York. The 2026 Definitive Cooperation and Implementation Agreement (DCIA) provides for NLH to retain this reservation. It is therefore not entirely new transmission access created by the DCIA.

The remaining 720 MW of the DCIA's 985 MW external access and pricing arrangements serves a different purpose. It concerns sales by NLH to Hydro-Québec under specified market-referenced pricing arrangements, rather than independent NLH sales into those downstream markets.

The existing export business demonstrates that Newfoundland and Labrador has electricity marketing experience, commercial relationships and established transmission arrangements. These capabilities provide an important foundation for future electricity marketing, but their application to additional electricity under the DCIA remains subject to the relevant contractual, transmission and operating conditions.

Questions and Answers

Question: Newfoundland and Labrador has been selling relatively small quantities of electricity into external markets, including the northeastern United States, for a number of years. How much electricity has been sold, where has it come from, and what organization conducts these sales?

Answer:

Newfoundland and Labrador's existing export business draws principally upon two sources: surplus electricity associated with the 300 MW Churchill Falls Recapture entitlement and surplus

electricity from Muskrat Falls. These sources have different contractual origins, but both can contribute electricity for external sale when it is not required to meet other commitments.

NEMC conducts the associated electricity marketing activities within the NLH corporate group. Its responsibilities include acquiring electricity available for external sale, arranging transmission and participating in electricity markets outside the Province.

NLH also has an established 265 MW point-to-point transmission reservation through Québec to New York. Other transmission routes, including the Maritime Link, can provide access to external markets, subject to their respective commercial and operating arrangements.

Question: How much electricity has been exported?

Answer:

NLH's 2025 Annual Report identifies 2,330 GWh of electricity under the category “Other export” in 2025, compared with 2,391 GWh in 2024. These amounts represent approximately 2.3–2.4 terawatt-hours annually, equivalent to an average continuous supply of roughly 265–275 MW.

These figures exclude separately reported Nova Scotia Block deliveries to Emera and the much larger contractual sales to Hydro-Québec under the Churchill Falls arrangements.

The “Other export” category reflects electricity sold through NLH's commercial electricity marketing activities outside the Province, excluding separately reported categories. These activities can involve Canadian as well as United States markets. Because the published totals do not identify the amount sold into each market, the entire volume cannot be attributed to United States customers.

The annual volumes also provide a useful comparison with existing transmission arrangements. A continuous flow of 265 MW over a full year would represent approximately 2,321 GWh. The reported 2025 “Other export” volume is close to that amount, while the 2024 volume is somewhat higher.

This comparison does not establish how fully the Québec transmission reservation was utilized. The reported exports may have used more than one transmission route, and annual electricity volumes alone cannot establish the utilization of a particular reservation.

NLH reported profit of $82 million for its Energy Trading business segment in 2025, compared with $50 million in 2024. NLH attributed much of the improvement to higher market prices rather than increased export volumes.

Question: How much of the electricity has come from Churchill Falls Recapture power?

Answer:

Under the existing Churchill Falls arrangements, NLH has access to a 300 MW Recapture block and its associated firm energy.

This electricity is available to meet provincial requirements. When some of it is not required, the surplus can be sold into external markets.

NLH's annual reporting identifies available Recapture electricity as a principal source of its Energy Trading business. A power purchase agreement established in 2015 provides for NEMC to acquire unused Recapture electricity from NLH for export. The agreement was subsequently amended to accommodate additional Recapture electricity available for external sale.

NLH's existing 265 MW point-to-point transmission reservation through Québec to New York is particularly important. It provides an established means of reaching external markets for direct sales, rather than requiring Hydro-Québec to purchase the electricity.

However, the published annual export totals do not identify precisely how many GWh of Recapture electricity were exported in 2024 or 2025.

Question: How much has come from Muskrat Falls?

Answer:

Muskrat Falls provides a second source of export electricity.

Once obligations to provincial customers and Emera are met, additional Muskrat Falls electricity may be available for other uses, including external sales. This is commonly described as Muskrat Falls Residual Block energy.

Under a service agreement established in 2022, NEMC purchases excess Muskrat Falls Residual Block electricity for resale into external markets.

In its response R-PB-1297-2024 to the Public Utilities Board, NLH reported that it sold 970 GWh of Muskrat Falls Residual Block electricity in 2023. An earlier Nalcor report identified 104 GWh of Muskrat Falls residual electricity exported over the Maritime Link in 2022.

The 970 GWh figure establishes that Muskrat Falls had become a substantial contributor to electricity available for sale by 2023. It is equivalent to an average continuous supply of approximately 111 MW over a full year.

The figure identifies Muskrat Falls Residual Block electricity sold in 2023, not the amount sold in 2024 or 2025. It therefore cannot be subtracted from the reported export totals for those later years to estimate the quantity of Churchill Falls Recapture electricity exported.

There is also an operational relationship between the two sources. Muskrat Falls electricity used to meet Labrador requirements can release Churchill Falls Recapture electricity for other

purposes, including export. The generating source associated with an export transaction may therefore not fully describe the contribution of each facility to the electricity available for sale.

NEMC's reporting does not provide a complete allocation of export revenues and costs by generating source. Its commercial activities are organized principally around markets and customers.

The available information consequently confirms that both Churchill Falls Recapture electricity and Muskrat Falls Residual Block electricity contribute to the export business, but it does not provide a reliable annual division between them.

Question: Can surplus Muskrat Falls electricity be exported to the United States through Québec or through the Maritime Link?

Answer:

Surplus Muskrat Falls electricity can reach external markets through two established transmission routes. One passes through Québec, while the other connects Newfoundland and Labrador with Nova Scotia and the mainland electricity system. Both provide opportunities for external sales, although they operate under different transmission and commercial arrangements.

The Québec route uses NLH's existing 265 MW point-to-point transmission reservation through Hydro-Québec's transmission system to the New York border. Electricity available for export can be marketed through NEMC to external customers using this reserved capacity. Hydro-Québec provides transmission service under the applicable arrangements but does not necessarily purchase the electricity. The availability of the reservation does not mean that 265 MW of Muskrat Falls electricity is continuously exported through Québec.

The second route uses the Labrador-Island Link to carry Muskrat Falls electricity to Newfoundland, followed by the Maritime Link connecting the Island with Nova Scotia. From there, electricity can reach customers in Atlantic Canada and, subject to additional transmission and commercial arrangements, markets farther south, including New England. The Maritime Link is owned by Emera, but its use for surplus electricity sales does not necessarily mean that Emera purchases that electricity.

This route is already being used for commercial exports. NLH reported that 104 GWh of Muskrat Falls Residual Block electricity was exported over the Maritime Link in 2022, with electricity reaching Atlantic Canada and beyond. These sales were separate from the electricity delivered to Nova Scotia under the Province's contractual commitments to Emera.

The two routes therefore provide established means of reaching external markets, but the amount of electricity that can be sold depends upon the surplus available after provincial and contractual requirements are met, the transmission capacity available along the complete route, and the commercial value of the sale after applicable costs.

The significance is that Newfoundland and Labrador's existing electricity marketing business is not dependent upon a single export pathway. It has access to both the Québec and Maritime routes, although neither provides unlimited transmission capacity or unrestricted access to every external market.

Question: What about the Twin Falls Power Corporation Limited or “TwinCo” electricity entitlement?

Answer:

The historical Labrador electricity arrangements also include a 225 MW entitlement associated with Twin Falls Power Corporation Limited, commonly known as TwinCo.

TwinCo was established to develop hydroelectric power on the Unknown River to supply mining operations in Labrador West. Its original arrangements date to a November 15, 1961 sublease, under which TwinCo obtained rights to develop the Twin Falls generating facilities. The project subsequently became an important source of electricity for the region's mining industry.

The development of Churchill Falls changed these arrangements. As Churchill Falls became operational, agreements were established under which electricity from Churchill Falls replaced generation previously supplied by Twin Falls. This allowed the Labrador West mining operations to continue receiving electricity while the Twin Falls generating facilities ceased production.

The original TwinCo sublease and associated arrangements expired on December 31, 2014. A new power purchase agreement between CF(L)Co and NLH became effective January 1, 2015, and runs through August 31, 2041. This agreement provides for up to 225 MW of Churchill Falls electricity to support electricity requirements in Labrador West.

The 225 MW TwinCo entitlement is separate from NLH's 300 MW Churchill Falls Recapture block. The existence of these two entitlements does not mean that their combined 525 MW is available for external sale.

The available reporting specifically identifies surplus Recapture electricity as a source of exports. It does not establish that unused TwinCo electricity constitutes a separately marketed, regular component of NLH's external electricity sales.

The relevant distinction is between electricity committed to supporting provincial supply and electricity established as available for external sale. No separate export volume is assigned to TwinCo in the reporting examined here.

Question: Does Nalcor still conduct these sales, and can we expect that arrangement to continue?

Answer:

Nalcor Energy and Newfoundland and Labrador Hydro were amalgamated effective January 1, 2025, with the combined organization continuing under the NLH name.

NEMC remains a wholly owned subsidiary of NLH. It is the incorporated electricity marketing company responsible for commercial participation in markets outside the Province, including Canadian and United States electricity markets.

The distinction between NEMC and NLH's Energy Trading business is important. NEMC is a corporate entity that conducts electricity marketing activities. Energy Trading is the reporting segment through which NLH presents the financial performance of its electricity trading and related commercial activities. The two descriptions are related but should not automatically be treated as interchangeable.

The amalgamation of Nalcor and NLH therefore did not eliminate the Province's established electricity marketing capability. That capability continues within the NLH corporate group.

Whether NEMC will conduct all future sales associated with the DCIA cannot presently be assumed. Those responsibilities may depend upon the definitive agreements, the generating source, the applicable transmission rights and NLH's future organizational decisions.

Question: What is the significance of this experience for Newfoundland and Labrador's future electricity opportunities?

Answer:

Newfoundland and Labrador already has experience in acquiring surplus electricity, arranging transmission and selling electricity into external markets. This experience is relevant when considering the larger electricity allocations and commercial arrangements contemplated under the DCIA.

An important distinction concerns the 985 MW of external access and pricing arrangements.

The first component is NLH's existing 265 MW point-to-point transmission reservation through Québec to New York, which the DCIA provides for NLH to retain. This is an established means of reaching an external market, not an entirely new transmission entitlement.

The second component comprises up to 720 MW of arrangements under which NLH sells electricity to Hydro-Québec at specified market-referenced prices. These include synthetic export pricing and pricing linked to the Champlain Hudson Power Express and New England Clean Energy Connect arrangements.

Under these arrangements, Hydro-Québec purchases the electricity and determines its subsequent use or sale. They should not be confused with independent NLH access to the downstream markets used to establish the prices.

The existing Energy Trading business demonstrates commercial experience and established transmission access. It does not establish that the Province already has the additional transmission capacity, firm electricity supply or contractual freedom that might be required to market all future electricity allocations independently.

Conclusion:

Newfoundland and Labrador has a functioning electricity export business, with reported "Other" export sales of approximately 2.3–2.4 TWh annually in 2024 and 2025.

Its principal identified electricity sources are surplus Churchill Falls Recapture power and Muskrat Falls Residual Block electricity. The reported sale of 970 GWh of Muskrat Falls Residual Block electricity in 2023 provides important evidence of the contribution of Muskrat Falls, although comparable source-specific figures for 2024 and 2025 are not established.

The 225 MW TwinCo entitlement plays a different role in Labrador electricity supply and should not be assumed to contribute to reported external sales.

The existing 265 MW transmission reservation through Québec is particularly important. It establishes that the Province already has a means of reaching external markets, and the DCIA provides for this reservation to be retained. The additional 720 MW of market-referenced arrangements under the DCIA involve sales to Hydro-Québec rather than independent NLH sales into those markets.

The principal significance is that Newfoundland and Labrador is not entering external electricity markets for the first time. It already possesses experience, commercial relationships, institutional capability and established transmission arrangements.

The larger question under the DCIA is how these existing capabilities relate to the additional electricity rights, commercial arrangements and future opportunities contemplated by the agreement.

Principal Sources:

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3. Nalcor Energy, 2022 Transparency and Accountability Performance Report, page 37, concerning Muskrat Falls residual electricity exports over the Maritime Link.
4. Newfoundland and Labrador Hydro, 2024 Annual Report, discussion of electricity marketing and the relationship between Muskrat Falls supply and Recapture electricity.
5. Definitive Cooperation and Implementation Agreement, August 17, 2026, Schedule B, provisions concerning the HQ–NLH Purchase and Sale Agreement and the 265 MW transmission reservation.

6. Newfoundland and Labrador Hydro, 2016 Annual Report, consolidated financial statements, discussion of the TwinCo Power Purchase Agreement.
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9. Newfoundland and Labrador, House of Assembly, Hansard, September 16, 2026, discussion of Newfoundland and Labrador Hydro's electricity exports and transmission arrangements through Québec and the Maritime Link.