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New England Clean Energy Connect: Findings and recommended clarifications

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Law360 Canada (October 2, 2026, 11:30 AM EDT) --

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1. Principal findings

1. The available evidence most strongly supports a capacity-and-energy shortage explanation. Hydro-Québec faced low reservoirs, a prolonged drought, high winter demand and an NPCC-projected reserve margin as low as 1.1 per cent during the weeks associated with the New England Clean Energy Connect (NECEC) interruptions.

2. The actual operational basis for the curtailments has not been adequately documented. Hydro-Québec has not made public the emergency declaration or the contemporaneous operating evidence needed to identify whether each curtailment arose from generation limits, water-management constraints, transmission constraints or another condition.

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3. The NECEC contract is poorly drafted for a stressed hydroelectric system. It does not establish delivery priority, fails to define important operational terms, gives the seller broad discretion in some circumstances and contains unusually opaque *force majeure* language.

4. The use of named hydroelectric resources does not establish deliverability. Most Quebec hydroelectric generation is effectively committed to native-load service during winter. The contract should identify how the seller can serve both Quebec obligations and long-term export obligations from the same resource base during shortage conditions.

5. A politically motivated restriction on U.S. trade is a less persuasive explanation than resource scarcity. Hydro-Québec relied on external imports during the first quarter of 2026. With another cold season approaching and drought conditions continuing, Quebec has strong practical incentives to preserve cross-border trading relationships.

2. Needed contract clarifications

The parties would benefit from a negotiated clarification — or, if necessary, a judicial interpretation — addressing the following matters:

- **Priority of service**: State whether NECEC is firm, off-system firm, interruptible or otherwise classified, and specify its rank relative to Quebec native load, other exports, purchases and interruptible service.
- **Curtailment protocol**: Define the conditions that permit curtailment; the required operating evidence; the timing and content of notices; the expected duration; and the process for restoration of deliveries.
- **Force majeure**: Replace vague phrases and nested exceptions with a short, exhaustive list of qualifying events, explicit treatment of drought and resource scarcity, objective causation standards and transparent evidentiary requirements.
- **Data access**: Require delivery of contemporaneous load, generation, reservoir, interchange, transmission and curtailment data sufficient for the buyers to evaluate any claimed inability to perform.
- **Notice standard**: Define "prompt" in operational terms. The agreement should distinguish immediate operational notifications from subsequent written reports, invoices and dispute documentation.
- **Resource representation**: Clarify whether Exhibit A identifies dedicated resources, eligible accounting resources or merely a portfolio from which deliveries may be scheduled; specify how native-load commitments affect the availability of those resources.
- **Damage and netting mechanics**: Establish unambiguous procedures for calculating curtailment damages, invoicing, dispute resolution, credit support and offsets against amounts due under the agreement.

3. Bottom line

The litigation is likely to turn on contractual language and the specific facts of the January-February curtailments. But the broader lesson is already clear: a large, long-term hydroelectric export agreement cannot safely rely on the assumption that hydroelectric energy will always be abundant.

Drought, load growth, reservoir-management limits and capacity scarcity have made that assumption untenable. The parties should use the dispute to establish a detailed operating framework before the 2026-2027 winter, when Hydro-Québec may again face low reservoirs and narrow operating margins.

This is the final part of a four-part series. Part one: Reviewing the New England Clean Energy Connect litigation filings. Part two: New England Clean Energy Connect: Hydro-Québec's resource position and planning history. Part three:
New England Clean Energy Connect: Contract deficiencies and litigation issues.

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