

1 Q. (Expert Evidence – JT Browne Consulting, Table 1, page 6) Regarding the cost of Off-  
 2 Island Purchases, Table 1 indicates that Hydro’s estimate of the cost of Recapture  
 3 Power is \$886,000, \$1,946,000 and \$260,000 in 2018, 2019 and 2020, respectively.  
 4 On page 4, it is stated that the cost of Recapture Power is 0.2 cents per kWh. The  
 5 implied amount of recapture power is therefore 443,000 MWh, 973,000 MWh and  
 6 130,000 MWh in 2018, 2019 and 2020, respectively. Based on those quantities and  
 7 the given estimates of payments for transmission, the following table gives the  
 8 implied cost in \$/MWh, and in cents/kWh, paid by Hydro for transmission of that  
 9 energy.

	2018	2019	2020
OpEx LTA/LIL (from Table 1)	\$27,300,000	\$52,900,000	\$35,700,000
Recapture Energy (implied, based on 0.2 cents per kWh)	443,000 MWh	973,000 MWh	130,000 MWh
Implied transmission cost (row 1 divided by row 2)	\$61.63 per MWh, or 6.163 cents/kWh	\$54.37 per MWh, or 5.437 cents/kWh	\$274.62 per MWh, or 27.462 cents/kWh

- 10 a) Are these figures correct – in particular, is any no-cost pre-commissioning power  
 11 from Muskrat Falls included in “recapture energy”? If not correct, please provide  
 12 your estimate of the implied transmission costs per MWh for each year.
- 13 b) Please confirm that the transmission costs in the table do not include capital-  
 14 related expenses.
- 15 c) How do these transmission costs (or your estimates from (a)) compare with typical  
 16 per-MWh transmission costs with which you are familiar?
- 17 d) In light of regulatory practice, are these transmission payments reasonable?

1 A. This response has been provided by JT Browne Consulting.

2

3 a) The information in Table 1 was provided to Mr. Browne by Hydro and reflects the  
4 information presented in Hydro's response to NP-NLH-115 (Revision 1). Mr.  
5 Browne was not asked to verify this information and did not undertake the work  
6 necessary to verify it. However, it is Mr. Browne's understanding that there is  
7 no cost of pre-commissioning power from Muskrat Falls included in the cost of  
8 "Recapture Power" in Table 1 and that the "OpEx LTA/LIL" in Table 1 includes  
9 only operating expense.

10

11 b) Please see response to a).

12

13 c) Mr. Browne has not completed a study of transmission costs per MWh and he  
14 believes a simple comparison of transmission costs on a per MWh basis would  
15 generally be misleading.

16

17 d) Mr. Browne was not asked to review the reasonableness of transmission  
18 charges and has not done the work that would be necessary to comment on this  
19 matter.