

1 Q. **NLH Evidence, Section 3.5.2, page 3.23**

2 Citation :

3 Newfoundland Power's generation credit is calculated based on the Island
4 Interconnected System's reserve at criteria. Reserve at criteria is not the same as
5 system reserve. To calculate the reserve at criteria, the 240 MW reserve margin is
6 subtracted from the total Island Interconnected System capacity at peak, inclusive
7 of capacity assistance contracts, to determine the maximum Island Interconnected
8 System demand that can be supported on peak. This maximum demand that can be
9 supported on peak is then used to calculate the percent reserve at criteria.

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11 Please:

- 12 a) Define the concept of "reserve at criteria", and
13 b) Explain the utilization made of the Newfoundland Power Generation Credit.

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16 A. a) "Reserve at criteria" indicates the amount of installed capacity that contributes
17 to peak demand versus how much of that capacity contributes to system
18 reserve.

19 b) Newfoundland Power (NP) has installed hydraulic and thermal generation that it
20 makes available to Hydro to meet system peak load. Subsequently, the peak
21 demands for NP in the test year cost of service study are reduced by the amount
22 of generation that NP makes available to Hydro to meet system peak load
23 requirements, net of a reserve adjustment. The reserve adjustment reflects the
24 amount of its generation expected to contribute to system reserve
25 requirements. The subsequent amount of demand reduction, net of the reserve
26 adjustment, is referred to as the generation credit.

1 For the 2018 and 2019 Test Years, NP has 94, 191 kW of hydraulic
2 generating capacity and 39,000 kW of thermal capacity, for a total of 133,
3 191 kW. The 2018 and 2019 Test Year NP generation credit is 118, 054 kW
4 after adjusting for reserve.