

1 Q. **Reference: Network Addition Policy, page 16 (pdf)**

2 Citation:

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4 **Expansion Cost per kW** means an estimate of the cost of potential transmission
5 upgrades, as provided in the Transmission Expansion Plan, divided by the
6 additional capacity provided by those transmission upgrades. Hydro will update
7 the Expansion Cost per kW within three months of filing a new Transmission
8 Expansion Plan with the Board.

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10 Given the substantial differences in expansion options for Labrador East and for Labrador
11 West, both in terms of costs and of thresholds, please explain Hydro's reasoning in fixing a
12 single Expansion Cost per kW that combines expansion projects from both.

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15 A. Newfoundland and Labrador Hydro ("Hydro") has a large number of service requests that, if
16 connected, would require the acceleration of transmission system investments in both
17 Labrador East and Labrador West. While the options to serve load additions in Labrador
18 East and Labrador West differ, the average costs per kW of the projects reflected in the
19 derivation of the Expansion Cost per kW are comparable.

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21 Hydro also notes that all customers on the Labrador Interconnected System pay the same
22 rates. Hydro considers it reasonable to have the same charge per kW to apply to all
23 customers with demands of less than 1500 kW. However, as stated in the evidence, the
24 Expansion Cost per kW does not apply when dealing with projects that require the
25 acceleration of the Labrador Expansion Plan. In this circumstance, the proposed Upstream
26 Capacity Charge would be based on the specific project being accelerated and the proposed
27 charge would be different for a project in Labrador East versus a project in Labrador West.