

1 Q. **Reference: May 3, 2019 report by Brattle Group, Inc entitled *Embedded and Marginal***
2 ***Cost of Service Review***

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4 In the appendix entitled *Marginal Cost of Service Study*, the Brattle Group makes a number
5 of observations and opinions relating to Hydro's marginal cost study, particularly with
6 respect to the marginal cost of generation capacity. Does Hydro have any plans to change
7 its methodology to address these observations and opinions?

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10 A. Newfoundland and Labrador Hydro ("Hydro") has concerns with The Brattle Group, Inc's
11 ("Brattle") approach in determining the marginal cost of generating capacity. The
12 information provided to Hydro by Nalcor Energy Marketing indicates that the total transfer
13 capability on the identified path from New England to Newfoundland and Labrador is fully
14 subscribed and therefore transmission on this path is not available on a firm basis. Brattle
15 appears to be recommending the use of non-firm transmission to determine Hydro's
16 marginal generating capacity costs. Hydro has concerns with such an approach as Hydro
17 cannot rely on non-firm capacity to ensure reliable supply to its customers. At this stage,
18 Hydro does not plan to make any changes to its Marginal Cost Study to address Brattle's
19 opinion.