

1 Q. **Reference: Embedded and Marginal Cost of Service Review, May 3, 2019, The Brattle**
2 **Group, Page 32, Lines 11-13.**

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4 *“For the following reasons, we recommend extending Hydro’s current system load factor*
5 *approach to classification – that is, the approach Hydro is currently using for its hydraulic*
6 *assets and purchase power agreements – to the Muskrat Falls purchase power agreement.”*

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8 If the cost of Muskrat Falls generation is classified based on the load factor method, and
9 the costs of the LIL and LTA are classified as 100% demand related, what would be the
10 resulting unit cost of demand (per kW of coincident peak) on the Island Interconnected
11 System? How would this compare to Hydro’s proposal to classify these costs based on the
12 equivalent peaker methodology?

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15 A. The annual demand cost per kW of coincident peak under The Brattle Group, Inc.’s
16 recommendations would be \$525.27 per kW. This compares to \$247.45 per kW using the
17 equivalent peaker approach recommended by Newfoundland and Labrador Hydro.