Q. **Reference: Newfoundland and Labrador Hydro Cost of Service Methodology Review report, Appendix A – Cost of Service Methodology Review prepared by Christensen Associates Energy Consulting, November 15, 2018, Page 16, Lines 1-7.**

"The equivalent peaker method is viewed by some as giving formal recognition to the generation planner's selection of a range of plants to serve the system. (The argument is that generation planners must design their system to meet not only peak demand, but also the full range of load durations, and to do so at least cost. Costs not incurred to meet peak load are deemed to be incurred to supply energy.) Muskrat Falls is designed to operate as a baseload unit. The equivalent peaker approach would recognize that fact by treating much of its cost as being energy related."

In Christensen's opinion, would the system planning arguments on energy and demand inherent in the equivalent peaker method also apply to the LIL and LTA transmission lines, since they were built primarily to bring energy to the Island?

A. This response has been provided by Christensen Associates Energy Consulting.

Yes. Please see the report at page 16, line 9 to page 17, line 2 to see how the methodology is applied, including the Labrador-Island Link and the Labrador Transmission Assets costs.