

1 Q. Reference: Network Addition Policy, page 8 (pdf)

2 Citation 1:

Table 1  
Derivation of Expansion Costs per kW

Region	Capacity kW	Description	2019 Capital Investment (\$000)	Direct Investment \$ per kW
Labrador East	21,000	Transformer Upgrades at HV-GB	5,000	238
	37,000	Transformer Upgrades at HV-GB and MF Terminal Station	15,000	405
	100,000	Construct second line from MF to HV-GB	50,000	500
Labrador West	33,000	Wabush TS Upgrades and 230 kV uprating	16,500	500
<b>Sub-Total</b>	<b>191,000</b>		<b>86,500</b>	<b>453</b>
O&M <sup>9</sup>				12
<b>Total</b>				<b>465</b>

3 a) Please explain by what process Hydro decided which projects to include in the  
4 derivation of expansion costs.

5

6 b) Please explain why the MFHVI project is not included in the derivation of expansion  
7 costs.

8

9 c) Please explain why the additional expansion projects planned for Labrador West are  
10 not included in the derivation of expansion costs.

11

12

13 A. a) The “Labrador Interconnected System Transmission Expansion Study” identifies future  
14 transmission upgrades to the Labrador Interconnected System based on Newfoundland and  
15 Labrador Hydro’s (“Hydro”) demand forecast (“Baseline Forecast”). The “Labrador  
16 Interconnected System Transmission Expansion Study” also provides the capital projects  
17 available to serve peak demand increases in excess of Hydro’s Baseline Forecast. In the

1 derivation of the Expansion Cost per kW, Hydro has included all transmission capital  
2 projects not required to serve the Baseline Forecast, with one exception.

3

4 Hydro excluded the approximately \$150 million capital project providing an  
5 interconnection between Labrador West and Québec (Alternative 17) as its expected that  
6 this project would only be required if a large load addition was requested requiring the  
7 acceleration of this project. In this circumstance, the proposed “Network Additions Policy -  
8 Labrador Interconnected System” would calculate the contribution requirement on the  
9 difference between the cost of the acceleration of this project and the value of the benefits  
10 to existing customers as a result of accelerating this project.

11

12 b) Please refer to LAB-NLH-59, Part b)

13

14 c) Please refer to the response provided in Part a).