

**NLH-LAB-003.** Re: “Newfoundland and Labrador Hydro’s Proposed Network Addition Policy and Transmission Expansion Study”, Section 2.3.3. page 14. “It is recommended that the NAP require that the Customer Contribution be paid in full before any transmission upgrade works are initiated, and that no commitments on Newfoundland and Labrador Hydro’s part are binding until that time.”

Under Newfoundland and Labrador Hydro’s proposed Network Additions Policy, Upstream Capacity Charges are required from customers for load additions even though transmission upgrades may not be immediately required. Is there a concern with customers making payments on an installment basis for Upstream Capacity Charges related to load requests that do not require immediate investment in transmission facilities, provided payment is made in full before substantial investment is made by Newfoundland and Labrador Hydro? If yes, please explain why?

**RESPONSE:**

No, this scenario is not a concern. The citation recommends, “...that the NAP require that the Customer Contribution be paid in full before any transmission upgrade works are initiated”. In the scenario outlined above, the need for transmission upgrades is far enough in the future that, through installment payments, payment would be made in full before substantial investment is made by Newfoundland and Labrador Hydro. This aligns with Mr. Raphals’ recommendation.