

1 Q. **Reference page 7, Labrador Interconnected System Network Additions Policy - Summary**
2 **Report.**

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4 Will a customer prompting a new interconnection or transmission upgrade receive credit
5 for reliability benefits that exceed Hydro's overall system reliability metrics used
6 throughout the rest of its system? If yes, please provide the rationale for potentially
7 rewarding a new customer for upgrading a portion of Hydro's electrical system to a
8 reliability standard exceeding Hydro's overall system reliability standards.

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11 A. Under Newfoundland and Labrador Hydro's ("Hydro") proposed approach, the larger the
12 reduction in Expected Unserved Energy ("EUE") to existing customers, the larger the EUE
13 value that would be applied to reduce the contribution from the customer prompting the
14 transmission upgrade. If EUE for existing customers is already low prior to a transmission
15 upgrade, then a lower EUE value would be applied to reduce the required contribution
16 from the customer prompting the transmission upgrade.

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18 Hydro proposed the 50% cost limit on the EUE value to ensure existing customers did not
19 overpay for improvements in reliability that will result from transmission upgrades required
20 to serve a new large customer load. Please refer to Hydro's response to PUB-NLH-060.