

1 Q. **Reference page 4, lines 21-24, *Labrador Interconnected System Network Additions Policy***
2 ***Summary Report***

3 Referring to the “Upstream Capacity Charge”:

4 a. Describe the types of transmission investments that would be included in the Upstream
5 Capacity Charge.

6 b. Would the Upstream Capacity Charge recover any of the specifically assigned asset costs?
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9 A. a. The Upstream Capacity Charge, as discussed in the “Labrador Interconnected System
10 Network Additions Policy Summary Report,”¹ is either based on the expansion cost per kW
11 multiplied by the increase in the customer’s peak demand as a result of the new/additional
12 service request;² or it is based on the expansion advancement cost,³ which is the difference
13 between the cost of acceleration of the Transmission Expansion Plan and the value of the
14 benefits of accelerating the Transmission Expansion Plan to existing customers. Potential
15 projects to accommodate load growth are summarized in the “Labrador Interconnected System
16 Transmission Expansion Study”⁴ in Table 10 (page 30) for eastern Labrador and Table 11 (page
17 31) for western Labrador.
18

19 b. No. The cost recovery for specifically assigned assets is dealt with through a separate
20 customer contribution than the Upstream Capacity Charge. As defined on page 6 of 23 of the
21 proposed “Network Additions Policy – Labrador Interconnected System,”⁵ the “Upstream
22 Capacity Charge means the contribution required from an Applicant requesting an increase in
23 access to Capacity on Common Assets.”

¹ “Labrador Interconnected System Network Additions Policy Summary Report,” December 14, 2018.

² For customer requests less than 1500 kW.

³ For customer requests of 1500 kW and greater.

⁴ “Labrador Interconnected System Transmission Expansion Study,” April 3, 2019 (rev. 2), originally filed October 31, 2018.

⁵ Filed as part of the “Labrador Interconnected System Network Additions Policy Summary Report,” December 14, 2018.

1 With respect to cost recovery of specifically assigned assets, page 7 of 23 of the proposed
2 “Network Addition Policy - Labrador Interconnected System” states:

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4 The Customer Contribution will equal the amount necessary to fully recover the
5 initial capital investment from the Customer to whom the assets are specifically
6 assigned. An additional Customer Contribution will apply to recover all
7 Sustaining Capital for the Specifically Assigned Asset, as required.

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9 Hydro will also recover the estimated annual operating and maintenance costs
10 from the Customer through either a specifically assigned charge or payment to
11 Hydro in accordance with a contractual arrangement.