

1 Q. **Reference: Application**

2 In light of existing and proposed 'green energy' initiatives by the governments of Canada and  
3 Newfoundland and Labrador, has Hydro analyzed the possibility that its past and proposed  
4 future capital expenditures on thermal capacity and energy may become stranded? If so, please  
5 provide copies of all such analyses.

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8 A. Newfoundland and Labrador Hydro ("Hydro") is not aware of any current government initiatives  
9 or regulations which would prevent the operation of its thermal assets. Further, Hydro's thermal  
10 generation facilities adhere to all provincial environmental regulations and audits. As such,  
11 Hydro does not consider the risk of stranded thermal assets due to future environmental  
12 regulations to be significant.

13 Hydro has a statutory obligation under the *Electrical Power Control Act, 1994* to operate the  
14 electrical system in a manner which results in power being delivered to customers at the lowest  
15 possible cost consistent with reliable service.<sup>1</sup> Hydro's thermal assets are critical to ensuring that  
16 customers are supplied with reliable service and Hydro's generation dispatch under economic  
17 priority guidelines ensures that this service is provided at the lowest possible cost.

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<sup>1</sup> *Electrical Power Control Act, 1994*, SNL 1994, c E-5.1, s 3(b)(iii).