

1 Q. What is the actual incurred incremental cost of supply of the non-firm 50 MW in Labrador based
2 on current available power in Labrador?

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5 A. As stated in Newfoundland and Labrador Hydro's ("Hydro") response to BKL-NLH-006 of this
6 proceeding:

7 The ability to support incremental load in Labrador West and Labrador East is
8 restricted by transmission system limitations. These local transmission system
9 limitations do not limit the exporting of unused Recapture Energy from Churchill
10 Falls; therefore, an increase in usage on the Labrador Interconnected System to
11 provide non-firm service will reduce that availability of energy to export. As a
12 result, Hydro considers the estimated value of forfeited exports to be the
13 incremental cost of non-firm sales on the Labrador Interconnected System.

14 Therefore, the actual incremental cost of supply on a cent per kWh basis will equal actual net
15 value of forfeited exports on a cent per kWh basis.

16 Table 1 provides the 2022 Marginal Cost Projection for 2023–2040 for the Island Interconnected
17 System.

**Table 1: 2022 Marginal Cost Projection for 2023–2040
 Island Interconnected System**

| Year | Energy Supply Costs ¹ | | | | |
|------|----------------------------------|--------------------|---------------------------|---------------------|---------------------|
| | Winter ² | | Non-Winter ^{3,4} | Winter ² | Annual |
| | On-Peak ⁵ \$/MWh | Off-Peak \$/MWh | All-Hours \$/MWh | All-Hours \$/MWh | All-Hours \$/MWh |
| 2024 | 124.58 | 101.21 | 30.20 | 111.71 | 57.22 |
| 2025 | 97.81 | 79.71 | 24.80 | 87.85 | 45.70 |
| 2026 | 58.14 | 49.33 | 23.22 | 53.29 | 33.18 |
| 2027 | 47.15 | 40.03 | 19.20 | 43.23 | 27.16 |
| 2028 | 47.98 | 41.33 | 21.81 | 44.32 | 29.27 |
| 2029 | 50.45 | 42.22 | 22.06 | 45.92 | 29.97 |
| 2030 | 43.98 | 36.82 | 21.43 | 40.04 | 27.59 |
| 2031 | 42.10 | 37.84 | 19.19 | 39.75 | 26.00 |
| 2032 | 44.82 | 37.85 | 20.47 | 40.98 | 27.27 |
| 2033 | 48.76 | 40.55 | 19.89 | 44.24 | 27.96 |
| 2034 | 44.80 | 35.88 | 20.84 | 39.89 | 27.15 |
| 2035 | 38.94 | 33.01 | 20.59 | 35.68 | 25.59 |
| 2036 | 34.83 | 29.90 | 17.90 | 32.12 | 22.61 |
| 2037 | 30.01 | 26.13 | 13.47 | 27.87 | 18.24 |
| 2038 | 24.66 | 21.99 | 12.87 | 23.19 | 16.29 |
| 2039 | 22.06 | 19.64 | 9.88 | 20.73 | 13.48 |
| 2040 | 14.44 | 14.80 | 8.22 | 14.64 | 10.35 |

¹ Base of Energy, Generation Capacity and Transmission Capacity is Hydro’s Marginal Cost Update, December 2022.
² Winter season defined as December to March.
³ Non-Winter season defined as April to November.
⁴ On-Peak Hours Non-Winter 8:00 a.m. to 10:00 p.m., Monday to Friday.
⁵ On-Peak Hours Winter 7:00 a.m. to 10:00 p.m., Monday to Friday.