

1 **Q. Reference: Schedule 1, Section 2**

2 How does Hydro's statement in section 2.3.5 that the non-firm rate in Labrador will often be
3 lower than the firm energy rate accord with the rates shown on Slide 18 and in Table 3? Are any
4 of those rates lower than the firm energy rate in Labrador?

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7 **A.** Section 2.3.5 states "In the future, it is expected that the non-firm rate will often be lower than
8 the firm energy price for the Island Interconnected System, and several customers on the
9 Labrador Interconnected System are expected to subscribe to non-firm service only."¹ The
10 statement was not meant to indicate that the proposed non-firm rate will be lower than the
11 firm rate on the Labrador Interconnected System.

12 Table 4 of Schedule 1² demonstrates that the net market value of exports can vary materially.
13 There have been periods in the recent past when the net market value of exports has been less
14 than the firm energy rates on the Labrador Interconnected System. However, the forecast net
15 market prices for the next several years are projected to be higher than the firm energy prices
16 on the Labrador Interconnected System.

¹ "Application for a Non-Firm Rate for Labrador," Newfoundland and Labrador Hydro, September 15, 2022, sch. 1, p. 10/7-9.

² "Application for a Non-Firm Rate for Labrador," Newfoundland and Labrador Hydro, September 15, 2022, sch. 1, p. 11, table 4.