

1 **Q. Reference: Schedule 1, Attachment 1**

2 With reference to Section 5.2, what is Hydro's current energy supply incremental cost? Why  
3 does the opportunity cost of lost export sales reflect only the New York Market and not New  
4 England as in footnote 12? What other supply source could be utilized if the Recapture Energy  
5 is fully utilized?

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8 A. Newfoundland and Labrador Hydro's ("Hydro") current incremental energy supply cost is the  
9 net market price. Footnote 12 states "This currently reflects the New York market for Labrador  
10 sales". Attachment 1 was filed in mid-2021, and since that time the Labrador-Island Link ("LIL")  
11 reliability has improved materially. With LIL in service, there is projected to be material export  
12 sales to the New England market. Therefore, Hydro has proposed the net market price should  
13 reflect the proportion of export deliveries to each market.

14 If Recapture Energy is fully utilized and additional energy supply is required to serve the  
15 Labrador Interconnected System, a new generation supply or purchase power agreement could  
16 be considered in determining the incremental cost for the non-firm rate. The next source of  
17 supply has not yet been determined.