

1 Q. **Reference: CA-NLH-079.**

2 Hydro indicates that it is not necessary for the parties and the Board to know the marginal value
3 of capacity and energy in order to gain a satisfactory understanding of the matters to be
4 considered in the 2025 CBA. However, this information is necessary if the parties are to
5 understand the value of generation and non-wires alternatives relative to traditional wires
6 projects and programs. Please provide the information requested.

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9 A. Newfoundland and Labrador Hydro (“Hydro”) considers a broad range of available options as
10 part of its strategic and capital planning processes to ensure it continues providing customers
11 with reliable service at the least possible cost. This includes consideration of non-wire
12 alternatives (“NWA”) when feasible. As noted in Hydro’s response to CA-NLH-078 of this
13 proceeding, Hydro’s long-term approach to planning for the interconnected system is set out in
14 its Reliability and Resource Adequacy Study, wherein alternative resources including wind, solar,
15 battery installations, and capacity assistance, as well as traditional resources (e.g., hydraulic
16 units, combustion turbines) were considered as potential sources of supply to meet changing
17 requirements on the Newfoundland and Labrador Interconnected System. Hydro has not
18 identified any feasible NWA for projects proposed for approval within the 2025 Capital Budget
19 Application.

20 Table 1 provides information regarding Hydro’s estimate for marginal capacity and energy costs
21 over the next five years.

**Table 1: Marginal Cost Projection for the Island Interconnected System
(2024–2028)^{1,2,3,4}**

Year	Energy Supply Costs (\$/MWh)					Capacity Costs (\$/kW)		
	Winter On-Peak	Winter Off-Peak	Winter All-Hours	Summer All-Hours	Annual All-Hours	Generation	Transmission	Generation and Transmission
2024	144.89	124.50	133.66	34.21	67.17	286.15	18.57	304.72
2025	122.40	103.38	111.93	29.95	57.12	290.99	18.95	309.94
2026	84.71	69.40	76.28	27.05	43.37	295.92	19.34	315.26
2027	62.51	48.76	54.94	25.44	35.22	300.93	19.73	320.67
2028	61.38	49.95	55.09	28.39	37.24	306.03	20.14	326.17

- 1 Hydro does not believe the requested analysis on actual sales of energy and capacity requested
- 2 in CA-NLH-079 of this proceeding is necessary for the understanding of the matters particular to
- 3 this application.

¹ Based on Newfoundland and Labrador Hydro’s Marginal Cost Update, October 2023.

² Winter season is defined as December through March.

³ On-peak hours for winter are Monday through Friday from 7:00 a.m. to 10:00 p.m.

⁴ On-peak hours for summer are Monday through Friday from 8:00 a.m. to 10:00 p.m.