

1 **Q. Reference: “2022 Capital Budget Application,” Newfoundland Power, May 18,**
 2 **2021, Volume 1, Section 1.2, Sandy Brook Plant Penstock Replacement, Appendix**
 3 **A, Table 2 at p.A-3**
 4

5 **The analysis states that the calculation of benefits was based on a calculated all-**
 6 **hours electricity price. Given that Newfoundland and Labrador Hydro is projected**
 7 **to have an excess of energy available for export following the in-service of the**
 8 **Muskrat Falls Project, it is likely that any energy made available as part of this**
 9 **project would increase the energy available for export in off-peak hours. Please**
 10 **provide a cost-benefit analysis for this project assuming an electricity price**
 11 **calculated using winter off-peak and summer all hours pricing only.**

12
 13 **A. Table 1 summarizes the results of the economic analysis assuming an electricity price**
 14 **calculated using winter off-peak and summer all hours pricing only.¹**

Table 1
Economic Evaluation Results
Based Exclusively on Winter Off-Peak and Summer Hour Exports

	50 Year Levelized Value	Net benefit
Cost of Plant Production	3.22 ¢/kWh	
Benefits of Production (Run of River)		
Value of Energy	5.46 ¢/kWh	
Value of Capacity	<u>4.59 ¢/kWh</u>	
Total	10.05 ¢/kWh	6.83 ¢/kWh
Benefits of Production (Fully Dispatchable)		
Value of Energy	5.46 ¢/kWh	
Value of Capacity	<u>7.76 ¢/kWh</u>	
Total	13.22 ¢/kWh	10.00 ¢/kWh

¹ To determine the benefits exclusively on winter off-peak and summer hours pricing only, all winter on-peak production was valued based on the energy price for winter off-peak hours.