

1 Q. **Reference: PUB-NLH-001**

2 It is stated "*If it is determined that there is a viable option, Hydro will apply to update the*
3 *wholesale rate later this year.*" How difficult is it to develop a viable wholesale rate to better
4 reflect the marginal cost of energy exports that are forecast to range from 3 to 5 cents/kWh?
5 Who benefits from waiting until the next GRA which has been delayed on numerous occasions
6 (Hydro was originally ordered to file its next GRA by September 30, 2020) and is now expected
7 to be filed in 2025?

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10 A. The development of a wholesale rate to better reflect the marginal cost of energy exports is just
11 one component of implementing a new rate structure. Other considerations include potential
12 changes to the rate structure of other customer classes and the timing of such, along with the
13 impact on, and any required changes to, deferral accounts to ensure the desired outcome is
14 achieved based on the chosen implementation date in advance of Newfoundland and Labrador
15 Hydro's ("Hydro") next general rate application ("GRA").

16 In Hydro's response to CA-NLH-004 of this proceeding, Hydro indicated that the best approach
17 to updating base rates is through a GRA, as this would allow for a process where the most up-to-
18 date information and assumptions can be taken into account. Hydro notes that this does not
19 necessarily "benefit" or "disadvantage" any particular stakeholder, rather it allows for a
20 complete process which is in line with past regulatory practice.