

1 **Section 4: Rate Base and Revenue Requirement**  
2

3 **Q. (Section 4, page 4-9) Please file for the record Hydro’s Marginal Cost Projection**  
4 **2024 – 2040, dated December 31, 2022. When is the next update on marginal costs**  
5 **expected?**  
6

7 A. Newfoundland and Labrador Hydro’s (“Hydro”) 2022 Marginal Cost Projection for  
8 2023-2040 is provided as Attachment A.  
9

10 Hydro provided an updated marginal cost projection in October, 2023. Hydro’s 2023  
11 Marginal Cost Projection for 2024-2042 is provided as Attachment B.

**Newfoundland and Labrador Hydro  
2022 Marginal Cost Projection for 2023-2040  
Island Interconnected System**

## 2022 Marginal Cost Projection for 2023-2040 Island Interconnected System

Energy Supply Costs					
Year	Winter		Summer	Winter	Annual
	On-Peak \$/MWh	Off-Peak \$/MWh	All-Hours \$/MWh	All-Hours \$/MWh	All-Hours \$/MWh
2023	172.24	139.98	40.46	154.48	78.26
2024	124.58	101.21	30.20	111.71	57.22
2025	97.81	79.71	24.80	87.85	45.70
2026	58.14	49.33	23.22	53.29	33.18
2027	47.15	40.03	19.20	43.23	27.16
2028	47.98	41.33	21.81	44.32	29.27
2029	50.45	42.22	22.06	45.92	29.97
2030	43.98	36.82	21.43	40.04	27.59
2031	42.10	37.84	19.19	39.75	26.00
2032	44.82	37.85	20.47	40.98	27.27
2033	48.76	40.55	19.89	44.24	27.96
2034	44.80	35.88	20.84	39.89	27.15
2035	38.94	33.01	20.59	35.68	25.59
2036	34.83	29.90	17.90	32.12	22.61
2037	30.01	26.13	13.47	27.87	18.24
2038	24.66	21.99	12.87	23.19	16.29
2039	22.06	19.64	9.88	20.73	13.48
2040	14.44	14.80	8.22	14.64	10.35

Capacity Costs			
Year	Generation	Transmission	G&T
	\$/kW	\$/kW	\$/kW
2023	288.97	18.17	307.14
2024	321.87	18.55	340.42
2025	209.01	18.94	227.95
2026	181.36	19.34	200.70
2027	197.10	19.75	216.85
2028	214.21	20.16	234.37
2029	232.80	20.59	253.39
2030	252.33	21.02	273.35
2031	280.90	21.46	302.36
2032	312.70	21.91	334.61
2033	181.03	22.37	203.41
2034	192.47	22.85	215.31
2035	204.63	23.33	227.95
2036	217.55	23.82	241.37
2037	231.29	24.32	255.61
2038	243.65	24.83	268.48
2039	256.66	25.36	282.01
2040	270.36	25.89	296.25

**Notes:**

Base of Energy, Generation Capacity and Transmission Capacity is NL Hydro's Marginal Cost update December 2022

Winter Season defined as December through March.

On Peak Hours Winter 7:00 a.m. to 10:00 p.m., Monday through Friday

On Peak Hours Summer 8:00 a.m. to 10:00 p.m., Monday through Friday

**Newfoundland and Labrador Hydro  
2023 Marginal Cost Projection for 2024-2042  
Island Isolated System**

**2023 Marginal Cost Projection for 2024-2042  
Island Interconnected System**

Energy Supply Costs					
	Winter		Summer	Winter	Annual
Year	On-Peak \$/MWh	Off-Peak \$/MWh	All-Hours \$/MWh	All-Hours \$/MWh	All-Hours \$/MWh
2024	144.89	124.50	34.21	133.66	67.17
2025	122.40	103.38	29.95	111.93	57.12
2026	84.71	69.40	27.05	76.28	43.37
2027	62.51	48.76	25.44	54.94	35.22
2028	61.38	49.95	28.39	55.09	37.24
2029	58.98	50.29	26.72	54.20	35.83
2030	54.00	45.47	24.56	49.30	32.76
2031	50.59	42.25	22.02	46.00	29.97
2032	50.15	41.23	24.48	45.24	31.36
2033	54.66	45.96	23.64	49.87	32.33
2034	56.49	48.31	25.09	51.99	34.01
2035	51.38	45.86	24.66	48.34	32.51
2036	48.29	44.00	24.46	45.93	31.57
2037	48.29	44.37	22.08	46.13	30.05
2038	46.48	43.57	23.88	44.87	30.84
2039	49.04	46.26	21.40	47.51	30.05
2040	47.51	47.53	21.41	47.52	30.07
2041	56.70	57.20	25.62	56.98	36.02
2042	55.23	55.45	26.18	55.35	35.85

Capacity Costs			
Year	Generation \$/kW	Transmission \$/kW	G&T \$/kW
2024	286.15	18.57	304.72
2025	290.99	18.95	309.94
2026	295.92	19.34	315.26
2027	300.93	19.73	320.67
2028	306.03	20.14	326.17
2029	311.23	20.55	331.78
2030	316.52	20.97	337.49
2031	321.90	21.40	343.30
2032	327.38	21.84	349.22
2033	332.96	22.29	355.24
2034	338.63	22.74	361.38
2035	344.41	23.21	367.62
2036	350.30	23.68	373.98
2037	356.29	24.17	380.46
2038	362.38	24.67	387.05
2039	368.59	25.17	393.76
2040	374.91	25.69	400.60
2041	381.34	26.22	407.56
2042	387.89	26.75	414.65

**Notes:**

Based on Hydro's Marginal Cost Update, October 2023

Winter Season defined as December through March.

On Peak Hours Winter 7:00 a.m. to 10:00 p.m., Monday through Friday

On Peak Hours Summer 8:00 a.m. to 10:00 p.m., Monday through Friday