Q. (Reference CA-NP-117)

a) Does Newfoundland Power have an estimate of the marginal cost of demand and energy supply to each of its customer classes? Please file for the record a copy of the marginal cost of supply provided by Newfoundland Power to the consultant carrying out the Rate Design Review.

b) Are losses the primary variant in the marginal cost of energy supply to Newfoundland Power's customer classes? What are the energy loss factors in percent at voltage levels used to supply Rate 1.1, Rate 2.1, Rate 2.3 and Rate 2.4 customer classes?

c) What does Newfoundland Power use currently to value demand and energy differences between supply options? For example, how does Newfoundland Power value capacity and energy produced by its hydro generating stations, how are loss differences between supply options valued, etc? Please provide a breakdown by voltage supply level.

A. a) Newfoundland Power does not have an estimate of the marginal cost of demand and energy supply, broken down by customer rate class.[1]

For a copy of the marginal cost of supply provided by Newfoundland Power to its Rate Design Review consultant, see the response to Request for Information CA-NP-096, Attachments A and B.

b) See the response to part a).

Newfoundland Power's customer rate classes include customers served at various voltages.[2] Distribution system losses for transmission, primary and secondary customers are included in Newfoundland Power's Cost of Service Study.[3]

c) Newfoundland Power's hydro generating stations connect to the Company's transmission and distribution system and are used to supply load throughout its service territory.[4]
Newfoundland Power uses the marginal cost of supply provided by Hydro to value electricity supply on the Island Interconnected System.[5]

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1 Newfoundland Power is currently undertaking a Rate Design Review. It is anticipated that an estimate of marginal costs by customer rate class will be obtained during the second phase of the Rate Design Review.

2 For example, the General Service Rate #2.4 customer rate class includes customers served by transmission, primary and secondary voltages.

3 See Newfoundland Power's *2025/2026 General Rate Application, Volume 2, Supporting Materials, Report 4. Cost of Service Study, Schedule 4.2, Energy and Demand Loss Factors*.

4 Energy produced from Newfoundland Power's hydro generating stations offset energy required to be purchased from Newfoundland and Labrador Hydro ("Hydro"). The Utility rate charged from Hydro to Newfoundland Power includes a generation credit to account for reduced demand from Hydro owing to Newfoundland Power's generating facilities. When capital investment is required to continue to operate Newfoundland Power's generating facilities, the value of production from the facility is compared to Hydro's marginal supply costs.

5 When capital investment is required to continue to operate a Newfoundland Power generating facility, the cost of electricity production from the facility is compared to Hydro's marginal supply costs. Such expenditures are evaluated by the Board as part of a Newfoundland Power Capital Budget Application.