

Q. The response to PUB-NP-001 and Note #1 in the response to PUB-NP-002 indicates that Newfoundland Power has approximately 97.5 MW of hydroelectric generation and approximately 41.5 MW of thermal generation (139 MW total). The response to PUB-NP-006, “Purchased Energy and Demand Forecast” table in Appendix C of Attachment A, indicates that the assumed generator credit is 117.93 MW. Explain why Newfoundland Power does not assume a generator credit of 139 MW.

A. The generation credit is established in Newfoundland and Labrador Hydro’s schedule of wholesale electricity rates for utilities. The generation credit is effectively Newfoundland Power's net generation capacity less an allowance of 15% for system reserve.

The current generation credit calculation is shown in Table 1.

Table 1
Generation Credit Calculation¹

Hydraulic Generation Credit	80,104 kW
Thermal Generation Credit	<u>37,826 kW</u>
Total Generation Credit	117,930 kW

¹ See the Hydro Rate Manual, July 2014, page UT-1.