

1 Q. **Reference: Long-Term Supply for Southern Labrador – Revision 1 - Schedule 2 - Long-Term**  
2 **Supply for Southern Labrador - Evidence Supporting the Revised Application**

3 Reference page 18, lines 23-25. Please detail the reasons that Hydro is of the opinion that that  
4 this project meets its mandate in an environmentally responsible manner.

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7 A. Newfoundland and Labrador Hydro (“Hydro”) is mandated to provide power to its customers at  
8 the lowest possible cost, in an environmentally responsible manner, consistent with reliable  
9 service. Hydro does not regard each of these criteria in isolation, but rather aims to balance  
10 each of these objectives.

11 Both Hydro’s and Midgard Consulting Inc.’s analysis concluded that a regional diesel plant is the  
12 least-cost alternative to provide reliable, firm supply for the southern Labrador region; non-  
13 diesel alternatives to provide firm, reliable power are orders of magnitude greater in cost. While  
14 these alternatives are more attractive purely from an environmental (emissions) perspective,  
15 they do not provide a tenable balance between cost, reliability, and environmental impacts.

16 Of the alternatives that rely on diesel generation, the selected alternative involving the  
17 proposed regional diesel plant provides the greatest fuel efficiency; and therefore, the least  
18 diesel fuel consumption and associated emissions. The selected alternative also provides for the  
19 greatest degree of renewable energy penetration, which would offset the use of diesel fuel  
20 while still meeting the requirement for firm, reliable power. With these considerations, Hydro  
21 believes the selected alternative balances its obligation to provide firm, reliable power at the  
22 lowest possible cost, in an environmentally responsible manner.