Q. (Reference Bates White Expert Addendum Report of Vincent Musco and Collin Cain, June 5, 2026) It is stated (page 41) with respect to the Newfoundland Power gas turbine refurbishments *"capacity expansion modeling has shown that just 48 MW of firm capacity can materially impact the constitution of the selected portfolio."* In CA-NLH-001, Attachment 1 (pertaining to the Bay d'Espoir Penstock 3 Weld Refurbishment and Section Replacement Application) Hydro provides a table showing capacity resources, peak load and resulting capacity reserve margins for the winter peak periods from 2026 through 2032. For 2032, the table shows a capacity reserve margin of 35% with Holyrood in service and no new capacity additions.

a) If Holyrood is retired in 2031 and the Avalon CT and the Newfoundland Power gas turbines are added in 2031, resources would be reduced by 292 MW, and the capacity margin would be 19.5% in 2032. Does Bates White consider this to be an acceptable scenario for customers served by the IIS?

b) During a LIL shortfall event, with Holyrood retired in 2031 and the Avalon CT and the Newfoundland Power gas turbines added in 2031, IIS resources would be 1791.5 MW in 2032 (assumes 0 MW transferred over the LIL) compared to a load including losses of 1905 MW, meaning IIS resources would be 113.5 MW short of covering the peak load. Does Bates White consider this to be an acceptable scenario for customers served by the IIS?

A. (a) Bates White has reviewed the referenced RFI response and it is unclear the meaning of the term "capacity margin." The underlying assumptions are also not all fully stated, such as the assumed LIL equivalent forced outage rate. To be responsive, however, we will assume "capacity margin" is the equivalent of "planning reserve margin." As a standalone value, a planning reserve margin of 19.5% is not an unreasonable target and fits in the range of planning reserve margins considered by Hydro in its resource planning process. We noted in our August 30, 2024 comments on Hydro's Resource Adequacy Plan that Hydro's planning reserve margins ranged from 17.1% to 35.1%[1] and that most North American utilities set planning reserve margins between 10% and 25%.[2] In our June 26, 2025 Phase One Report, we noted that Hydro's Build Application was premised on a 2.8 LOLH standard and a 17.1% planning reserve margin,[3] which we found reasonable.[4] Any portfolio of resources would also need to be assessed for its impact on Hydro's other resource planning criteria, including its firm energy criterion and its LIL shortfall criterion.

[1] Vincent Musco, Collin Cain, and Nick Puga, "Assessment of Newfoundland and Labrador Hydro's 2024 Resource Adequacy Plan," August 30, 2024, page 8.
[2] Vincent Musco, Collin Cain, and Nick Puga, "Assessment of Newfoundland and Labrador Hydro's 2024 Resource Adequacy Plan," August 30, 2024, page 9.
[3] Bates White Phase One Report, June 26, 2025, paragraph 39.
[4] Bates White Phase One Report, paragraph 40.

(b) Assessment of a LIL shortfall event is best done through power modeling, absent which, we are unable to provide a credible assessment of the RFI's proposed hypothetical.