

1 **Q. Reference: Application**

2 For each project and program in the 2026 CBA:

- 3 **a)** Please quantify the unit cost associated with improvements in system reliability and risk
4 profile resulting from the project and program.
- 5 **b)** Please quantify the value customers place on the improvements in system reliability and
6 risk reduction and compare it to the cost of the project or program.
- 7 **c)** Please provide a comparison of the proposed improvements in system reliability and
8 risk reduction compared to other projects and programs being proposed and other
9 alternatives that are available.

10

11

12 **A.** In its 2026 Capital Budget Application, Newfoundland and Labrador Hydro (“Hydro”) has
13 continued to strive to comply with the evidentiary requirements set out in the provisional
14 Capital Budget Application Guidelines (“Guidelines”)¹ and to meet the spirit and intent of the
15 Guidelines where full adherence is not yet possible. Hydro’s project/program prioritization
16 provides the risk mitigated per \$1 million spent, which helps quantify unit cost associated with
17 improvements in system reliability and risk profile resulting from the project or program, as well
18 as providing comparison of the proposed improvements in system reliability and risk reduction
19 in relation to other budget items being proposed and other alternatives that are available. While
20 Hydro does not have sufficient data, or metrics, to determine the reliability improvement per
21 unit cost, reliability is a key component of Hydro’s risk scoring and is therefore intrinsically
22 considered in Hydro’s risk ranking.

23 To date, Hydro has not assessed whether its customers value improvement in system reliability
24 and risk reduction more than the project costs for individual projects or programs. Hydro has
25 completed public feedback initiatives to reliability, cost, investment, growth, clean energy, and

¹ “Capital Budget Application Guidelines (Provisional),” Board of Commissioners of Public Utilities, January 2022.

1 options for new sources of electricity. Most recently, Hydro completed a digital public
2 engagement survey in January 2024 with questions which provide some insight into how
3 customers prioritize cost and system reliability. Themes from that engagement indicated that
4 reliability is non-negotiable; however, generally, customers do not want to pay more for fewer
5 or shorter outages.²

6 Hydro continues to consider customer feedback opportunities on the regulatory mandate of
7 balancing cost, reliability and environmental responsibility in relation to capital planning.

² For further information on feedback collected as part of that engagement, please refer to Appendix D, Schedule 1 of the *Reliability and Resource Adequacy Study Review – 2024 Resource Adequacy Plan – Revision 2*, Newfoundland and Labrador Hydro, August 26, 2024.