

1 Q. **Reference: Application**

2 Please file a copy of Hydro's latest marginal cost forecast, particularly the forecast used to
3 assess the value of non-wires alternatives relative to traditional wires projects and programs.

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6 A. A copy of Newfoundland and Labrador Hydro's ("Hydro") latest marginal cost forecast is
7 provided as CA-NLH-030, Attachment 1.

8 Hydro updates the calculation of its marginal cost of energy each year using the methodology
9 consistent with its most recent Marginal Cost Study. The most recent update of Hydro's
10 Marginal Cost Study was provided in 2021 and filed with the Board of Commissioners of Public
11 Utilities ("2021 Update"),¹ including a report from Christensen Associates Energy Consulting, LLC
12 and updated calculations based on the most recent assumptions and information available.
13 There was no change to the underlying methodology used to calculate the marginal cost of
14 energy in the 2021 Update.

15 As outlined in Hydro's response to CA-NLH-041 of this proceeding, Hydro has not proposed any
16 system growth projects in its 2026 Capital Budget Application. As such, the assessment of non-
17 wires alternatives relative to traditional capacity expansion investments is not applicable in this
18 filing.

¹ "Marginal Cost Study Update – 2021," Newfoundland and Labrador Hydro, March 7, 2022. Please refer to Hydro's response to the request for information TC-IC-NLH-001, Attachment 1, of the Electrification, Conservation and Demand Management Plan 2021–2025 proceeding.

2024 Marginal Cost Projection for 2025-2045 Island Interconnected System

Energy Supply Costs						Capacity Costs			
	Winter		Summer	Winter	Annual				
Year	On-Peak \$/MWh	Off-Peak \$/MWh	All-Hours \$/MWh	All-Hours \$/MWh	All-Hours \$/MWh	Year	Generation \$/kW	Transmission \$/kW	G&T \$/kW
2025	96.81	83.68	33.20	89.58	51.89	2025	335.02	21.05	356.06
2026	97.38	82.75	31.87	89.33	50.92	2026	341.26	21.51	362.77
2027	91.92	74.93	29.48	82.57	47.08	2027	347.62	21.99	369.61
2028	83.91	65.53	30.07	73.79	44.56	2028	354.11	22.47	376.58
2029	75.68	63.02	27.99	68.71	41.49	2029	360.72	22.97	383.69
2030	70.94	60.12	24.19	64.98	37.71	2030	367.46	23.48	390.94
2031	68.62	56.41	22.45	61.90	35.53	2031	374.33	24.00	398.33
2032	68.73	55.39	23.53	61.38	36.08	2032	381.34	24.53	405.87
2033	70.60	58.01	23.38	63.67	36.74	2033	388.48	25.08	413.56
2034	72.28	61.63	23.25	66.42	37.56	2034	395.77	25.63	421.40
2035	71.25	63.11	24.37	66.77	38.42	2035	403.20	26.20	429.40
2036	68.83	61.13	25.08	64.59	38.18	2036	410.77	26.78	437.55
2037	74.16	64.15	25.46	68.65	39.78	2037	418.49	27.38	445.87
2038	74.73	65.21	26.63	69.49	40.84	2038	426.36	27.99	454.35
2039	76.48	67.86	26.16	71.73	41.27	2039	434.39	28.61	463.00
2040	80.58	74.69	29.29	77.33	45.22	2040	442.58	29.24	471.82
2041	78.70	74.57	29.77	76.43	45.24	2041	450.92	29.89	480.81
2042	78.41	73.07	29.47	75.47	44.72	2042	459.43	30.56	489.99
2043	82.28	75.38	27.81	78.48	44.61	2043	468.11	31.24	499.35
2044	85.12	77.92	27.49	81.15	45.28	2044	476.96	31.93	508.89
2045	87.47	81.69	28.37	84.29	46.91	2045	485.99	32.64	518.63

Notes:

Base of Energy, Generation Capacity and Transmission Capacity is NL Hydro's Marginal Cost - December 2024

Winter Season defined as December through March.

On Peak Hours Winter 7:00 a.m. to 10:00 p.m., Monday through Friday

On Peak Hours Summer 8:00 a.m. to 10:00 p.m., Monday through Friday