Q. **Reference: Volume 1, page 2.18**

Hydro states (lines 1 to 3) "*Imports, when available, can occur through a combination of day-ahead commitments and real-time transactions; however, they are not forecast to occur during the 2027 Test Year, as the deliveries are considered non-firm.*" Describe and quantify the cost implications for the 2027 Test Year of assuming no imports (firm or non-firm) over the Maritime Link.

A. As noted by Newfoundland and Labrador Hydro ("Hydro") in Chapter 2, footnote 32 of Hydro's 2026 General Rate Application, planning for imports over the Maritime Link is not a feasible option. Transmission paths to gain access to potential markets are largely committed, and neighbouring jurisdictions do not have surplus firm capacity available for export. Therefore, Hydro does not include Maritime Link imports in its long-term production planning, and they are not reflected in the 2027 Test Year.

While in certain circumstances, market imports may cost less than some domestic generation sources, such imports are non-firm and cannot be relied upon to meet system requirements from a planning perspective. However, operationally, Hydro can avail of economic non-firm imports to reduce fuel costs should standby generation be required to support the Island Interconnected System. Additionally, if Hydro is experiencing a drought period, Maritime Link imports may be requested to support the Island's hydro reservoirs at a price threshold below thermal generation costs to reduce the amount of future generation required to support Island reservoirs through the winter period. Therefore, inclusion of assumed imports in the 2027 Test Year could result in an unreliable supply plan and negatively impact reliability. This concept has also been outlined in Hydro's *Reliability and Resource Adequacy Study Review* proceeding. Reasons for requesting Maritime Link imports and the amount received are reported in Hydro's Monthly Energy Supply Reports.

As no firm import opportunities have been identified for the near future, Hydro has not developed a production plan incorporating Maritime Link imports and, accordingly, has not quantified any potential cost impacts associated with such hypothetical transactions. Any estimate would be speculative and highly dependent on factors including market availability, transmission access, energy prices, and system conditions.

Should import opportunities occur, any variance between supply costs incurred by Hydro and those included in customer rates are deferred in Hydro's existing or Long-Term Supply Cost Variance Deferral Account.