

1 Q. **Reference: Volume 1, table 5-2, page 5.3 and schedule D-I**

2 Hydro provides (table 5-2) a table which compares two components of Fuel costs for the 2019
3 Test Year and 2027 Test Year, No. 6 and other fuels and Diesel and CT fuels. Hydro states (lines 6
4 to 8 of page 5.3) “No. 6 fuel costs decreased by \$129.7 million primarily as a result of the
5 commissioning of the Muskrat Falls Assets, allowing for materially lower thermal generation at
6 Holyrood TGS to be replaced by clean hydro generation from Muskrat Falls.” Schedule D-I
7 indicates that Fuel costs for 2022 Actual to 2026 Forecast were significantly higher than 2021
8 Actual and the Forecast for the 2027 Test Year.

9 a) Explain why Fuel costs significantly increased between 2022 Actual and 2026 Forecast.

10 b) Extend table 5-2 to include 2028 Forecast to 2030 Forecast of fuel costs and comment
11 on the reasons for changes in projected fuel costs.

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14 A. a) Holyrood Thermal Generating Station (“Holyrood TGS”) generation varies from year to year
15 based on system conditions; however, there has been a downward trend in generation since
16 2019. This downward trend can be attributed to the commissioning of the Muskrat Falls
17 assets, as generation from Muskrat Falls is delivered to the Island via the Labrador-Island
18 Link, thus keeping Holyrood TGS generation at minimum.

19 The increase in Holyrood fuel costs in the period between 2022 Actuals and 2025 Actuals is
20 primarily due to increased fuel price, despite similar levels of generation in each year.
21 Holyrood TGS production and fuel price are outlined in Schedule A-V of Newfoundland and
22 Labrador Hydro’s (“Hydro”) 2026 General Rate Application.

23 b) Please refer to Table 1 for Table 5-2 from Hydro’s 2026 General Rate Application, extended
24 to include 2028–2030 Forecast.

Table 1: Fuel Costs 2019TY, 2027TY, 2028F–2030F (\$ Millions)^{1,2}

	2019 Test Year	2027 Test Year	2028 Forecast	2029 Forecast	2030 Forecast
No. 6 and Other	194.7	65.0	67.8	69.8	44.3
Diesel and CT	25.2	41.3	43.3	37.9	49.4
Total Fuel Costs	219.9	106.3	111.1	107.7	93.7

- 1 No. 6 and Other is forecast to decrease by \$20.7 million in 2030 compared to the 2027 Test Year
- 2 as a result of the forecast retirement date of the Holyrood Thermal Generating Station, which,
- 3 for the purpose of this, is assumed to be March 31, 2030.

¹ Forecast balances are estimates at a point in time; actual results may differ.

² Forecast 2028–2030 fuel costs exclude the impact of any fuel variance deferral mechanisms.