

1 Q. **Reference: Application, Chapter 6 – Rates and Regulations**

2 Pages 6.7 through 6.9 explain the Newfoundland Power generation credit.

3 a) When, and for what reasons, does Hydro call upon Newfoundland Power i) curtailable load, ii)
4 thermal generation, and iii) hydro generation?

5 b) What increase in generation does Newfoundland Power typically provide when Hydro calls upon
6 it to increase hydro generation?

7 c) In the past 4 years, how many times, and for what reasons, has Hydro called upon
8 Newfoundland Power i) curtailable load, ii) thermal generation, and iii) hydro generation?

9 d) In the past 4 years, how many times, and for what reasons, has Hydro called upon Island
10 Industrial Customers for capacity assistance?

11 e) Given that the Utility Wholesale Rate now reflects marginal energy costs, why does Hydro still
12 call upon Newfoundland Power to increase its hydro production for energy savings? Are these
13 energy savings over and above that reflected in the Wholesale Rate, and if so, are these savings
14 conveyed to Newfoundland Power customers whose rates recover the costs of Newfoundland
15 Power's hydro facilities?

16 f) Does Hydro call upon Island Industrial Customers to curtail load when it can produce energy
17 savings?

18 g) Provide the step-by-step process followed by Hydro in the cost of service study to convey the
19 capacity credits to Newfoundland Power for curtailable load, thermal generation and hydro
20 generation.

21 h) Quantify the dollar savings amounts conveyed to Newfoundland Power in the cost of service
22 study for: i) curtailable load, ii) thermal generation, and iii) hydro generation. i) Provide the
23 calculation and assumptions used in the calculation of the capacity assistance credit given Island
24 Industrial Customers.

- 1 **A.** **a)** Please refer to Newfoundland and Labrador Hydro's ("Hydro") response to NP-NLH-105 of
2 this proceeding for the reasons why Hydro calls upon hydro generation and thermal
3 generation. Hydro requests Newfoundland Power Inc. ("Newfoundland Power") to curtail
4 load as required to support system reserves.
- 5 **b)** Please refer to Hydro's response to CA-NLH-135 of this proceeding.
- 6 **c)** Please refer to Hydro's response to NP-NLH-104 of this proceeding for the number of times
7 Hydro has called upon Newfoundland Power hydro generation and thermal generation.
8 Hydro calls upon Newfoundland Power to support system reserves and transmission
9 operating limits. When system conditions permit, Newfoundland Power's hydraulic
10 generation would be called first to avoid or minimize thermal generation. Newfoundland
11 Power files annual Curtailable Service Option Reports with the Board of Commissioners of
12 Public Utilities ("Board") that provide a record of instances when Newfoundland Power's
13 customers were called upon to curtail.¹
- 14 **d)** Hydro files annual Capacity Assistance Reports with the Board if capacity assistance is called
15 upon.²
- 16 **e)** In Hydro's Reliability and Resource Adequacy Study,³ generation and capacity resources
17 owned by Newfoundland Power are included as available supply-side resources for the
18 Island Interconnected System. Hydro and Newfoundland Power have a long-standing
19 operational relationship and work collaboratively to minimize costs while maintaining
20 reliable service to customers. As part of normal system operations, Hydro may call upon
21 Newfoundland Power's generating assets when it is economic and operationally
22 appropriate.
- 23 The implementation of the Utility Wholesale Rate does not change the physical
24 configuration of the electrical system, the generating resources available to Hydro, or the
25 operational practices used to serve customer demand. Hydro's dispatch and system

¹ Newfoundland Power's Curtailable Service Option Reports are available on the Board's website.

<http://www.pub.nl.ca/indexreportspages/curtailable.php>

² Hydro's Capacity Assistance Agreement Reports are available on the Board's website.

<http://www.pub.nl.ca/indexreportspages/capacityassist.php>

³ Filings related to Hydro's Reliability and Resource Adequacy Study Review proceeding are available on the Board's website.

<http://www.pub.nl.ca/applications/NLH2018ReliabilityAdequacy/index.php>

1 operation decisions continue to be based on reliability requirements, system conditions, and
2 the objective of minimizing overall costs to customers. Newfoundland Power generation
3 assets remain available to Hydro under the same operational framework that exists today.

4 As a result, the Utility Wholesale Rate does not create any new capability for Hydro to
5 access Newfoundland Power generation, nor does it result in a change in generation
6 dispatch, capacity utilization, resource adequacy requirements, or operating procedures.
7 The operational interactions between Hydro and Newfoundland Power that are already
8 reflected in Hydro's planning studies and day-to-day operations would continue unchanged.

9 Since the proposed Utility Wholesale Rate represents a change in the pricing and billing
10 framework between the utilities rather than a change in system operations or resource use,
11 Hydro has not identified any incremental operating efficiencies or production cost savings
12 that would arise solely from its implementation. Accordingly, no incremental savings have
13 been included in Hydro's assessment associated with the Utility Wholesale Rate.

14 **f)** Hydro does not call upon Island Industrial Customers to curtail load to produce energy
15 savings.

16 **g)** The recommended change in methodology applied only to the hydro generation credit, not
17 the thermal generation credit.⁴ See Hydro's response to the Consumer Advocate's question
18 in the Cost of Service Technical Conference presentation for details on the communication
19 of the hydro generation credit methodology with Newfoundland Power.

20 **h)** Please refer to Hydro's response to CA-NLH-137 of this proceeding for the value of the
21 thermal and hydraulic generation credit and Hydro's response to IIC-NLH-011 of this
22 proceeding for the curtailable credit.

23 In general, Hydro does not provide a capacity assistance credit to Island Industrial
24 Customers, but Hydro does have separate agreements with Corner Brook Pulp and Paper
25 Limited and Vale Newfoundland and Labrador Limited for the provision of capacity at
26 contracted rates.

⁴ "Cost of Service Methodology Technical Conference," Newfoundland and Labrador Hydro, October 14, 2025, p. 60.
<http://www.pub.nl.ca/applications/NLH2025CostOfServiceMethodology/correspondence/NLH%20-%20Cost%20of%20Service%20Methodology%20-%20Technical%20Conference%20Presentation%20-%202025-10-14.PDF>