Q. **Reference: Application**

Explain why Hydro considers the marginal Effective Load Carrying Capability of wind to be an appropriate basis for classifying the purchase costs of wind facilities. As part of the response: i) explain how Hydro purchases wind power pursuant to its PPA (for example does Hydro pay for power purchases based on energy only or some combination of energy and demand); ii) provide the ELCC, accredited capacity or equivalent capacity contribution attributed specifically to the existing wind facilities in Hydro's 2027 resource adequacy analysis; iii) identify the dependable capacity, if any, assigned to those facilities for operating reserve, planning reserve and contingency purposes; and iv) explain why the percentage capacity contribution should be applied directly to the full contractual purchase cost as the demand-related classification percentage.

A. Newfoundland and Labrador Hydro ("Hydro") purchases wind generation under its two existing Power Purchase Agreements ("PPA") based on the energy delivered to Hydro. However, Hydro also gets an indirect capacity benefit from the energy provided by wind, which is a function of its availability in high load hours. The capacity benefit to the system is based on the Effective Load Carrying Capability ("ELCC"). The ELCC for existing wind farms on the Island is 43%.

Since the PPAs for the existing wind generation are due to expire in 2029, Hydro does not consider the existing wind facilities in its long-term resource adequacy study. As a result, they have not been assigned an ELCC. Any commercial arrangements beyond existing contracts would be developed based on commercial negotiations.

Since wind facilities do not provide dispatchable capacity, they do not contribute to operating reserves and are not considered for contingency purposes.