Q. **Reference: Application, Chapter 6, page 6.6**

Hydro states "*The classification of the Holyrood TGS generation costs, excluding fuel, be based on a test year forecast capacity factor.*" On the same page Hydro states "*The Holyrood TGS continues to be operated primarily as a base load plant, as it was at the time of the previous settlement and Board Order regarding this issue.*"

a) How are Holyrood TGS costs, excluding fuel, being treated in the cost of service study?

b) How are other base load plants being treated in the cost of service study?

c) If the base load Holyrood plant is being treated differently than other base load plants, explain why.

d) What is the firm energy requirement on the IIS in 2027? How much of this will be met with production from Holyrood TGS? Could the firm energy requirement be met if Holyrood were not online?

A. **a)** Please refer to Newfoundland and Labrador Hydro's ("Hydro") response to CA-NLH-155 of this proceeding, which breaks down the revenue requirement associated with Holyrood Thermal Generating Station ("Holyrood TGS") by component.

b) Hydraulic baseload generating plants and the Holyrood TGS are treated similarly in the Cost of Service Study; however, the methods used to allocate their demand- and energy-related costs differ.

Costs associated with hydraulic generation are allocated using the System Load Factor[1] whereas costs associated with Holyrood TGS are allocated using a forecasted test year capacity factor.[2]

[1] "2026 General Rate Application," Newfoundland and Labrador Hydro, May 27, 2026, vol. I, sch. F 4.2.
[2] "2026 General Rate Application," Newfoundland and Labrador Hydro, May 27, 2026, vol. I, sch. F 4.3.

c) Diesel generation serving Island Isolated and Labrador Isolated customers is also allocated using the System Load Factor.[3] The current allocation is based on previously approved methodologies.

d) The firm energy requirement of the Island Interconnected System in 2027, including transmission losses, is 7,417 GWh. The planned production from the Holyrood TGS is 455 GWh as shown in Chart 2-9 of Hydro's 2026 General Rate Application ("GRA"), representing 6.1% of this requirement. Under average hydrological conditions, the requirement can be met with existing and committed resources, excluding the Holyrood TGS. In a critical dry sequence, or other severe drought period, existing and committed resources would not be sufficient to meet the firm energy requirement in the absence of the Holyrood TGS. The production plan for the GRA is based on average inflow conditions. The firm energy requirement is a long-term planning criterion and is assessed in the subsequent Resource Adequacy Plan filings and is not relevant to this GRA filing.

[3] *Supra,* f.n. 2.