

1 Q. **Reference: Application, Volume I, Table 6-5, Section 6.6.5 2027 Forecast Seasonal Export**
2 **Prices and Section 6.7 Rates for Island Industrial Customers; Application, Volume III, Exhibit**
3 **17, Section 3, Assumptions.**

4 Hydro states at Footnote 29 on page 6.21 that the second block prices were calculated by CA
5 Energy using Hydro's forecast export prices and that differences in the resulting rates for the
6 utility rate charge to Newfoundland Power and the Island Industrial customers are due to load
7 profiles.

8 The Christensen Associates Report states at page 8 that the Block 2 energy price was calculated
9 based on forecasted export prices on both an annual and seasonal basis with winter covering
10 December through March and all other months being regarded as non-winter and that the
11 pattern of export prices confirms that this seasonal division is sensible.

12 a) Please confirm if the winter average (December – March) of 8.958 cents per kWh is the
13 simple average of the values for December, January, February, and March. If not, please
14 explain the basis of the calculation.

15 i. Please provide the monthly values that lead to the 8.958 cents per kWh value,
16 and the calculations to yield 8.958 cents per kWh.

17 b) Please provide a version of Table 6-5 showing the monthly prices used to calculate the
18 proposed winter second block energy charge for Island Industrial customers of 8.889
19 cents/kWh.

20 c) Please elaborate on the reasons why March is included as a winter month when the
21 prices in Table 6-5 for March are less than half the prices for January, February and
22 December and much closer to the prices in the non-winter months.

23 i. Please explain the implications if March is included as a non-winter month.

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26 *Parts b) and c) of this response were provided by Christensen Associates Energy Consulting ("CA*
27 *Energy").*

- 1 A. a) Newfoundland Power Inc.'s ("Newfoundland Power") Tier 2 Block winter price of 8.958
2 cents per kWh is the simple average of the calculated winter prices as per Table 1.

Table 1: Export Prices for the Salisbury Hub inclusive of Path Charges (CAD/MWh)¹

MONTHLY											
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
126.84	101.93	44.14	25.96	23.34	28.20	51.30	45.19	28.99	29.91	45.50	85.39
Projected Salisbury Export Prices for 2027:											53.06
SEASONAL AVERAGES											
<u>Winter (Jan Feb, Mar, Dec)</u>						<u>Non-Winter</u>					
89.58						34.80					

- 3 b) A version of Table 6-5 is provided below, showing the 2027 forecast seasonal export prices
4 but now weighted by island industrial customer usage. The underlying customer usage data
5 used to calculate the weighted prices is also included.

Table 2: Seasonal Export Prices weighted by Island Industrial Customer Usage

Month	Weighted Price (¢ per kWh)	IIC Usage (GWh)
January	12.77	50.23
February	10.06	42.00
March	4.34	51.61
April	2.56	45.60
May	2.31	56.94
June	2.72	53.11
July	4.75	57.75
August	4.25	57.13
September	2.70	55.39
October	2.67	51.30
November	4.47	36.15
December	8.72	56.16
Winter Weighted Average (December-March)	8.889	
Non-Winter Weighted Average (April-November)	3.285	

¹ The seasonal and annual averages of the Salisbury prices for 2027 are based on an hourly price profile, as applied to projections of monthly peak and off-peak prices. The resulting prices use monthly load-weighted marginal costs to determine seasonal prices. A slight modification was incorporated into the calculation of the Island Industrial seasonal averages in Table 2, which uses load-weighted marginal costs when calculating the seasonal averages, a change Newfoundland and Labrador Hydro ("Hydro") will look at incorporating into Newfoundland Power's rate in a future update.

1 c) Hydro defines the winter period as from December through March because these are the
2 months in which peak loads are likely to occur. For instance, in Hydro's September 16, 2024,
3 Application for Adjustment to Wholesale Utility Rate, CA Energy Consulting stated that
4 "energy purchases and peak loads are highly seasonal, with maximum loads recorded in the
5 four winter months" (Schedule 1, Attachment 1, p. 9). While seasons have traditionally been
6 defined by system load levels, the interconnection with the eastern North American grid has
7 exposed Hydro to loads, capacities, and reserve conditions of the Eastern Interconnection.
8 For the current forecast at least, this results in March marginal costs being intermediate
9 between winter and non-winter average marginal costs.

- 10 i. If March were included as a non-winter month, the Winter weighted average price
11 would increase to 10.469 cents per kWh while the Non-Winter price would increase
12 to 3.402 cents per kWh. Such a change may be sensible in the future. However,
13 Hydro would need to consider the impact of such a change on other rates and
14 customers, Newfoundland Power in particular.