

1 **Q. Reference: Volume I, Section 6.7; Exhibit 17; 2019 Wholesale and Island Industrial Rate Design**
2 **Review Update Report**

3 **a)** Describe and compare all materially different rate designs considered by Hydro or CA
4 Energy in developing the proposal including:

5 **i.** proposed rate parameters, class revenue recovery, customer-specific annual bill
6 impacts, and percentage of consumption exposed to marginal-cost pricing;

7 **ii.** criteria and weights used to compare the alternatives; and

8 **iii.** explanation why the proposed design was preferred to each alternative.

9 **b)** Which features of the proposed rate does Hydro consider essential to achieving efficient
10 pricing and which are primarily intended to address revenue recovery, bill impacts, or
11 administrative considerations.

12 **c)** Provide any quantitative scorecard, decision matrix, memorandum, presentation, or
13 other analysis used by Hydro or CA Energy to select the proposed design.

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16 **A. a)** As described in Newfoundland and Labrador Hydro's ("Hydro") response to IIC-NLH-001 of
17 this proceeding, Hydro did not consider different rate designs for this general rate
18 application. Hydro's approach is consistent with the Wholesale and Industrial Rate Design
19 Review Update Report filed with the Board on September 30, 2019, and only proposed
20 changes at this time to reflect the change in the marginal cost of energy from No. 6 fuel at
21 the Holyrood Thermal Generating Station to the opportunity cost of exports.

22 Hydro has not yet adopted time-of-use rates for any customer classes.

23 **b)** Hydro considers the Block 2 energy price based on marginal cost as essential to achieving
24 efficient pricing. The Block 2 price reflects the marginal cost of energy, and the seasonal rate
25 may provide an incentive to shift loads from the winter months, when the rates are higher.

- 1 The demand rate and Block 1 price address revenue recovery.
- 2 **c)** Please refer to Hyro's response to part a).