

1 Q. Further to NP-125 and NP-126, regarding Newfoundland Power's generation
2 credit:

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4 a. What is the net capacity credit (i.e. generation credit less 'adjustment
5 to include load supplied by NP')

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7 b. How does this generation credit impact the revenue requirement from
8 Newfoundland Power? What is the total amount of the impact?

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10 c. Provide a revised cost of service assuming that Newfoundland
11 Power's peak is not reduced for generation credit.

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14 A. a. NP-126 provided the calculation of the total capacity credit for
15 Newfoundland Power (i.e. 124.8 MW). This generation credit is
16 applied to Newfoundland Power's native peak demand in the COS.
17 The reference in NP-126 to "Adjustment to include load supplied by
18 Newfoundland Power" (i.e. 47 MW) is the amount of generation which
19 Hydro expects Newfoundland Power to be running at the time of
20 Hydro's system peak. The application of this adjustment in NP-125
21 results in Newfoundland Power's native peak to which the full capacity
22 credit can then be applied.

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24 b. The generation credit impacts the revenue requirement from
25 Newfoundland Power in the following ways:

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1 i) Production and transmission demand allocation factors include
2 the generation credit, net of Newfoundland Power's assumed
3 generation, as follows:

4		
5	January MW as per load forecast	1026.8
6	Plus: NP expected generation	47.0
7	Less: NP generation credit	<u>(120.5)</u> ¹
8	MW (before losses) used for Coincident Peak	<u>953.3</u>
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10 ¹ To be corrected in final COS.

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12 i) The system load factor is calculated using the customer-level
13 Coincident Peak.

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15 ii) Newfoundland Power's Coincident Peak also factors into the
16 allocation of the rural deficit.

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18 Because of the limitations stated in the response to part c, we are
19 unable to determine the total dollar impact. However, based on the
20 Cost of Service attached, the dollar impact is to adjust Newfoundland
21 Power's Revenue Requirement (after deficit) by \$1,370,848.

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23 c. Please see attached Cost of Service Study. Both the generation to
24 increase Newfoundland Power's demand to native load and the
25 generation credit have been removed from the calculation of demand
26 allocation factors. It must be noted that the results cannot be
27 considered meaningful, as they are based on Hydro's existing load
28 forecast (i.e. 1026.8 MW). That forecast made assumptions
29 concerning Newfoundland Power's load, which are not consistent with

1 the forecast supplied by the customer. In their forecast,
2 Newfoundland Power assumed 93.7 MW of hydro capacity on at the
3 time of peak whereas Hydro assumed 47 MW, based on historic
4 analysis, for its forecast. The treatment of Newfoundland Power, with
5 the Board–approved demand credit made Newfoundland Power’s load
6 indifferent to Hydro’s assumptions. As well, we are unable to
7 speculate whether Newfoundland Power would change its forecast to
8 utilize more of its own generation, should the demand credit be
9 unavailable. The system load factor, which is used to classify
10 hydraulic generation costs, was also impacted by this scenario, and is
11 subject to these same cautions.