

1 Q. Show how the net capacity credit used in the 2004 cost of service is
2 calculated.

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5 A. The generation credit provided to Newfoundland Power (NP) is applied to
6 NP's native load coincident peak. In Hydro's May 2003 application, the
7 generation credit was 124,800 kW. Since that time, Hydro has confirmed
8 generation capacities with NP. Also, Hydro's System Planning Department
9 has lowered the reserve percentage from 18.5% to 16%, taking into account
10 increased hydraulic capacity additions in 2003. Hydro plans to incorporate
11 the revised credit in the final test year Cost of Service study. Calculations for
12 the values in the original filing and for the revision are shown below:

	kW	
	Original Filing	Revision
NLH Load Forecast: NP Coincident Peak	1,084,000	1,084,000
Plus NP Forecast Hydraulic Generation	77,500	77,500
Native Load CP	1,161,500	1,161,500
Capacity Credit:		
Hydraulic: 94,620 / 1.16		(81,569)
Gas Turbine: 43,900 / 1.16		(37,845)
Diesel: 7,000 / 1.16		(6,034)
	(124,800)	(125,448)
NP CP for COS	1,036,700	1,036,052