

1 Q. (Reference 2017 GRA Volume I, page 5.17) It is stated (lines 13 to 14) “*The*
2 *mechanics for determining the Utility Rate for Newfoundland Power have included*
3 *maintaining a second block price signal to reasonably reflect the price of Holyrood*
4 *fuel.*” Please file Hydro’s best estimate of marginal costs for 2018 and 2019.

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7 A. On February 26, 2016, Hydro filed its Marginal Cost Study – Part II with the Board.
8 Since then, Hydro has updated its marginal cost estimates for 2018 and 2019
9 consistent with the assumptions that reflect Holyrood on the margin for the first
10 half of 2018 and market opportunity cost thereafter reflecting the projected
11 availability of LIL on July 1, 2018.

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13 Tables 1 and 2 summarize the average monthly marginal cost. Beginning in the
14 second half of 2018, marginal costs are blended for *New England-ISO* and *New York-*
15 *Zone A*, reflecting the wholesale generation markets made accessible by the new
16 transmission capacity.

Table 1 Average Hourly Marginal Costs (CAD/MWh) – 2018

All Hours		Energy and Reserve Costs	Generation Capacity Costs	Transmission Capacity Costs	Energy, Reserves & T&D Capacity Costs
Month	Jan	132.95	1.22	4.10	138.27
	Feb	141.46	3.08	10.24	154.79
	Mar	117.14	2.42	8.10	127.65
	Apr	84.68	1.23	4.16	90.07
	May	85.74	0.55	1.89	88.18
	Jun	91.46	0.20	0.69	92.35
	Jul	38.04	0.09	0.31	38.44
	Aug	35.43	0.00	0.00	35.43
	Sep	43.48	0.03	0.06	43.57
	Oct	48.62	0.58	1.40	50.60
	Nov	53.32	1.90	4.55	59.78
	Dec	60.80	3.64	8.38	72.83
	Annual	79.61	1.22	4.10	84.93

Table 2 Average Hourly Marginal Costs (CAD/MWh) - 2019

All Hours		Energy and Reserve Costs	Generation Capacity Costs	Transmission Capacity Costs	Energy, Reserves & T&D Capacity Costs
Month	Jan	66.86	1.38	13.00	81.24
	Feb	60.01	1.58	10.08	71.68
	Mar	47.28	1.26	8.45	56.99
	Apr	42.94	1.29	3.84	48.06
	May	41.83	0.43	0.63	42.90
	Jun	43.83	0.16	0.14	44.13
	Jul	54.66	0.00	0.00	54.66
	Aug	50.57	0.00	0.00	50.57
	Sep	40.14	0.07	0.04	40.25
	Oct	46.02	0.60	1.01	47.62
	Nov	48.86	1.16	3.35	53.37
	Dec	58.23	1.65	10.15	70.03
	Annual	50.09	1.44	4.20	55.73