

1 Q. **Reference: Letter from NLH to the Board, dated November 30, 2018**

2 Supply

3 NLH dismissed the addition of temporary mobile diesel turbines based mainly on  
4 the cost of fuel. NLH uses a delivered cost of diesel fuel in Labrador of 1.35 \$/litre in  
5 2019 (Expansion Study, Table 4, page 13). IOC estimates that this fuel price forecast  
6 is largely above market prices. Diesel delivered in Labrador in 2019 is estimated by  
7 IOC at about 1.00 \$/litre.

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9 Please explain how the fuel price forecast was obtained or determined by NLH.

10 Please file any supporting study.

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13 A. The fuel price forecast provided in Section 3.2 of the “Labrador Interconnected  
14 System Transmission Expansion Study” was determined using Newfoundland and  
15 Labrador Hydro’s (“Hydro”) standard approach for forecasting No. 2 fuel prices for  
16 the various delivery locations to Hydro’s generation facilities within Newfoundland  
17 and Labrador.

18

19 The standard approach used by Hydro converts a US dollar price forecast for New  
20 York Harbour bulk fuel volumes provided by the PIRA Energy Group into a Canadian  
21 dollar unit fuel price for each of Hydro’s delivery locations by applying adjustments  
22 to account for foreign exchange, fuel volumes and fuel delivery costs. The foreign  
23 exchange adjustment is based on forecast exchange rates prepared by the  
24 Conference Board of Canada. The fuel volume adjustment is based on published  
25 fuel price data that is tracked by Hydro. The adjustment for fuel delivery costs is  
26 based on Hydro’s contracts for fuel deliveries with its fuel suppliers. There is no  
27 supporting study available to provide.