

- 1 Q. **Reference: 2018 Cost of Service Methodology Review Report dated November 15, 2018**  
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3 On page 11 (lines 17 to 22) it is stated *“Hydro proposes to continue to use system load*  
4 *factor for classification of Other Power Purchases (excluding Wind), the largest of which is*  
5 *Exploits generation. From an operational perspective, Hydro operates Exploits assets no*  
6 *differently than if Hydro owned the hydraulic production assets. Hydro has been informed*  
7 *by the Government that the long-term plan is to transfer ownership of the Exploits assets to*  
8 *Hydro. This classification would also apply to Hydro’s purchases of Recapture Energy from*  
9 *CF(L)Co.”* Page 17 (lines 15 – 20) of the CA Energy Consulting Report states *“Additionally, if*  
10 *the equivalent peaker approach, with its grounding in system planning, appeals*  
11 *conceptually to Hydro, the utility may wish to consider applying this approach to its entire*  
12 *fleet of Interconnected generation. The theoretical advantage is that each unit is judged for*  
13 *its demand and energy components under the same set of assumptions. The challenge is to*  
14 *compute the current value of each generation unit. (Indexes like the Handy-Whitman are*  
15 *available for this purpose.)”* Please provide all supporting documentation that led to  
16 Hydro’s decision that it is appropriate to classify Recapture Energy from CF(L)Co on the  
17 basis of system load factor including a comparison of the impact on Island customer classes  
18 of using this classification to a classification based on the equivalent peaker approach and  
19 to a classification based on 100% energy.  
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22 A. Please refer to Newfoundland and Labrador Hydro’s response to CA-NLH-005.