

1 **Q: Reference: "Embedded and Marginal Cost of Service Review," The Brattle**
2 **Group, May 3, 2019, Exhibit II at pp.78-79**

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4 **If the Total Transfer Capability is not available on a firm basis, is The Brattle**
5 **Group recommending that Newfoundland and Labrador Hydro determine its**
6 **marginal generation capacity costs based on the availability of non-firm**
7 **capacity? If not, please explain.**

8

9 A. Pages 78 line 18 – 79 line 2 states, "...the latter [opportunity cost approach for
10 marginal cost of generation capacity] is only feasible if the utility has access to
11 external, competitive markets and only if the utility can import capacity on a firm
12 basis." (emphasis added.) Non-firm transmission service does not ensure that
13 transmission capacity is available during peak periods to import generation.