

1 **Q: Reference: “Review of Existing and Proposed Network Additions Policies for**
2 **Newfoundland and Labrador Hydro,” The Brattle Group, November 19, 2019,**
3 **Executive Summary, Background, p. 2.**

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5 **Typically, it is the immediate or near-term investments**
6 **prompted by a customer’s request that serves as the basis**
7 **of the costs the requesting customer is responsible for**
8 **paying—i.e., the investment that “but for” the customer’s**
9 **request would not be required. Following the cost causation**
10 **principle ensures its corollary holds—the protection of**
11 **existing customers from costs caused by new customers. A**
12 **customer that pays for the costs that its actions have caused**
13 **ensures that other customers are protected.**

14
15 **a) Please explain if Brattle is recommending that the “but for” contribution**
16 **approach should be applied to transmission customers only for recovery of**
17 **common transmission costs. Note: Hydro only has two customers served at**
18 **transmission voltage on the Labrador Interconnected System.**

19
20 **b) Please explain if Brattle is recommending that the “but for” contribution**
21 **approach should also be applied to distribution customers for recovery of**
22 **common transmission expansion costs.**

23
24 **c) Please explain if Brattle is recommending that the “but for” contribution**
25 **approach should also be applied for recovery of common distribution**
26 **expansion costs incurred to meet peak demand growth.**

27
28 **d) Please confirm whether the “but for” contribution approach would involve**
29 **the analysis of the present-day transmission system with existing loads or**
30 **if the following should be included:**

- 31
32 **i) The normal load forecast of retail customer growth;**
33 **ii) Approved future customer interconnections; and**
34 **iii) Approved future capital upgrades.**

35
36 **A. a) No, Brattle recommends that the policy applies to all customers above the size**
37 **threshold regardless of connection voltage.**

38
39 **b) Please refer to the response in part a.**

- 1 c) No, Brattle recommends that the policy be applied to transmission investments
2 as our analysis was focused entirely on transmission network upgrades, not
3 distribution network upgrades.
4
- 5 d) The “but for” approach requires two cases: the base case and the new customer
6 case. The customer case maintains the assumptions of the base case but adds
7 the new customer’s requirements, whether generator or load. Brattle assumes
8 that Hydro has developed a base case that includes items (i) and (ii), which
9 result in approved capital investments (item iii). We recommend that the input
10 assumptions be reviewed and approved by the Board if they are not already.