

1 Q. Further to the response to PUB-NLH-001, page 8 of 10, lines 21-22:

2 a) What is Hydro's view on the role and responsibility of a utility in relation to determining  
3 whether new industry-impacting technologies should be introduced into the electrical  
4 system?

5 b) By utilizing a 50-year study period, is Hydro "making assumptions" that diesel-  
6 generating technology will still be viable from a climate and technology perspective over  
7 the entire life of study period? Please explain.

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10 A. a) In Newfoundland and Labrador Hydro's ("Hydro") view, its roles and responsibilities with  
11 respect to new electrical system technologies are guided by provincial legislation. In terms  
12 of the supply of power, in accordance with the *Electrical Power Control Act, 1994*,<sup>1</sup> ("EPCA")  
13 Hydro has a statutory obligation to deliver power to consumers in the province at the lowest  
14 possible cost consistent with reliable service.<sup>2</sup> Further, under the *EPCA* nuclear power  
15 cannot be considered in the planning for future power supply.<sup>3</sup>

16 Therefore, to the extent that a new technology is considered for introduction into the  
17 electrical system, Hydro would only consider such an option were it shown to be consistent  
18 with the provision of least-cost reliable service, and not a technology specifically prohibited  
19 by the *EPCA*.

20 b) It is correct that the analysis involves a 50-year study period where it is assumed that diesel  
21 generating technology is employed as it is today. Hydro's objective in the analysis was to  
22 assess life cycle costs for the diesel generating stations in the region and an extended study  
23 period was required.

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<sup>1</sup> *Electrical Power Control Act, 1994*, SNL 1994, c P-47.

<sup>2</sup> *Ibid* sec. 3(b)(iii).

<sup>3</sup> *Ibid* sec. 3(f).

1 Hydro agrees that given the duration of the study period, technological advances impacting  
2 the operation of diesel units can be expected. Hydro does not have a basis to assume the  
3 timing and impacts of such technological advancements; however, as per Hydro's response  
4 to PUB-NLH-001 of this proceeding, benefits associated with the proposed interconnection  
5 and crossover of the cumulative present value, as compared to isolated alternatives, are  
6 realized within 15 years. As stated, Hydro believes the risk that the industry will transition  
7 from diesel generation in isolated communities to firm, renewable generation within the  
8 next 15 years is very low.

9 Hydro believes that most likely outcomes involving renewable sources in the foreseeable  
10 future would be further integration under power purchase agreements where non-firm  
11 energy is purchased at a cost less than that of firm diesel fuel generation. In such cases, the  
12 proposed regional interconnection would provide a further benefit by permitting an  
13 increased level of renewable penetration.