

1 **Q. In its response to NLH-NP-067, Newfoundland Power indicated it receives a**
2 **generation credit for 83.486 MW of hydraulic generation. In its response to NP-**
3 **NLH-069, Newfoundland Power provided its actual hydraulic generation in**
4 **aggregate at time of Island Interconnected System peak from 2015 through 2021.**
5 **Based on its response to NLH-NP-069, does Newfoundland Power believe its**
6 **generation credit for hydraulic generation should be revised? If not, why not?**
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8 A. Newfoundland Power’s generation credit is based on the Company’s ability to provide
9 generation capacity at time of peak.¹ In order to avail of the generation credit, the
10 Company is required to demonstrate annually its capability to operate its generation to
11 the level of the generation credit.²
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13 A review of Newfoundland Power’s generation credit during Newfoundland and
14 Labrador Hydro’s (“Hydro”) next general rate application formed part of the *Settlement*
15 *Agreement* signed in relation to Hydro’s *Cost of Service Methodology Application*.³ The
16 *Settlement Agreement* stated that Hydro would review the methodology for the
17 calculation of the generation credit to ensure its reasonableness and to report on its
18 review in its next general rate application. Since the *Settlement Agreement* was signed,
19 Hydro has not commenced its next general rate application and has not presented
20 evidence on its review. As a result, Newfoundland Power cannot provide its position on
21 whether the generation credit should be revised at this time.

¹ Newfoundland Power’s generation credit of 118.054 MW was reviewed by the Board in Hydro’s *2017 General Rate Application*. The generation credit was approved by the Board in Order No. P.U. 30 (2019).

² See Hydro’s *Schedule of Rates, Rules and Regulations, Updated July 1, 2021*, Page UT-1 to UT-3.

³ Hydro filed its *Cost of Service Methodology Application* with the Board on November 15, 2018. The *Settlement Agreement* filed in relation to the application was signed by the parties on October 4, 2019. Paragraph 33 of the *Settlement Agreement* states: “The Parties agree that Hydro should continue to provide a generation credit for Newfoundland Power for hydraulic and thermal generation consistent with past practice. Hydro agrees to review the methodology for the calculation of the megawatt credit provided to ensure its reasonableness and to report on its review in its next General Rate Application.”