

1 Q. (Re: Response to CA-NLH-32) Given that Hydro is not in position to "determine the
2 appropriate price signals", why is it proposing to more than double the price signal
3 in the NP demand charge?
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6 A. []

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8 As stated in Hydro's evidence to its Amended Application, Hydro is no longer
9 proposing an embedded cost-based demand rate for NP, but rather, Hydro is
10 proposing the demand charge be set at \$5.50 per kW per month. The proposed
11 demand charge reasonably reflects the marginal capacity costs for the period 2015-
12 2017 with the inclusion of the new combustion turbine at Holyrood. The proposed
13 demand charge is also comparable to the marginal capacity costs estimated using
14 the NERA methodology beyond 2017 based upon the Labrador Interconnection
15 scenario. Please see Section 4.5 of Evidence to the Amended Application.