

1 Q. **Reference: Section 4: Rates and Regulation, Section 4.6 Rate Stabilization Plan,**
2 **Page 4.17 – 4.20.**

3 **Reference: RFI CA-NLH-075**

4 Please explain how including “Energy Supply” in the RSP is consistent with the
5 position of placing less emphasis on Holyrood fuel as referenced and defended in
6 CA-NLH-75.

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9 A. The Request for Information CA-NLH-075 asks that Hydro provide support for the
10 following statement from the Cost of Service Study/Utility and Industrial Rate
11 Design Report, page 15: “by placing less emphasis on Holyrood fuel, this rate
12 structure is seen to be moving towards closer alignment with the possible
13 demand/energy relationship of the next least-cost supply resource.”

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15 In responding to the RFI, Hydro pointed to the future impact that the Muskrat Falls
16 Project and the Labrador Island Link will have on the cost structure as a result of the
17 shift away from fuel oil.

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19 In the present RFI, Hydro is asked to “explain how including energy supply in the
20 RSP is consistent with the position of placing less emphasis on Holyrood fuel as
21 referenced and defended in CA-NLH-075.”

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23 Hydro does not, as such, have a “position of placing less emphasis on Holyrood
24 fuel,” but rather states as a fact, that the Labrador interconnection will shift the
25 cost structure away from fuel oil.

- 1 In future, until the time that the Labrador interconnection comes into service,
- 2 changes in energy supply will have an effect on Holyrood fuel since it is the marginal
- 3 source of supply on the Island Interconnected System.