Q. On Page 2 of 97 in your Application you state "Maintaining these generating facilities reduces the need for additional, more expensive, generation." Please identify what additional generation will be required after the commissioning of the 100 MW CT generator this year and the MF Infeed in 2018.

A. Responsibility for supply planning for the Island Interconnected System under the existing regulatory framework rests with Newfoundland and Labrador ("Hydro"). Further to that, regulatory practice in recent years has provided only limited opportunity for public participation in matters related to overall supply planning on the Island Interconnected System. Therefore, Newfoundland Power cannot say with certainty what additional generation will be required after the commissioning of Hydro's 100 MW (nominal) combustion turbine in 2014 or after the Muskrat Falls project is commissioned.[1]

Newfoundland Power's 2015 Capital Budget Application proposes 3 capital projects related to the refurbishment of the Company's hydro generating assets. These projects include: (i) the Pierre's Brook Hydro Plant Penstock Replacement and Surge Tank project with a levelized cost of 4.87¢ per kWh; (ii) the Tors Cove Plant Refurbishment project with a levelized cost of 2.77¢ per kWh; and (iii) the Seal Cove Plant Refurbishment project with a levelized cost of 1.93¢ per kWh.[2]

Without the necessary maintenance and refurbishment to keep these hydro generating facilities operational, energy from other sources would be required on the Island Interconnected System. The cost of energy from other sources on the Island Interconnected System is generally more expensive than the energy produced from projects Newfoundland Power is proposing in its 2015 Capital Budget Application.

Please refer to response to Request for Information NLH-NP-007 for more information on comparative costs of future generation for the Island Interconnected System.

[1] The requirement for additional combustion turbine capacity is included in Figure 1 on page 13 of the Manitoba Hydro International *Review of the Muskrat Falls and Labrador Island HVdc Link*, October 2012 filed as Appendix D of Hydro's Installation of 100 MW CT Generation – Holyrood application.

[2] See Tab 1.2 Pierre's Brook Hydro Plant, Tab 1.3 Seal Cove Hydro Plant Refurbishment, and Tab 1.4 Tors Cove Hydro Plant Refurbishment.