

1 Q. Could capacity reserve margins (in the range of 15-20 percent) be used instead of a
2 LOLH Criteria?

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5 A. Nalcor's approach to evaluating capacity reserves is consistent with the approach
6 reviewed and accepted by the Board. In Nalcor's view, the LOLH approach currently
7 used by Nalcor is a more appropriate and accurate methodology than applying
8 reserve on a percentage basis because the current approach considers the effects
9 of the different forced outage rates of different units.

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11 Please refer to Section 3.1¹ of Nalcor's Submission to the Board for further details.

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13 While a different reserve planning approach could be used, Nalcor has no basis for
14 diverting from the existing LOLH criterion. Nalcor is of the view that a model using
15 unit reliability and forced outage rates is more appropriate than applying a reserve
16 margin on a percentage basis. The LOLH approach recognizes forced outage rates
17 for different units and technologies, and is therefore a more accurate approach for
18 modeling than simply applying a capacity reserve.

¹ Nalcor's Submission, page 30.