

1    Q.    **Re 2011 Capital Plan - Generation Planning Issue 2010 July Update**

2            In light of the fact that the system is now capacity restrained as opposed to energy  
3            constrained, has Hydro revisited its marginal cost study and does it propose any  
4            changes in rate structure as a result?

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7    A.    Hydro's 2006 marginal cost study considered two potential scenarios - continuation  
8            of the Island as a system isolated from the North American grid and interconnection  
9            to the North American grid after an infeed from Lower Churchill. As there is not yet  
10           a decision on this fundamental issue, it is premature to undertake a revised  
11           marginal cost study or change rate structures to reflect capacity constraints.