

1 Q. In developing the 2024 Resource Adequacy Plan, did Hydro determine that procurement of wind
2 energy is less costly than investing in its own wind generating capacity? Please provide copies of
3 any related in-house analyses or consultant studies.

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6 A. In the 2024 Resource Adequacy Plan, Newfoundland and Labrador Hydro (“Hydro”) modelled
7 100 MW of land-based wind as a capital cost, in the same manner that was completed for the
8 *Reliability and Resource Adequacy Study Review* since 2018.

9 To ensure a technically robust expansion plan, Hydro asked Daymark Energy Advisors
10 (“Daymark”) to benchmark all resource option cost estimates against one another to ensure
11 they are aligned with similar projects being observed across the industry. As such, Daymark
12 reviewed Hydro’s cost estimates to determine whether the capital cost and operating cost
13 assumptions are generally consistent with three industry benchmarks. Two of the three industry
14 resources that were used for this benchmarking exercise were applicable to wind as a resource
15 option: Sargent & Lundy’s Capital Cost and Performance Characteristic Estimates for Utility Scale
16 Electric Power Generating Technologies; and, the Alberta Electric System Operator’s Cost of
17 New Entry Study. According to these benchmarks, Daymark found that both Hydro’s capital cost
18 estimate and the fixed operating and maintenance cost estimate for the wind expansion option
19 to be reasonable.¹

20 Consistent with common utility practice, Hydro does not intend to own or operate wind
21 generation. The wind resources required to meet Hydro’s firm energy requirements would
22 consist of a large number of individual assets that would likely be geographically dispersed.
23 Hydro does not have the operational experience or resources necessary to construct or operate
24 assets of this nature, which presents a significant operational and financial risk. Hydro believes
25 that its resources are better utilized in planning and executing its proposed projects for capacity
26 expansion. Procurement of energy through an open and competitive expression of interest

¹ For more information and to view the full report, please refer to the “2024 Resource Adequacy Plan – An Update to the Reliability and Resource Adequacy Study,” Newfoundland and Labrador Hydro, rev. August 26, 2024 (originally filed July 9, 2024), app. C, att. 1.

1 process is consistent with common industry practice and will ensure that energy is procured in a
2 manner that is consistent with least-cost reliable service. Many of these companies operate on a
3 global scale and have the ability to procure turbines and inverters in much larger volumes than
4 Hydro would be able to.