

1 Q. **Reference: RRAS, 2022 Update, Vol. III, page 13 (94 pdf)**

2 Citation:

3 This level of load requests far exceed existing generation available on the
4 Labrador Interconnected System and would trigger the need for significant
5 incremental generation. Therefore, prior to progressing with the
6 interconnection process, Hydro opted to communicate further information to
7 the applicants on the projected cost of supply, associated rates, and estimated
8 timeline to supply these large incremental load requests. The intent was to be
9 transparent with such costs and offer the opportunity for applicants to confirm
10 their continued interest.

11 In March 2022, Hydro met with all applicants and provided the projected cost of
12 supply, possible associated rates, and estimated timeline to supply. Following
13 this, 21 customers, representing approximately 1,300 MW of load, confirmed
14 their continued interest in proceeding with the interconnection process.⁵⁵
15 (underlining added)

16 Please indicate the projected cost of supply, the possible associated rates and the estimated
17 timeline to supply that was communicated to applicants in March 2022, along with explanations
18 for the values used.

19

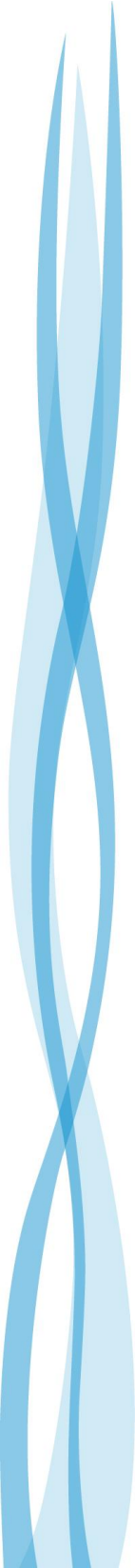
20

21 A. Please refer to LAB-NLH-048, Attachment 1, “Network Additions Policy – Rate Impacts of Firm
22 Upgrades,” provided to applicants in March 2022, which contains the projected cost of supply,
23 the minimum average rate for new large customer load, and estimated supply timelines.

24 The table included on page 2 of LAB-NLH-048, Attachment 1 contained a transposition error
25 involving the Initial Requests for Labrador East and Labrador West. An updated version is
26 provided herein as Table 1.

Table 1: Firm Capacity Requested and Confirmed by Region

	Initial Requests		Requests Confirmed	
	Capacity Requested (MW)	Number of Applicants	Capacity Requested (MW)	Number of Applicants
Labrador East	6,227	31	882	13
Labrador Central	1,141	6	527	5
Labrador West	551	15	581	7
Total	7,919	52	1,990	25



Network Additions Policy Rate Impacts of Firm Upgrades

March 2022



Firm Capacity Requested and Confirmed by Region

- The confirmed capacity requested on the Labrador Interconnected System (1,990 MW) continues to exceed the amount of generation currently available (approximately 50 MW) and would require material investment in incremental supply resources if the current level of applicant interest is realized.

	Initial Requests		Requests Confirmed	
	Capacity Requested (MW)	Number of Applicants	Capacity Requested (MW)	Number of Applicants
Labrador East	551	15	882	13
Labrador Central	1,141	6	527	5
Labrador West	6,227	31	581	7
Total	7,919	52	1,990	25

- Prior to progressing System Impact Studies, Hydro believes it is appropriate to communicate the projected cost of supply and associated rates to the applicants as well an estimate of the timeline to supply these large requests.

Summary of High-Level Impact Analysis and Rate Impact

- Below is a summary of the transmission and generation investments required for the three scenarios for three regions in Labrador. The minimum average rate for new large customer load is also provided.

Total Incremental Load	Cost of Generation Upgrades (Millions)	Cost of Transmission Upgrades to Supply Incremental Load in Each Region			Minimum Average Rate for New Customer Load (\$/kWh) ¹
		Labrador East Region (Millions)	Labrador Central Region (Millions)	Labrador West Region (Millions)	
300 MW	\$764	\$113	\$43	\$347	0.057
650 MW	\$3,360	\$132	\$86	\$480	0.081
1000 MW	\$5,976	\$160	\$93	\$821	0.094

¹The current average customer rate is currently \$0.027/kWh



Earliest Supply

- Supply timelines for new customers would be function of the incremental supply requirements.
- A scenario involving approximately 300 MW of incremental demand would likely take between 3-5 years to develop once approved.
- Expansion scenarios involving more than 300 MW would involve more complicated supply alternatives that require additional study. It is reasonable to assume that it would take +7 years to develop this magnitude of new supply.
- These timelines will be further refined during the System Impact Study phase.



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