

1 Q. **Reference: Application**

- 2 a) Should Hydro be installing additional EV stations before the commissioning of Muskrat Falls
3 and before reliability of its service is assured?
- 4 b) What would be the opportunity cost of providing electricity in the absence of Muskrat Falls
5 supply?

6

7

8 A. a) In Newfoundland and Labrador Hydro's ("Hydro") view, expansion of public charging
9 infrastructure should begin as soon as practicable. Hydro acknowledges there are questions
10 outstanding with respect to the reliability of the Labrador-Island Link and associated system
11 capacity which are being addressed through the ongoing Reliability and Resource Adequacy
12 Study proceeding. It is necessary to recognize that the requirement for additional capacity
13 for reliability purposes in combination with the Muskrat Falls Project does not change the
14 marginal energy cost reflecting the opportunity cost of exports. Given the material excess of
15 energy anticipated to be available upon the commissioning of the Muskrat Falls Project
16 assets, the evidence indicates there will be more than adequate energy to meet customer
17 needs in the future, including for electrification purposes.

- 18 b) The opportunity cost would be dependent on the timing of the loss of supply, the type of
19 supply required (e.g., capacity vs. energy), as well as the market price at the time of
20 requirement. For the purpose of this response, Hydro assumes the query is related to
21 serving customer load during a temporary loss of the Muskrat Falls supply. As such, the use
22 of smart chargers capable of demand response would minimize system peak impacts
23 resulting from increased use of electric vehicles, which would mitigate the impact of
24 electrification on system peak requirements during a period of loss of supply from the
25 Muskrat Falls Project.