

1 **Q. Reference: Application, Schedule 2.**

2 Please provide an illustrative example which compares the revenues received by Hydro (after  
 3 adjustment for losses and other market fees) if energy is exported versus if the energy is sold to  
 4 non-firm customers. Please explain any differences.

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7 A. Figure 1 is an illustrative example of potential revenue using July 2023 forecasted prices. New  
 8 York (“NY”) Zone A and New England (“NE”) Massachusetts Hub prices are used for both  
 9 scenarios, the export market and non-firm sales. The difference in revenue is primarily rounding  
 10 in the formula with foreign exchange and transmission losses. The example assumes the  
 11 previous month had the same sales split between the market with 40% to NY and 60% to NE.

<b>Export Market</b>		<b>Non-Firm Sales</b>	
<b>New York Market Sales</b>			
Energy Delivered from NL System (MWh)	800	Energy Delivered from NL System (MWh)	2,000
Energy Delivered to Market (MWh)		Sales Split NY/NE (NY is 800 MWh out of the 2,000 MWh for 40% and NE is 1,200 MWh out of the 2,000 MWh for 60%)	
Transmission losses through Quebec 5.3%	758		40/60
Price per MWh	\$88	Price per MW using weighted average of 40% NY and 60% NE: (40% of NY Price of \$83 and 60% of NE price of \$87)	\$85.54
Gross Revenue	\$66,704	Revenue to Hydro	<u>\$171,079</u>
Incremental Transmission Costs	0		
Revenue from NY Market	<u>\$66,704</u>		
Net Revenue per MWh from NL System	<u>\$83.38</u>		
<b>New England Market Sales</b>			
Energy Delivered from NL System (MWh)	1,200		
Energy Delivered to Market (MWh)			
Transmission losses: Maritime Link 4.18%, Nova Scotia 6.8%, New Brunswick 3.3%	1,036		
Price per MWh	\$113		
Gross Revenue	\$117,068		
Incremental Transmission Costs (1150 MWh of NS transmission @\$7.70 MWh, 1072 MWh of NB transmission @\$3.58 MWh)	\$12,693		
Revenue from NE Market	<u>\$104,375</u>		
Net Revenue per MWh from NL System	<u>\$86.98</u>		
Netback to Hydro	<u>\$171,079</u>		

**Figure 1: Illustrative Comparative Calculation of Revenue Received by Hydro  
 (Export Energy vs Non-Firm)**