

1 Q. **Reference: Application**

2 What is Hydro’s current estimate of the marginal value of capacity and energy over the next five  
 3 years? Please provide a comparison to actual sales of capacity and energy with  
 4 transmission/wheeling costs shown separately for 2020, 2021, 2022 and year-to-date 2023.

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 7 A. Table 1 provides information regarding Newfoundland and Labrador Hydro’s (“Hydro”) estimate  
 8 for marginal capacity and energy costs over the next five years.

**Table 1: Marginal Cost Projection for the Island Interconnected System (2023–2027)<sup>1,2,3,4</sup>**

Year	Energy Supply Costs (\$/MWh)					Capacity Costs (\$/kW)		
	Winter On-Peak	Winter Off-Peak	Winter All-Hours	Summer All-Hours	Annual All-Hours	Generation	Transmission	Generation and Transmission
2023	62.65	49.37	55.34	16.69	29.50	300.15	38.38	338.53
2024	60.96	49.30	54.54	15.75	28.61	332.73	39.23	371.96
2025	55.59	46.74	50.72	15.29	27.03	215.05	40.10	255.14
2026	51.62	43.91	47.37	15.28	25.92	185.73	40.98	226.71
2027	50.99	43.13	46.66	15.58	25.88	200.90	41.89	242.79

9 Hydro did not have sales of capacity to external markets during this period. Table 2 provides  
 10 information regarding energy exported on behalf of Hydro for 2020, 2021, 2022, and 2023 year  
 11 to date. Note that the response does not include energy owned or sold by Nalcor Energy  
 12 Marketing on behalf of itself or entities other than Hydro.

<sup>1</sup> Basis of Energy, Generation Capacity, and Transmission Capacity is in the “Marginal Cost Study Update – 2021 – Summary Report,” Newfoundland and Labrador Hydro, March 7, 2022, filed as Attachment 1 to Hydro’s response to TC-IC-NLH-001 as part of the joint proceeding of Hydro and Newfoundland Power Inc. for the Applications for Approvals Required to Execute Programming Identified in the Electrification, Conservation and Demand Management Plan 2021–2025.  
<sup>2</sup> Winter Season defined as December through March.  
<sup>3</sup> On-peak hours for winter are Monday through Friday from 7:00 a.m. to 10:00 p.m.  
<sup>4</sup> On-peak hours for summer are Monday through Friday from 8:00 a.m. to 10:00 p.m.

**Table 2: Energy Exported on Hydro's Behalf**

Year	Exports (GWh)	Gross Revenue (\$000)	Power Purchase		Net Benefit (\$000)
			Costs from Muskrat Falls (\$000)	Transmission Costs (\$000)	
2020	11			2	
2021	24			98	
2022 <sup>5</sup>	674		25,573	3,235	
2023 Year-to-Date <sup>5</sup>	345		6,046	13	

<sup>5</sup> These energy sales include the purchase of energy from Muskrat Falls to serve Labrador customers and the revenue from the sale of the export revenue.