

1 **Q. (Reference PUB-NP-003 and PUB-NP-006) Has the imminent commissioning of the**  
 2 **Muskrat Falls Project in any way impacted Newfoundland Power's 2022 CBA? If so,**  
 3 **please provide details.**

4  
 5 A. Yes, the imminent commissioning of the Muskrat Falls Project has impacted  
 6 Newfoundland Power's 2022 *Capital Budget Application* (the "Application").

7  
 8 The *St. John's Teleprotection System Replacement* project included in the Application  
 9 was originally planned for 2021, but was deferred to 2022 to allow for further study of  
 10 system protection requirements following commissioning of the Muskrat Falls Project.<sup>1</sup>  
 11 The St. John's teleprotection system is critical to the safe and reliable operation of both  
 12 the Holyrood Thermal Generating Station ("HTGS") and the Labrador Island Link  
 13 ("LIL"). In March 2021, TransGrid Solutions Inc. issued its study of critical clearing  
 14 times on Newfoundland Power's 138 kV and 66 kV transmission systems following the  
 15 interconnection of the LIL. Study results confirmed the need to maintain critical clearing  
 16 times when the HTGS is no longer operational and the LIL begins supplying the Island  
 17 Interconnected System.<sup>2</sup> Newfoundland Power therefore proceeded to include the  
 18 *St. John's Teleprotection System Replacement* project in the Application.

19  
 20 Execution of the *Electric Vehicle Charging Network* project is necessary to facilitate the  
 21 successful delivery of customer electrification programs outlined in Newfoundland  
 22 Power's *Electrification, Conservation and Demand Management Plan: 2021-2025*. The  
 23 successful delivery of electrification programs will provide a rate mitigating benefit to  
 24 customers over the longer term, primarily through transportation electrification.<sup>3</sup> This is  
 25 consistent with the Board's findings as part of the Reference on Muskrat Falls Rate  
 26 Mitigation, in which the Board recommended the utilities and Provincial Government  
 27 work together on a comprehensive and coordinated approach to developing the most  
 28 appropriate programs for the Province.<sup>4</sup>

29  
 30 The economic analysis completed in relation to the *Sandy Brook Plant Penstock*  
 31 *Replacement* project compares: (i) the cost of continued operation of the hydro plant; and  
 32 (ii) the value of production from the hydro plant based on forecast marginal costs. The  
 33 forecast marginal costs used in the economic analysis are based on Newfoundland and  
 34 Labrador Hydro's ("Hydro") 2020 marginal cost update.<sup>5</sup> The update reflects costs post  
 35 Muskrat Falls commissioning and are reflective of: (i) the forecast value of energy that  
 36 can be exported to external electricity markets for purposes of rate mitigation; and (ii) the  
 37 cost of additional capacity on the Island Interconnected System.<sup>6</sup> The analysis confirmed  
 38 that operation of the plant will continue to provide an economic benefit for customers.

<sup>1</sup> See response to Request for Information CA-NP-073.

<sup>2</sup> Hydro filed the study report with the Board on March 31, 2021. A copy of the report can be found in Attachment A of response to Request for Information CA-NP-048.

<sup>3</sup> See *2022 Capital Budget Application, Schedule B*, page 55.

<sup>4</sup> See the Board's *Rate Mitigation Options and Impacts Muskrat Falls Project Final Report*, February 7, 2020, page ii.

<sup>5</sup> See response to Request for Information NLH-NP-018.

<sup>6</sup> See response to Request for Information PUB-NP-003.