Q. (Reference CA-NP-134)
It is stated "*The capital cost to automate the gate structure at the Mount Carmel Pond Dam to improve performance during peak winter conditions is approximately $2.2 million or $1,467 / kW*." How does this compare to the forecast marginal value of capacity?

A. Newfoundland and Labrador Hydro's (Hydro) forecast marginal capacity costs are based on its least-cost resource options for building capacity on the Island Interconnected System. Historically, this has included combustion turbines and Bay d'Espoir Unit 8.[1] The costs of these resource options were included in Hydro's *2024 Resource Adequacy Plan*. The estimated cost of capacity associated with new combustion turbines and Bay d'Espoir Unit 8 is $3,204 / kW and $3,345 / kW, respectively.[2] These estimates are higher than the $1,467 / kW associated with automating the gate structure at the Mount Carmel Pond Dam.

[1] See Hydro's *Marginal Cost Study Update – 2021, March 7, 2022*, page 5 of 16, lines 1-3. Hydro's *Marginal Cost Study Update – 2021* was filed as Attachment 1 to response to Request for Information TC-IC-NLH-001 filed in relation to Hydro's *Application for Approvals Required to Execute Programming Identified in the Electrification, Conservation and Demand Management Plan, 2021-2025*, June 16, 2021.

[2] See Hydro's *2024 Resource Adequacy Plan, July 2024, Appendix C 2024 Expansion Plans – Development Process and Recommendation*, Page 26 of 163.