Q. Does Hydro currently place a value on unsupplied energy in its planning studies (value of lost load, VOLL)? Attachment 1 to PUB-NLH-074 appears to suggest that there are a number of limitations to studying VOLL specific to the electricity consumers of the Province (or any jurisdiction). It is noted that most of the references cited in Attachment 1 predate the year 2000. Does Hydro continue to believe such a study provides value? What are Hydro's current plans relating to the study on VOLL?

A. Newfoundland and Labrador Hydro ("Hydro") does not currently place a specific value on unsupplied energy in its planning studies and will dispatch all available resources to meet system load and reserve requirements in a given hour. Resources are typically dispatched in order of economic priority.

Hydro believes that while the information presented in PUB-NLH-074, Attachment 1 does not provide specific insight into the Value of Loss Load ("VOLL") or reliability and cost expectations of electricity customers in the Newfoundland and Labrador Interconnected System, the premises underlying the report itself provide an indication of the results in executing a similar study in other jurisdictions. As VOLL is not a study commonly undertaken by utilities, available information on the processes and findings of similar efforts in other jurisdictions can help to develop Hydro's approach in executing a VOLL study, should it be determined that one is warranted.

In correspondence dated February 25, 2020, Hydro advised that it had reviewed its plans to move forward with the portion of stakeholder engagement focused specifically on the VOLL.[1] It has been determined that the findings of Hydro's updated modelling of Labrador-Island Link ("LIL") reliability should inform the requirement for this type of study. Further, if such a study is warranted, the modelling results will help ensure development of appropriate questions with respect to customers' willingness to pay for increased system reliability. Should the findings of Hydro's Assessment of LIL Reliability confirm the requirement to engage with stakeholders

[1] "Reliability and Resource Adequacy Study – Update of Ongoing Work," letter, February 25, 2020

specifically on VOLL, Hydro will commence this work based on preparatory work completed to date. Given the likely time required and cost associated with executing a statistically sound study of this magnitude, it is Hydro's opinion that this approach will ensure such a study is required in this jurisdiction before committing significant effort and resources to its execution. Hydro's plans with respect to VOLL remain unchanged at this time.