

1 **Q. Reference: November 30, 2022, Hydro Presentation**

2 **LIS Non-Firm Rate & Pricing**

3 With respect to Slide 17:

4 **a)** Are the prices in the table the prices at which Hydro and its related companies sold  
5 power? If not, what were the gross revenue prices and the cost(s) of sales? Was there  
6 available power that either couldn't be sold or was sold at a discount? Were export  
7 sales profitable in 2020, 2021 and 2022?

8 **b)** Why are the New York Zone A prices forecast to be generally lower than the New  
9 England Mass Hub? Has this been the case in the past? How does this forecast  
10 compare with past experience? If not answered previously, how much power has been  
11 sold in the New England Mass Hub since January 1, 2018, and at what prices compared  
12 with New York Zone A? Has any Labrador power been sold elsewhere?

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15 **A. a)** The prices in the table provided on slide 17 of the presentation<sup>1</sup> represent a forecast net  
16 market price using the proposed formula as set out in Schedule 2 of the application.<sup>2</sup>

17 The New York market would be similar to the prices received by Newfoundland and  
18 Labrador Hydro ("Hydro") aside from the fixed cost incurred for transmission through  
19 Québec. The actual average price would vary due to the weighted average of prices  
20 achieved. For example, higher volumes are exported in the summer, which could have lower  
21 prices than the winter, reducing the average weighted costs. This is different than the equal  
22 hourly weighting of the prices in the slide.

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<sup>1</sup> "Non-Firm Rate Application – Information Session for Interested Parties," Newfoundland and Labrador Hydro, November 30, 2022.

<sup>2</sup> "Application for a Non-Firm Rate for Labrador," Newfoundland and Labrador Hydro, September 15, 2022, sch. 2.

1 The New England prices in the slide account for losses across the Maritime Link, through  
 2 Nova Scotia and New Brunswick and the transmission costs. The historical prices Table 1 do  
 3 not account for external transmission losses or transmission costs.

**Table 1: Comparison of Marginal Net Market Prices to Historical Market Sales**

Historical and Forecast Net Market Prices (cents per kWh)			Historical Hydro Sales by Market (average prices in cents per kWh)		
Year	New England Mass Hub	New York Zone A	Year	New England	New York
2020	1.73	2.28	2020	2.99	2.02
2021	4.01	3.71	2021	5.49	3.52
2022F	11.26	7.79	2022 <sup>3</sup>	10.33	6.02

4 Please refer to Hydro’s response to BKL-NLH-003 of this proceeding regarding energy that  
 5 was not sold from Labrador.

6 Please refer to Hydro’s response to BKL-NLH-001 of this proceeding for a summary of the  
 7 financial results for exports.

8 **b)** Natural gas is the primary fuel type for electricity generation in New England. New England  
 9 is natural gas pipeline constrained in the winter and as a result has to rely on the import of  
 10 liquefied natural gas for electricity generation, which historically has driven higher prices.  
 11 New York Zone A Hub is located in upstate New York which relies less on natural gas  
 12 generation and more on hydro, nuclear, and wind power as well as imports to serve load  
 13 which have produced lower market prices in recent years. The forecast is in line with  
 14 previous market characteristics. The recent forecast for energy prices has increased due to  
 15 an increase in forecast fuel prices for electricity generation due to world geopolitical issues.

16 Please refer to Hydro’s response to BKL-NLH-001 of this proceeding for recent market sales  
 17 analysis.

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<sup>3</sup> January to November 2022.