

1 **Q. Reference: Volume I, page 5.7, Other Adjustments**

2 **a)** In footnote 33, Hydro noted that for the 2027 Test Year, it is forecasting \$1.3 million for
3 greenhouse gas credit sales. However, based on the Supply Cost Variance Deferral
4 Accounts reports filed with the Board from 2022 to 2025, Hydro reported greenhouse
5 gas credits sales of \$9.3 million in 2022, \$23.1 million in 2023, \$20.1 million in 2024 and
6 \$16.1 million in 2025. Explain why the forecast for the 2027 Test Year is significantly
7 lower.

8 **b)** Provide the 2026F and the 2027F.

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11 **A. a)** The forecast of \$1.3 million in greenhouse gas credit sales for the 2027 Test Year reflects
12 Newfoundland and Labrador Hydro's ("Hydro") assessment of the uncertainty associated
13 with future sales opportunities, rather than historical sales levels. Under the province's
14 greenhouse gas regulatory framework, greenhouse gas performance credits may only be
15 sold to a small number of eligible facilities within Newfoundland and Labrador. Hydro's
16 potential customer base is therefore limited and future demand cannot be reliably forecast.

17 Historical greenhouse gas credit sales from 2022 to 2025 reflect market conditions and
18 purchaser demand in those years and are not necessarily indicative of future sales levels.
19 While Hydro recorded higher sales in those years, there is no assurance that similar
20 opportunities will be available in 2027. Given the uncertainty associated with future
21 demand, transaction volumes and pricing, Hydro has adopted a conservative forecast for the
22 2027 Test Year. Any variance between forecast and actual greenhouse gas credit sales will
23 be captured through Hydro's Supply Cost Variance Deferral Account framework for the
24 benefit of customers.

25 **b)** The 2026 and 2027 Forecasts are \$1.3 million, consistent with the values included in Hydro's
26 2026 General Rate Application.