

1 **Q. Reference: Supplemental Material, Schedule A-V, Energy Supply and Fuel Expense**

- 2 **a)** Provide an explanation for the variance between 2025F and 2025 Actual for the Gas
3 Turbine/Diesel Production (GWh).
- 4 **b)** Explain why Hydro is forecasting Gas Turbine/Diesel Production (GWh) of 41.4 GWh for
5 2026F and 44.3 GWh for the 2027TY when the actual GWH from 2019 to 2025 is
6 significantly lower.
- 7 **c)** Provide the forecast average price per litre for diesel fuel in 2026F, 2027F and 2027TY.
- 8 **d)** Provide a comparison of the Gas Turbine/Diesel Production cost for the first 6 months of
9 2026 to the 2026F, and explain any variances.
- 10 **e)** Provide the average market price of No. 6 Fuel per barrel and the No. 6 Fuel Production
11 Costs for the first 6 months of 2026 compared to the 2026F.
- 12 **f)** What impact have the geopolitical events in 2026 had on the forecast for the cost of Gas
13 Turbine/Diesel Production and the No. 6 Fuel (\$/bbl) and how has Hydro reflected this
14 in its test year forecast?

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17 **A. a)** There is a variance because the 2025 Forecast used forecast generation data for the fourth
18 quarter of 2025, while the 2025 Actual used the actual generation. The PLEXOS production
19 model, which was used to develop the 2025 Forecast, required 13.2 GWh of production
20 from gas turbines/diesel plants in the fourth quarter of 2025; actual net production in the
21 fourth quarter of 2025 was 0.3 GWh. More production from the Holyrood Thermal
22 Generating Station allows for less reliance on production from gas turbines and diesel
23 plants.

24 Additionally, the 2025 Forecast value for Gas Turbine/Diesels Production does not include
25 synchronous condenser usage, which is included in the 2025 Actuals. Net gas turbine/diesel
26 plant generation for this period, excluding synchronous condenser demand, is 1.3 GWh.

1 **b)** From 2019 to 2025, actual gas turbine/diesel net generation, including synchronous
2 condenser demand, averaged 4 GWh per year. During this same period, excluding
3 synchronous condenser consumption, gas turbine/diesel net generation averaged 10.8 GWh
4 per year, which is more representative of the forecasted amounts for 2026 and 2027.
5 However, Newfoundland and Labrador Hydro (“Hydro”) acknowledges that this is still shy of
6 the forecasted volumes in the 2026 Forecast and 2027 Test Year.

7 The remaining variance is due to modelling constraints in PLEXOS. Outages on the Labrador-
8 Island Link and gas turbines/diesel plants, which are required to facilitate planned
9 maintenance, are scheduled at fixed dates throughout the planned maintenance season. At
10 times, the model may not be able to meet demand without standby generation. In reality,
11 during normal system conditions, planned outages are scheduled to minimize thermal
12 generation, leading to lower thermal generation compared to what the PLEXOS model
13 indicates.

14 **c)** Please refer to Chart 1 for the forecast average price per litre for diesel fuel in 2026F,
15 2027TY and 2027F.

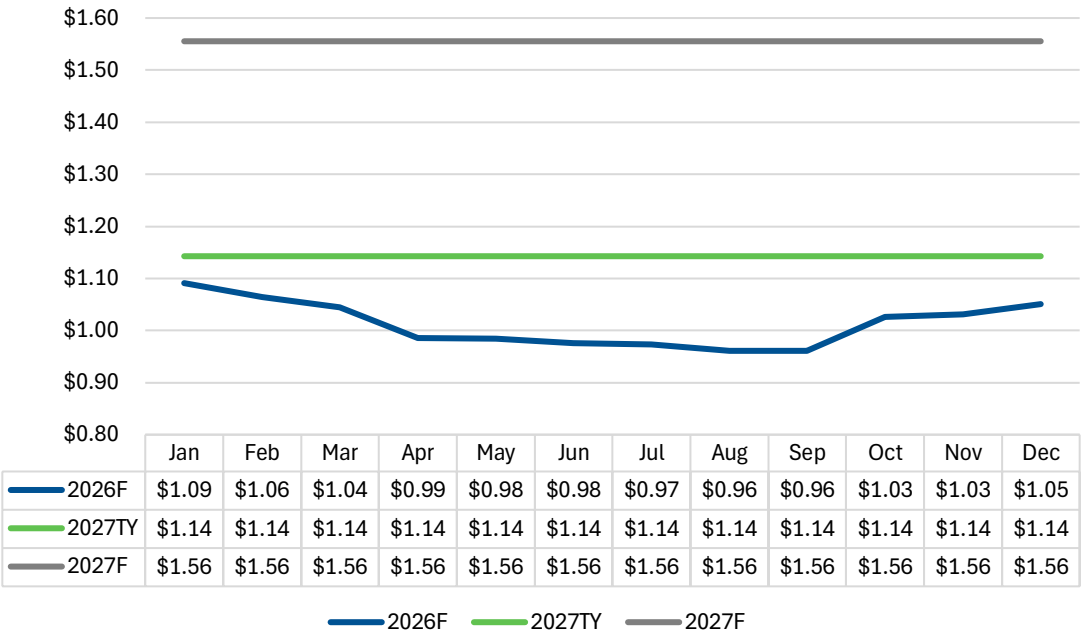


Chart 1: Average Price Per Litre – Gas Turbines and Diesel Fuel^{1,2,3}

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- d)** The Gas Turbine/Diesels Production cost for the first six months of 2026 was \$5.1 million, compared to the 2026 Forecast of \$10.0 million. The variance is due to a decrease in volume of \$6.1 million, partially offset by an increase in price of \$1.2 million. Forecast fuel consumption is based on planning assumptions that include thermal generation requirements to support system reliability and planned outages. Actual operations are managed to minimize thermal generation whenever possible through outage optimization and the use of available hydroelectric resources. Consequently, actual fuel consumption is lower than forecast.
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- e)** The average market price of No. 6 fuel for the first six months of 2026 was \$123 per barrel in actuals and \$78 per barrel in the 2026 Forecast.
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- The No. 6 fuel consumption costs for the first six months of 2026 were \$67 million, which is an increase of \$20 million from the 2026 Forecast of \$47 million for the same period. The

¹ Price listed for 2026F are based on the July 2025 short-term S&P Platts Market Data.

² Price listed for 2027TY are based on the May 2025 long-term S&P Platts Market Data.

³ Price listed for 2027F are based on the August 2026 short-term S&P Platts Market Data.

1 variance is mainly due to an increase in price of \$16 million and an increase in volume of
2 \$4 million.

3 **f)** Current geopolitical events have increased short-term fuel price forecasts. As a result,
4 monthly actual and forecast fuel prices for 2026 are higher than previously projected. Given
5 the uncertainty surrounding the duration and long-term impact of these events, Hydro has
6 not adjusted its test year fuel expense forecast at this time.