Q. **Reference: Volume I, Sections 6.6.5 and 6.7.3, Tables 6-5 and 6-7; and Volume III, Exhibit 17, Section 4.3**

a) Will the Industrial Block 2 marginal energy price be set to equal the Newfoundland Power Block 2 marginal energy price? Explain.

b) Confirm whether the Block 2 price incorporates Maritime Link transmission costs and marginal losses so that it represents the full opportunity cost of exports at the customer meter.

c) Describe the proposed mechanism and frequency for updating Block 2 prices between GRAs, and the customer notice to be provided.

d) Confirm how variances between forecast and actual export prices affect Industrial customers — through the LT SCVDA, through subsequent rate resets, or both — and identify if there is any potential double-counting risk.

A. **a)** The Industrial Block 2 marginal energy price will differ from the Newfoundland Power Inc. Block 2 marginal energy price due to differences in load profiles. The calculated marginal cost prices are weighted based on the customer load profiles.

b) Newfoundland and Labrador Hydro ("Hydro") does not incur additional transmission costs for the Maritime Link, but losses over the Maritime Link are included in the calculation of the opportunity cost of the market value of exports.

c) In Board of Commissioners of Public Utilities Order ("Board") No. P.U. 13(2026), the Board granted Hydro an extension to November 30, 2026 to file a proposed methodology for updating the wholesale rate between test years. Hydro's proposed methodology to update the underlying marginal cost for the Block 2 price for Island Industrial customers will also be included in this same filing.

d) The variances between forecast and actual export prices affect Island Industrial customers through the Long-Term Supply Cost Variance Deferral Account ("SCVDA") by sharing in the allocation of the variance from test year values. If actual net export revenue, due to price or volume, is higher than the test year, this results in a balance owing to customers; Island Industrial customers will be allocated a portion of this balance. If actual net export revenue is lower than the test year, the result is a balance owing from customers, with a portion of this balance allocated to Island Industrial customers. While rates are being mitigated, any resulting rider to collect the balance in the Long-Term SCVDA will be offset by the Project Cost Recovery Rider to target a specific rate increase, in accordance with the rate mitigation plan. In the export component of the SCVDA, there is no double counting since Industrial customers are sharing in a revenue variance, based on price and volume balancing back to test year values. Similarly, the load variation will adjust the Industrial revenue based on changes in volume, everything else being equal net export revenue variation and load variation would offset each other based on volume if prices were consistent with the test year.

The impact on Island Industrial customers through subsequent rate resets will be addressed in the report on the methodology for updating the wholesale rate between test years, as noted in part c) of this response.