

Q. **Reference: Volume I, Section 6.7.6**

- a) Provide the derivation of the updated five-year average loss factor of 3.44%.
- b) Explain how the applicable marginal source (thermal versus export market) is determined and communicated to customers for non-firm pricing in each period.
- c) Provide 2027F and 2027TY non-firm volumes and revenues and describe their treatment in the Cost of Service and in the LT SCVDA.

A. a) The five-year average loss factor of 3.44% was provided in error. The five-year average loss factor should have been 3.57%, as shown in Table 1. Newfoundland and Labrador Hydro (“Hydro”) will reflect this in the appropriate rate sheets for approval of final rates resulting from Hydro’s 2026 General Rate Application. This update does not impact any calculations in the proposed cost of service, only the proposed loss factor applied to the calculation of non-firm rates from thermal sources.

Table 1: Derivation of the Five-Year Average Loss Factor

	2024	2023	2022	2021	2020	Five-Year Average
System Requirement (GWh) ¹	6,858.4	6,870.6	6,579.4	6,524.3	6,663.4	
Losses (GWh)	273.0	232.1	228.3	227.3	234.7	
Losses (%)	3.98	3.38	3.47	3.48	3.52	3.57

- b) The marginal energy source is determined through forward-looking and historical assessments of system load and the generation resources required to meet hourly demand. Hydro does not generally provide advance notice to customers when the pricing for non-firm energy is adjusted to the cost of Holyrood generation. As indicated in Hydro's standard Power Service Agreements, Hydro is typically not aware that a customer is using

¹ Please refer to “2026 General Rate Application,” Newfoundland and Labrador Hydro, May 27, 2026, vol. I, sch. A-I.

1 non-firm energy until metering data is reviewed after the energy has been consumed.
2 Customers who intend to use non-firm energy are responsible for notifying Hydro in
3 advance. Where a customer provides such notice, Hydro can advise the customer regarding
4 the source of supply.

5 Hydro also conducts monthly reviews of hourly thermal generation to identify periods when
6 thermal units operated above minimum levels. Where thermal generation is required to
7 meet energy demand, rather than capacity requirements, such as during an unforced
8 hydraulic unit outage, customers taking non-firm energy during those periods are charged
9 the applicable thermal energy cost instead of the posted export market prices.

10 c) Hydro does not forecast non-firm volumes and revenues; therefore, they are not reflected
11 in the Cost of Service Methodology or the Long-Term Supply Cost Variance Deferral Account.