
2017/18 & 2018/19 ELECTRIC GENERAL RATE APPLICATION**Manitoba Hydro Undertaking #15**

Manitoba Hydro to explain why it does not use the avoided infrastructure cost for the generation marginal value calculation.

Response:

The 2017 marginal costs provided in Manitoba Hydro's response to PUB/MH II-57R include an avoided infrastructure cost (deferral of a generation unit) in calculating the updated marginal values.

As indicated in Manitoba Hydro's response to PUB/MH II-57 (Revised), due to the uncertainty in the value of generation capacity in the export market, Manitoba Hydro has concluded that it is more appropriate at this time to base the value of generation capacity on the deferral of a new generation resource in Manitoba. The generation capacity marginal value is based on deferral of a peaking type natural gas combustion turbine built in 2030/31, which recognizes the avoided infrastructure cost.