

1 Q. On page 25 of the Production Division evidence given by James R. Haynes it
2 indicates that a feasibility study on wind generation as a source of power
3 supply was completed in 2002. What was the conclusion of this study?
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6 A. The conclusion of the feasibility study on wind generation as a source of
7 power was that the island of Newfoundland benefits from a very significant
8 and unexploited wind resource with annual capacity factors at the better sites
9 on the order of 45 %. This is well in excess of industry norms that are
10 typically in the 25 to 35 % range. However, even under such a promising
11 wind regime, wind energy remains more costly than some other alternatives.
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13 The study identified a site for a proposed wind demonstration project in the
14 area of St. Lawrence, on the southern tip of the Burin Peninsula. A 25 MW
15 project, with an estimated capital cost of approximately \$46 Million (\$1839
16 per KW), was approved in principle by Government. The proposed project
17 exhibits a high average wind speed of 9.5 m/s, with a corresponding capacity
18 factor of 43 %, resulting in expected average net energy generation of 95
19 GWh per year.
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21 The study also identified a number of programs established by the
22 Government of Canada to provide financial incentives for developers of
23 renewable energy sources such as wind power and for utilities that
24 encourage and support these same resources. Two such programs that have
25 the potential to significantly impact the economics of the proposed wind farm
26 are the Wind Power Production Incentive (WPPI) program, under which the
27 Federal Government will pay to the developer, 1 cent per KWh for every
28 KWh produced for the first 10 years of the project, and the Green Power

1 Procurement Initiative (GPPI), under which the Federal Government will pay
2 (to Hydro), a premium for green energy supplied to Federal public buildings
3 within the province. These programs are non-stacking (energy under one
4 program is non-eligible for the other program) and their impact on the project
5 is subject to negotiation.