

**IC-445 PUB**

***Please confirm that the EES proposed 22% ratio for demand:energy classification is set out in at Exhibit C pages 4-5 of the EES evidence. Please confirm that these figures are based on the relative costs (including plant, fuel and O&M) for a natural gas fired SCCT compared to a natural gas fired CCCT, and all data is from a company called PacifiCorp. Please confirm that no data from Newfoundland was used in determining the 22% ratio.***

Response:

The calculated percentage used for the Peak Credit method was determined from readily available data. The objective of the Peak Credit method is to determine the cost of providing peaking service. Because the methodology does not use actual costs, but rather the relationship between costs for a base resource and a peaking unit, using data from available sources is appropriate. The only exception is if it is believed that the circumstances in Newfoundland and Labrador significantly alter the cost relationship between a base resource and a peaking unit, then actual data will have to be gathered before the percentage relationship can be determined.