

1 Q. Doesn't existing capacity on the system always assist in deferring the
2 requirement for additional capacity at some future date as evidenced
3 by the comparison of LOLH indices with and without the existing
4 capacity?

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6 A. No. Existing capacity resources do not automatically amount to any
7 material extent in deferral of system expansion. They may materially
8 aid in deferring capacity expansions, but only under a number of
9 conditions:

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11 - the capacity is large enough to result in the LOLH targets being
12 exceeded in a later year than would otherwise be the case (the
13 system expansion is not aided if the LOLH index is reduced, but not
14 sufficiently to actually defer the year in which the target is
15 exceeded)
- 16 - the capacity will still be available at the time of the LOLH target
17 being exceeded
- 18 - capacity will not be added regardless as a need to address energy
19 constraints
- 20 - a capacity addition is not brought on line for other reasons, such as
21 a new hydro plant being more economical than continued burning
22 of Holyrood fuel, or to add a wind generation demonstration
23 project (it is not apparent how the capacity of any wind generation
24 will be treated by Hydro in system planning).

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26 These same considerations apply to assessing the value of curtailable
27 loads (such as Interruptible B) which, when used as long-term
28 programs, can assist in deferring long-term capacity additions as a
29 component of a utility DSM plan.