

NLH-202 PUB (Re: NLH-201 PUB)

Please provide rationale to support the use of the peak credit method for hydraulic as well as thermal generating plan.

Response:

Hydraulic plant is difficult to classify because of the large capital cost and the fact that it serves both energy and peaking needs. The peak credit method establishes the value of the peaking capability of the hydro and other facilities and can therefore be used as a proxy to classify costs. It simulates a case where specific plants would be built for peaking alone and other types of plant would be used for base load energy.