

Re: Page 34, line 4

Q. Please explain how the Interruptible "B" contract with the Stephenville mill provides essentially the same function as GNP generation.

A. The Interruptible B rate contract with Abitibi-Stephenville provides essentially the same function as Hydro argues to be provided by GNP generation as both relate to available generation capacity for the Island Interconnected grid. Based on Hydro's assumptions, both provide the ability for the system operator, at winter peak demand times, to provide net generation to supply the short-term requirements of the system. Both have relatively small costs for dispatch, and both are included in the sequence of dispatch utilized by the system operator as shown at page 36 of Mr. Osler and Mr. Bowman's evidence.

Mr. Osler and Mr. Bowman do note that the primary ongoing and long-term function of the GNP generation is not its role in the Island Interconnected grid, but its role in enhancing local reliability to address transmission outages. This is the primary basis for the conclusion that the GNP generation is not properly assigned to Island Interconnected customers. In contrast, the Interruptible B rate contract's long term impact clearly relates to enhancing net available generation capability on the Island Interconnected grid.