Page 32, line 27 to Page 33, line 2 – Based on the analysis and factors summarized, please confirm that 636 kWh/bbl represents a reasonable forecast for the No. 6 fuel conversion factor for Holyrood for test year 2004.

Α.

The assumption that 633 kWh/bbl is the expected average for the period January 1996 to December 2003 is incorrect. The expected average for this period assuming 624 kWh/bbl is achieved in the remainder of 2003 is 625 kWh/bbl. The additional improvement of 3 kWh/bbl for the anticipated benefit of the Continuous Emissions Monitoring (CEM) System would bring the conversion factor to 628 kWh/bbl.

However, Hydro does not recommend proceeding with 628 kWh/bbl because other factors that were not present in the past may lead to deterioration in the performance. This includes the effects of the new generation sources on the residual load available to Holyrood and potential environmental factors that may come to light through the use the CEM system. The additions of this system and the water lance and reheater tubing on Unit 3 were considered by Hydro in proposing the increase from 615 kWh/bbl to 624 kWh/bbl for 2004.