

1 Q. On page 20 of Exhibit RDG-2 relating to the report on the treatment of NP
2 generation, it is stated that Hydro experience has shown that NP does not
3 have all of its resources available throughout the winter period due to
4 scheduled maintenance. Hydro also indicates that it believes NP should have
5 its generation in a state of readiness throughout the winter period (except
6 during forced outages):

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8 a. Was an alternative considered where Hydro would negotiate a formal
9 power purchase agreement with NP similar to that with IPPs, but
10 addressing the specific “value” of NP thermal generation?

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12 b. Please provide a comparison of such an alternative to the other
13 alternatives on the basis of the design standards listed on page 5.

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16 A. a. A contract approach for the output and operation of NP’s units was
17 considered. Table 6 in the Treatment of NP Generation report
18 provides sufficient alternatives for the eventual value that might be
19 negotiated as part of the contract discussions.

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21 b. A negotiated power purchase agreement between Hydro and NP
22 would be subject to Board approval and likely intervention by other
23 parties with respect to impact on rates. As indicated in response to
24 part (a) of this question, Table 6 in the NP Generation report lists
25 several bases for valuing NP’s thermal generation which could serve
26 as the basis for a negotiated price. Thus, as the design standards
27 listed on page 5 are applicable to the alternatives in Table 6, they are
28 also applicable to the negotiated agreement alternative.