

1 Q. With regard to the response to CA 31 NLH:

2 (a) How does Hydro make decisions and recommendations on new supply  
3 alternatives such as the wind farm without an integrated resource plan?

4 (b) How does Hydro ensure that long-term supply is maximizing value to  
5 consumers on the basis of cost and socio-environmental  
6 considerations?

7 (c) Please provide the economic and socio-environmental justification for  
8 pursuing a second 25 MW block of wind power at this time (see October 2,  
9 2006 Hydro News Release entitled *Newfoundland and Labrador Hydro*  
10 *Announces it will Issue a Second RFP for Additional Wind Power*), and  
11 show how proceeding with the project at this time is consistent with  
12 Hydro's current resource plan.

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15 A. (a) As noted in CA 187 NLH, Hydro does not prepare a complete  
16 integrated resource plan. Such a plan would require input from all  
17 energy sectors. Hydro does prepare a least cost, long-term, electricity  
18 generation expansion plan (see Regulated Activities: Evidence page  
19 28, lines 10-26). By studying the results of adding new supply  
20 alternatives, such as wind farms, to the long-term expansion plan,  
21 decisions and recommendations about their cost-effectiveness in the  
22 generation expansion plan can be made.

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24 (b) Hydro's least cost generation expansion planning process will  
25 minimize future revenue requirements from customers. As markets  
26 change over time, undeveloped supply resources may become cost  
27 effective to the point where it can be economic to advance their  
28 investment timing irrespective of Hydro's generation planning criteria.

1 Hydro's large thermal generation component will continually provide  
2 opportunities for alternative supply options to become potentially  
3 attractive to displace fuel on an economic basis. Moreover, oil  
4 displacement can achieve additional desirable objectives with an  
5 increased level of energy self-sufficiency and a reduction in  
6 atmospheric emissions from Holyrood.  
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8 (c) Hydro's first RFP for a 25 MW block of wind power provided  
9 information on the extensive and strong interest in developing wind  
10 power on the Island in a technically and economically feasible  
11 manner. With a competitive process for wind power procurement in  
12 place, Hydro believes there is the potential to cost-effectively add an  
13 additional block of renewable, indigenous wind power sooner than  
14 might otherwise be required.