

CA 1-16 NLH  
**Application for Approval of Recovery of Costs  
of 1% Sulphur Fuel through the RSP**

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- 1     1.     Please provide:
  - 2           a)     the current cost per barrel of 2%, 1% and .5% sulphur fuel oil;
  - 3           b)     an up to date forecast for the cost of the above fuels over the next 20 years,
  - 4                 showing the forecast incremental costs for the lower sulphur fuels;
  - 5           c)     the cost comparison of the above fuels over the last 10 years.
  - 6
- 7     2.     Please confirm whether the estimated rate impacts for switching to the 1% fuel  
8           provided in paragraph 14 of the Application has changed since the date of filing  
9           and, if so, what is the currently estimated rate impact?  
10
- 11    3.     Please provide the estimated rate impact if the switch to .5% sulphur fuel oil were  
12           undertaken.  
13
- 14    4.     Please explain what further environmental benefits and improved emissions would  
15           arise by use of a .5% as opposed to a 1% sulphur fuel oil. Would the use of .5%  
16           sulphur fuel oil be a lesser cost alternative to retrofitting the Holyrood facility?  
17
- 18    5.     At paragraph 7 of the Application it states that the Minister of Environment and  
19           Conservation has informed Hydro that there is reason to believe, based on the data  
20           and modeling, that Hydro is not in compliance with the Air Pollution Control  
21           Regulations, 2004. Please:
  - 22           a)     provide a copy of that correspondence if the assertion was made in writing;

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- 1           b)     indicate when this assertion was made by the Minister;
- 2           c)     indicate in what specific areas it has been asserted that there is reason to
- 3                     believe that Hydro is non-compliant and to what extent.
- 4
- 5   6.     Please provide a list of all incidents with details as to the time and circumstances
- 6             where in the opinion of Hydro, it has been established that Hydro failed to meet the
- 7             requirements imposed on it by the Air Pollution Control Regulations 39/04 together
- 8             with the magnitude of the exceedances in question relative to the requirements
- 9             under the Air Pollution Control Regulations.
- 10
- 11   7.     With reference to Hydro's response to PUB 5 NLH have the latest modeling results
- 12             referred to therein been shared with the Minister's Department and if so has the
- 13             Department indicated that these exceedances are sufficiently material to cause a
- 14             concern for the Department?
- 15
- 16   8.     Has Hydro asked the Minister or the Department to delineate what would be
- 17             considered a material exceedance of the emission standards under the Air Pollution
- 18             Control Regulations in terms of causing a prosecution to be launched or a fine to be
- 19             levied against Hydro? What does the Ministry consider to be a material exceedance?

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- 1 9. In Hydro's response to PUB 8 NLH, Hydro states that ..."by the autumn of 2005,  
2 Hydro determined that a staged reduction of the sulphur levels in the HFO would  
3 result in continued emissions in excess of the permitted levels as determined by the  
4 modeling used in the administration of the Air Pollution Control Regulations, 2004."  
5 Please provide details as to the nature and extent of the exceedance of permitted  
6 levels of emissions and current forecast cost and rate impact differences under such  
7 a plan.  
8
- 9 10. What actual emission levels would have to be achieved at a minimum in order for  
10 Hydro to deem the change to 1% sulphur fuel oil to be effective, and what specific  
11 period of time would be required to monitor the emission results in order to  
12 definitively conclude whether the switch to the 1% sulphur fuel oil meets the  
13 aforesaid effectiveness test?  
14
- 15 11. With reference to the PIRA Energy Group's No. 6 Fuel Forecast referenced at PUB  
16 13 NLH, please show in table format how these forecasts have been revised since  
17 they were made in the fall of 2005.  
18
- 19 12. Is there a relationship between the level/amount of the low sulphur fuel oil  
20 premium and the price of oil generally (for example, when the price of oil is high,

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1 does the premium generally widen or lessen?)

2

3 13. To what extent, if any, would a switch to 1% sulphur fuel oil be expected to impact  
4 upon the fuel conversion factor relative to the burning of 2% sulphur fuel at the  
5 HTGS?

6

7 14. The SGE Acres Report filed in support of the Application is dated February 20, 2004.

8 (a) Has Hydro produced or requested an up to date Cost Analysis of FGD v.  
9 Low Sulphur fuel oil as contained in Appendix B to the aforesaid Report  
10 using up to date cost estimates?

11 (b) Have any sensitivity cases been examined, for example, changes in the price  
12 premium for low sulphur fuel oil, changes in the capital cost of FGD, or  
13 changes in the operating pattern and life expectancy of Holyrood?

14 (c) At what price premium for low sulphur fuel oil would the economic/financial  
15 advantage of the low sulphur fuel oil option over FGD be eliminated?

16

17 15. The aforesaid Acres study indicates that Hydro should, in conjunction with  
18 converting to 1% sulphur fuel oil, upgrade the combustion system of Holyrood Unit  
19 3. Does Hydro have any such plans? What would be the cost of such plans and what  
20 impact would they have on Holyrood emissions?

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- 1     16.     Over the past 5 years how many complaints has Hydro received from members of  
2             the public in relation to emissions from the HTGS?