

1 Q. In undertaking a cost benefit analysis of the options available, how has the
2 possibility that the move to the use of 1% sulphur fuel may not achieve the
3 desired effect been considered in the analysis, setting out as well the impact
4 of the costs of other alternatives?

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7 A. As noted in the application, besides being the least cost option available to
8 Hydro to reduce its emissions to levels more consistent with the modeling
9 under the EPA and the *Air Pollution Control Regulations, 2004*, switching to
10 1% sulphur fuel provides Hydro with the flexibility to assess future use of the
11 Holyrood Thermal Generating Station without committing substantial capital
12 expenditures for retrofitting at this time.

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14 If the move to the use of 1% sulphur fuel does not achieve the desired effect,
15 then there is no penalty involved in switching to one of the other less cost-
16 effective and more capital-intensive solutions.

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18 The fact that the most cost-effective solution was also the most flexible
19 meant that a trade off between these two desired features did not have to be
20 made in the analysis.