

**Production**

**Q. Recalculate the 2004 annual fuel savings achieved by operating each of NP's hydro plants based on the displacement of production that would otherwise have been generated by Hydro's Holyrood plant during the period when the Holyrood plant was operating to provide base load.**

A. Newfoundland Power's combined average annual hydro production of 426 GWh translates into fuel savings of approximately \$20 million annually. These savings accumulate throughout the year whether the Holyrood plant was operating or not. Newfoundland Power's hydro production during periods when Holyrood is not operating will result in fuel savings by allowing Hydro to store water in its reservoirs that can be used later to offset production at Holyrood.

Therefore, the annual fuel savings from the operation of Newfoundland Power's hydro production would be the same whether the Holyrood plant was operating or not.