

1 Q. Reference: The *Electrical Power Control Act, 1994*, Section 3(b).

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3 Please describe in detail how the operation of Hydro's gas turbines at minimum
4 load is consistent with the most efficient production of power as set out in the
5 *Electrical Power Control Act, 1994*.

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8 A. Section 3 (b) of the *Electrical Power Control Act, 1994*, states that

9 (b) all sources and facilities for the production, transmission and distribution of

10 power in the province should be managed and operated in a manner

11 (i) that would result in the most efficient production, transmission and
12 distribution of power,

13 (ii) that would result in consumers in the province having equitable access
14 to an adequate supply of power,

15 (iii) that would result in power being delivered to consumers in the province
16 at the lowest possible cost consistent with reliable service,

17 (iv) that would result in, subject to Part III , a person having priority to use,
18 other than for resale, the power it produces, or the power produced by a
19 producer which is its wholly-owned subsidiary,

20 (v) where the objectives set out in subparagraphs (i) to (iv) can be achieved
21 through alternative sources of power, with the least possible

22 interference with existing contracts,

23 and, where necessary, all power, sources and facilities of the province are to
24 be assessed and allocated and re-allocated in the manner that is necessary

25 to give effect to this policy;

1 In Hydro's view, "most efficient production of power" is considered in the context
2 of the full section of the *Electrical Power Control Act* and not exclusive of the other
3 subsections, and that the management of the assets considers and balances safety,
4 reliability and cost efficient production of electricity.

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6 Hydro considers that in consideration of the age, reliability, and the availability of
7 the thermal generation units at the Holyrood Thermal Generation Station, its
8 operation of gas turbine at minimum load was consistent with Section 3 (b)
9 subsection (iii), which requires Hydro to deliver lowest possible cost consistent with
10 reliable service.