

1 Q. **Reference: Supply Cost Accounting Application, Appendix A, page 2 of 7.**

2 Please clarify what price and volume is related to throughout the definition. For example, it is
3 related to fuel costs in each instance?

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6 A. The terms “price” and “volume” are contained solely within Section 5.0 of the proposed Supply
7 Cost Variance Deferral Account Definition, “*Other Island Interconnected System Supply Cost*
8 *Variance*” which begins on Appendix A, Page 2 of 7 of the application as noted in the Reference
9 for this question. This response clarifies the use of the terms in that section.

10 The language in the proposed deferral account definition for the *Other Island Interconnected*
11 *System Supply Cost Variance* component has been revised from the existing definition for the
12 Revised Energy Supply Cost Variance Deferral Account to remove the references to Holyrood
13 fuel cost variances. With respect to price and volume variances, the proposed definition is the
14 same as the currently approved definition for the Revised Energy Supply Cost Variance Deferral
15 Account.

16 There are three references to price and volume, as noted below.

17 i. Variations resulting from both the price and volume of the following thermal generation
18 sources shall be charged or credited to this account:

19 • Holyrood Combustion Turbine;

20 • Hardwoods Gas Turbine;

21 • Stephenville Gas Turbine;

22 • St. Anthony Diesel Plant; and

23 • Hawkes Bay Diesel Plant.

1 For the sources listed above, “price and volume” refers to actual variances versus the approved
2 test year in the price and volume of fuel required to operate the listed thermal generation
3 sources.

4 ii. Variations resulting from the volume of the following on-island power purchases shall
5 be charged or credited to this account:

6 • Nalcor Exploits;

7 • Star Lake;

8 • Rattle Brook;

9 • Corner Brook Pulp and Paper Limited (“CBPP”) Cogeneration;

10 • St. Lawrence wind; and

11 • Fermeuse wind.

12 For the power purchases listed above, “volume” refers to actual variances from the approved
13 test year in the kWh of energy purchased from the listed sources.

14 iii. Variations from the price and volume of firm energy power purchases from CBPP shall
15 be charged or credited to this account.

16 For firm energy power purchases from CBPP, “price and volume” refers to actual variances from
17 the approved test year in the price and kWh of firm energy power purchases from CBPP.