

1 Q. **Reference:** Schedule 1, Evidence, page 2, lines 12-14.

2 “In addition to certainty surrounding the cost, the proposed terms have stronger test
3 requirements in advance of winter, as well as more stringent reporting and outage approval
4 requirements for CBPP’s generation fleet.”

5 a) Please provide details of the stronger test requirements and more stringent reporting and
6 outage approval requirements.

7 b) Why did Hydro decide that it was necessary to have stronger test requirements and more
8 stringent reporting and outage approval requirements within this agreement when
9 compared to previous capacity assistance agreements?

10 c) Does Hydro have increased concerns in comparison to previous capacity assistance
11 agreements with respect to the reliability of Corner Brook Pulp and Paper’s generating
12 assets? If so, please provide details.

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15 A. a) Under the proposed capacity assistance agreement (“CAA”), the capacity assistance test will
16 be completed in September or October of each year during an agreed upon one-day
17 window. During this window Newfoundland and Labrador Hydro (“Hydro”) will make a call
18 for capacity assistance for up to four hours, testing both the capacity of Corner Brook Pulp
19 and Paper Limited (“CBPP”) and the responsiveness (i.e., the ability to respond within ten
20 minutes) in accordance with the CAA. This is an improvement from previous CAAs whereby
21 only capacity was tested during an agreed upon hour.

22 The previous CAA did not require CBPP to report formally on the status of its generation
23 fleet and did not promote the open sharing of information—due to the punitive nature of
24 the CAA—should CBPP not be able to fully comply with a request for capacity assistance.
25 Under the new arrangement, CBPP will be required to provide daily status reports,
26 participate in operational calls when required, and provide annual reports on its generation
27 fleet. CBPP must also coordinate planned outages and maintenance activities with Hydro.

1 **b)** The previous CAA between Hydro and CBPP required CBPP to carry out a test, at a mutually
2 agreed upon time, that demonstrated its ability to provide a certain level of capacity
3 assistance to the system. While it was beneficial to test CBPP’s ability to provide capacity
4 assistance, it did not confirm its ability to respond to requests for capacity assistance within
5 ten minutes. The new testing provision will test and confirm CBPP’s ability to respond to the
6 volume and the timeframes outlined in the contract.

7 Hydro also decided that it was important to have greater insight into status of CBPP’s
8 generation fleet so that the system can be operated as effectively and cohesively as
9 possible. This is to ensure any issues that may impact Hydro’s ability to receive capacity
10 assistance are known and accounted for in advance of any requests made.

11 **c)** Hydro does not have increased concerns in comparison to previous CAAs with respect to the
12 reliability of CBPP’s generating assets. The proposed terms reflect improvements to the CAA
13 that are being made to ensure that Hydro has as much visibility as possible into the
14 operations of CBPP’s generation fleet in order to ensure the system can be operated as
15 effectively and efficiently as possible. This was identified as an area that could be improved
16 upon from previous CAAs.