

1 **TOPIC:** **RSP OBJECTIVES**

2 **QUESTION:**

3 Based upon the RSP objectives, does Mr. Bowman believe that the RSP is operating as intended
4 over the period 2007/8 to present? Please provide the basis for the response.

5 **RESPONSE:**

6 The approved RSP arrived at by negotiations among the customer groups in 2003 is a set of
7 methods and rules for managing the account. It is not a set of Board-approved “objectives”.

8 To the extent the RSP objectives are commonly understood, in respect of the load variation
9 provision, the RSP is achieving its first and foremost objective which is to protect Hydro from
10 any variations in its revenues and costs arising from load variations, and to instead impose this
11 risk back onto Hydro’s customers. In this regard, the RSP is doing exactly as intended.

12 With respect to allocation among the customer groups, the approach adopted in 2003 was
13 intended to ensure that load changes and actions of one customer class in between GRAs did not
14 affect (adversely or positively) the other classes. This objective is also being achieved by the
15 operation of the RSP since 2007.

16 It is worth noting that Mr. P. Bowman is not advocating for these objectives, simply noting that
17 the current situation reflects an RSP acting exactly as intended within these objectives.