

1 Q. Does Hydro have any plan in place as regards the systematic identification of
2 projects with favourable pay back periods?

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5 A. Hydro uses its asset management framework to address the acquisition of new
6 assets, as well as the rehabilitation and renewal of existing assets. This process
7 includes technical and economic analyses which compare viable options using a net
8 present value methodology to ensure the selected option best aligns with safe,
9 least cost, reliable power. This applies to new assets as well as assets at the end of
10 their lifecycle and inherently considers payback periods. For assets in mid-lifecycle,
11 Hydro's primary focus is on opportunities to improve energy efficiency. These are
12 identified in the form of targets and initiatives through its annual strategic planning
13 process as part of its environment goal. Hydro reviews its assets for potential
14 opportunity, working to address the lowest cost and best return projects first.
15 There is no existing program with primary focus to specifically identify projects with
16 favorable payback periods beyond improving energy efficiency.