

1 Q. (Re: Pre-filed Testimony of P. Bowman and H. Najmidinov, page 3, lines 37 to  
2 40). It is stated with regard to interruptible/curtailable load *"the COS*  
3 *representation of both of these offerings should parallel the methods used in the*  
4 *past for Interruptible B (i.e., costs to make incentive payments to customers are*  
5 *included in COS, but peak loads are calculated based on the non-interrupted*  
6 *levels)". Should peak loads in the cost of service study be calculated*  
7 *independent of customer owned generation as well; i.e., should customer-*  
8 *owned generation be addressed separately from the cost of service study? If*  
9 *not, why not?*

10 A. No. As a prescriptive rule, customer owned generation should not automatically  
11 be addressed separately from the cost of service study.

12 It is important to distinguish between customer owned generation that is  
13 baseload (such as NP hydraulic generation, or CBPP hydraulic generation) and  
14 customer owned generation that is a reliability-focused peaking resource (like NP  
15 thermal, or comparable industrial customer backup thermal units if there are any  
16 on the system).

- 17 • Customer-owned hydraulic generation is intended to be utilized throughout  
18 the year as a primary supply to the customer's own load. This generation  
19 should not be excluded from the Cost of Service study and customer  
20 energy and demand forecasts for the cost of service study should be net  
21 of hydraulic generation.
- 22 • In contrast, rarely used intermittent resources such as NP thermal  
23 generation should not receive any credit in the COS study. Although not  
24 addressed in the InterGroup evidence, a thermal generation credit is  
25 currently provided to NP (35.993 MW) for the production function which is  
26 not justified. These thermal units are primarily intended to provide for  
27 reliable service to the end-user, in times of radial transmission line  
28 outages, blackouts, power restoration, etc. They are not first and foremost  
29 designed to support grid operation. There should further be rules to  
30 prevent the customer from "gaming" the system by running their thermal  
31 generation at peak times when it is not needed from an integrated  
32 economy and efficiency standpoint solely to profit from reduced power bills

1 (as this is effectively offside the legislation as set out in Section 3(b)(i) of  
2 the EPCA, 1994).