

1 Q. (Re: Pre-filed Testimony of P. Bowman and H. Najmidinov, page 52, lines 29 to
2 32). With respect to the CBPP contractual limit on frequency converter use, it is
3 stated "Consideration should be given to revisiting the 18 MW contractual limit on
4 Frequency Converter use, and in the event this can be safely and reliability
5 increased from the 18 MW level, CBPP should be given the opportunity to revise
6 its annual Power on Order at that time without any form of restriction or penalty".

7 i. Was the 18 MW contractual limit negotiated between Hydro and CBPP?

8 ii. Was this contractual limit discussed by Hydro and CBPP during the re-
9 negotiations of the contract relating to the generation credit? If not, why
10 not?

11 iii. Would it be more appropriate for Hydro and CBPP to open up negotiations
12 on the entire supply agreement in light of the 18 MW contractual limit on
13 frequency converter use, the generation credit, and the recent
14 negotiations on interruptible power following the 2013/14 outage events? If
15 not, why not?

16 iv. Is it anticipated that these negotiations would be completed in time for the
17 Board's Order on the 2013 GRA?

18 v. Would it be more appropriate for Hydro to have separate contracts with
19 CBPP for 1) generation purchases and 2) supply to the mill? If not, why
20 not?

21 A. i) and ii) InterGroup's understanding is that the 18 MW limit was imposed by
22 Hydro¹.

23 iii) and iv) There is no requirement to "open up negotiation on the entire service
24 agreement". The bulk of the service agreement is the same template and form as
25 for any industrial customer on the island. The service agreement works in
26 practice, and the current form resolves many of the longstanding provisions that
27 encouraged inefficiency in the use of island interconnected system generation.
28 The remaining regulatory issues with the contract (as opposed to the cost-of-
29 service modeling of the contract) relate primarily to the contractual limit of

¹ Article 1.01 (n) of the Service Agreement between Hydro and CBPP (Hydro's 2013 GRA, Schedule A) notes ".... a maximum of 18,000 kW, which is the normal maximum capability of Hydro's 50/60 Hz frequency converter."

1 18 MW on the frequency converter use. If this limit is required for safety and
2 engineering reasons, then it may be appropriate to include in the contract to
3 govern the day-to-day use of the converter (and the remaining issues become (a)
4 whether to include the recent upgrade work in rate base in any fashion, and (b)
5 how to reflect the full capability of the converters, rather than the day-to-day
6 limits, in COS modellings – neither of which are contract issues per se).

7 v) The question is not clear. CBPP is a single customer with both load and
8 generation.