Q. (GRA, Volume II, Exhibit 4 – Corner Brook Pulp & Paper Generation Credit, page 5) Is it appropriate to base the savings on historical costs? What are the savings forecast over the next ten years based on Hydro's marginal cost forecast?

A. In its analysis on page 5 of the Exhibit, Hydro was responding to Board Order No. P.U. 15(2011) which requested a review of the benefits since the implementation of the Pilot agreement.

The savings forecast to the end of 2017, based on Hydro's marginal energy cost (Holyrood) forecast is indicated in the table below.

Table 1
Potential Fuel Savings Arising from the CBPP Demand Credit Contract
2016-2017
Using 2015 Test Year Fuel Conversion Rates

	Energy (kWh)[1]	Conversion Rate (kWh/bbl)	Fuel Savings (bbls)	Average Fuel Cost ($/bbl)[2]	Cost Savings ($$$)
2016	3,725,000	607	6,140	$ 90.57	$ 556,125
2017	3,725,000	607	6,140	$ 90.06	$ 552,995
Totals	**7,450,000**		**12,280**		**$ 1,109,119**

Notes:
1. Uses the energy benefit of 3.60 GWh are the GRA system loss factor of 3.47%.
2. Uses September PIRA No. 6 fuel forecast for 2016-2017 and average Holyrood production costs.

For the reasons outlined in Hydro's response to NP-NLH-101, the marginal cost of demand and energy delivered from the Lower Churchill Project, are not available at this time.