

1 Q. (Re: Response to CA-NLH-56 and CA-NLH-59) Please confirm that for the period
2 2014 through 2017 Hydro forecasts that the CBPP Agreement will save about
3 \$600,000 annually in fuel costs (CA-NLH-56). Are there any other system savings
4 during this period stemming from the CBPP Agreement? Please confirm that for the
5 period 2014 through 2017 Hydro forecasts that the CBPP Agreement will save CBPP
6 about \$640,000 annually on its electricity bills (CA-NLH-59). On the basis of these
7 forecasts, please explain why the CBPP Agreement is a good deal for the electricity
8 consumers on the Island Interconnected System.

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11 A. In its response to CA-NLH-056 Hydro has outlined the potential fuel savings for the
12 period 2013 to 2017 resulting from the CBPP agreement. They are estimated to be
13 approximately \$600,000 annually, based on the system load reduction of 3.72 GWh
14 annually, the proposed 2013 Test Year fuel conversion rate of 612 kWh per barrel
15 and the forecast Holyrood fuel consumption prices in each year. These fuel savings,
16 since fuel is a common cost, would be allocated to each customer class based upon
17 energy ratios.

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19 There are no other system savings identified during this period stemming from the
20 CBPP Agreement.

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22 In its response to CA-NLH-059, Hydro has outlined the potential savings to CBPP for
23 the period 2013 to 2017 resulting from the CBPP agreement. The savings are based
24 on the customer's firm load reduction, due to the increased utilization of its own
25 generation, but also include the savings due to reduced non-firm power purchases.
26 As outlined in Exhibit 4, Section 3.3.1, it is assumed that the energy that would
27 normally have been purchased at non-firm rates (3.46 GWh annually) is purchased

1 at firm rates. This will reduce the overall system energy benefit and result in less
2 savings to other electricity consumers on the Island Interconnected System. In
3 Exhibit 4, Section 3.3.2, it was estimated that the annual system fuel savings would
4 be \$71,000 in 2013, under this scenario. The impact under this scenario remains
5 difficult to quantify going into the future as Deer Lake Power generation reductions
6 can occur at any time due to a number of factors (e.g. equipment breakdown,
7 planned shutdowns for capital refurbishment, low water levels, frazil ice).