

1     **Q.     CBPP Demand Credit Agreement**

2             (Re: Response to CA-NLH-56, CA-NLH-59 and CA-NLH-162) In light of the data and  
3             information filed in the Amended 2013 GRA and the recent reduction in the oil price  
4             forecast, please update the following information for the period 2014 through 2017  
5             as it relates to the CBPP Demand Credit Agreement:

- 6                     a) the CBPP Agreement will save about \$600,000 annually in fuel costs (CA-  
7                     NLH-56);
- 8                     b) there are no other system savings during this period stemming from the  
9                     CBPP Agreement;
- 10                    c) the CBPP Agreement will save CBPP about \$640,000 annually on its  
11                    electricity bills (CA-NLH-59);
- 12                    d) the impact of the capacity assistance agreement entered into with CBPP  
13                    on this analysis; and
- 14                    e) the CBPP Agreement continues to be a good deal for the electricity  
15                    consumers in the Province.
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- 18     **A.     a)**     The table below outlines the potential for annual savings in fuel costs based  
19                    on 2014 actual fuel consumption prices and Hydro's most recent fuel price  
20                    forecast (March 2015) for the years 2015-2017. As indicated, there has  
21                    been a modest reduction of potential savings to approximately \$520,000  
22                    annually.

**Table 1**  
**Potential Fuel Savings Arising from the CBPP Demand Credit Contract**  
**2014-2017**  
**Using 2014 Actual and 2015 Test Year Fuel Conversion Rates**

	Energy (kWh) <sup>(1)</sup>	Conversion Rate (kWh/bbl)	Fuel Savings (bbls)	Average Fuel Cost (\$/bbl) <sup>(2)</sup>	Cost Savings
<b>2014</b>	3,725,000	584	6,380	\$ 108.50	\$ 692,230
<b>2015</b>	3,725,000	607	6,140	\$ 67.60	\$ 415,064
<b>2016</b>	3,725,000	607	6,140	\$ 77.60	\$ 476,464
<b>2017</b>	<u>3,725,000</u>	607	<u>6,140</u>	\$ 82.40	<u>\$ 505,936</u>
<b>Totals</b>	<b>14,900,000</b>		<b>24,800</b>		<b>\$ 2,089,694</b>

Notes: 1. Uses the energy benefit of 3.60 GWh and Hydro's Amended Application system loss factor of 3.47%.  
2. Uses March, 2015 No. 6 fuel forecast for 2015-2017 and average Holyrod production costs.

- b) There remain no other system savings identified by Hydro during this period stemming from the CBPP Agreement.
- c) Hydro is unable to determine the total potential savings to CBPP based on the most recent fuel price forecast (March 2015) under the analysis presented in Hydro's response to CA-NLH-059, because a Cost of Service study has not been completed using these prices. However, in its response to CA-NLH-059 (Revision 1, Nov 28-14), Hydro had identified approximately \$595,000 in savings annually to CBPP in each of 2016 and 2017 based on its Amended Application.
- d) As indicated in c) above, Hydro is unable to determine the full impact on this analysis of the capacity assistance agreement entered into with CBPP. However, the benefits to CBPP resulting from these arrangements, in terms of the reduction in its firm demand costs and additional revenues, are outlined in Hydro's response to CA-NLH-296.

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- 1           e)     Based on the potential fuel savings identified in part a) which, as a Common  
2                   Cost, would be allocated to each customer class based upon energy ratios,  
3                   Hydro believes that the CBPP Agreement continues to be a good deal for the  
4                   electricity consumers in the Province.