

- 1 Q. (Re: CA-NLH-284) The response indicates that sales to CBPP in 2014 of 9,000
2 kW/month of firm demand and 65.79 GWh of energy produced net revenues of
3 \$3.520 million, or 5.4 cents/kWh sold. After accounting for purchases, CBPP
4 received net revenue from Hydro in 2014 of \$2.704 million. Please confirm the
5 following:
- 6 a) These figures incorporate the savings to CBPP resulting from the
7 capacity agreement, but if not, please adjust the figures accordingly;
- 8 b) The marginal cost of energy to supply CBPP in 2014 was 16.3 cents/kWh,
9 or more than \$10.7 million;
- 10 c) These figures do not include purchases of CBPP cogeneration, and if they
11 did, CBPP would have received net revenue from Hydro in 2014 of
12 \$12.36 million (see CA-NLH-285).
- 13 d) The revenues from CBPP recovered all costs of providing standby power
14 to CBPP. Please provide a calculation showing the cost of providing
15 standby power to CBPP based on the 2015 Test Year Cost of Service
16 Study' i.e., the costs included in the cost of service study for transmission
17 and generation on standby to supply CBPP during occasions when its
18 generation is out of service.
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- 21 A. a) The revenues from CBPP for sales in 2014 of \$3.5 million do not reflect the
22 capacity assistance purchase costs of \$6.2 million for 2014 as these purchases are
23 not related to sales of firm power to CBPP.¹

¹ The revenues reported in Hydro's response to CA-NLH-284 do not reflect the RSP billing adjustments for each year as these amounts are not reported as revenue by Hydro. There was no RSP Adjustment factor for the IC in 2014 with the exception of Teck Resources.

1 b) The marginal cost of energy to supply all customers on the Island Interconnected
2 System based upon the average Holyrood fuel cost in 2014 was 18.6¢ per kWh.
3 However, it is not marginal costs but average embedded costs that are used to
4 determine revenue requirement from CBPP and all other customers in the cost of
5 service methodology approved by the Board.

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7 c) The revenues from CBPP provided in Hydro's response to CA-NLH-284 do not
8 include the \$9.7 million in cogeneration purchases from CBPP in 2014. With respect
9 to the comparability of revenues from CBPP for service provided by Hydro and
10 purchases for energy provided by CBPP, please see Hydro's response to CA-NLH-
11 346.

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13 d) Hydro assumes that "standby power" refers to Generation Outage Power and
14 Interruptible Power provided to CBPP to deal with generation outages and
15 Interruptible demand if CBPP requires Hydro's thermal generation to supply these
16 loads. These loads are provided at marginal cost rates reflected in the Industrial
17 Customer contracts approved by the Board. The marginal rates for April 2015 are
18 11.931¢ per kWh for Holyrood fuel and 13.412¢ for gas turbine generation to
19 supplied the non-firm loads.