

1 **Q. (Re: Pre-filed Testimony of Douglas Bowman, page 24): Is it Mr. Douglas**
2 **Bowman's view that the expectation of Muskrat Falls coming on line, with a lower**
3 **and/or uncertain marginal cost of energy by 2017, is a basis for rejection of the**
4 **proposed CBPP contract?**

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6 A. As stated by Mr. Doug Bowman in his Pre-filed Evidence, the benefits of the
7 CBPP contract are likely to decrease following the commissioning of Muskrat Falls. The
8 IC's expert witnesses confirm this on page 45 (lines 24 to 25) of their Pre-filed
9 Testimony which states "*It is acknowledged that the economics of the contract revision*
10 *will be different following the Labrador infeed and may need to be reassessed at a future*
11 *GRA*". Mr. Doug Bowman does not oppose altering the CBPP supply agreement;
12 however, he believes it should be reviewed in its entirety to incorporate recent events
13 such as the new interruptible component of the contract, the subsidy being received by
14 the ICs and the reduced value of energy following the commissioning of Muskrat Falls.
15 Mr. Doug Bowman points out that a relatively simple modification to the contract as
16 proposed results in a 36 page summary of changes to the contract (see CA-NLH-5). On
17 page 43 (lines 29 to 31) of the IC Pre-filed Testimony, it is stated "*Issues arise under the*
18 *previous industrial contract framework due to it being inadequate to deal with industrial*
19 *customer generation. That contract framework had been designed fundamentally based*
20 *on for a normal customer who purchases 100% of their power from Hydro and did not*
21 *self-generate*". Mr. Doug Bowman agrees with this statement and for this reason suggests
22 that separate contracts with Deer Lake Power generation and CBPP be considered as part
23 of an overall study of the CBPP supply agreement. This could potentially simplify the
24 contract arrangements, better meet requirements set out in the Act, and provide benefits
25 to both participating and non-participating customers.