

1       **Q. (Re: Pre-filed Testimony of Douglas Bowman, page 26): The Testimony**  
2       **recommends that the current contract with CBPP should be split into 2 (one to**  
3       **buy generation from Deer Lake, and one to sell firm power to CBPP).**  
4       **Specifically, it notes "(t)he contract with Deer Lake Power generation would be**  
5       **similar to other power purchase agreements with generators on the Island**  
6       **Interconnected System". Please indicate the pricing that Mr. Douglas Bowman**  
7       **recommends be applied to the Deer Lake power output. For example, would the**  
8       **pricing be equal to the pricing provided to the Corner Brook co-generation**  
9       **facility output? Alternatively, would the pricing be equivalent to other hydraulic**  
10       **firm power generation sources, such as Rattle Brook?**

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12       A.     Mr. Doug Bowman does not recommend that the contract be split into two  
13       contracts as stated in the question. He recommends that Hydro file a study of the supply  
14       agreement with CBPP in its entirety and that the study consider the pros and cons of  
15       separate contracts with Deer Lake Power generation and CBPP. Neither does Mr. Doug  
16       Bowman recommend a price for the generation. As stated in his response to IC-CA-3, a  
17       relatively simple modification to the contract as proposed results in a 36 page summary  
18       of changes to the contract (see CA-NLH-5). Further, he agrees with the IC Pre-filed  
19       Testimony (page 43, lines 29 to 31) that *"Issues arise under the previous industrial*  
20       *contract framework due to it being inadequate to deal with industrial customer*  
21       *generation. That contract framework had been designed fundamentally based on for a*  
22       *normal customer who purchases 100% of their power from Hydro and did not self-*  
23       *generate".* For these reasons, Mr. Doug Bowman believes that consideration should be  
24       given to having separate contracts with Deer Lake Power generation and CBPP. This  
25       could potentially simplify the contract arrangements, better meet requirements set out in  
26       the Act, and provide benefits to both participating and non-participating customers. The  
27       price would be negotiated between CBPP and Hydro, and if the new agreements provide  
28       benefits to both participating (CBPP) and non-participating customers (the other ICs and  
29       NP), then they should be filed for the Board's approval.