

1 Q. **Reference: Exhibit 4 page 1.**

2 Please provide all analysis in support of the claim of equivalency between the
3 “credit” provided NP in respect of its generation and the credit provided to CBPP.
4 Please ensure the response includes a full COS analysis showing no credit to NP for
5 its generation. Please also quantify all benefits to CBPP from the Generation Credit
6 agreement.

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9 A. In its reference to the benefit of the Generation Credit agreement to CBPP being
10 similar to that of Newfoundland Power, Hydro was referring to the pilot
11 arrangements whereby CBPP is now receiving credit for its 60 Hz generation. This
12 credit is applied to CBPP’s overall 60 Hz demand – similar to Newfoundland Power.
13 This has allowed for less restricted and more efficient operation of CBPP’s 60 Hz
14 generation, as it no longer has to ‘chase’ the CBPP mill load in order to avoid energy
15 costs at higher, non-firm rates. This Industrial Customer also benefits because it no
16 longer has to purchase non-firm energy during times of reduction of Deer Lake
17 Power (DLP) generation, unless this occurs at a time that Hydro has requested DLP’s
18 generation for system purposes. The estimated benefits to CBPP from the
19 Generation Credit agreement, since its implementation through to the end of the
20 2013 Test Year, are quantified in Table 8, on Page 15 of referenced Exhibit. Hydro
21 estimates that the benefit of improved water utilization is in the order of \$657,000,
22 through a reduction in requirements for firm power purchases. The benefit of
23 reduced non-firm energy purchases is estimated to be \$2.1 million. The potential
24 benefit to all customers through 2013 Cost of Service is also estimated in the
25 reference Exhibit.

- 1 Please refer to Hydro's response to IC-NLH-051 for a 2013 COS analysis showing no
- 2 credit to NP for its generation.