

1 Q. Re: Wilson Pre-Filed Testimony, page 17. Dr. Wilson indicates that  
2 industrial customers receive an "economic deterrent to reducing energy  
3 consumption" by way of the energy price signal.  
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5 Under Dr. Wilson's approach, would it be possible, for  
6 example, to have Corner Brook Pulp and Paper reduce their  
7 mill load dramatically and instead sell substantially all of the  
8 output of the Deer Lake generating station into the Island  
9 Industrial system at the marginal price of Holyrood? If not,  
10 why not, and how is this inconsistent with the price signals  
11 advocated in the Wilson Pre-Filed Testimony.  
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14 A. No; very likely not. The marginal cost of Holyrood is not the cost applicable to  
15 all generation on the system. It is the cost of marginal production. If the Deer  
16 Lake generating station was a system resource that was dispatched to meet the  
17 system's marginal load requirements, then the energy cost of running the Deer  
18 Lake station would reflect the system's marginal cost. Under marginal cost  
19 pricing, if Corner Brook P&P reduces its load it would save 17.6 cents/kWh for  
20 reduced marginal load. Also, if Corner Brook P&P could reliably and efficiently  
21 provide generation to meet the system's marginal load at less than the running  
22 cost of Holyrood, it may be appropriate to consider dispatching that alternative  
23 source of generation to meet system load requirements and to pay Corner Brook  
24 P&P an appropriate avoided cost rate.