

1 Q. **Re: Cost of Service Study, Exhibit 9, s. 4.1.1, page 20**

2 The Cost of Service Study states “Hydro’s impetus for funding the existing
3 CDM programs is to achieve overall fuel savings.”

4 Please provide a description of how and when this purpose was determined.
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7 A. In May 2006, a study entitled *Marginal Costs of Generation and Transmission* was
8 completed by NERA, which confirmed that the largest component of avoided cost
9 was fuel. The NERA study formed the basis of the economics used in the
10 subsequent Conservation and Demand Management (CDM) Potential Study that
11 was conducted by Marbek Resource Consultants Ltd in 2008. This provided the
12 framework to develop the CDM program portfolio, and as a result, it is focused on
13 fuel savings.