

1 Q. [InterGroup Consultants Testimony, page 5, paragraph 1.14].

2 Would InterGroup Consultants agree that all customers benefit when CDM
3 programs reduce energy consumption on the Island Interconnected System, and
4 thereby reduce Holyrood fuel consumption?

5 A. In general, yes. However the benefits are not evenly shared.

6 To an extent, CDM programs benefit all customers by reducing Holyrood fuel costs
7 when Holyrood is required to run to support the system load requirements.
8 However, there are flaws to Hydro's proposed CDM cost recovery design when
9 the RSP is factored into the calculation with respect to customer incentives to
10 participate in programs on a per kilowatt hour basis. For a calculation of why this
11 is the case, please see the response to PUB-IC-5.

12 As provided on page 54 of the Pre-filed Testimony of P. Bowman and H.
13 Najmidinov, and further detailed in response to PUB-IC-5, the net benefit for
14 industrial customers would be approximately 4.99 cents/kW.h from each kW.h of
15 Holyrood savings (17.77 cents/kW.h as per the 2013 GRA) through Industrial
16 customer CDM initiatives, and 0.47 cents/kW.h through Holyrood savings as a
17 result of NP and Rural CDM programs.

18 By comparison, the net benefit for NP and Rural is 12.78 cents/kW.h from each
19 kW.h of Holyrood savings through industrial customer CDM initiatives, and about
20 17.30 cents/kW.h through NP and Rural CDM programs.

21 The net effect of a customer undertaking CDM initiatives is heavily skewed towards
22 providing benefits to NP and Rural and not to industrial customers.