

1 **Q. [InterGroup Consultants Evidence, page 36, line 29]**

2 **Please describe in detail the “distribution system issues” to which InterGroup**
3 **refer.**

4 **A.** The normal understanding of curtailable loads is that they are available to the utility as a
5 resource to address supply and delivery constraints. This could include not only
6 generation and transmission limitations, but also distribution system limitations (e.g.,
7 insufficient capacity or equipment issues at distribution transformers, substations) or
8 other uses that are primarily of value to the distribution utility. For example, the NP report
9 (dated 1998) by Brockman Consulting notes as follows, specifically addressing “line
10 outages”:

11 There are also non-peak times when the system capacity is short for other reasons such
12 as major generator or line outages. At those times the curtailable customers can be
13 asked to drop off the system. (CA-295, Attachment A, page 3 from the NP 2003 GRA).

14 Shaw Stone and Webster assessed the role of NP’s thermal generation (which is a
15 conceptually similar low-use periodic resource available to NP, though of greater value
16 due to the lack of limitations on the hours which the thermal units can be dispatched)
17 and concluded that somewhere between 25% and 50% of the value of the thermal
18 generation is appropriately considered to be a resource benefitting NP and not the
19 overall system (Exhibit RDG-2 from the Hydro 2006 GRA, section 4.2.5.6).

20 Messrs Bowman and Najmidinov are also aware of a study produced by Leidos
21 Consulting for BC Hydro available here:

22 [http://www.bchydro.com/content/dam/BCHydro/customer-](http://www.bchydro.com/content/dam/BCHydro/customer-portal/documents/corporate/regulatory-planning-documents/regulatory-matters/cos-workshop-leidos-final-report.pdf)
23 [portal/documents/corporate/regulatory-planning-documents/regulatory-](http://www.bchydro.com/content/dam/BCHydro/customer-portal/documents/corporate/regulatory-planning-documents/regulatory-matters/cos-workshop-leidos-final-report.pdf)
24 [matters/cos-workshop-leidos-final-report.pdf](http://www.bchydro.com/content/dam/BCHydro/customer-portal/documents/corporate/regulatory-planning-documents/regulatory-matters/cos-workshop-leidos-final-report.pdf)

25 The above document notes at page C-20 that the NP Curtailable Service Option costs
26 are functionalized 4% to distribution as part of the NP 2013/14 General Rate Application,
27 however Messrs Bowman and Najmidinov have not been involved with the NP GRA to
28 independently confirm this conclusion.