

1 Q. **2013 General Rate Application, Wind Energy Purchases**

2 Page 1.7, lines 5-8 - It is stated that in 2013 the combined benefit of purchased
3 wind energy and Exploits Generation will total approximately \$74 million. Is this a
4 net benefit taking into account the purchase price and any other costs associated
5 with delivery of the wind energy and Exploits Generation to the power system?
6
7

8 A. The \$74 million is a net benefit which takes into account the purchase price and any
9 other costs associated with delivery of the wind energy and Exploits Generation to
10 the power system. The integration costs for the system upgrades required for the
11 new sources of generation, i.e. the wind projects and the former Star Lake Hydro
12 and Exploits River Partnerships, were paid for by the developers under the
13 interconnection agreements. The base generation at Exploits (i.e. the generation
14 formerly used by the Abitibi mill in Grand Falls-Windsor) was already connected to
15 the system. The incremental costs of generation 'load following'¹, resulting from
16 the variability of the wind generation, are negligible for this level of wind
17 generation.
18

19 Please see Hydro's response to PUB-NLH-1 for more information relating to how the
20 overall benefit is derived.

¹ 'Load following' refers to the reaction of other generators on the system which have to compensate for increases or decreases in wind generation in order to maintain a stable system frequency.