Q. Further to the response to PUB-NLH-395, please explain in detail why the Annualized Cost of Generation (column a) used in Table 4.5, Island Interconnected System Marginal Capacity Costs, are different from the values shown on TABLE B: CA-NLH-033 Rev 1 provided in the response to IC-NLH-166, page 2 of 3, which are understood to be more recent cost estimates.

A. The forecasts of annualized cost of generation used in Table 4.5 and in TABLE B: CA-NLH-033 (Revision 1, Dec 9-14) reflects changes in the estimated annualized costs for a combustion turbine (CT) with the difference in the values between Table 4.5 and TABLE B: CA-NLH-033 (Revision 1, Dec 9-14) solely due to changes in the estimated unit capacity costs (dollars per kW) of a CT. The installed unit capacity cost for a CT that was used to determine the annualized costs of generation in Table 4.5 was estimated to be approximately $1,500 valued in 2014 dollars and reflected the cost per kilowatt of a single end 50 MW CT. The installed unit capacity cost for a CT that was used to determine the annualized costs of generation in TABLE B: CA-NLH-033 (Revision 1, Dec 9-14) was estimated to be approximately $1,225 valued in 2014 dollars and reflected the cost per kilowatt for the full capacity of a double end (2 X 60) MW CT. The approximate 20% reduction in estimated unit capacity costs reflects the change in scale from a single end 50 MW CT to a double end (2 X 60) MW CT and also reflects different point in time cost estimates. Please note that Hydro updated its marginal cost model to include the lower unit capacity CT cost in November 2014.