

1 Q. Further to the response to PUB-NLH-406 Attachment 1 – Calculation of CDM
2 Recovery Mechanism, please explain in detail whether Hydro’s CDM programs
3 (included in the amounts for Island Interconnected Plan Deferred Costs) also benefit
4 NP customers or whether they only benefit Hydro’s customers.

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7 A. The costs of Hydro’s CDM programs used in the calculation of the CDM Recovery
8 Mechanism include Hydro’s CDM program costs on the Island Interconnected
9 System and Hydro’s CDM costs for other isolated systems. See Table 2.2 in Section
10 2.2.3 of the Evidence to Hydro's Amended Application, which provides a summary
11 of the energy savings related to Hydro’s CDM activities.

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13 From a revenue requirement perspective, the CDM programs on the Island
14 Interconnected System benefit: (i) Newfoundland Power customers through
15 reduced fuel costs and a reduced rural deficit on the interconnected system to be
16 recovered through rates; (ii) Island Industrial Customers through reduced fuel costs
17 to be recovered through rates; and (iii) Hydro Rural Customers through lower rates
18 being established for the customers of Newfoundland Power.

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20 Also, from a revenue requirement perspective, the CDM programs on the Isolated
21 Systems benefit Newfoundland Power customers through a reduced rural deficit to
22 be recovered through rates and Hydro Rural Customers through lower rates being
23 established for the customers of Newfoundland Power.