

1 Q. (GRA, Volume II, Exhibit 4 – Corner Brook Pulp & Paper Generation Credit, page 5)

2 Is it appropriate to base the savings on historical costs? What are the savings
3 forecast over the next ten years based on Hydro's marginal cost forecast?

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6 A. In its analysis on page 5 of the Exhibit, Hydro was responding to Board Order No.
7 P.U. 15(2011) which requested a review of the benefits since the implementation of
8 the Pilot agreement.

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10 The savings forecast to the end of 2017, based on Hydro's marginal energy cost
11 (Holyrood) forecast is indicated in the table below.

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Table 1					
Potential Fuel Savings Arising from the CBPP Demand Credit Contract					
2014-2017					
Using 2013 Test Year Fuel Conversion Rates					
	Energy (kWh)⁽¹⁾	Conversion Rate (kWh/bbl)	Fuel Savings (bbls)	Average Fuel Cost (\$/bbl)⁽²⁾	Cost Savings (\$\$\$)
2014	3,721,000	612	6,080	\$ 101.60	\$ 617,726
2015	3,721,000	612	6,080	\$ 95.08	\$ 578,103
2016	3,721,000	612	6,080	\$ 97.94	\$ 595,463
2017	<u>3,721,000</u>	612	<u>6,080</u>	\$ 99.96	<u>\$ 607,752</u>
Totals	14,884,000		24,320		\$ 2,399,044

Notes: 1. Uses the energy benefit of 3.60 GWh are the GRA system loss factor of 3.36%.

2. Uses March PIRA No. 6 fuel forecast for 2014-2017 and average Holyrood production costs.

13 For the reasons outlined in Hydro's response to NP-NLH-101, the marginal cost of
14 demand and energy delivered from the Lower Churchill Project, are not available at
15 this time.