

1 Q. With reference to the chart at slide 28 of the Technical Conference presentation in  
2 respect of this Application, please explain why the dotted line does not represent  
3 the horizon that defines when high cost generation sources are dispatched (i.e.,  
4 only Holyrood oil if above this line, and full dispatch of turbines if below this line).

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7 A. It should be noted that the targets indicated in slide 28 of the Technical Conference  
8 presentation were for 2015. The minimum targets for 2016 are shown in Figure 1  
9 of Hydro's response to NP-NLH-002.

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11 As noted in Hydro's Application, "Newfoundland and Labrador Hydro (Hydro) has a  
12 mandate to provide energy to meet customers' requirements. To provide that  
13 energy, Hydro employs a planning methodology which balances hydraulic and  
14 thermal production and is adjusted annually depending on the available hydrology.  
15 Hydro has a strong focus on ensuring the economic dispatch of its generation and  
16 specifically focuses on maximizing generation from hydraulic sources and  
17 minimizing generation from thermal sources to manage cost to customers.  
18 However, in periods of low precipitation, Hydro relies on its thermal generation  
19 fleet to meet shortfalls in hydraulic production."

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21 Monthly minimum reservoir storage targets are calculated each year by System  
22 Operations using the Vista DSS model to ensure that the system is operated to  
23 maintain sufficient water in storage for continued generation through a repeat of  
24 the historic dry period. The system wide monthly storage targets are developed  
25 with consideration of historic inflow sequences, generating plant availability  
26 (including Holyrood), and system load forecasts and are recalculated in the event of  
27 demand and/or supply side changes which can result from modifications to load

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1 forecasts or the addition of new generating sources to the system. Total system  
2 storage is continually monitored against the established minimum targets. Thermal  
3 generation would be increased when aggregate storage approaches the minimum  
4 targets. Other factors, such as the distribution of storage among the reservoirs;  
5 weather forecasts and approximations of the water equivalent in snowpack; and  
6 availability of hydraulic and thermal units would also be considered in making the  
7 decisions related to thermal generation.

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9 Hydro's scheduling procedures plan to use only the three Holyrood thermal units to  
10 produce energy for customers' requirements; the standby plants are normally  
11 reserved for providing additional short term capacity to support system reserves  
12 and for emergency purposes. In 2016, the use of the standby units for energy to  
13 support Hydro's reservoirs was required due to concerns of local storage levels in  
14 Long Pond (the headwaters of the Bay d'Espoir plant) and due to the ongoing  
15 unavailability and uncertainty of generation capacity at the Holyrood generating  
16 station.