

1 Q. Reference: *2016 Standby Fuel Deferral Application*, Page 11, Footnote 10.

2 *“In contrast to forecast production levels included in the 2015 Test Year, Hydro has*  
3 *been running the Holyrood CT at minimum output levels during peak periods of the*  
4 *day to provide enhanced system reliability.”*

5 This Application does not appear to segregate Standby Generation fuel costs  
6 associated with enhanced system reliability from Standby Generation fuel costs  
7 associated with low reservoir levels. Is such a segregation practical and, if not, why  
8 not?

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11 A. Such segregation is not required. Since January 4, 2016, Hydro’s water  
12 management application Vista DSS (Decision Support System) has recommended  
13 increasingly higher levels of thermal production to support the declining reservoirs  
14 and to secure the supply of energy and capacity for Hydro’s customers on the Island  
15 Interconnected System. In the absence of the standby generation energy generated  
16 in 2016, Long Pond, which is the headwaters for the Bay d’Espoir plant, would have  
17 been at a low critical level of 100 MCM or 43 GWh. In this period, it is not  
18 necessary or meaningful to segregate the fuel costs as all the standby fuel  
19 consumed has provided the energy needed to support Hydro’s reservoir storage  
20 system. Also, please see response to PUB-NLH-009.