Q. Re: Holyrood: Upgrade Unit 1 Stack Breeching
Given that the Hydro's most current base case is to operate Holyrood for the period 2017 to 2020 at just 32,000 barrels of oil per year, why is it stated in Section 4.3 (Cost Benefit Analysis) that the study period for the Cost Benefit Analysis was 9 years, this year period being described as the "minimum service life expected of the breeching system which is dependent on the future of Holyrood as a generating station."?

A. The cost benefit analysis is based on a nine-year period whereby the plant has to be in reliable condition to operate at full thermal production if called upon. Thermal production requirements are forecast to be high until the end of 2016. From 2017 to 2020, it is also possible that a scenario could develop whereby Holyrood would be called upon to produce power for a significant period of time. For reliability of the Island Interconnected System, it is prudent to ensure that Holyrood can deliver full production for an extended period if called upon.

The nine-year analysis period is referred to as the “minimum service life” within the context that this would be the requirement for thermal generation with the Lower Churchill Project receiving sanction. If the Lower Churchill Project does not receive sanction, or delays occur in the project schedule, then the service life of the Holyrood plant as a primary power thermal generation plant would increase beyond the minimum nine-year period.