

1 Q. (Expert Evidence – JT Browne Consulting, page 4) It is stated “*The net benefits prior*  
2 *to full commissioning of the MFGF would also include improved reliability of the IIS.*  
3 *It would be difficult to estimate the value of this increased reliability and Hydro has*  
4 *not attempted to estimate it.*” Why are reliability benefits so difficult to estimate?  
5 For example, would it be possible to estimate the savings arising from: 1) relegating  
6 Holyrood Units 1 and 2 to standby status, and Unit 3 to synchronous condenser  
7 operation, 2) cancellation of capacity assistance agreements, and/or 3) avoiding the  
8 costs of firm purchases with an implied capacity charge in lieu of non-firm energy  
9 purchases? Is Hydro proposing to set Island customer rates at levels reflecting the  
10 continued operation of Holyrood for both capacity and energy purposes including  
11 capital, O&M and fuel, without returning to customers in the deferral account the  
12 avoided costs arising from reliability benefits of the LIL/LTA and ML? Please explain  
13 how this is consistent with established regulatory principles?

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16 A. This response has been provided by JT Browne Consulting.

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18 Mr. Browne’s understanding that “*It would be difficult to estimate the value of this*  
19 *increased reliability and Hydro has not attempted to estimate it.*” is based on  
20 information provided to him by Hydro.

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22 It is Mr. Browne's understanding that the issue of reliability benefits has been  
23 addressed in Hydro’s response to PUB-NLH-014.