

1 Q. **Re: Exhibit 13, page 37 of 60**

2 Citation:

3 The above analysis takes place in the context of conditions in which system  
4 planners have accorded a role a priori to wind power in capacity planning. Once this  
5 assumption is made, then calculations of a wind component lead reasonably to the  
6 results reported in Mr. Dean's testimony. The issue, then, is whether the presence  
7 of a demand share at other utilities, whose planners view wind as having a capacity  
8 component in system planning, should have weight in contradicting a utility's  
9 system planners who believe, as Hydro's do, that wind should be accorded no  
10 weight in capacity planning.

11 Unfortunately, calculations by other utilities are based on their planners' views and  
12 practices. If a utility's planners see no capacity value in wind, as Hydro's evidence  
13 suggests that they do, then others' calculations are not necessarily of value.

14 Logically, Hydro's planners' views are prior to discussions of any calculations of  
15 capacity factor and, ultimately, classification share. From this perspective, Hydro is  
16 entitled to claim that its planners' views are paramount. By extension, the utility  
17 need not perform a study of capacity factors and performance of wind generation  
18 in peak hours or hours of low reserves since the results are not bound to influence  
19 the planners' conclusions.

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21 Questions for Mr. Chapman:

22 a) Please provide a precise reference to where Hydro has indicated that its  
23 planners see no capacity value in wind, and to the justification provided for  
24 that view.

25 b) Please identify by name and title the planners referred to in the citation, and  
26 explain why the PUB should be bound by their views.

- 1           c)     When was the last planning exercise before the PUB in which this question  
2                     was addressed?
- 3           d)     If Hydro's planners should change their view and come to the conclusion  
4                     that wind power could indeed contribute to meeting Hydro's capacity needs  
5                     to a certain extent in the future, would it then become necessary to modify  
6                     the current cost allocations?

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9    A.     Response provided by CA Energy Consulting.

- 10           a)     Page 4.15 of Hydro's evidence in its 2013 GRA Amended Application states:  
11                     "From a system planning perspective, Hydro no longer assumes that wind  
12                     generation will be available to supply system capacity requirements.  
13                     Therefore, Hydro is proposing that the purchased power costs related to  
14                     wind be classified as 100% energy related. This proposal is reflected in the  
15                     2015 Test Year Cost of Service Study." The basis for the planners' views is  
16                     their experience with wind generation in past peak hours. This experience is  
17                     illustrated in a table showing the record of wind generation availability in  
18                     peak hours in the years 2008-13. This table appears in Hydro's response to  
19                     NP-NLH-043 Rev. 1 in the Amended 2013 GRA proceeding.
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- 21           b)     Rather than identify the planners referenced in the citation, Hydro offers  
22                     Ms. Renee Hodder, Manager, Resource Production and Planning, as a  
23                     contact on this topic. Regarding the reason that Hydro requests that the  
24                     Board accept its argument of zero capacity value, please reference Mr.  
25                     Chapman's testimony at p. 34 of 60 of Exhibit 13, which claims that  
26                     planners' views are logical prior to observed wind generation patterns. If the  
27                     Board elects *not* to accept the planners' views, then the Board will be placed

1 in the position of having to recommend a capacity value for wind that  
2 contradicts the planners' methodology used in system planning.

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4 c) No wind generation on the Island figured in any GRA prior to that of 2013.  
5 As a result, the Board has not ruled formally on the capacity component of  
6 wind generation. In the 2015 Test Year, Hydro used a 100% energy  
7 classification established in a settlement agreement.

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9 d) As with any aspect of Cost of Service methodology, the classification  
10 approach to wind generation might expect to be the subject of review  
11 within the utility, followed by a recommendation to the Board, and subject  
12 to review that would include the views of intervenors.