

1 Q. CA Energy Consulting supports classifying existing hydraulic assets on a system load factor
2 basis, but suggests this is not an appropriate approach for Muskrat Fall assets since this
3 result “seems out of step with Muskrat Falls’ envisioned purpose of serving base load and,
4 in doing so, producing substantial fuel cost savings” (per CA Energy Consulting, page 16,
5 lines 23-24).

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7 CA Energy Consulting is asked to explain how this generation characteristic (serving base
8 load) is any different for the Bay D’Espoir generation facility. In its analysis, CA Energy
9 Consulting is asked to consider this generation characteristic in relation to when the Bay
10 D’Espoir generation facility was first put into service and in relation to its ongoing function
11 in the Island System.

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14 A. This response has been provided by Christensen Associates Energy Consulting.

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16 CA Energy Consulting’s report does not discuss the Bay d’Espoir generation facility. The
17 question appears to ask generally why Hydro might wish to adopt one generation
18 classification method for a particular generation unit and a different classification method
19 for another, yet Hydro has done so for many years and the Board has validated this
20 approach. A typical argument in such situations is the importance of legacy: maintain the
21 current cost classification method until the need for change is evident. Arguably, that need
22 for change is present with Muskrat Falls, due to its introduction primarily as a replacement
23 for Holyrood. Existing hydraulic generators, Hydro might argue, do not demonstrably need
24 reclassification, since their circumstances, and the way they contribute to the system, may
25 not have materially changed.