

1 Q. (February 19, 2016 Report to Board "Purchase 12 MW of Diesel Generation
2 (Revised) Holyrood", Section 3.4) Please provide an explanation of the impact that
3 the low hydro conditions have had on the economic analysis of purchasing the
4 diesel units.

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7 A. As a result of low hydrological conditions, there was energy produced by stand-by
8 generation, including the diesels which are the subject of this application, in January
9 and February. However, the fuel savings projected to be realized through dispatch
10 of the leased diesel units was not considered in the economic analysis until after
11 June 1, 2016. Therefore, the use to date was not considered when the economic
12 analysis in this application was completed regarding purchasing the diesel units.

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14 At this specific time, under current hydrological conditions, Hydro is not running
15 standby generation due to low hydrological conditions. Only if the units are again
16 dispatched for hydrological conditions, would there be an effect on fuel savings. In
17 order for this to have an effect on the economic analysis of purchasing the units,
18 this dispatch would have to occur post June 1, 2016.