

1 Q. Has Hydro completed a cost benefit analysis to demonstrate the benefit to
2 customers for the increased cost of this revised agreement? If yes, please provide. If
3 no, why not?

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6 A. Hydro did not complete a cost benefit analysis to demonstrate the benefit to
7 customers for the cost of the Revised Capacity Assistance Agreement. This is
8 consistent with Hydro's practice regarding its other capacity assistance agreements
9 which are listed in section 2 of Schedule B to the Application, and which
10 agreements were approved by the Board (with the exception of the Supplemental
11 Capacity Assistance Agreement with CBPP which did not require Board approval).

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13 In Hydro's view, given the duration of the contract and the associated benefits to
14 customers as outlined in Schedule B to the Application, a cost benefit analysis is not
15 required.

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17 For context, in a response to a Request for Information as part of Hydro's
18 application for the Supply and Install 100 MW (Nominal) of Combustion Turbine
19 Generation, Hydro noted the annual revenue requirement for a 100 MW
20 combustion turbine would be \$13.57 M, or \$135.7 per kW. Comparatively, the
21 Revised Capacity Assistance Agreement provides for up to 90 MW of capacity
22 assistance for an annual fixed payment fee of \$2.565 M or \$28.50 per kW.

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24 Also, during the 2013-2014 winter period (prior to the establishment of the 2014
25 Agreement), Hydro obtained capacity assistance from CBPP at a cost of \$6.2 M for
26 approximately 8.3 GWh of energy over 39 Capacity Assistance Periods. This amount
27 of energy and the number of Capacity Assistance Periods would have been outside

1 of the parameters established in the 2014 Agreement. Had the Revised Capacity
2 Assistance Agreement been in place at that time, Hydro would have paid \$4.7 M
3 (based on the ceiling variable rate of \$0.26 per kW per hour for all capacity
4 deliveries) for a potential savings of \$1.5 M.