

1 Q. Please provide a detailed description of the decision framework used by Hydro to
2 elect to dispatch the high cost generation of the combustion turbine, rather than
3 providing less reservoir support at that time and assuming a future ability to
4 generate the required thermal energy from the lower cost Holyrood GS. Hydro's
5 response IC-NLH-008 from the 2016 Standby Fuel Deferral Application stated that:
6 "The methodology used in generating the curve attempts to balance a level of
7 conservatism required to reduce the risk of supply disruptions, while not leading to
8 excessive use of thermals and the associated cost." The present request seeks
9 Hydro's detailed and quantified decision framework for using the high cost CT
10 generation when potential remains that a lower cost thermal generation source
11 may be available be used in future.

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14 A. Hydro uses thermal generation for both reliability and energy to supplement
15 hydraulic generation to meet native load. During years when reservoir levels and or
16 inflows are low, which in turn limits hydraulic generation, more thermal generation
17 will be required.

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19 Any time that aggregate reservoir storage or storage in any one reservoir nears the
20 minimum storage target, additional simulations are undertaken to determine the
21 appropriate generation mix. Decisions on the dispatch mix are based on recent and
22 forecast weather, reservoir levels and trends, system conditions such as unit
23 outages, and watershed conditions such as snow pack levels.

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25 Should it be warranted, thermal generation would be recommended to supplement
26 available hydraulic generation. Hydro's first unit of dispatch of thermal generation
27 in this case would be the Holyrood Thermal Generating Station (Holyrood TGS).

- 1 If for any reason maximum Holyrood TGS was not available, and reservoir levels
- 2 were nearing minimum, stand-by would be required to prevent storage dipping
- 3 below the minimum levels.