

U-46: Annual cost to customers of purchases Corner Brook Pulp and Paper (CBPP) Cogen

Attachment 1 provides the estimated the additional cost by customer associated with purchases from CBPP cogen. The additional cost is computed by determining the cost difference between the cost that would have been incurred if the energy had been provided by Holyrood and the higher cost of purchasing from CBPP Cogen.

The additional cost is computed under both the 2015 test year No. 6 fuel cost of \$93.32 per bbl and the 2016 forecast fuel price of \$69.15 per bbl. The reduced forecast cost of Holyrood fuel for 2016 is not assumed to reduce the cost of purchases from CBPP cogen as the purchase price is linked to the cost of No. 6 fuel in the CBPP inventory.

Table 1				
Calculation of Cost of Purchases from Corner Brook Pulp & Paper (CBPP) Cogen				
	GWh	\$	\$000	Unit Cost
2015 Test Year - CBPP Cogen	51.07	\$	10,281	\$ 0.201
Displaced Holyrood Cost at \$93.32/bbl.	51.07	\$	7,865	\$ 0.154
2015 Test Year Additional Cost from CBPP Cogen		\$	2,416	
2015 TY Revised for 2016 Fuel Forecast	51.07	\$	10,281	\$ 0.201 ¹
Displaced Holyrood Cost at \$69.15/bbl.	51.07	\$	5,822	\$ 0.114 ²
Additional Cost from CBPP Cogen at \$69.15/bbl.		\$	4,459	

Table 2					
Estimated Allocation of Additional Cost by Customer (\$000)					
	% ³	\$	\$93.32 per bbl	\$	\$69.15 per bbl
Newfoundland Power	84.80%	\$	2,049	\$	3,781
North Atlantic Refining Limited	2.35%	\$	57	\$	105
CBPP	0.52%	\$	13	\$	23
Vale	3.00%	\$	72	\$	134
Praxair	0.53%	\$	13	\$	23
Teck	0.23%	\$	5	\$	10
Hydro Rural Interconnected	8.57%	\$	207	\$	382
Total	100.0%	\$	2,416	\$	4,459

1. Because the purchased price is linked to the average cost of fuel in the CBPP tanks, Hydro has assumed there would be no savings in purchased power costs as a result of a reduction in the 2015 Test Year fuel cost.

2. Based on a No. 6 fuel price forecast of \$69.15 per bbl CDN.

3. Allocation estimate based on percentage of test year revenue requirement including rural deficit (excluding specifically assigned charges).