
PUB/DAYMARK - 35 Reference: Daymark SaskPower Report Page 9

Please quantify the reduction in contract revenues, if any, resulting from the one year delay in the in-service date of the transmission upgrades following the contract start.

Response:

A one year delay in the in-service date of the transmission upgrades will cause the contract to be served via the [REDACTED] provisions of Section [REDACTED]. Under those provisions, [REDACTED] of the contract will be delivered, meaning that [REDACTED] will not be delivered. The lost contract revenues associated with those [REDACTED] are approximately \$ [REDACTED]. Nominal contract revenues can be found in PUB MFR 198.

1d, 3a
1d, 3a,
4a, 4b

PUB/DAYMARK - 36 Reference: Daymark SaskPower Report Page 11

In Daymark's experience, is it common for a Facilities Construction Agreement to not commit to an in-service date?

Response:

Daymark does not have experience with other FCA's executed by MH Transmission. In this circumstance, the terms of the FCA would be governed by the policies incorporated into the MH OATT. Section 19.6 of the MH OATT sets the terms and incorporates a standard form for the FCA (Attachment D-2(G)). The FCA for this project includes the standard terms established in the OATT.

More generally, contractual commitments to plan, permit and construct transmission for a fixed in-service date required the developer, in this case MHT, to assume the risk of delay. Contracts for transmission development of this type would require special terms for performance incentives and penalties.

PUB/DAYMARK - 37 Reference: Daymark SaskPower Report Page 15

Please provide Daymark's view whether Manitoba Hydro's 2016 Sales Evaluation followed appropriate methodologies and provided a robust analysis (considering multiple sensitivities) of the proposed power sale and transmission investment.

Response:

Manitoba Hydro's 2016 Sales Evaluation focused on the net present value of the various possible contract configurations as compared to a "do nothing" case, using MH's long-term planning model, SPLASH. Daymark observes that the methodology employed by MH in this case is consistent with the planning methodology used to evaluate resource options in the NFAT proceeding. We did not conduct a thorough review and critique of the 2016 Sales Evaluation, as that assessment was not included in our scope of work.

With respect to the robustness of the analysis, Manitoba Hydro did consider different sensitivities in its evaluation. The range of sensitivities could have been broader, but given the size of the transmission investment and the nature of the results, the sensitivities used provided a reasonably robust analysis.

COMMERCIALLY SENSITIVE INFORMATION

PUB/DAYMARK-CSI-3 Reference: Daymark SaskPower Report Page 23

Please provide the [REDACTED] required to 3a, 4a,
make the [REDACTED] That is, please quantify the [REDACTED] 4b, 5c,
[REDACTED] 7a, 7b
[REDACTED]

Response:

The [REDACTED] that would cause the [REDACTED]
would need to be approximately [REDACTED] assumed in the 3a, 4a,
MH analysis based on its [REDACTED] The [REDACTED] 4b, 5c,
[REDACTED] that would cause the [REDACTED] would need to be 7a, 7b
approximately [REDACTED] assumed in the [REDACTED]
that included [REDACTED]

COMMERCIALLY SENSITIVE INFORMATION**PUB/DAYMARK-CSI-4** Reference: Daymark SaskPower Report Page 24

- a) Please explain the [REDACTED] shown in the graph on page 24 and why the [REDACTED] 5a, 5c, 7b
- b) Please explain the assumptions made by Daymark with respect to [REDACTED] for the period [REDACTED] of the SaskPower 100MW contract. 3a, 4b, 5c, 7b
- c) Please explain why [REDACTED] of the SaskPower 100MW contract was chosen for the [REDACTED] 4b, 5a

Response:

- [REDACTED] 5a, 5c, 7b
- [REDACTED]
- [REDACTED]
- [REDACTED]
- b) Daymark's assumption with respect to [REDACTED] of the SaskPower 100 MW contract is consistent with the method used by MH in its updated 2017 Economic Analysis Workbook provided to Daymark. In building its [REDACTED] Daymark-only updated the [REDACTED] SaskPower 100 MW contract [REDACTED] [REDACTED] 3a, 4b, 5c, 7b
- c) The reason to choose a [REDACTED] SaskPower 100MW contract [REDACTED] is to be consistent with MH's economic evaluation. MH used [REDACTED] of 100MW SaskPower sales in its 2017 updated Economic Analysis Workbook. In choosing [REDACTED] as MH in [REDACTED] [REDACTED] would allow comparing [REDACTED] [REDACTED] for 100 MW SaskPower sales directly. 4b, 5a