Request IR-1:

With respect to the major defect in the vendor solution:

(a) Please provide more detail about the defect encountered.

(b) Please provide the total cost to remediate the defect.

(c) Are the additional costs in part b) covered by the vendor or ratepayers?

(i) If ratepayers, please explain why.

Response IR-1:

(a) The current model uses Daily Max Energy for Hydro and Tufts Cove generation. The vendor's misinterpretation of design requirements (for these specific areas) resulted in

- Daily Max Energy being developed as a 'calendar day constraint'.
- The model being developed to use a rolling 24-hour study horizon rather than a static 24-hour calendar day.
- The model is currently unable to identify a 'balance of day' MW amount for generation.

This resulted in incorrect dispatch e.g. Wreck Cove Daily Max Energy is 100 MW. When the study runs at 12:00 am, it will dispatch the 100 MW economically to serve the portfolio. When subsequent runs occur, it will continue to attribute the daily max value of 100 MW, resulting in inaccurate dispatch.

The Project Team was unaware that this approach was taken by the vendor in development, and the issue was undetectable until the team was able to complete End-to-End (full integration) testing.

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(b) Final costs are not yet calculated; however, the estimated cost impact for the remediation is $98,309.

(c) The additional costs remain within the limits of the project estimate and are expected to be covered within the approved Capital Project amount.

Design specification interpretation issues like these can arise during project implementations from time to time and as such will remain a part of the Capital Project Budget.