

1 Q. (p.9, lines 27-28) In addition, to adding capacity, what measures, incentive
2 schemes, and investments have been undertaken by Hydro to encourage
3 conservation by each of its customer groups? Explain whether it is
4 worthwhile for Hydro to consider weighing the returns of investing in
5 additional capacity against the returns from investing in conservation by end
6 users.

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9 A. With respect to the current forecasted capacity and energy deficits (p9, lines
10 27-28) Hydro has not undertaken any measures, incentive schemes, and
11 investments to encourage conservation by its customer groups.

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13 In the early 1990s Hydro and Newfoundland Power extensively studied the
14 merits of conservation as a supply side resource. Key considerations were
15 that the residential sector held the greatest potential for load reductions due
16 to the high incidence of electric space and water heating. The initial focus
17 would have had to be on the space heating market due to its importance in
18 coincident power demand. Conservation is now more routinely viewed as a
19 component of an overall customer service function that seeks to maximize
20 customer value in the context of market price signals.