

1 **Q. On page 2, lines 2 to 3 of Mr. Brockman's Pre-filed Evidence, he states that the**
2 **available evidence indicates that demand management would have little effect on**
3 **Hydro's future generation plans. Does NP in its role as a retail customer supplier**
4 **believe this to be the case, and if so, why does NP offer an interruptible tariff to its**
5 **customers?**

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7 A. Mr. Brockman bases his conclusions on Hydro's prefiled evidence showing the cause of
8 the next generation additions on Hydro's system, and its evidence that the elimination of
9 46 MW of Hydro's industrial interruptible load has no effect on its expansion plans.
10 Newfoundland Power shares Mr. Brockman's views on the matter.

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12 Newfoundland Power first offered its customers an interruptible rate, the Curtailable
13 Service Option, in 1994 when demand management was a larger concern than it is today.
14 In 1998, Mr. Brockman reviewed Newfoundland Power's curtailable service option. The
15 review questioned the value of the curtailable load due to the influence of Hydro's firm
16 energy criteria. The review suggested having Hydro participate with Newfoundland
17 Power to use Hydro's generation expansion plan models to calculate the marginal costs
18 and effects of peak load reductions on the future generation system. This calculation has
19 not yet been completed. In the interim, Newfoundland Power has limited entrants by
20 informing customers that the Curtailable Service Option may be subject to significant
21 changes and by advising customers not to make any long term investment decisions
22 based on this rate option.

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24 Newfoundland Power will be reviewing the value of its Curtailable Service Option based
25 on the final outcome of Hydro's current GRA.