

***NLH-210 PUB (Re: Pages 23-25 on the Tail Block Rate)***

***Given that hydraulic generation is primarily increased for peak loads except during unusual circumstances when gas turbines are used as described in NP-172 NLH, explain how shifting energy consumption from on-peak hours to off-peak hours will change system energy costs.***

Response:

Over the long run, a consistent and predictable shift in energy consumption from on peak to off peak hours will improve the overall system load factor and all else equal reduce the peak capacity that Hydro will need to deliver in times of peak demand. This will have two impacts on system planning. First, Hydro would be able to defer capital infrastructure projects that are intended to increase peak capacity. Second, Hydro may be able to invest more towards base-load generating technologies that can take advantage of greater economies of scale for a reduced per-kWh operating cost.