

1 **Q. Re: Evidence of Patrick Bowman, page 5, line 13 & section 7 pgs 39 - 42; and**
2 **Evidence of Douglas Bowman pgs 17 - 19, and page 32 lines 12 – 14.**

3
4 **(a) In light of PU 14 (2004) pages 147 - 149 and the status of the Province's Energy**
5 **Plan, what is NP's position on the appropriateness of a formal IRP exercise in**
6 **which both Hydro, NP and other interested parties would be required to**
7 **participate?**

8
9 **(b) Specifically, what is NP's view on the following:**

10 **i. timing;**

11 **ii. participants;**

12 **iii. cost; and**

13 **iv. whether such an exercise is consistent with least cost electricity under**
14 **section 3(b) (iii) of the Electrical Power Control Act (NL)?**

15
16 **A. General**

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18 Long-term supply, or resource, planning is, in Newfoundland Power's view, a necessary
19 attribute of least-cost power delivery.

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21 Historically, Newfoundland & Labrador Hydro ("Hydro") has largely fulfilled the
22 resource planning role in the Province. In 1996, the Board acquired a statutory mandate
23 under the *Electrical Power Control Act, 1994* (the "Act") to, in effect, oversee system
24 planning. This oversight mandate is subject to provincial government pre-emption by
25 virtue of the powers under regulatory legislation for the government to exempt certain
26 undertakings from Board oversight. This power of pre-emption was, in fact, exercised
27 with respect to the larger generation additions that have occurred since 1996.

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29 Given the requirement of long-term resource planning for least cost power delivery and
30 the current mandate of the Board under the Act, Newfoundland Power believes a public
31 resource planning exercise involving both supply and demand resources is consistent
32 with section 3 (b)(iii) of the Act. This belief is broadly consistent with the Board's
33 comments on pp. 147-149 of Order No. P.U. 14 (2004).

34 35 **Timing of an IRP**

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37 Currently, the provincial government is preparing an Energy Plan (the "Energy Plan")
38 which might provide some policy direction with respect to planning for future energy
39 supply. The degree, if any, which the Energy Plan might affect future energy supply is,
40 however, currently uncertain.

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42 The currently outstanding Energy Plan provides an element of complication to
43 consideration of the timing of any integrated resource planning ("IRP") exercise the
44 Board might wish to undertake. Embarking on an IRP prior to conclusion of the Energy
45 Plan raises the possibility of wasted costs should the policy direction in the Energy Plan

1 materially alter the scope of policy options the provincial government should mandate.
2 On the other hand, inadequate supply planning also carries obvious cost risks.

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4 It is Newfoundland Power's view that these circumstances are best accommodated by a
5 practical approach. At page 5, lines 29-31 of their evidence in this proceeding, Patrick
6 Bowman and Andrew McLaren indicate a deadline should be established for filing an
7 IRP with a suggestion for the first half of 2008.

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9 Such an approach has merit, although the date should obviously reflect the time
10 requirements necessary to prepare an IRP submission.

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12 Current indications are that the Energy Plan will be complete in the first half of 2007. If
13 this occurs, any necessary IRP exercise might reasonably be scheduled for the first half
14 of 2008. If the Energy Plan is delayed for whatever reason, then the matter of timing
15 might be reconsidered in the context of then existing circumstances. This type of
16 approach appears to Newfoundland Power to provide a reasonable means of minimizing
17 the complications and cost risks associated with timing of an IRP.

18 19 **IRP Process**

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21 Any IRP process undertaken ought to be reasonably tailored to meet the needs of the
22 provincial electrical systems. Newfoundland Power believes this can be achieved by a
23 balance of a number of competing objectives.

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25 An IRP is, to a large degree, a review of all reasonable resource options. The number of
26 reasonable options available in the province is limited by factors such as geography (i.e.,
27 isolation) and market size and development (i.e., lack of natural gas) and the IRP scope
28 should reflect this.

29
30 An IRP, like any Board mandated process, ought to have a degree of participation
31 consistent with public transparency. In the current circumstances that would include the
32 participants in a Hydro general rate case, but could possibly include others. The scope of
33 additional participation will add to the cost of an IRP process. Accordingly, open-ended
34 participation can result in additional cost being disproportionate to additional value.

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36 An effective IRP process ought to be a least cost *process*. In general, Newfoundland
37 Power believes this is achieved by a focus on more mediative and negotiative processes,
38 although a degree of formal hearing may be necessary.