

Q. Were demand side management options considered for any projects that are being justified on the basis of components that will exceed their rated capacity due to forecast load increases? If so, please describe the options considered for each project and provide the analysis completed.

A. Newfoundland Power did not consider demand side management options for deferral of projects where load exceeds the rated capacity of specific components.

Newfoundland Power's approach to demand side management and energy efficient programs is outlined in Response to Request for Information CA-239, of the 2003 Newfoundland Power General Rate Application.

"The intent of DSM programs is to manage the demand side use of electrical energy in order to minimize electricity rates. During the last several years, Newfoundland Power has focused its DSM activities on programs that improve customer service and enhance the value customers receive from electricity. The Company has taken this approach because the size and isolated nature of the Newfoundland electrical system, and its current dynamics as reflected in load forecasts and generation cost projections, suggest that larger scale DSM activities are unlikely to have a significant impact, either on load or on generation requirement. Unless circumstances warrant a change in direction, the Company will maintain the current focus of its DSM activities into the future.

It is the intent of the Company that all customers benefit from the Company's DSM activities either directly as participants, indirectly as non-participants or through improved customer service. DSM initiatives will be assessed on an ongoing basis to ensure they meet the needs of the Company's customers."