

1 **Q. Re: Energy Sales and Demand Forecast, Tables 6-3 and 6-4 and footnote 14, page 6-**
2 **8.**

3
4 **Provide details of any initiatives that NP is aware of that could further reduce peak**
5 **demand that it is not currently employing, including any initiatives could be**
6 **implemented as a result of the expected increase in capacity costs per footnote 14.**
7

8 A. The recently completed Conservation Potential Study identified a number of measures
9 which have potential for peak demand reduction on the Island Interconnected system
10 from 2015-2029, and estimated their demand reduction potential.¹ The results were
11 based on the latest estimates of future marginal costs for the Island Interconnected system
12 provided by Hydro.²

13
14 The Conservation Potential Study identified demand response specific measures as well
15 as demand reduction potential from energy efficiency measures.³ Newfoundland Power
16 is currently implementing all demand response specific measures that were identified as
17 achievable and found to be economically viable.⁴ This includes the Company's existing
18 Curtailable Rate Option and the custom incentive for demand reduction which is
19 proposed to be added to the Business Efficiency Program in 2016.⁵ As outlined in the
20 *Five-Year Conservation Plan: 2016 – 2020*, the Company's existing and proposed energy
21 efficiency programs also have significant demand reduction benefits.⁶

¹ See *Five-Year Conservation Plan: 2016 - 2020, Volume 2, Exhibits & Supporting Materials, Reports, Tab 1, pages 19-24.*

² See *Five-Year Conservation Plan: 2016 - 2020, Volume 2, Exhibits & Supporting Materials, Reports, Tab 1, Schedule A.* The marginal costs used in the Conservation Potential Study and the *Five-Year Conservation Plan: 2016 - 2020* to evaluate cost effectiveness of customer conservation programs were based on the most recent marginal cost forecast as projected by Hydro in February 2015.

³ See *Five-Year Conservation Plan: 2016 - 2020, Volume 2, Exhibits & Supporting Materials, Reports, Tab 1, Figures 2 and 3, page 22.*

⁴ Newfoundland Power research conducted during the 2014-2015 winter season identified issues with the cost effectiveness of residential load control on the Island Interconnected System. See *Five-Year Conservation Plan: 2016 - 2020, Volume 2, Exhibits & Supporting Materials, Reports, Tab 1, pages 15-16.*

⁵ See *Five-Year Conservation Plan: 2016 - 2020, Volume 2, Exhibits & Supporting Materials, Reports, Tab 1, page 29-30.*

⁶ Energy efficiency measures account for approximately 43% - 55% of demand reduction potential on the Island Interconnected System through 2020.