

1 **Q. (Application Volume 1, page 5-1) It is stated “Demand is forecast to increase by 3.9%**
2 **in 2021, remain steady in 2022, and decrease by 0.7% in 2023.” What is driving the**
3 **increase in demand in 2021 when no increase is forecast in 2022 and a 0.7%**
4 **reduction is forecast in 2023?**

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6 A. Newfoundland Power’s peak demand typically occurs in the morning between 7:00am to
7 9:00am or in the evening between 4:00pm to 6:00pm. The Company’s peak demand in
8 the 2020-2021 winter season occurred at 10:15am on February 11, 2021 and was
9 relatively low at 1,299.8 MW.¹ It also coincided with COVID-19 public health
10 measures.²

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12 Newfoundland Power’s forecast of peak demand is determined by applying a 5-year
13 average historical load factor to the Company’s forecast energy requirements.³ A 5-year
14 average historical load factor, as opposed to a single year load factor, is used to ensure
15 that the Company’s peak demand forecast does not reflect an abnormally high or low
16 peak demand that could occur in a single winter season.

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18 A high load factor is indicative of a low peak demand. Correspondingly, a low load
19 factor is indicative of a high peak demand. The Company’s load factor for 2020 was the
20 highest recorded system load factor in at least 30 years.⁴ Since Newfoundland Power’s
21 demand forecasting methodology uses a 5-year average of historical load factors, an
22 increase in peak demand in 2021 can be expected.

23
24 Peak demand is forecast to remain relatively steady from 2021 to 2022 and decline by
25 0.7% in 2023. This is due to changes in the Company’s energy requirements in those
26 years.⁵

¹ This compares to Newfoundland Power’s peak demand in the 2019-2020 winter season of 1,367.3 MW which occurred on February 21, 2020 at approximately 7:45am.

² On February 9, 2021, the Government of Newfoundland and Labrador announced 30 new cases of COVID-19 in the province and issued a modified special measures order for the St. John’s metro area.

³ Load factor is the ratio of the average demand on the electrical system to the peak demand on the system. Newfoundland Power’s typical load factor is approximately 50%. Conceptually, this implies that the peak demand Newfoundland Power will expect in a year will be approximately twice the average demand for the year.

⁴ Newfoundland Power’s system load factor in 2020 was 52.93%. This compares to the system load factors from 2015 to 2019 of 52.15%, 49.57%, 51.65%, 49.19%, and 51.54%, respectively. The average load factor used to forecast Newfoundland Power’s peak demand in the 2022/2023 *General Rate Application* is 50.82%.

⁵ See the 2022/2023 *General Rate Application, Volume 2, Tab 3, Customer, Energy and Demand Forecast, Appendix C.*