

1 **Q. Further to the response of CA-NP-188, Attachment A:**

2
3 (a) **Please provide details of the “potential savings” under the CSO that are**
4 **forfeited by a customer that fails to curtail when requested by NP. Does the**
5 **customer forfeit prior credits, the credit in the current month and/or future**
6 **credits?**

7
8 (b) **Please confirm that in the discussion of “Value” at page 83 of the**
9 **Attachment, a portion of the benefit may accrue to NP as well as to the CSO**
10 **participants and NP customers as a result of the DMI.**

11
12 A. (a) Curtailment credits under the Curtailable Service Option (“CSO”) are provided
13 annually as a credit to the customer’s bill issued in the month of May based on
14 curtailment participation during the preceding winter season. The annual
15 curtailment credit is reduced by 50% as a result of the customer’s first failure to
16 curtail when requested during a winter. For each additional failure to curtail, the
17 curtailment credit will be reduced by a further 25% of the curtailment credit. If
18 the customer fails to curtail three times during a winter, the customer forfeits
19 100% of the curtailment credit. Finally, there will be no curtailment credit
20 provided to a customer if the number of failures to curtail equals the number of
21 curtailment requests.

22
23 Attachment A provides the terms and conditions of the CSO included in the
24 Company’s Schedule of Rates, Rules, & Regulations.

25
26 (b) The discussion of “Value” at page 83 of Attachment A to response to Request for
27 Information CA-NP-188 includes both economic and operational benefits of the
28 CSO.

29
30 The economic benefits of reduced purchased power requirements from the CSO
31 accrue to all of Newfoundland Power’s customers through reduced peak load
32 forecasts and purchased power costs in test years. Between test years, the CSO
33 impacts, as they vary from test year, may impact Newfoundland Power, CSO
34 participants and non-participants. The impact, whether positive or negative will
35 depend on the degree of variance from test year forecasts and the operation of the
36 Demand Management Incentive Account.

37
38 The operational benefits of the CSO mentioned under the heading *Value* at page
39 83 of Attachment A are benefits to customers (including participants and non-
40 participants).

Curtailable Service Option
Excerpt from Schedule of Rates, Rules, & Regulations

**NEWFOUNDLAND POWER INC.
CURTAILABLE SERVICE OPTION
(for Rates #2.3 and #2.4 only)**

Availability:

For Customers billed on Rate #2.3 or #2.4 that can reduce their demand ("Curtail") by between 300 kW (330 kVA) and 5000 kW (5500 kVA) upon request by the Company during the Winter Peak Period. The Winter Peak Period is between 8 a.m. and 9 p.m. daily during the calendar months of December, January, February and March. The ability of a Customer to Curtail must be demonstrated to the Company's satisfaction prior to the Customer's availing of this rate option.

Credit for Curtailing:

If the Customer Curtails as requested for the duration of a Winter, the Company shall credit to the Customer's account the Curtailment Credit during May billing immediately following that Winter. The Curtailment Credit shall be determined by one of the following options:

Option 1:

The Customer will contract to reduce demand by a specific amount during Curtailment periods (the "Contracted Demand Reduction"). The Curtailment Credit for Option 1 is determined as follows:

$$\text{Curtailment Credit} = \text{Contracted Demand Reduction} \times \$29 \text{ per kVA}$$

Option 2:

The Customer will contract to reduce demand to a Firm Demand level which the Customer's maximum demand must not exceed during a Curtailment period. The Curtailment Credit for Option 2 is determined as follows:

$$\text{Maximum Demand Curtailed} = (\text{Maximum Winter Demand} - \text{Firm Demand})$$

$$\text{Peak Period Load Factor} = \frac{\text{kWh usage during Peak Period}}{(\text{Maximum Demand during Peak Period} \times 1573 \text{ hours})}$$

$$\text{Curtailment Credit} = ((\text{Maximum Demand Curtailed} \times 50\%) + (\text{Maximum Demand Curtailed} \times 50\% \times \text{Peak Period Load Factor})) \times \$29 \text{ per kVA}$$

Limitations on Requests to Curtail:

Curtailment periods will:

1. Not exceed 6 hours duration for any one occurrence.
2. Not be requested to start within 2 hours of the expiration of a prior Curtailment period.
3. Not exceed 100 hours duration in total during a winter period.

The Company shall request the Customer to Curtail at least 1 hour prior to the commencement of the Curtailment period.

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CURTAILABLE SERVICE OPTION
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Failure to Curtail:

Failure to Curtail under Option 1 occurs when a Customer does not reduce its demand by the Contracted Demand Reduction for the duration of a Curtailment period. Failure to Curtail under Option 2 occurs when a Customer does not reduce its demand to the Firm Demand level or below for the duration of a Curtailment period.

The Curtailment Credit will be reduced by 50% as a result of the first failure to Curtail during a Winter. For each additional failure to Curtail, the Curtailment Credit will be reduced by a further 25% of the Curtailment Credit. If the Customer fails to Curtail three times during a Winter, the Customer forfeits 100% of the Curtailment Credit and the Customer will no longer be entitled to service under the Curtailable Service Option.

Notwithstanding the previous paragraph, no Curtailment Credit will be provided if the number of failures to Curtail equals the number of Curtailment requests.

Termination/Modification:

The Company requires six months written notice of the Customer's intention to either discontinue Curtailable Service Option or to modify the Contracted Demand Reduction or Firm Demand level.

General:

Services billed on this Service Option will have approved load monitoring equipment installed. For a customer that Curtails by using its own generation in parallel with the Company's electrical system, all Company interconnection guidelines will apply, and the Company has the option of monitoring the output of the Customer's generation. All costs associated with equipment required to monitor the Customer's generation will be charged to the Customer's account.