

1 Q. **B-42, Distribution System Additions, \$2,172,100**

2 What role has the consideration of the impact of Hydro's Conservation and Demand
3 Management Program played in the evaluation of the options considered?

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6 A. To improve voltage regulation on a distribution feeder, an option is to reduce the
7 load, and in particular peak load, on that feeder. In this regard, Conservation and
8 Demand Management (CDM) can be a viable option if it reduces the load enough to
9 defer capital investment. The normal means of evaluating the merit of pursuing
10 CDM rather than capital investment is to determine the economic value created by
11 a one-year deferral, and then determining if the required amount of peak load
12 reduction can be purchased through CDM for that economic value. To determine
13 how much load reduction can be realized, a suite of CDM activities is developed for
14 the specific situation, with the allowable expenditure for the suite of activities
15 totalling no more than the economic value of the capital investment deferral. If the
16 load reduction can be achieved for a cost less than investment deferral, then CDM
17 warrants further investigation. If the cost of the suite of activities needed to
18 achieve the load reduction exceeds the economic value of investment deferral, then
19 CDM is not warranted. The suite of CDM activities developed for comparison
20 against capital investment is called a CDM program.

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22 **Bay d'Espoir Distribution Feeder Line 1 (L1)** – The economic value of deferring the
23 conductor upgrade and line relocation project for one year is \$39,800. A CDM
24 program to achieve the required load reduction could not be developed for this
25 expenditure limit. Accordingly, a CDM program is not a viable alternative for this
26 project.

1 **Happy Valley Distribution Feeder Line 7 (L7)** – The economic value of deferring the
2 conductor upgrade project for one year is \$58,600. A CDM program to achieve the
3 required load reduction could not be developed for this expenditure limit.
4 Accordingly, a CDM program is not a viable alternative for this project.

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6 **Wabush Distribution Feeder Line 12 (:12) and Transformer T3** – The economic
7 value of deferring the load transfer project for one year is \$2,600. A CDM program
8 to achieve the required load reduction could not be developed for this expenditure
9 limit. Accordingly, a CDM program is not a viable alternative for this project.