Volume 2, Tab 8 – Customer, Energy and Demand Forecast

Q. Does the Company expect its monopoly position with respect to the provision of electricity within its franchise area to be challenged by competition over the next 5 years? If so, please explain.

A. Newfoundland Power does not presently expect that its role in the provision of electricity within its franchise area will be challenged by competition over the next five years.

However, the Government of Newfoundland and Labrador is expected to release a Provincial Energy Plan in 2007. It is anticipated that the Provincial Energy Plan will provide a framework of major policies and directions for the energy sector, including the electricity sector. Government has not yet indicated what changes to the electricity sector, if any, will be implemented as a result of the Provincial Energy Plan.