

1 **NP-CA-80**

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3 **Reference: Page 9, Lines 20-22**

4 **Q. Does Mr. Todd believe Newfoundland Power's assessment of load**
5 **management programs should be based on minimizing system costs or**
6 **minimizing purchased power costs from Newfoundland Hydro?**

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8 A. The approach that is appropriate for NP to take in assessing load
9 management programs will be determined by the Board. As far as Mr. Todd is
10 aware, the Board has not yet made a determination regarding the approach that
11 it considers to be appropriate for NP.

12 In general, distributors have an interest in minimizing their costs on behalf of their
13 customers. Both system costs and purchased power costs are relevant to
14 minimizing total costs incurred by the distributor and recovered from customers.

15 From the perspective of NP's customers and the Board, it would also be relevant
16 to take into account Hydro's system costs as well as NP's costs in assessing
17 load management programs. It can be expect that the joint efforts of Hydro and
18 NP in the area of load management will take into account the potential savings
19 for Hydro (which reduce NP's wholesale rates) as well as the potential savings
20 for NP. Ultimately, NP's customers benefit from both Hydro and NP avoided
21 costs.

22 The goal of ensuring that NP takes into account all relevant benefits of load
23 management programs will be by ensuring that the price signals for power
24 purchased from Hydro's reflect Hydro's marginal costs. This goal can also be
25 furthered through the cooperation and collaboration of NP and Hydro in
26 assessing and implementing load management programs.