Q. **Re: Page 26, Section 5.1**

Please compare actual winter peak loads for each of the past 3 winter periods with peaks forecasted at a time of year roughly comparable with that used in the current report, and explain and quantify where possible each source of variance.

A. Table 1 provides a comparison of actual winter peak demands by customer class for each of the past three winter periods using forecasts that were generated six months prior to each respective winter peak. The forecasted peak is a model based forecast, and not a guarantee of actual. Further, the variances noted are not material and are generally within the expected ranges that would occur from a peak analysis model. Therefore, there is no definitive explanation for the variances between the model and actual peaks.

Table 1: Customer Class Demand at Island Interconnected System Peak[1]

	Winter Peak Period		
	2015/2016	**2016/2017**	**2017/2018**
Forecast - Utility Demand[2]	1,505	1,492	1,497
Actual - Utility Demand	1,465	1,503	1,452
Variance	-40	11	-45
Forecast - Industrial Demand	188	159	180
Actual - Industrial Demand	168	155	171
Variance	-20	-4	-9

[1] Adjusted for any applicable customer curtailments.
[2] Utility demand includes Newfoundland Power and Hydro Rural.

Utility Demand Variance

- The utility demand variance for 2015-2016 is generally explained by weather conditions that were less onerous than average historical weather conditions on a peak day. Actual temperatures were warmer than historical average temperatures and wind speeds were close to historical average wind speeds on the day of the winter 2015-2016 peak;
- The utility demand variance for 2016-2017 is within the model variance expectations and cannot be attributed to any specific weather condition or system condition; and
- The utility demand variance for 2017-2018 is generally explained by weather conditions that were less onerous than average historical weather conditions on a peak day. Temperatures were much warmer than historical average temperatures but wind speeds were much higher than historical average wind speeds on the day of the winter 2017-2018 peak.

Industrial Demand Variance

- The industrial demand variance for 2015-2016 is generally explained by lower load requirements for Vale at the time of the system peak;
- The industrial demand variance for 2016-2017 is generally explained by slightly lower load requirements for Vale and North Atlantic Refining at the time of the system peak; and
- The industrial demand variance for 2017-2018 is generally explained by slightly lower load requirements for Vale at the time of the system peak.