

1 Q. **Re: Liberty Report, Conclusion 2.21 (pp. 33)**

2 Citation:

3 Thus, without being critical of efforts that have been undertaken, it is clear
4 that a focus on demand (versus energy) reduction has particular importance.
5 A variety of efforts planned for this upcoming year recognize the need to
6 add that focus. We underscore the importance of promptly and
7 comprehensively pursuing them.

8 Preamble: It appears that Hydro has little experience with respect to CDM programs
9 focussed on demand reduction.

10 Please confirm or correct the affirmation in the Preamble.

11 Given its limited experience in capacity-focused CDM, how will Hydro proceed in
12 order to develop aggressive and cost-effective demand reduction CDM programs as
13 quickly as possible?

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16 A. The statement made in the preamble is correct to the extent that Hydro's CDM
17 programs under the takeCHARGE partnership have not focussed on demand
18 reduction, but rather on energy conservation. Hydro's previously filed response to
19 PUB-NLH-437 referenced in the December 2014 Liberty Report notes that the
20 specific program focus has been on energy conservation due to the high marginal
21 energy costs on both the Island Interconnected and Isolated Diesel Systems. In
22 addition, Liberty also references Hydro's response to PUB-NLH-433, which notes
23 that Hydro and Newfoundland Power will conduct a study of the current potential
24 for conservation and demand management potential. This study is presently
25 underway and is expected to be completed by mid-2015. Aside from the
26 takeCHARGE energy conservation work, Hydro does have considerable experience
27 with demand reduction initiatives within the Industrial Customer class by way of

1 economical interruptible load agreements. Such arrangements have been used
2 within the industrial class for more than 20 years, and most recently, Hydro has
3 secured economical interruptible load agreements with potential for more than 90
4 MW of capacity assistance.

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6 In addition, Hydro will work in partnership with Newfoundland Power in developing
7 demand response programs. Newfoundland Power has experience with some
8 current demand management programs with its customers, which will assist in the
9 development of additional programs. Hydro also intends to use consultants with
10 experience in this field to leverage lessons learned from other jurisdictions and to
11 assist in program development.