

1 **Q. Re: Recommendation 2.16 (Liberty Report, p. 36)**

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3 **Citation:**

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5 **2.16 Complete planned demand management analysis on a**  
6 **Hydro/Newfoundland Power jointly scoped, conducted, and**  
7 **developed basis and report to the Board a structured cost/benefit**  
8 **analysis of short term program alternatives by September 15, 2015.**  
9 **(Conclusion No. 2.21)**

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11 **The most essential elements of this recommendation are:**

- 12 • **Ensuring, in the event that Hydro and Newfoundland Power do not**  
13 **agree on a range of new capacity timing and cost assumptions to**  
14 **consider, that the work planned incorporates a range of**  
15 **assumptions that is sufficiently broad to encompass those of both**  
16 **entities.**
- 17 • **Ensuring methods and perspectives broad enough to provide for a**  
18 **full identification and analysis of the short-term costs and benefits**  
19 **(both economic and with respect to improving reserves) of options**  
20 **for the period leading up to the introduction of Muskrat Falls**

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22 **Is NP confident that it and Hydro will be able to develop a suitable framework,**  
23 **jointly scope, conduct and develop a demand reduction plan, and report it to the**  
24 **Board by September 15, 2015?**

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26 **A.** Once (1) current demand conservation potential, (2) economic and technical feasibility of  
27 technologies, and (3) electrical system marginal cost dynamics are known, cost effective  
28 demand reduction programs can, in Newfoundland Power's view, be expeditiously  
29 developed and implemented.

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31 Newfoundland Power currently considers the timely development of electrical system  
32 marginal costs to be the principal uncertainty associated with meeting the  
33 September 15, 2015 deadline suggested by the Liberty Consulting Group.