

1 Q. In Hydro's opinion should customer conservation initiatives in addition to its regular
2 conservation program be continued throughout the 2014 winter period? If yes,
3 explain what initiatives should be implemented. If no, why not?
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7 A. It is Hydro's opinion that programs related to demand reductions are not necessary
8 during the 2014 winter period in addition to its promotion of energy conservation
9 initiatives and programs offered through the joint utility program, takeCHARGE.

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11 There are two primary reasons for this assessment. First, the marginal cost for
12 generation is dominated by Holyrood Thermal Generating Station fuel cost, an
13 energy related cost. This has resulted in a focus on energy conservation in joint
14 utility programming as a cost effective alternative to the burning of fuel at
15 Holyrood.

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17 Secondly, short-term calls for conservation made in January were targeting demand
18 reductions. The establishment of demand management programs would require
19 further study of the longer-term marginal cost of the system. At this time, Hydro's
20 generation is projected to meet the forecast load for the remaining 2014 winter
21 period so an extended demand management program is not required, nor can it be
appropriately studied and economically justified in the timeframe being considered.