

1 Q. **Conservation and DSM**

2 Further to the response to PUB-NLH-434 describe when, how, and under what
3 assumptions (i.e., material changes from key assumptions in the current one) you
4 expect next to re-examine the marginal costs used to value conservation and
5 demand management programs and expenditures.

6

7

8 A. Hydro will be engaging experts in marginal cost analysis in the fall of 2014 to
9 undertake a review of the fundamental assumptions of the marginal cost study
10 completed by NERA Economic Consulting in 2006. Subsequent and subject to the
11 findings in this initial review, a more comprehensive marginal cost analysis is
12 planned for 2015.

13

14 Material changes from the key assumptions of the 2006 marginal cost study
15 completed by NERA Economic Consulting that require consideration include:

16

- 17 • the commercial arrangements between Nalcor and Hydro for the costs of
18 electricity from Muskrat Falls and for the costs of the new transmission
19 infrastructure;
20 • the inclusion of the Maritime Link and pathway to regional markets; and
21 • the addition of the 120 MW CT.

22

23 Once marginal costs have been considered, these will be utilized as part of the
24 evaluation of future CDM opportunities.