Q. Please refer to Table 2 on page 13 of the Energy Supply Risk Assessment Report. Hydro's forecast of the peak for winter 2016/17 is reduced substantially from its June 2015 forecast (1,789 MW) to its April 2016 "base case" (1,733 MW). Please explain in detail the reasons for this 56 MW drop in the forecast.

A. The following table provides a comparison of coincident customer demands, Holyrood station service and transmission loss requirements as forecast in June 2015 and April 2016. The forecast demand requirements in the April 2016 base case reflect lower forecast demand requirements for Newfoundland Power, island industrial customers and system transmission losses. The overall reduction is partially offset by higher forecast demand requirements for Hydro's rural customers.

Forecast P50 Requirements for Winter Peak 2016/17 (MW)

	Jun 30, 2015	Base Case (Apr 4, 2016)	Change
Newfoundland Power	1419	1398	-21
Hydro Island Rural	86	91	6
Island Industrial	188	160	-29
Transmission Loss	72	60	-12
Holyrood Station Service	24	24	0
Total System Demand	1789	1733	-56

The change in Newfoundland Power's peak demand requirements primarily reflects lower system load growth in the forecast Newfoundland Power provided to Hydro

in February 2016 and Hydro used in the April 2016 base case compared to the forecast Newfoundland Power provided to Hydro in March of 2015 and Hydro used in the June 2015 forecast. There was no change made to the coincidence factor used by Hydro to forecast Newfoundland Power coincident peak demand.

The change in Hydro's island rural peak demand requirements reflects a higher forecast energy requirement and associated demands for this group of customers from a year ago. There was no change made to the coincidence factor used by Hydro to forecast the island rural coincident peak demand.

The change in Industrial customer peak demand requirements primarily reflects lower firm demand requirements for Vale at Long Harbour. Subsequent to the completion of Hydro's June 30, 2015 forecast, Vale revised their electrical requirements forecast based on their actual electricity consumption that had been experienced to that point vis a vis nickel production levels. Based on their assessment and current production schedules, Vale lowered their forecast demand requirements by over 30 MW for the winter of 2016/17. The decrease in Vale's firm demand requirements has been partially offset by higher firm demand requirements for the other island industrial customers. Hydro incorporated Vale's revised demand requirements in its December 1, 2015 Winter Readiness forecast. There was no change made to the coincidence factors used by Hydro to forecast Industrial customer coincident peak demands.

The change in forecast transmission losses from June 2015 to April 2016 primarily reflects lower overall customer demand levels and lower customer demand levels on the Avalon Peninsula. Please note that the June 2015 transmission losses were forecast by applying an overall system transmission loss rate to coincident customer

demands which reflects the standard approach used for forecasting; the April 2016 transmission losses were forecast with higher precision through load flow analysis using the Siemens PTI software package PSS®E.