

1 Q. In response to PUB-Nalcor-074 and PUB-Nalcor-083 Nalcor provided three load
2 forecast scenarios based on different price assumptions. An analysis of those
3 results indicates an overall price elasticity of approximately -0.30. In evidence filed
4 by the Consumer Advocate in the 2017 General Rate Application hearing, J. Feehan
5 submitted testimony that compared alternative heating technologies and also
6 suggested that a major price increase could have a significant load reduction effect.
7 Please provide your comments on those matters.

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10 A. Owing to the high saturation of electric heating systems used for space heating
11 purposes by both residential and commercial customers and which comprise the
12 largest share of retail customer electricity load, it is largely changes in the
13 saturation level of this single end-use, which would have the most pronounced
14 effect on Island Interconnected retail utility load requirements. It can be expected
15 that through the longer term consumers will choose the heating system(s) that
16 provide the best economic value. It can also be expected that if the real cost of
17 electricity increases, all else being equal, consumers are more likely to increase
18 conservation efforts to reduce heating costs and/or supplement their space heating
19 requirements through other fuels such as wood or propane. Hydro agrees that if
20 electricity prices increase to the point that it makes economic sense for consumers
21 to rely on alternate heating systems and fuels, then consumers would be expected
22 to do so. Note that unlike other jurisdictions in Canada which have low cost natural
23 gas supply, in the context of the Island of Newfoundland, main stream fuel choices
24 are currently limited to furnace oil, propane or wood.

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26 Hydro believes that the load forecast models it relies upon to predict future load
27 requirements are well founded and provide reasonable estimates of the load

- 1 impacts associated with forecasted electricity price changes in both the short run
- 2 and long run.