

1 **Q. (page 2-12, Five-Year Conservation Plan) Has NP reassessed its five year**  
2 **conservation plan in light of the poor provincial economy, the rate impact of**  
3 **Muskrat Falls, the reduction in the marginal cost of supply following completion of**  
4 **the LIL/LTA and NL transmission facilities and the decreasing demand for**  
5 **electricity in the Province? If not, why not?**  
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7 A. Newfoundland Power has not completed a full reassessment of its 5-year conservation  
8 plan in light of the poor provincial economy, the rate impact of Muskrat Falls, the  
9 reduction in the marginal cost of supply following completion of the LIL/LTA and NL  
10 transmission facilities and the decreasing demand for electricity in the Province.  
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12 Newfoundland Power and Newfoundland and Labrador Hydro began implementing the  
13 *Five-Year Conservation Plan: 2016-2020* (“the Plan”) in 2016 and is currently at the  
14 midway point of implementing the Plan.<sup>1</sup> The Plan is regularly reviewed in terms of its  
15 energy savings, market impacts and delivery process effectiveness. Expected changes in  
16 programming over the remainder of the Plan are outlined in the *2019/2020 General Rate*  
17 *Application*.<sup>2</sup>  
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19 In 2018, the Company will update its Conservation Potential Study (“CPS”). The  
20 information gathered will be used to assess potential electricity savings opportunities, and  
21 will be a direct input into the next multi-year conservation plan. The ability to complete  
22 the CPS will depend on the availability of updated information on marginal costs. The  
23 significant changes happening to the electrical system in the province will be considered  
24 in evaluating the cost effectiveness of customer conservation programs. The Muskrat  
25 Falls Project and the interconnection to the North American grid will affect system  
26 operations and costs, as well as customer electricity prices. Once the new marginal costs  
27 have been assessed, further revisions to program evaluation will be necessary. The  
28 marginal cost outlook on the Island Interconnected System is uncertain and will be  
29 reviewed during Hydro’s cost of service methodology review scheduled to begin in late  
30 2018.<sup>3</sup>

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<sup>1</sup> The *Five-Year Conservation Plan: 2016-2020* was provided as Tab 1 in *Volume 2, Exhibits & Supporting Materials* of the Company’s *2016/2017 General Rate Application (1st Revision)*.

<sup>2</sup> See *Volume 1, Application, Company Evidence and Exhibits, Section 2.2.3: Customer Conservation*, Page 2-12 to 2-17.

<sup>3</sup> See response to Request for Information NP-NLH-239 of Hydro’s *2017 General Rate Application*.