

1 Q. **Reference: Volume II - Tab 24 - Diesel Genset Replacement Unit 2012 - L'Anse-au-Loup**

2 The Application states on page 4, lines 20-22, that "Hydro requires that its isolated systems have
3 sufficient firm capacity to meet peak demand; as such, non-dispatchable renewable energy
4 sources and customer demand management are not considered viable alternatives for the
5 provision of firm capacity."

6 a) Please explain why customer demand management is not a viable alternative for the
7 provision of firm capacity in this circumstance (i.e., L'Anse-au-Loup) as well as why
8 Hydro does not consider it a viable option in other isolated systems as well.

9 b) Does Hydro consider interruptible load a form of customer demand management?

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12 A. a) Newfoundland and Labrador Hydro ("Hydro") develops isolated systems load forecasts
13 based on historical energy and demand trends from each community. These trends are
14 modified by specific increases or decreases in energy or demand, as communicated by
15 customers and regional or municipal governing bodies or organizations.

16 By incorporating historical energy and demand trends in the forecast, Hydro inherently
17 includes the impact of ongoing conservation and demand management ("CDM") programs
18 that have been present in isolated systems over the past ten years. Savings associated with
19 delaying the requirement for infrastructure additions due to reduced energy and demand
20 are realized by planning infrastructure additions based on this load forecast.

21 Hydro prioritizes implementing CDM programs in communities that experience high levels
22 of system growth and, in an effort to help minimize impacts and delay the requirement for
23 infrastructure upgrades.

24 Hydro considers customer interruptible load a form of CDM and a viable alternative to the
25 provision of firm capacity in certain situations. In the case of L'Anse-au-Loup, Hydro would

1 have to be able to reliably interrupt between 795 kW¹ and 1,020 kW² of load during peak. To
2 implement a system that would be able to reliably perform this interruption, Hydro would
3 have to establish a number of new processes and systems as well as find customers which
4 are willing to be interrupted with load totaling 1,020 kW (approximately 17% of forecast
5 peak load in the region). Historically, Hydro has found that customers in its isolated systems
6 are not interested in interruptible service contracts.

7 b) Please refer to part a) of this response.

¹ Calculated based on Hydro's forecasted peak load in 2020 minus the L'Anse-au-Loup firm capacity with Unit 2012 removed.

² Calculated based on Hydro's forecasted peak load in 2030 minus the L'Anse-au-Loup firm capacity with Unit 2012 removed.