

1 Q. **Re: Page 25, lines 9-14**

2 Hydro states that *“both Newfoundland Power’s and Hydro’s forecast load*
3 *requirements for its retail customers currently indicate stagnant or declining energy*
4 *requirements across the next five years, consistent with weakness in the provincial*
5 *economic outlook.*³⁶ *However, given the conservative nature of this assessment,*
6 *Hydro is not assuming the decline in forecasted energy sales translates into*
7 *decreased demand requirements and, as such, considers utility peak demand*
8 *requirements that do not decline.”* Is Hydro’s decision not to reduce utility peak
9 demand estimates despite anticipated energy sales declines or stagnation
10 consistent with Hydro’s practice in previous years? Also is the conservative
11 assumption of no reduction in peak utility demand despite anticipated sales
12 declines or stagnation consistent with the practice of the Canadian electric utility
13 industry overall?

14
15
16 A. Hydro’s approach to its base case utility peak demand requirements considered for
17 risk assessment is different from previous years. The approach used to derive the
18 base case utility peak demand requirements through the medium-term¹ allows for
19 the possibility of a declining load factor in utility load requirements through the
20 medium-term. Hydro’s reasoning for the different approach is partially associated
21 with the observation that an increasing penetration level of mini-split heat pumps is
22 occurring within the customer base of which the demand requirements remain
23 largely unknown during system peak weather conditions. In addition, it is not
24 known by Hydro if retail consumers, in general, will reduce their peak demand

¹ “Medium-term” in this instance is the entire planning horizon contemplated in the Near-Term Generation Adequacy Report of four years. Hydro also maintains an Operating Load Forecast (OPLF) and classifies this as the medium-term forecast, which looks out approximately five years.

1 requirements proportionality to their energy requirements as currently forecast.
2 Hydro considers this approach to be more conservative and appropriate for the
3 current risk assessment.

4

5 As a result of this being a conservative analysis, Hydro felt it prudent to ensure that
6 the demand forecast for the base case did not reflect the decline in utility energy
7 requirements so that it would remain prepared. As a result, the base case demand
8 forecast for utility load in the current report reflected little or no drop in peak
9 demand requirements across the forecast period.

10

11 Hydro does not have insight into the demand forecast practices of other Canadian
12 electric utilities that would be preparing risk analysis forecasts in an era of declining
13 energy sales and is therefore not able to indicate if its forecast is consistent with the
14 practice of the Canadian electric utility industry overall.