Q: Re: Liberty Report, Conclusion 2.22 (pp. 33)

Citation:

> **For the longer term, even if reserve adequacy questions are mooted for an extended period, analysis of demand management programs require a sound set of assumptions about what costs to customers who pay for electricity will be avoided for each block of capability that is avoided. It would appear that such an analysis requires at least two key inputs: (a) thorough knowledge about the contract structure that determines what costs and benefits will come to customers paying for demand management in utility rates, and (b) what range of cost estimates for new capacity should be used to apply that structure in calculating those costs and benefits.**

Please clarify:

- **The first sentence, and in particular the sense given to the term "mooted"; and**
- **To what contract(s) the term "contract structure" is meant to apply.**

A. The reference to mooting considers the possibility that supply shortages may not present a material issue for some time following the in-service date of Muskrat Falls, although we have not yet formed an opinion on that question. Its mention in the report is for the purpose of making clear that, even if Muskrat Falls does obviate concerns about supply adequacy for an extended period, demand management may remain viable, depending in part on how much cost customers will avoid and how much revenue might arise to offset their costs for each block of requirements avoided. Those questions may well depend on where cost and revenue responsibility lies under all arrangements that address access and rights to Muskrat Falls capacity and energy. We refer to "contracts" in a very general sense (*i.e.*, as applying to all arrangements covering such access and rights). We do not refer to any specific agreements, because we have not collected and analyzed the documents that govern such access and rights.