

- 1 **Q: (a) Does Liberty agree that scarcity pricing, such as increasing block rates,**
2 **could be an effective temporary measure to reduce load until reliable**
3 **supply from Muskrat Falls is in place?**
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- 5 **(b) Similarly, could extending the “Take Charge” program to residents with**
6 **oil-furnace space heating serve to help reduce conversion to electric heat?**
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- 9 **A. (a) No, Liberty does not believe that scarcity pricing could be an effective**
10 temporary demand reduction measure. There is no question that various rate
11 schemes can be employed to dampen demand for a product, whether it is
12 electricity or anything else. While electricity does not have the same degree of
13 price elasticity as other commodities, equitable, economically based pricing
14 options can be an effective part of a utility’s demand management strategy.
15 Liberty, however, suggests that such an approach would not likely prove
16 equitable or economically sound in the current circumstances. First, such
17 programs lend themselves to longer term initiatives, where customers can gain
18 experience with rate options and adjust their behavior accordingly. A
19 temporary program, limited to pre-Muskrat Falls, would not likely succeed.
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- 21 Second, price elasticity for a high use (electric heat) customer at the time of a
22 winter peak is likely to be near zero. While overall energy use is likely to be
23 lower, the peak demand may not be, so that the rate scheme will have little
24 benefit as a capacity resource.
25
- 26 In summary, we believe alternate rate schemes can make sense, but appear to
27 be inappropriate in the current circumstances.
28
- 29 **(b) Liberty is not familiar with the current details of the “takeCharge” program and**
30 **is therefore not in a position to draw a conclusion.**