

1 **Q: Re: Review of Newfoundland and Labrador Hydro Power Supply Adequacy**
2 **and Reliability Prior to and Post Muskrat Falls (“the Liberty Report #2”),**
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4 **Citation 1:**
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6 **In Liberty’s opinion, Hydro must seriously consider the need for new supply**
7 **prior to the interconnection with Muskrat Falls and should develop plans**
8 **accordingly. In addition, Hydro should also undertake as soon as possible an**
9 **in depth review of its current supply planning practices, processes and**
10 **capabilities in order to develop stronger enhanced skills and capabilities.**
11 **(Liberty report #2, p. 5)**
12

13 **Citation 2:**
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15 **From a supply perspective, Hydro’s asset management program has a**
16 **critical role as it is one of the three solutions to the near-term supply issues.**
17 **The three are: (a) more generation, (b) less load and (c) higher availability of**
18 **the generating units. (p. 97)**
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20 **Citation 3 (P.U. 8 (2007), page 60):**
21

22 **The Board is not prepared to proceed with an IRP exercise given the pending**
23 **release of the Energy Plan and completion of the various rate design reviews**
24 **and conservation and demand management studies currently underway. In**
25 **the Board’s view the Province’s future policy direction respecting energy**
26 **supply will be a key ingredient in formulating an IRP. As well these various**
27 **studies/reviews would also comprise important inputs needed to stimulate**
28 **informed discussion and debate contributing to a comprehensive IRP**
29 **acceptable to all stakeholders.**
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31 **In terms of the Board’s ongoing role with respect to ensuring adequate**
32 **planning Hydro prepares an annual system planning report, which reviews**
33 **the latest long-term load forecast, generation expansion requirements,**
34 **options, costs and other important issues. The 2005 report was filed on**
35 **November 27, 2006 (Schedule JRH-Supplementary 1) and the 2006 report**
36 **was filed on December 8, 2006. This report provides fundamental**
37 **information regarding future supply issues in the Province and is valuable to**
38 **the Board in meeting its responsibilities under s. 4 of the *EPCA*. The Board**
39 **remains convinced that an IRP undertaken as part of a generic process as**
40 **described in Order No. P. U 14(2004) is an important planning tool and**
41 **would enhance the information available to the Board and other parties**
42 **regarding future generation and supply options in the Province. The Board**
43 **will convene a meeting of stakeholders including Hydro and the parties to**

1 **this proceeding to discuss the scope of an IRP process with the timing of such**
2 **an exercise to be determined by the Board.**

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4 **The Board will not establish at this time a process with respect to the**
5 **commencement of an IRP exercise.**

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7 **Should Hydro’s review of planning practices, processes and capabilities be**
8 **limited to supply planning, or should it also consider demand-side options as**
9 **well? What is Liberty’s point of view concerning the long-delayed**
10 **recommendation to proceed with an Integrated Resource Planning process in**
11 **Newfoundland and Labrador?**

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14 A. Liberty believes that the term “supply planning”, as used by both Liberty and Hydro,
15 encompasses demand-side options. Accordingly, to the extent Hydro agrees with
16 Liberty’s recommendation to review planning practices, processes and capabilities,
17 that review should and likely will include demand side considerations.

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19 With respect to the Integrated Resource Planning process, Liberty has no opinion on
20 any process previously or currently contemplated by the Board. In general, and not
21 necessarily applicable to the current Newfoundland circumstances, Liberty favors
22 comprehensive resource planning supported by strong analytical content. For the
23 near-term, Liberty has recommended that Hydro (1) review its planning practices,
24 processes and capabilities and (2) re-evaluate its supply needs (including demand
25 resources) both pre- and post- Muskrat Falls.