

- 1 **Q: On page 10 of the report Liberty notes that the risk on the IIS at this time, and**
2 **for the next 2-4 winters, is greater than previously thought and exceeds Hydro's**
3 **reliability criterion (EUE not exceeding 300 MW.h, which Hydro equates to an**
4 **LOLH of 2.8). Liberty then states: "This does not mean that such risks are**
5 **automatically unacceptable. One must balance the risk against the cost of new**
6 **capacity to make an informed decision." Liberty goes on to state that there are**
7 **several reasons why they consider the risk pre-Muskrat Falls to be higher than**
8 **calculated by Hydro. In light of Liberty's assessment of the risk, and based on**
9 **Liberty's experience and current information on the IIS, what added capacity**
10 **and cost would it appear reasonable for Hydro to consider at this time for the**
11 **pre-Muskrat Falls period based: (a) on Hydro's existing reliability standard and**
12 **load forecasts, (b) on new criteria that would be consistent with North**
13 **American practice and Hydro's existing load forecasts, and (c) on new criteria**
14 **that would be consistent with North American practice and a revised load**
15 **forecast of peak demand (P90) equal to that provided June 30,2015 (as shown in**
16 **Figure 11.3 of the Liberty report)?**
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- 19 **A. Liberty has recommended that Hydro conduct a new supply review**
20 **(Recommendation II-1). It is not practical for Liberty to estimate the optimum**
21 **amount of required new capacity or its cost in the absence of such a review.**
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23 Please also see Liberty's response to NP-PUB-001.