

1 Q. Has Hydro worked with the customer to incorporate CDM initiatives into the facility to minimize
2 its maximum demand requirements? Describe Hydro's CDM efforts for this facility.

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5 A. Newfoundland and Labrador Hydro ("Hydro") has not undertaken facility-specific Conservation
6 and Demand Management ("CDM") initiatives with the applicant at this stage.

7 Hydro's CDM programs on its interconnected systems are designed to provide opportunities for
8 existing facilities to manage or reduce their electricity consumption and demand through
9 eligible measures and incentives.¹ For example, Hydro's prescriptive rebates provide incentives
10 for conversions to more energy-efficient products (i.e., lighting, thermostats, etc.), and custom
11 programs require an established baseline by which to calculate savings from upgrades.²

12 In this case, the applicant's requested service is being assessed as a new facility, and the
13 estimated maximum demand is based on the proposed facility's connected load and anticipated
14 operating requirements.

15 CDM incentives for a facility under construction must be considered in the context of the
16 Board's approved cost-effectiveness tests and potential free ridership whereby utility incentives
17 are paid for energy-efficient investments that would have occurred regardless. Once the facility
18 is connected and becomes a Hydro customer, the customer may be eligible to participate in
19 Hydro's CDM programs, subject to the applicable program eligibility requirements and terms. At
20 that time, Hydro can work with the customer to identify eligible opportunities to reduce or
21 manage its electricity consumption and demand.

¹ Hydro has worked with new customers in isolated systems where the load addition would represent a significant addition to system peak and potentially trigger capital investments.

² Participation in Hydro's Business Efficiency Program Custom Solutions is historically quite low on the Labrador Interconnected System, with only six projects being funded since 2014. By way of example, in 2022 Hydro funded a feasibility study for a commercial heat pump conversion in Labrador City which was forecast to result in significant energy savings. However, due to the low rates on the Labrador Interconnected System, the payback period exceeded 30 years and was therefore beyond the expected useful life of the new technology. As a result, the customer elected to not proceed with this project.