

1 **Section 3: Finance/Demand Management Incentive Account**

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3 **Q. References: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**  
4 **December 12, 2023, vol. 1, Evidence, sec. 3.4.2, p 3-51/2–5 and Exhibits, exh. 14,**  
5 **p. 1/23–26.**

6 **Page 3-51, lines 2–5 state:**

7 **Newfoundland Power has limited ability to manage system demand on a**  
8 **peak day. Peak demand is typically driven by a period of extremely cold**  
9 **weather and normally occurs in the morning or early evening. Peak demand**  
10 **varies annually depending on timing and weather conditions.**

11 **Exhibit 14, p. 1, lines 23–26 state:**

12 **A = actual demand supply cost in dollars per kWh determined by dividing**  
13 **the wholesale demand charges in the calendar year by the weather**  
14 **normalized kWh purchases for that year (as will be reported in Return 15 of**  
15 **Newfoundland Power’s Annual Report to the Board).**

16 **Please detail how weather normalization impacts the calculation of the existing**  
17 **Demand Management Incentive Account Balance. In Newfoundland Power’s view,**  
18 **does the current account definition appropriately normalize for weather impacts on**  
19 **peak demand or could weather normalization be better utilized in the calculation to**  
20 **more appropriately capture demand impacts within Newfoundland Power’s**  
21 **control? Please explain.**

22  
23 **A.** Newfoundland and Labrador Hydro (“Hydro”) determines Newfoundland Power’s  
24 weather normalized native load.<sup>1</sup> As such, the Company does not have control over its  
25 determination.

26  
27 In the Company’s view, determining a weather-normalization adjustment for a single and  
28 very cold peak day has practical limitations. As examples, whether it is a sunny day or  
29 not or the occurrence of multiple consecutive cold days will impact peak demand, which  
30 is not incorporated into Hydro’s weather adjustment. Both utilities have previously  
31 acknowledged these practical limitations associated with the weather adjustment.

32  
33 Weather normalization associated with annual energy purchases, which is determined by  
34 the Company, is less subject to these effects and is determined over a 365-day period as  
35 opposed to one day.

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<sup>1</sup> See, for example, Hydro’s letter to Newfoundland Power re: *Weather-Adjusted Native Load by Newfoundland Power Inc.* dated April 5, 2023.