1   **Volume 2: Tab 3, Customer, Energy and Demand Forecast Report**
2
3   **Q.**   **Volume 2, Tab 3, page 3 of 8. Please report the load factors which have been**
4   **observed over the past 5 years, which are used in the derivation of the peak demand.**
5   **Please explain why Newfoundland Power does not use an econometric model to**
6   **estimate the peak demand.**
7
8   A.   Table 1 provides the requested load factor data.

Table 1:
Newfoundland Power Load Factors[1]

Winter Season	Load Factor (%)
2018-2019	49.19
2019-2020	51.54
2020-2021	52.93
2021-2022	49.54
2022-2023	47.12
5-year average	**49.35**[2]

9   Newfoundland Power forecasts its native peak demand ("peak demand") to estimate its
10   expected purchased power costs from Newfoundland and Labrador Hydro ("Hydro")
11   throughout the forecast period. A system load factor methodology has been used by the
12   Company to forecast peak demand since 2005 when demand charges were first
13   introduced as a component to Newfoundland Power's Utility Rate from Hydro.
14
15   Historically, peak demand was forecast using a 15-year average system load factor. In
16   Newfoundland Power's *2022/2023 General Rate Application,* the Company adjusted its
17   approach to using a five-year average system load factor. At that time, Newfoundland
18   Power found its approach to be consistent with sound utility practice.[3] Further, the
19   Company's approach has historically provided reasonable forecasts of its peak demand.
20
21   Accordingly, Newfoundland Power has used the five-year average system load factor
22   methodology in its *2025/2026 General Rate Application* as opposed to an econometric
23   model.

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[1]   Weather-adjusted.
[2]   The load factor for 2020-2021 was excluded from the five-year average as it was abnormally high due to pandemic public health measures in effect during that winter season.
[3]   In 2021, Newfoundland Power surveyed 12 Canadian utilities to understand their peak demand forecasting methodologies. Of the 12 surveyed utilities, six use methodologies similar to Newfoundland Power's load factor methodology, which relies on forecast energy consumption and historic energy and demand data. Of those, one utility uses one year of historical data, three utilities use three to five years of historical data, and two utilities use 10 years of historical data.