

1 Q. Re: Liberty Report, Conclusion 2.22 (pp. 33-34)

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3 Citation:

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5 2.22. History suggests that Hydro will consult with Newfoundland Power
6 on the design and results of the coming analyses related to
7 conservation and demand management, but it is not clear that
8 Newfoundland Power will share “ownership” of the process.
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10 Personnel from Newfoundland Power consider Hydro to have been open in
11 discussing planned work, in sharing results, and in addressing use of
12 analytical information in past program design and evaluation. It remains
13 clear, however, that Hydro’s system planners retain responsibility for
14 program design, the range of assumptions analyzed, the nature of the
15 analyses, selection of resources to assist in performing analyses, oversight
16 of study and analytical work, and final reports.
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18 ...

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20 One can conclude that it is not necessarily certain that Hydro and
21 Newfoundland Power (and perhaps other stakeholders as well) will agree
22 on the range of schedule and cost assumptions that should be employed.
23 Scope and methodological viewpoints may differ as well. The same is true
24 of views about the time required to complete work that must serve as the
25 foundation for assessing conservation and demand management potential.
26 Full visibility into study work and management of those performing it and
27 vetting results also has importance in our view. Therefore, while Liberty
28 commends efforts to engage Newfoundland Power in discussions and while
29 Liberty would expect Hydro to consider to listen carefully and respond to
30 input, a better approach would be to approach the work not from the
31 perspective of “ownership” by Hydro, but of “partnership” between the
32 two and transparency of the work and its results to the Board and to all
33 stakeholders. (underlining added)
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35 Preamble: It appears that Liberty is recommending a joint decision-making process
36 (a “partnership” approach) between Hydro and NP, as contrasted with a unilateral
37 decision-making process implied by the “ownership” approach.
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39 Is NP in agreement with the approach recommended by Liberty?

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41 Is NP concerned that the partnership approach might result in a slower timeline to
42 implementation than an ownership approach?

- 1 A. Newfoundland Power agrees generally with the approach recommended by the Liberty
2 Consulting Group with respect to the development of system marginal costs analyses.¹
3 The Company has met with representatives of Newfoundland and Labrador Hydro
4 (“Hydro”) to discuss completion of the necessary analyses.
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6 It is not clear to Newfoundland Power that a partnership approach will result in a slower
7 timeline. It might result in a more expedited timeline.

¹ The Liberty Consulting Group appears to indicate that Hydro personnel have historically determined the use of analytical information relating to marginal costs in the development of conservation programs. While Hydro personnel have historically taken the lead role in determining the marginal costs of the Island Interconnected System, they have not taken the lead in the development of conservation programs in the residential and commercial market sectors. In these sectors, Newfoundland Power has historically taken the primary role in program development. See Company Evidence, *2009 Conservation and Cost Deferral Application*, page 6, lines 15-19.