

Requests for Information

Q. When did Newfoundland Power last undertake a review of its load forecasting methodology prior to January 2014? Provide details on the review that was completed.

A. Newfoundland Power's forecasting methodology for customers and energy was last substantially modified in 1998.

The peak load forecasting methodology was introduced in 2002. The methodology was developed in consultation with Newfoundland and Labrador Hydro ("Hydro") and employs a load factor approach in calculating Newfoundland Power's peak demand. A detailed description of the peak demand forecasting methodology is provided in the response to Request for Information PUB-NP-006.

The initial peak demand forecast model was based on calculating forecast peak demand using an average load factor based on the most recent 10 years of actual (not weather adjusted) energy and peak demands.

A number of changes have been made to the methodology since 2002.

- In 2003 the calculation of average load factors was modified to reflect the most recent 15 years of actual data.
- In 2005 the data used in the calculation of average load factor was modified to reflect weather adjusted or normalized peak and energy data rather than actual data.¹
- In 2013 normalized historical peak data used in calculating load factor was revised to reflect changes to Hydro's peak demand weather adjustment methodology approved in Order No. P.U. 39(2012) and monthly peak forecasts were modified to reflect historic average monthly load factors.²

These changes were made to enhance the stability of the average load factor used in the methodology and accuracy of Newfoundland Power's forecast of average or expected weather adjusted peak demand.

All changes to Newfoundland Power's peak load forecasting methodology are made in consultation with Hydro.

¹ The calculation methodology for determining weather adjusted or normalized peak was developed by Hydro for the purposes of estimating a billing demand for purposes of billing Newfoundland Power for Hydro's electricity supply. The methodology is discussed annually and if necessary adjustments are made. The details of the methodology are documented as part of the Hydro's Board-approved Utility rate.

² The 2013 modifications to Newfoundland Power's demand forecast model related to monthly peak forecasts did not affect the Company's forecast of its annual winter peak for its electrical system.