

1 Q. **Reference: Volume I, Section 6.7; Exhibit 17**

2 a) Did Hydro or CA Energy model any customer demand response to the proposed rate
3 design? If yes, provide the price elasticity, load-shifting, peak-demand response,
4 production response, or other behavioral assumptions used and identify the supporting
5 source for each.

6 b) Provide Hydro's estimate of the change in peak demand and annual energy
7 consumption expected as a result of the proposed rate design and explain how such
8 changes have been reflected in Hydro's load forecast, revenue forecast, or resource
9 planning.

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12 A. a) Newfoundland and Labrador Hydro ("Hydro") or Christensen Associates Energy Consulting
13 did not model any customer demand response to the proposed rate design. As referenced in
14 Hydro's response to part a) (iii) of IIC-NLH-001 of this proceeding, Hydro's proposed changes
15 to the Island Industrial rate structure are limited to those necessary as a result of No. 6 fuel
16 at Holyrood Thermal Generating Station no longer reflecting the marginal cost on the Island
17 Interconnected System. To implement this change, Hydro's proposal is to implement an
18 energy blocking structure in which the marginal price is based on the opportunity cost of
19 exports. While the changes are limited, the seasonal second block rate may provide an
20 incentive to shift load.

21 b) Hydro has not projected any change in peak demand and annual energy consumption as a
22 result of the proposed rate design.