

1 **Q. In its response to NLH-NP-071, Newfoundland Power noted that:**

2
3 **The Company does not develop its peak demand forecast for supply planning**
4 **purposes.**

5
6 **a) In consideration of this statement, what peak demand forecast of**
7 **Newfoundland Power’s requirements does Newfoundland Power believe**
8 **should be used in the Cost of Service methodology for Newfoundland and**
9 **Labrador Hydro’s General Rate Application?**

10
11 **b) In consideration of this statement, what peak demand forecast of**
12 **Newfoundland Power’s requirements does Newfoundland Power believe**
13 **should be used in Newfoundland and Labrador Hydro’s Reliability and**
14 **Resource Adequacy filings?**

15
16 **A. a) While Newfoundland Power does not develop its peak demand forecast**
17 **specifically for supply planning purposes, it has historically been used for supply**
18 **planning in addition to its primary purpose of providing a reasonable forecast of**
19 **the Company’s purchased power costs.¹**

20
21 In Newfoundland Power’s view, Newfoundland and Labrador Hydro’s (“Hydro”) **cost of service study should continue to reflect generally accepted industry**
22 **methods, such as those outlined in the National Association of Regulatory Utility**
23 **Commissioners *Electric Utility Cost Allocation Manual*, dated January 1992.**

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25
26 Accordingly, it would be appropriate for Hydro to consider the relationship
27 between Newfoundland Power’s supply requirements and how it impacts Hydro’s
28 requirement for capacity on the Island Interconnected System. This would require
29 a system planning perspective, including consideration of Newfoundland Power’s
30 forecast decline in peak demand.²

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32 **b) In Newfoundland Power’s view, its peak demand forecast continues to be**
33 **reasonable for supply planning purposes. The Company acknowledges that there**
34 **is currently a greater degree of uncertainty with its peak demand forecast than**
35 **there has been historically, and suggests that consideration of the uncertainty**
36 **should be addressed as part of Hydro’s *Reliability and Resource Adequacy Study***
37 ***Review*.³**

¹ See response to Request for Information NLH-NP-071.

² See: (i) National Association of Regulatory Utility Commissioners *Electric Utility Cost Allocation Manual*, January 1992, page 39; and (ii) response to Request for Information PUB-NP-109.

³ For example, Hydro has indicated that its peak demand forecast used in its near-term reliability assessment continues to be conservative and aligned with the intent of the analysis. See Hydro’s presentation *Reliability and Resource Adequacy Study Review – Technical Conference #2*, November 30, 2020, page 30, filed in advance of Hydro’s 2nd Technical Conference in relation to Hydro’s *Reliability and Resource Adequacy Study Review*.