

Nalcor Energy Response to Grant Thornton Question 3.2*Question:*

Please describe Nalcor's internal review process of the load forecast? Was there a peer review of the load forecast completed by Newfoundland Power? If so, please provide evidence that this review was completed and any resulting conclusions.

Response:

The development and completion of long term planning load forecasts resided within the System Planning Department's Market Analysis Section at the time of completion of the 2010 Planning Load Forecast (PLF) and the 2012 PLF. It is incumbent on the analysts of the Market Analysis Section to prepare load forecasts for the various electrical systems that exist within the province and to ensure that the load forecasts are well founded and reasonable, given a set of input assumptions. The PLF for the Island Interconnected System is determined through an iterative process involving different analysts including those responsible for load forecasting, system supply planning and electricity rate determination. Load forecast outputs which are inputs for the system supply planning and electricity rate determination functions were reviewed by the analysts responsible for each of these planning functions at each iteration. As such, there was no formal review and acceptance of the load forecast but instead, an open communication and discussion of load forecast results between the analysts involved.

A formal peer review of the 2010 PLF and 2012 PLF results was not completed by Newfoundland Power. The results of the load forecasts' were informally communicated to Newfoundland Power through dialogue with the load forecaster at Newfoundland Power. It has been a long standing practice between the load forecasters of the two utilities to maintain open communication and discussion with respect to load forecast issues and each other's load forecast results. This informal communication process between the load forecasters would have been the same during the completion of the 2010 PLF and the 2012 PLF but is not documented.

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