Q. **Reference: Application, Volume I, Section 6.7.6 Non-firm Rate; Application, Volume III, Exhibit 17, Christensen Associates Report, Section 2.3 Treatment of Non-firm load.**

At pages 6.24-6.25, Hydro states that industrial customer contracts currently include a provision for interruptible (non-firm) demand and that when customers are using interruptible demand, they are generally required to pay for their additional energy requirements based on the market value of exports. For non-firm service where thermal is the marginal source, Hydro is proposing to retain the previously approved calculation for the energy charge with an update to the loss factors.

Section 2.3 of the Christensen Report states under the current rate design a customer can adjust their power on order upward with some flexibility but downward only annually and that under the hours of use design customers will retain this demand management strategy but will have an additional incentive in that an increase in power on order will shift energy from Block 2 to Block 1.

**a)** Please discuss if Hydro will permit customers to set their Power on Order, such that the value varies by season or by month under this revised rate design.

**b)** If not, please explain why, considering that it would permit customers to better tailor the contracted service to their loads which may vary by month.

A. **a)** Newfoundland and Labrador Hydro ("Hydro") is not proposing to permit customers to set their Power on Order such that the value varies by season or by month under this revised rate design.

**b)** As stated in Hydro's response to part a) of IIC-NLH-001 of this proceeding, Hydro is proposing limited changes to the Island Industrial rate design in the 2026 General Rate Application. Hydro would have to undertake a complete analysis of the impacts of allowing such changes to setting Power on Order.