

- 1 Q. The CDM potential study indicates at page 53 (Schedule C) that the study is based on baseline  
 2 with no carbon taxes on heating oil, a mid scenario with the federal government carbon levy  
 3 increasing from \$10/tonne to \$50/tonne, and a high scenario based on the “social cost of  
 4 carbon”.
- 5 a) Please provide the values used for the social cost of carbon.
- 6 b) Please confirm that the potential study did not assess the CDM needs in an environment  
 7 where \$170/tonne carbon pricing was imposed. If confirmed, please re-run the  
 8 potential study on the basis of a \$170/tonne carbon price as has now been adopted by  
 9 the federal government. Please include the mTRC, PACT, PCT and RIM by program,  
 10 including providing the inputs used to derive and calculate the ratios.
- 11 c) Please provide the CDM potential study and resulting mTRC, PACT, PCT and RIM based  
 12 on the carbon levy applying to home heating fuels.
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- 15 A. a) The social cost of carbon used in the Conservation Potential Study can be found in the  
 16 application<sup>1</sup> and has been reproduced below for ease of reference.

**Table E - 38: Fuel oil carbon-adders**

Year	Federal backstop		Social cost of carbon	
	\$ per tonne	\$ per litre fuel oil equivalent	\$ per tonne	\$ per litre fuel oil equivalent
2020	\$30	\$0.0821	\$213	\$0.58
2025	\$50	\$0.1369	\$239	\$0.65
2030	\$50	\$0.1369	\$264	\$0.72
2035	\$50	\$0.1369	\$290	\$0.79

<sup>1</sup> “Application for Approvals required to Execute Programming Identified in the Electrification, Conservation and Demand Management Plan 2021–2025,” Newfoundland and Labrador Hydro, rev. 1, July 8, 2021 (originally filed June 16, 2021), sch. 3, sch. C, p. 266 of 325, table E-38.

- 1           b) It is not confirmed. As noted in Newfoundland and Labrador Hydro’s (“Hydro”) response to  
2           IIC-NLH-031, part a), a range of potential carbon prices were considered in the Conservation  
3           Potential Study (from \$30 per tonne to \$290 per tonne) in order to assess the sensitivities to  
4           changes in this input. As such, the reference price of \$170 per tonne has already been  
5           included in the range of scenarios considered by the Conservation Potential Study.
- 6           c) The Conservation Potential Study did consider the impact of carbon pricing applying to  
7           home heating fuels. Please refer to Hydro’s response to IIC-NLH-032.