Q. On page 2, Schedule 1 of the Application, Hydro states that consistent with the TRC test, an mTRC test result of 1.0 or greater indicates a program is cost-effective from both a customer and utility perspective."

a) Is the customer cost-effectiveness assessed at the individual customer level i.e. only those customers who purchase EVs?

b) Are individual customer incentives provided by the utility accounted for in this assessment?

A. *This Request for Information relates to the Electrification, Conservation and Demand Management Plan: 2021-2025 (the "2021 Plan") developed in partnership by Newfoundland and Labrador Hydro and Newfoundland Power ("Hydro" or, collectively, the "Utilities"). Accordingly, the response reflects collaboration between the Utilities.*

a) Yes, the modified total resource cost ("mTRC") test assesses the cost effectiveness of electrification programs for customers who participate in those programs. This ensures that programs will provide a net benefit to participating customers.

The mTRC also considers whether the Utilities' costs to deliver a program are less than or greater than the benefits provided to customers. If the Utilities' costs to deliver a program were greater than the benefits provided to customers, utility investment in that area would not be justified.

The mRTC is used in conjunction with a net present value analysis to confirm that electrification programs will provide a benefit to all customers. For more information, please refer to Hydro's response to PUB-NLH-023.

b) Incentives are not included in the mTRC as they have a neutralizing effect. This is because incentives are considered a benefit to customers and a cost to the utility.[1]

The exclusion of customer incentives as part of cost-effectiveness testing is consistent with the Utilities' approach for evaluating conservation and demand management programs using the Board-approved total resource cost test.

[1] For example, an incentive of $2,500 for an electric vehicle would decrease customers' equipment costs by that amount, while simultaneously increasing program administration costs by the same amount.