Q. Footnote 1 on page 2 of 33, Schedule F, indicates that the Incentive Strategy for the residential EV incentive program assumes that the current federal incentives will remain in place for the duration of the 2021-2025 Plan.

a) Does the calculation of the proposed mTRC test assume the same level of federal incentives available for each year of the full analysis period 2021-2025?

b) If these incentives decreased or are eliminated over the same period how would the mTRC results change?

c) If the federal incentives are reduced or eliminated during this period, would the utilities seek to replace the loss of federal incentives or increase the utility incentive to reflect the loss?

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 analyses provided assume the same level of federal incentives available for each year from 2021 to 2025.

b) Table 1 outlines the mTRC test results if the federal incentives were decreased by 50% or eliminated entirely.[1]

[1] Current federal incentive amounts are $5,000 for an all-electric vehicle and $2,500 for a plug-in hybrid vehicle. The 50% scenario assumes a $2,500 rebate for all-electric vehicles and $1,250 for plug-in hybrids. The analysis applies the reduction consistently throughout the 2021 to 2025 period.

**Table 1: mTRC Test Results – Changes in Federal Incentives**

| | Existing | 50% Reduction | Eliminated |
|---|---|---|---|
| Residential EV[2] and Charging Infrastructure Program | 1.9 | 1.7 | 1.4 |
| Commercial EV and Charging Infrastructure Program | 2.2 | 1.9 | 1.7 |

The analysis shows that planned electrification programs would remain cost effective if federal incentives were reduced or eliminated.[3]

c) If federal incentives are reduced or eliminated during this period, the Utilities will complete an analysis to determine whether any changes in incentive amounts would be required. This analysis would consider:

i. Changes in the purchase price of an EV: If the incremental purchase price of an EV declined significantly, an increase in the Utilities' incentive amounts may not be required to replace the benefit provided by the federal incentives.

ii. Actions taken in other jurisdictions: If an assessment showed that other jurisdictions were increasing their incentives to replace the benefit provided by the federal incentives, the Utilities would consider whether a similar approach is required in this jurisdiction.

iii. Effects on customer participation levels: If customer participation is significantly reduced following reduction/elimination of the federal incentive, the Utilities would consider whether increasing their incentive amounts would be a cost-effective means of increasing customer participation.

[2] Electric vehicle ("EV").
[3] An mTRC of 1.0 indicates a program is cost-effective.

iv. Impacts on the net present value ("NPV") analysis: The study by Dunsky Energy Consulting showed that higher incentive amounts lead to higher adoption rates and higher energy sales.[4] If the federal incentive was reduced/eliminated, the Utilities would update the NPV analysis to determine whether a change in their incentive amounts is necessary to improve the rate-mitigating benefits provided to customers.

These factors will be considered on an annual basis to determine whether changes to programs are required, regardless of whether federal incentives are reduced or eliminated.

[4] For example, the analysis showed that energy consumption would increase by an additional 16% by 2025 when a $2,500 incentive is added to the existing federal incentive. "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, at p. 140 of 325.