Q. (Reference slide 35)

a) Does Newfoundland Power intend to continue evaluating CDM programs using both the TRC and PAC tests?

b) Is the only difference between the TRC and mTRC tests that the latter includes non-electricity benefits and costs while the former does not?

c) With respect to the TRC test, please provide a numerical illustration of its calculation for Newfoundland Power's Business Efficiency program (Application, Table 3, page 13 of 25) identifying the benefits and costs by type for each year. Also, for each year please indicate the energy saved (and coincident peak reduction) and the marginal valuation used for it.

A. *This Request for Information relates to the Electrification, Conservation and Demand Management Plan: 2021-2025 (the "2021 Plan") developed in partnership by Newfoundland Power Inc. ("Newfoundland Power") and Newfoundland and Labrador Hydro ("Hydro") (collectively, the "Utilities") and the related Technical Conference presented by the Utilities on February 1, 2022. Accordingly, the response reflects collaboration between the Utilities.*

a) Yes, Newfoundland Power intends to continue evaluating CDM programs using both the TRC and PAC tests. The Board approved the use of the TRC and PAC tests for evaluating Newfoundland Power's CDM programs in Order No. P.U. 18 (2016). A review conducted in 2020 confirmed that use of these tests remains consistent with industry best practice.[1]

b) The primary difference between the TRC and mTRC tests is that the mTRC test includes non-electricity benefits.[2] This is because fuel and maintenance savings are essential to the customer economics of electrification programs, but are not currently essential to the customer economics of CDM programs.[3]

c) Attachment A summarizes the results of the TRC test for Newfoundland Power's Business Efficiency Program, as outlined in Newfoundland Power's Application.[4]

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1 See Newfoundland Power's Application, Volume 2, Schedule I, page 1 of 3, Table I-1.

2 Utility supply costs affect customers differently under CDM and electrification programs. For CDM programs, energy and capacity costs are reduced and are therefore considered a benefit to customers. For electrification programs, energy and capacity costs increase and are therefore considered a cost to customers. For that reason, utility supply costs are considered a benefit in Newfoundland Power's evaluation of CDM programs using the TRC test, and a cost in evaluating electrification programs using the mTRC test.

3 While not currently essential to the customer economics of CDM programs, including fuel and maintenance savings in the TRC test would ultimately increase the cost-effectiveness of CDM programs.

4 The TRC benefits are calculated based upon the net present value of energy and peak demand savings over the lifetime of each technology, using the forecast marginal energy and capacity costs for those years. Energy and peak demand savings for cost-effectiveness calculations are net savings and reflect adjustments for: (i) the timing of customer installations giving rise to the energy savings; and (ii) program free ridership (i.e. an estimate of participants who would have chosen the more efficient product without the program).

Summary of Results of the TRC test for
Newfoundland Power's Business Efficiency Program

Table 1:

Business Efficiency Program
TRC Results

Year	NPV Energy Benefits ($000s)	NPV Capacity Benefits ($000s)	Incremental Customer Costs ($000)	Program Administration Costs ($000s)	Incremental Net Energy Savings (MWh)	Incremental Net Peak Demand Savings (kW)	Winter On-Peak Marginal Energy Cost ($/MWh)	Winter Off-Peak Marginal Energy Cost ($/MWh)	Non-Winter Marginal Energy Cost ($/MWh)	Marginal Capacity Costs ($/kW)
	A	B	C	D	E	F	G	H	I	J
2021	2,727	3,720	1,446	879	4,684	963	78.35	63.81	27.24	326.26
2022	2,859	3,921	1,496	989	5,112	1,053	77.08	62.95	28.04	326.92
2023	2,897	4,014	1,504	920	5,403	1,122	66.92	54.09	24.60	327.66
2024	2,963	4,100	1,510	858	5,677	1,190	64.51	53.02	25.25	329.40
2025	3,044	4,201	1,521	974	6,016	1,272	61.90	51.74	26.57	330.30

Total Benefits (A+B)	Total Costs (C+D)
34,446	12,098

TRC Result (Total Benefits/Total Costs)	2.8