

1 **Q. (Reference Application, LED Street Lighting Replacement Plan, page 12) If the**
2 **marginal value of capacity were reduced by 50% would the LED Street Lighting**
3 **Replacement Plan be about break even with the status quo?**
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5 A. Newfoundland Power completed two sensitivity analyses to test the net present value
6 results of the *LED Street Lighting Replacement Plan* against changes in marginal energy
7 and capacity costs. The Company used a 20% and 40% reduction in marginal energy and
8 capacity costs to assess the alternatives. These thresholds correspond to mid-level and
9 low-level sensitivity thresholds for avoided costs used in the 2020-2034 Conservation
10 Potential Study (“CPS”) prepared by Dunsky Energy Consulting.¹
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12 The results of the sensitivity analysis demonstrate that the *LED Street Lighting*
13 *Replacement Plan* is sufficiently economic to withstand a reduction in marginal capacity
14 costs of 40%.²
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16 A further reduction in marginal capacity costs to 50% of current estimates would
17 approximate the economic breakeven point for the *LED Street Lighting Replacement*
18 *Plan*. Newfoundland Power observes there is no basis for a 50% reduction in marginal
19 capacity costs.

¹ The CPS was provided as Attachment A to response to Information Request PUB-NP-104 filed in relation to the Board’s Rate Mitigation Options and Impacts Reference.

² See the *2021 Capital Budget Application, Volume 1, LED Street Lighting Replacement Plan*, page 12, lines 1-6.