

1 **Q. Please confirm that Newfoundland Power intends to apply for approval to include**  
2 **all assets in the electric vehicle charging network (“EV Assets”) in its regulated rate**  
3 **base. Please explain the rationale for Newfoundland Power’s intention to treat its**  
4 **EV Assets differently than approved for Hydro in Order No. P.U. 7(2020).**

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6 **A. A. Newfoundland Power’s Application**

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8 The EV Assets proposed by Newfoundland Power are necessary to enable the successful  
9 delivery of customer electrification programs contained in the *Electrification,*  
10 *Conservation and Demand Management Plan: 2021-2025* (the “2021 Plan”).<sup>1</sup> The  
11 electrification programs contained in the 2021 Plan will provide a rate mitigating benefit  
12 to Newfoundland Power’s customers over the longer term.<sup>2</sup> This rate mitigating benefit  
13 is consistent with the least-cost delivery of reliable service to customers.

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15 Public policy permits the recovery of costs that are adjudged to be consistent with least-  
16 cost, reliable service delivery.<sup>3</sup> Newfoundland Power confirms that it intends to apply  
17 for approval to include all EV Assets that are consistent with the delivery of least-cost,  
18 reliable service in its regulated rate base.

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20 For a fulsome discussion of why the proposals in Newfoundland Power’s application are  
21 appropriate, see response to Request for Information PUB-NP-002.

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23 **B. Hydro’s Application**

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25 Order No. P.U. 7 (2020) approved approximately \$2.1 million in capital expenditures  
26 proposed by Newfoundland and Labrador Hydro (“Hydro”) for the construction of EV  
27 Assets. Hydro’s application was filed with the Board in December 2019 in compliance  
28 with Section 41(3) of the *Public Utilities Act*.<sup>4</sup>

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30 The timing of Hydro’s application was driven by the availability of government funding.  
31 Hydro had secured \$1.8 million in government funding in 2019 to offset the cost of the  
32 project. Hydro’s application indicated that the remainder of the project would be

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<sup>1</sup> In a 2019 survey completed by MQO, Newfoundland and Labrador residents ranked access to charging and concerns about reliability of range among the highest barriers to electric vehicle ownership. Access to fast charging infrastructure is limited in Newfoundland and Labrador and lags behind that of other Canadian provinces. Private sector investment in fast charging infrastructure is currently constrained by a weak business case. Without investment in adequate charging infrastructure, customers’ adoption of electric vehicles will be limited. See the *2021 Electrification, Conservation and Demand Management Application*, Volume 1, Exhibit 2, page 4.

<sup>2</sup> For example, increased net revenue through electrification is forecast to provide a rate mitigating benefit for customers of 0.5¢/kWh by 2034. This equates to \$100 in reduced electricity charges that year for an average residential customer with electric heating. See the *2021 Electrification, Conservation and Demand Management Application*, Volume 1, Exhibit 2, page 3.

<sup>3</sup> See Section 3(b)(iii) of the *Electrical Power Control Act, 1994*.

<sup>4</sup> Section 41(3) of the *Public Utilities Act* requires that a public utility shall not proceed with the construction, purchase or lease of improvements or additions to its property where the cost of the construction or purchase is in excess of \$50,000.

1 completed using non-regulated funds<sup>5</sup> and that the project would not be included in its  
2 regulated rate base or recovered from customers.<sup>6</sup>  
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4 Hydro's application was filed prior to development of the 2021 Plan. The rate mitigating  
5 benefit of utility investment in EV Assets was not determined at the time of Hydro's  
6 application. Accordingly, Hydro's application did not include any evidence that the  
7 proposed capital project was consistent with the least-cost delivery of reliable service and  
8 should be recovered from customers. This differs from Newfoundland Power's current  
9 application, as described above.  
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11 Hydro subsequently filed a second application with the Board in June 2020 regarding the  
12 provision of electric vehicle charging services. As part of that proceeding, Hydro stated:  
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14 *[I]f it can be shown that the operation of the fast charging network is in the best*  
15 *interest of all ratepayers consistent with the provision of least-cost reliable*  
16 *service over the long term, the operating and maintenance costs as well as*  
17 *charging revenues from the network could be viewed as Conservation and*  
18 *Demand Management ("CDM") costs and revenues. If so, Hydro will seek Board*  
19 *approval to recover or credit such costs and revenues on a prospective basis*  
20 *through Hydro's CDM cost recovery deferral account.*<sup>7</sup>

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<sup>5</sup> See Hydro's Application for Approval of the Construction and Installation of 14 Level 3 Direct Current Fast Chargers and 14 Level 2 Chargers, Schedule 1, page 4.

<sup>6</sup> See Hydro's Application for Approval of the Construction and Installation of 14 Level 3 Direct Current Fast Chargers and 14 Level 2 Chargers, paragraph 8.

<sup>7</sup> See response to Request for Information PUB-NLH-002 filed as part of Hydro's Application Regarding the Provision of Electric Vehicle Charging Services.