Q. Would a Board order declining to allow the EV Assets, the Electrification Cost Deferral Account, or recovery of a portion of the program costs (eg. rebates/incentives) in rate base affect Newfoundland Power's approach and proposals to EV electrification?

A. The provincial power policy contained in the *Electrical Power Control Act, 1994* requires Newfoundland Power to manage its operations in a manner that results in power being delivered to customers at the lowest possible cost consistent with reliable service.[1] Costs adjudged by the Board to be consistent with least-cost, reliable service delivery are generally permitted to be recovered from customers.

The customer electrification programs outlined in the *2021 Electrification, Conservation and Demand Management Application* (the "Application") will provide a rate mitigating benefit to Newfoundland Power's customers over the longer term.[2] This rate mitigating benefit is consistent with the least-cost delivery of reliable service.

The EV Assets, Electrification Cost Deferral Account and program costs proposed in the Application are necessary to deliver the rate mitigating benefits of customer electrification programs. These proposals are consistent with sound utility practice and past practice of the Board.[3]

Should the Board find that the Application's proposals are not consistent with sound utility practice or least-cost service delivery, Newfoundland Power would be required to reconsider its planned approach to delivering customer electrification programs.

For a fulsome discussion of why the proposals in Newfoundland Power's Application are appropriate and consistent with sound utility practice, see response to Request for Information PUB-NP-002.

[1] See Section 3(b)(iii) of the *Electrical Power Control Act, 1994*.

[2] 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.

[3] The Electrification Cost Deferral Account is proposed to operate in a manner similar to the existing Conservation and Demand Management Cost Deferral Account. See the Application, Volume 1, Exhibit 1.