

1 **Q. (Reference slide 22)) It is indicated that the \$33.9 million net revenue due to**
2 **electrification causes an average annual bill savings for ratepayers of \$100. However,**
3 **that net revenue impact is the result of ratepayers paying higher bills as electrification**
4 **induces them to consume more electricity. (a) Is the \$33.9 million in net revenue**
5 **derived from the gross revenue from increased bill payments due to that higher**
6 **electricity consumption? (b) Taking into account the higher bills due to that increased**
7 **consumption, how can the average annual ratepayer bill go down?**
8

9 **A. *This Request for Information relates to the Electrification, Conservation and Demand***
10 ***Management Plan: 2021-2025 (the “2021 Plan”) developed in partnership by***
11 ***Newfoundland Power Inc. (“Newfoundland Power”) and Newfoundland and Labrador***
12 ***Hydro (“Hydro”) (collectively, the “Utilities”) and the related Technical Conference***
13 ***presented by the Utilities on February 1, 2022. Accordingly, the response reflects***
14 ***collaboration between the Utilities.***
15

- 16 a) Yes, the \$33.9 million referenced in this Request for Information is the result of
17 additional utility net revenues from maximizing domestic load through electrification
18 by 2034. The increased net revenues will provide a rate mitigating benefit for
19 customers of approximately 0.5¢/kWh by 2034.¹ This is consistent with the Board’s
20 findings as part of the Reference on Rate Mitigation Options and Impacts.²
21
- 22 b) The \$100 in reduced annual electricity charges simply illustrates how the 0.5¢/kWh
23 rate mitigating benefit described in part a) would impact the electricity bill of an
24 average domestic customer with electric heating.³ This example does not suggest that
25 the bill for the average ratepayer in 2034 will be lower than the average ratepayer bill
26 in 2021; rather, it illustrates that *at the same amount of electricity usage*, the cost to
27 the customer in 2034 would be \$100 lower due to the energy rate being reduced by
28 0.5¢/kWh as a result of the rate mitigating benefit described in part a).
29

30 Electrification programs will provide rate mitigation benefits for all Newfoundland
31 Power customers over the long-term, regardless of whether they participate in an
32 electrification program. A customer who does not participate in an electrification
33 program, and does not consume more electricity, will enjoy the rate mitigation benefit
34 illustrated in the example (i.e. \$100 for an average domestic customer with electric
35 heating). While participants in electrification programs will see increased electricity
36 costs as a result of consuming more electricity, the unit cost of that electricity will
37 decrease. In addition, they will see a reduction in their overall *energy* costs through
38 vehicle fuel savings. For example, electrification programs will provide fuel savings
39 for customers of approximately \$27 million.

¹ See Newfoundland Power’s Application, Volume 1, Evidence, pages 18 and 19.

² See response to Request for Information TC-CA-NP-001 for further information.

³ For further detail on the context of this calculation, see Newfoundland Power’s Application, Volume 1, Evidence, pages 18 and 19, including footnote 47.

1 See Section 5.0 Customer Benefits of the 2021 Plan for further information on the
2 customer benefits of electrification programs, including an illustrative example of
3 how a participant will see overall savings, net of increased electricity costs.⁴

⁴ See Newfoundland Power's Application, Volume 2, 2021 Plan, pages 26 to 30.