

1 **Q. In its 2016 filing at 4-29 NP referred to potential competition as a result of increased**
2 **power costs. At that time, NP was asked to provide the cost of conversion for a**
3 **typical residential customer to an oil furnace and the current annual cost of heating**
4 **with oil versus electricity for different rate classes. With the increased capital cost of**
5 **Muskrat Falls can NP revisit and update its answer and also reference any other**
6 **alternative fuels that both residential and industrial users might switch to such as**
7 **propane?**
8

9 A. The cost to convert a domestic customer from electricity to another fuel can vary
10 significantly depending on the dwelling. The typical cost of conversion to a forced air
11 furnace is approximately \$10,000 while the cost of conversion to a hot water radiation
12 system can range from \$15,000 to \$25,000.¹ The cost of conversion can also vary
13 depending on the fuel type.²
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15 The current annual cost of heating with oil versus electricity for different rate classes is
16 difficult to quantify. For domestic customers, electricity currently has approximately a
17 9-10% operating cost advantage compared to furnace oil.³ For general service customers,
18 the cost of furnace oil can vary significantly depending on the volume of oil purchased
19 and the contracts available with the various oil distributors. Therefore, Newfoundland
20 Power is unable to provide information on the current cost of heating with oil versus
21 electricity for general service customers.
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23 Newfoundland Power's energy sales have declined each year since 2015.⁴ One of the
24 reasons for the decline in energy sales is the increased penetration of heat pumps among
25 the Company's customers to offset electric baseboard heating.⁵ In addition to heat
26 pumps, both propane and wood fireplaces are viable supplementary heating sources
27 which customers can use to reduce their electrical heating consumption. These sources of
28 heating do not require high upfront costs compared to the costs required to convert to an
29 oil furnace.

¹ The cost estimates are based on a 1200 sq ft. bungalow with an unfinished basement.

² Other space heating fuels include furnace oil, propane and wood.

³ The 9-10% is based on including only the cost of electricity and fuel oil.

⁴ See the response to Request for Information NLH-NP-072 for changes in Newfoundland Power's energy sales over the past 10 years.

⁵ The penetration of heat pumps among Newfoundland Power's customers increased from approximately 4% in 2014 to approximately 18% in 2020.