

1 **Q. What savings is Newfoundland Power anticipating from the Net Metering Program**
2 **in terms of loss reduction and new equipment deferrals, what is the basis for the**
3 **calculation of such savings, and will Net Metering Customers be given a credit to**
4 **reflect these savings to offset any interconnection costs?**
5

6 A. *General*

7 The proposed Net Metering Service Option does not contemplate any direct offsetting of
8 customers' interconnection costs to reflect savings from loss reduction or new equipment
9 deferrals.

10
11 *Losses*

12 Costs associated with electrical losses are included in customer retail rates. When a
13 customer participating in the Net Metering Service program offsets part of their load
14 using their own generation, they are effectively offsetting their own electricity costs at the
15 retail rate, including the cost of losses.

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17 *Equipment Deferrals*

18 Wind and solar are anticipated to be the most common types of small renewable
19 generation customers will install to avail of the Net Metering Service Option.
20 Newfoundland Power's transmission and distribution equipment is typically rated to meet
21 the forecast annual peak demand to which the equipment will be exposed.¹ Solar energy
22 production is expected to be virtually zero at the time of winter peak demand, and the
23 extent to which wind capacity should be relied on to supply customers at peak is limited.²
24 For these reasons, small renewable generation installed by customers to meet the
25 technical requirements of the Net Metering Service Option is not anticipated to have any
26 material impact on the annual peak demand forecast, and is therefore not expected to
27 contribute to the deferral of new equipment additions.

¹ In Newfoundland, the annual peak demand occurs in the winter, at or just after dusk or in early morning.

² This limitation was recognized in Order No. P.U. 49(2016) in which the Board approved the settlement agreement that costs associated with wind generation be classified, within Hydro's cost of service study, as 100% related to energy and 0% to demand. See Order No. P.U. 49(2016), Page 93. This classification is consistent with giving no value to wind generation for reducing peak demand.