

1 **Q. The Dunsky report states at page 109 that EV incentives have a significantly lower**
2 **cost-effectiveness than infrastructure deployment and also states, at page 116, that**
3 **although incentive programs could accelerate adoption in the short-term, they have**
4 **limited long-term impact on the market and may not be a suitable approach for**
5 **intervention. In light of this please explain why the recovery of the costs of the**
6 **proposed utility EV incentives should be approved in this province.**
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8 A. *This Request for Information relates to the Electrification, Conservation and Demand*
9 *Management Plan: 2021-2025 (the “2021 Plan”) developed in partnership by*
10 *Newfoundland Power and Newfoundland and Labrador Hydro (“Hydro” or, collectively,*
11 *the “Utilities”). Accordingly, the response reflects collaboration between the Utilities.*
12

13 The Utilities have planned a diversified portfolio of complementary electrification
14 programs for customers. The portfolio is designed to address specific barriers to
15 customers’ adoption of EVs. The portfolio includes investments in charging
16 infrastructure, as recommended in the Dunsky report. It also includes EV incentives.
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18 Currently, the upfront cost of purchasing an EV is approximately \$19,000 higher than the
19 cost of purchasing a gasoline-powered vehicle.¹ In the Utilities’ long-term history of
20 delivering customer programs, incentives have proven effective tools in overcoming
21 barriers to adoption of new technologies. For example, over 3 million at-the-cash rebates
22 and over 60,000 on-bill rebates for energy-efficient technologies have been provided to
23 Newfoundland Power’s customers since 2009. These rebates have resulted in electricity
24 bill savings of approximately \$118 million and reduced system costs of approximately
25 \$137 million.² These incentives have supported market transformation for products, such
26 as energy-efficient windows.
27

28 The Dunsky report determined that incentives can increase energy usage from EVs by up
29 to 32% over the short-term.³ EV incentives are not expected to be required over the
30 longer term, when cost parity is reached between EVs and gasoline-powered vehicles.
31 The Utilities expect that, over the longer term, incentives will be focused on load
32 management.
33

34 EV adoption in Newfoundland and Labrador currently lags behind that of other Canadian
35 provinces. Increasing the adoption of EVs over the short term through incentives will
36 have multiple benefits. It will improve the business case for future private sector
37 investments in public charging infrastructure, which is currently constrained due to the
38 upfront cost of the infrastructure and the limited number of EVs in the province. It will
39 also support future load management initiatives by the Utilities, as incentives for
40 charging infrastructure will only be provided for chargers that are capable of load
41 management.⁴

¹ See Newfoundland Power’s 2021 *Electrification, Conservation and Demand Management Application*,
Volume 2, page 16.

² *Ibid.*, Volume 1, Evidence, page 5.

³ *Ibid.*, Volume 2, Schedule C, page 139 of 325.

⁴ See response to Request for Information PUB-NP-037.

1 EV incentives have also proven effective elsewhere in Canada. For example, adoption of
2 EVs is highest in British Columbia and Quebec, which were among the first provinces in
3 Canada to introduce EV incentives. EVs account for between 7% and 10% of total
4 annual vehicle sales in these provinces, compared to less than 0.1% of total annual
5 vehicle sales in Newfoundland and Labrador.⁵
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7 See response to Request for Information PUB-NP-035 on why the Utilities' diversified
8 portfolio of programs, including EV incentives, is appropriate.
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10 See response to Request for Information PUB-NP-039 on how the Utilities determined
11 optimal EV incentive amounts.

⁵ See Newfoundland Power's *2021 Electrification, Conservation and Demand Management Application*, Volume 2, Schedule D, page 5.