

1 **Q. (Reference Application Schedule B, page iv) It is stated “Newfoundland**  
2 **Power also considered risks of assets becoming stranded for each proposed**  
3 **project and program”. How did NP incorporate the risk of an asset becoming**  
4 **stranded owing to new technology, new environmental regulations such as**  
5 **net-zero emissions and electrification policies, distributed generation, rate**  
6 **design, etc., or owing to a significant rate increase such as that forecast from**  
7 **July 1, 2024 to July 1, 2025?**  
8

9 A. Newfoundland Power considered the risk of assets becoming stranded in preparing its  
10 *2025 Capital Budget Application*, including due to advancements in technology and  
11 distributed generation.  
12

13 Newfoundland Power recognizes that emerging technologies, including non-wires  
14 alternatives (“NWAs”), may become consistent with the delivery of least-cost, reliable  
15 service in the future. The Company considers emerging technologies and NWAs in its  
16 assessments of alternatives for capital projects, when relevant. Currently, such  
17 alternatives have not been found to be least-cost for customers and do not expose  
18 Newfoundland Power’s assets to the risk of becoming stranded. For example, report *3.1*  
19 *Gander – Twillingate Transmission System Planning Study* evaluated an NWA solution,  
20 which was ultimately found to not be least cost for customers.  
21

22 With respect to distributed generation, Newfoundland Power’s *Net Metering Service*  
23 *Option* provides customers with the ability to generate electricity to offset their own  
24 consumption.<sup>1</sup> Customer participation in the Net Meter Service Option has been modest  
25 since its introduction.<sup>2</sup> As a result, the Company does not currently consider customer  
26 generation to be a factor that exposes its assets to a risk of becoming stranded.  
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28 Newfoundland Power does not anticipate that the implementation of any Board-  
29 approved rate increase would result in the stranding of Company assets.

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<sup>1</sup> Newfoundland Power’s *Net Metering Service Option* is based on the principles outlined in the Provincial Government’s Net Metering Policy Framework.

<sup>2</sup> As of December 31, 2023, Newfoundland Power had 44 Net Metering Service Option customers, totaling 473.9 kW of generation capacity and 123,506 kWh of energy delivered to Newfoundland Power. This represents approximately 0.03% of Newfoundland Power’s peak demand and approximately 0.002% of the Company’s annual energy sales.