

1 **Q. (Reference CA-NP-017b)**

2 **Please confirm that the electrification program proposed by NP and NL Hydro**
3 **had a negative net revenue requirement impact (a rate increase) in each of**
4 **the first 5 years of the proposed program and a cumulative net revenue**
5 **requirement impact of \$3.035 million through 5 years. Please confirm that NP**
6 **judged this rate impact to be acceptable to its customers.**

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8 A. The reference that this Request for Information is referring to is Appendix A of the *2021*
9 *Supplemental Capital Expenditures – Electric Vehicle Charging Network* report filed as
10 Exhibit 2 in the *2021 Electrification, Conservation and Demand Management Plan: 2021-*
11 *2025* which provided a net present value analysis (“NPV”) of the proposed *Electric*
12 *Vehicle Charging Network* to assess the rate mitigating benefit of customer electrification
13 programs.

14
15 The *pro forma* net revenue requirement impacts from the proposed electrification
16 program expenditures were negative in the first five years of the NPV analysis with a
17 cumulative *pro forma* revenue requirement of \$3,035,000 at the end of a five-year
18 period. However, the overall results of the NPV analysis had shown a cumulative benefit
19 of over \$61 million dollars by 2034. This would have provided a rate mitigating benefit
20 for customers of approximately 0.5¢/kWh by 2034. This benefit is consistent with the
21 least-cost delivery of reliable service to customers.

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23 In addition, the Company had taken the following steps to minimize the rate impact to
24 customers:

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26 1. Newfoundland Power and Newfoundland and Labrador Hydro had received funding
27 to install 19 charging sites throughout the province. Newfoundland Power’s
28 allocation of the funding was approximately \$550,000. This funding was not
29 reflected in the NPV analysis but would have reduced the overall electrification
30 program costs.
- 31
32 2. The Company proposed the Board approve an Electrification Cost Deferral Account
33 to provide for the deferred recovery of electrification program costs. Consistent
34 with the CDM Cost Deferral Account, this would have reduced the overall rate
35 impact to customers as costs incurred would be recovered over a longer period.

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37 Newfoundland Power does not assess capital projects by the *pro forma* annual revenue
38 requirement calculated in each year but by assessing the overall value of an NPV
39 analysis. As such, the proposed electrification program was considered to be cost-
40 effective from a customer and a utility perspective.