Q. (Reference PUB-NP-044) Are behind-the-meter alternatives and rate design being considered as part of Newfoundland Power's effort to reduce greenhouse gas and other environmental emissions?

A. Newfoundland Power's goal of reducing its controlled greenhouse gas ("GHG") emissions by 55% by 2035 compared to 2019 levels relates to its scope 1 emissions. Scope 1 emissions are a company's direct emissions that occur from sources that are controlled or owned by the company (e.g. emissions associated with fuel combustion, transportation, and fugitive emissions). As stated in the response to Request for Information PUB-NP-044, Newfoundland Power expects to meet its scope 1 GHG emissions reduction target through gradual replacement of assets as they reach end of life with lower-emitting alternatives.

Programs aimed at reducing customer usage or changing customer usage patterns, including behind-the-meter alternatives and alternative rate design, would not impact the Company's scope 1 GHG emissions. Newfoundland Power generates approximately 7% of the electricity it sells, which is virtually all hydroelectric. The Company purchases the remaining 93% from Newfoundland and Labrador Hydro ("Hydro"). As such, any reduction in customer electricity usage would primarily impact Hydro's scope 1 GHG emissions.[1]

The power policy requires Newfoundland Power to operate in a manner that results in power being delivered to customers at the lowest possible cost, in an environmentally responsible manner, consistent with reliable service.[2] As such, environmental responsibility is considered by the Company in its operations and when developing projects and programs.

The Company is in the process of conducting a Rate Design review.[3] When completed, the Rate Design Review will be used to assess future customer rate designs, including dynamic rate structures such as time-of-use rates. The Scope of Work includes reviewing customer rates in other jurisdictions and emerging trends in light of government zero-carbon efforts.[4] Further, the Company offers a Net Metering Service Option, which provides customers with the option to generate electricity from small-scale renewable sources, including solar and wind, to offset their own use.[5] As discussed above, neither of these initiatives are intended, or expected, to reduce the Company's scope 1 GHG emissions.

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1 Hydro's scope 1 emissions would be classified as scope 2 emissions for Newfoundland Power. Scope 2 emissions are indirect GHG emissions associated with the purchase of electricity, steam, heat, or cooling. As scope 2 emissions are largely outside its control, Newfoundland Power does not have a target to reduce its scope 2 emissions.

2 See section 3(b)(iii) of the *Electrical Power Control Act, 1994*.

3 See the response to Request for Information CA-NP-107 for more information.

4 See the response to Request for Information CA-NP-257 for the *2023 Rate Design Review Scope of Work.*

5 For a discussion on the service option, as well as customer installation of behind the meter technologies, see Newfoundland Power's *2023 Net Metering Service Option Annual Report*, filed with the Board on March 20, 2024.