

1 **Section 3: Finance/Demand Management Incentive Account**

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3 **Q. Reference: “2025/2026 General Rate Application,” Newfoundland Power Inc.,**
4 **December 12, 2023, vol. 1, Evidence, sec. 3.4.2, p. 3-54/15–17.**
5 **Newfoundland Power proposes to revise the DMI Account definition to replace the**
6 **calculation of the threshold from $\pm 1\%$ of test year wholesale demand charges to \pm**
7 **\$500,000 with effect from January 1, 2025.**
8 **If this proposal were approved, would Newfoundland Power anticipate any impact**
9 **on the Demand Management programming offered to its customers? In the**
10 **response, please specifically address Newfoundland Power’s current and upcoming**
11 **demand response programs such as the Electric Vehicle Demand Response Pilot**
12 **program.**

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14 **A.** Newfoundland Power’s proposal has no bearing on its demand management initiatives,
15 including on its peak day activities, such as voltage management and customer
16 curtailment. The proposal will also have no bearing on the Company’s conservation and
17 demand management customer programming.

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19 The Company’s proposal is based on limitations in managing its demand costs from the
20 level included in its latest test year. This is due to the fact that the demand reduction as a
21 result of Newfoundland Power’s demand management initiatives is reflected in the
22 Company’s test year forecasts. Further, increases in Newfoundland Power’s demand
23 costs charged by Newfoundland and Labrador Hydro (“Hydro”) are outside the
24 Company’s control.¹

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26 For further information on the Company’s demand management initiatives, including its
27 Electric Vehicle Demand Response Pilot, see the response to Request for Information
28 PUB-NP-074.

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30 Future customer demand management programs will be informed by the next joint-utility
31 potential study. Newfoundland Power and Hydro have engaged Posterity Group, an
32 economic and engineering consulting firm, to conduct a potential study that will examine
33 opportunities for electrification, demand response and energy efficiency for the Island
34 Interconnected System. The study is due to be completed in the third quarter of 2024. The
35 findings, along with the results of the *EV Load Management Pilot Project*, and other
36 supplementary research will inform the initiatives, programs and pilots included in the
37 utilities’ next multi-year plan.

¹ Since 2008, Newfoundland Power’s ability to reduce its purchased power demand costs has become more limited while the cost threshold has increased by more than 40%. For a fulsome discussion on limitations in managing its demand costs since 2008, see the *2025/2026 General Rate Application, Volume 1, Application, Company Evidence and Exhibits, Section 3: Finance, 3.4.2 Demand Management Incentive*.