

SECTION 3: FINANCE/DEMAND MANAGEMENT INCENTIVE ACCOUNT**Q. Reference: NLH-NP-073, NLH-NP-074, and NLH-NP-075**

- a) Please update Table 2 in Newfoundland Power’s response to NLH-NP-075 for 2013–2023 to include:
- i) Test Year Demand Cost and Actual Demand Cost;
 - ii) Test Year Energy Purchases and Actual Energy Purchases;
 - iii) Test Year Billing Demand and Actual Billing Demand;
 - iv) Demand Supply Cost Variance;
 - v) Demand Management Incentive (“DMI”) threshold (show the threshold as a positive or negative impact on net income); and
 - vi) Amount credited or charged to customers through the DMI Account.
- b) Does the current operation of the DMI Account provide an incentive for Newfoundland Power to undertake reasonable initiatives to minimize peak demand?
- c) Would Newfoundland Power support a change to its DMI Account to specifically incentivize the company to meet or exceed demand management activities within its control such as voltage management, customer curtailment, and Conservation and Demand Management activities? Why or why not?

A. a) See Attachment A for the requested information.

- b) Both the current and proposed definition of the DMI Account provide an incentive to Newfoundland Power to undertake reasonable initiatives to minimize peak demand. The proposed change in the incentive threshold to \pm \$500,000 is intended to recognize that the Company’s ability to reduce its purchased power demand costs from those included in customer rates has become more limited since the establishment of the DMI Account. This is largely reflective of peak savings related to Newfoundland Power’s demand initiatives being incorporated into the test year demand cost forecast used to set customer rates as outlined in section 3.4.2 *Demand Management Incentive* of the *2025/2026 General Rate Application*.

While short-term reductions in demand costs from those determined in the test year (e.g. 2023 actual vs. 2023 test year) are limited, the Company continues to focus on managing its demand costs to reduce overall costs for customers.¹

- c) Newfoundland Power’s proposed DMI Account definition does provide an incentive for the Company to continue to undertake these initiatives.²

¹ See the response to Request for Information PUB-NP-074.

² See the *2025/2026 General Rate Application, Volume 1: Application, Company Evidence and Exhibits, 3.4.2 Demand Management Incentive* for a fulsome discussion on this matter.

Demand Management Incentive Account

Newfoundland Power Inc.

Demand Management Incentive Account

2013 to 2023

(\$000s unless otherwise stated)

	<u>Demand Costs</u>		<u>Energy Purchases (GWh)</u>		<u>Billing Demand (kW)</u>		<u>Demand Supply Cost Variance</u>	<u>DMI Threshold</u>	<u>Net Charge or (Credit) to DMI</u>
	<u>Test Year</u>	<u>Actual</u>	<u>Test Year</u>	<u>Actual</u>	<u>Test Year</u>	<u>Actual</u>			
2013	58,219	59,163	5,678.4	5,678.1	1,212,890	1,232,566	965	582	272
2014	59,399	58,818	5,753.2	5,816.6	1,237,480	1,225,376	(1,221)	(594)	(446)
2015	59,399	60,686	5,753.2	5,877.4	1,237,480	1,264,289	59	594	-
2016	66,071	64,919	5,918.0	5,868.1	1,274,510	1,252,299	(587)	(661)	-
2017	66,283	68,272	5,908.9	5,828.7	1,278,610	1,316,974	2,856	728	1,490
2018	72,801	71,509	5,908.9	5,769.0	1,277,211	1,254,547	462	728	-
2019	71,958	74,639	5,800.7	5,741.9	1,262,414	1,309,458	3,445	758	1,881
2020	75,455	75,063	5,804.2	5,604.3	1,257,591	1,251,052	2,186	755	1,002
2021	75,455	75,063	5,804.2	5,567.3	1,257,591	1,251,052	2,672	755	1,342
2022	75,063	75,184	5,572.8	5,650.4	1,251,052	1,253,062	(904)	(751)	(107)
2023	75,063	80,681	5,545.9	5,806.3	1,251,052	1,344,691	2,148	751	978