

Section 2: Customer Operations/Environmental Responsibility

Q. Volume 1, Section 2, page 2-24, line 2-4 discussed Newfoundland Power’s goal of reducing greenhouse gas emission by 55% by 2035 compared to 2019 levels. Please explain:

- a) the amount of greenhouse gas Newfoundland Power is trying to reduce in metric tonnes per year; and**
- b) the budget allocated for this effort.**

A. a) Newfoundland Power’s goal of reducing controlled greenhouse gas (“GHG”) emissions by 55% by 2035 compared to 2019 levels represents a total GHG reduction of 3,349 metric tonnes.¹ An average annual GHG reduction of 223 metric tonnes is required to achieve a 55% reduction compared to 2019 levels by 2035.²

Most of the Company’s controllable emissions come from vehicle emissions, breakers that use sulfur hexafluoride (“SF6”) for insulation, and backup thermal generation. The Company expects to meet its emissions reduction target through gradual fleet electrification, reducing its number of SF6 breakers, and choosing more efficient options when operating or replacing its backup thermal generating units.³

The replacement of existing assets with lower emitting alternatives will occur when the assets reach end of life and require replacement. As such, the Company does not expect an equal amount of GHG emissions reductions each year before 2035. Annual reductions will be dependent in large part on the lifecycles of emitting assets and the available alternatives at the time of replacement.

- b) There is no budget presently allocated to this effort. The Company’s approach to emission reduction outlined above was developed in advance of the amendments to the *Electrical Control Power Act, 1994* that added the concept of environmental responsibility to the provincial power policy.⁴ Spending associated with reduction of GHG emissions to date has been included in Newfoundland Power’s annual capital budget applications and has been justified on the basis of providing least-cost, reliable service to the Company’s customers.⁵

Newfoundland Power will continue to work to reduce its emissions in accordance with the provincial power policy. The Company will assess lower emitting alternatives and technology for the above-mentioned focus areas, considering cost,

¹ More than 99% of the electricity generated by Newfoundland Power is hydroelectric. As a result, the Company’s direct emissions are lower than utilities with larger thermal generating portfolios. See the *2025/2026 General Rate Application, Volume 1, Application, Company Evidence and Exhibits, Section 2: Customer Operations*, pages 2-26.

² Total reduction of 3,349 metric tonnes GHG / 15 years = 223 average annual metric tonnes GHG.

³ See Newfoundland Power’s *2022 Sustainability Report*, page 6.

⁴ See the *Electrical Power Control Act, 1994*, section 3(b)(iii).

⁵ For example, electric vehicles purchased in 2024 would be part of the 2024 Capital Budget *Replace Vehicles and Aerial Devices 2024-2025* project.

1 reliability and environmental impacts. Expenditures will be proposed as part of the
2 Company's annual capital budgets.
3
4 Newfoundland Power will continue to assess funding opportunities associated with
5 reducing controlled GHG emissions. Funding could provide an earlier opportunity for
6 the Company to implement lower-emitting technologies.