

1 Q. **Reference: Midgard Consulting March 28, 2023 Report - Southern Labrador Communities –**
2 **Integrated Resource Plan**

3 Please detail how, if at all, the recently introduced 15% Clean Electricity Investment Tax Credit
4 and the Canada Infrastructure Bank’s Indigenous Community Infrastructure Initiative, both of
5 which are meant to encourage the development of renewable power, impact Hydro’s view on
6 the potential development of Site 8C?

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9 A. The 15% Clean Electricity Investment Tax Credit was announced as part of the federal budget on
10 March 28, 2023¹ and further details were released on April 5, 2023. To Newfoundland and
11 Labrador Hydro’s (“Hydro”) knowledge, eligibility details have not been fully announced. Further
12 project delay could be required in order to determine eligibility, without any certainty that
13 alternatives to the proposed project option would be eligible.

14 If the Clean Electricity Investment Tax Credit were received in full, it would likely mitigate only a
15 limited portion of the additional costs incurred for selecting an alternative to the proposed
16 project option, and would not be expected to reduce capital costs significantly enough to
17 change the outcome of the least-cost analysis. As Midgard stated in its “Review of Potential
18 Impacts on IRP of the 2023 Federal Budget,”² filed with the Board of Commissioners of Public
19 Utilities on March 31, 2023³:

20 The [Integrated Resource Plan] concluded that diesel generation is by far the
21 most economic source of capacity for the isolated systems of southern
22 Labrador. **A 15% [Investment Tax Credit] will not overcome the significant cost**
23 **increment for non-emitting sources of capacity.** It remains Midgard’s
24 conclusion that a diesel-based backbone system is needed to provide reliable
25 capacity.⁴ [emphasis added].

¹ Government of Canada, “A Made-In-Canada Plan: Strong Middle Class, Affordable Economy, Healthy Future,” March 28, 2023.

² Midgard Consulting Inc., “Review of Potential Impacts on IRP of 2023 Federal Budget,” memo, March 30, 2023.

³ “Long-Term Supply for Southern Labrador – Phase 1 – Midgard Consulting Inc. Report,” Newfoundland and Labrador Hydro, March 31, 2023, att. 2.

⁴ Midgard Consulting Inc., “Review of Potential Impacts on IRP of 2023 Federal Budget,” memo, March 30, 2023, p. 2, sec. 2.1.

1 To Hydro’s understanding, the Canada Infrastructure Bank’s (“CIB”) Indigenous Community
2 Infrastructure Initiative is not a grant but a low-interest loan program; and thus, would not
3 eliminate any additional costs associated with the alternatives reviewed by Midgard and Hydro.
4 In addition, it is not immediately certain that the proposed project or the alternatives would be
5 eligible under this program. However, as Midgard stated in its “Review of Potential Impacts on
6 IRP of the 2023 Federal Budget”:

7 Smaller scale Indigenous renewable projects, as currently supported by the CIB’s
8 Indigenous Community Infrastructure Initiative can further bolster Midgard’s
9 conclusion that a diesel capacity system offset with renewable energy resources
10 remains the least cost reliable solution for [Newfoundland and Labrador Hydro]
11 for the southern Labrador Communities.⁵

⁵ Midgard Consulting Inc., “Review of Potential Impacts on IRP of 2023 Federal Budget,” memo, March 30, 2023, p. 3, sec. 2.2.