

1 Q. **Reference: Bates White Phase 2 Expert Report, Page 4**

2 It is stated that “Hydro’s most recent load forecast (2025) indicates a reduction in peak demand
3 of 14 MW and total energy of 289 GWh in 2035 compared to the load forecast used in the Build
4 Application.”

5 a) Newfoundland Power has embarked on a Rate Design Study. To the extent that the
6 study leads to rates that better reflect marginal cost and the substantial difference in
7 marginal cost between winter and non-winter months, (i) has Hydro studied the
8 implications for future loads? and (ii) does Hydro accept the Christensen Associates’
9 (September 3, 2024 Report for Newfoundland and Labrador Hydro –Application for
10 Adjustment to Wholesale Utility Rate, Schedule 1, Attachment 1)) estimate of all-in
11 marginal cost (2023) of \$211.09 per MWh for the winter months (Dec-Mar) and \$37.75
12 per MWh for the other months as accurate?

13 b) In the November 15, 2018 Marginal Cost Study Update prepared by Christensen
14 Associates Energy Consulting encourages (page ES-4) time-of-use (TOU) pricing.

15 a. Does Hydro agree that TOU rates reflecting all-in marginal-cost would improve
16 consumption efficiency and provide substantial opportunities for reducing peak
17 demand and the cost of supply? (ii) Could effective use of seasonal and/or TOU
18 retail rates on the IIS, if implemented, reduce load enough to defer, or avoid the
19 need for both, or one of, the Avalon CT and Bay d’Espoir Unit 8?

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22 A. a) (i) Please refer to Newfoundland and Labrador Hydro’s (“Hydro”) response to part b) (i) of
23 CA-NLH-003¹ of the Additional Early Execution Capital Work for Bay d’Espoir and Avalon
24 Combustion Turbine proceeding, in response to the Consumer Advocate’s query of

¹ <http://www.pub.nl.ca/applications/NLH2025AvalonCombustionDecember/responses/CA-NLH-003.PDF>.

whether Hydro had determined how a move to marginal cost pricing at the retail level, effective January 2027, would affect the forecast increases in island load requirements.

(ii) Hydro accepts Christensen Associates Energy Consulting, LLC's estimate of all-in marginal cost (2023) of \$211.09 per MWh for the winter months (Dec–Mar) and \$37.75 per MWh for the other months as accurate at the time data was prepared for the report.

b) Dynamic rates, either Time of Use (“TOU”) or Critical Peak Pricing, were studied in the most recent Conservation and Demand Management (“CDM”) Potential Study undertaken by Hydro and Newfoundland Power Inc. (collectively “the Utilities”).

Non-EV Load Shifting

Excluding the impact from Electric Vehicles (“EV”), the forecast peak demand reduction from dynamic rates was less than 1 MW in 2029 and less than 10 MW in 2040.² Due to the relatively small capacity benefits from non-EV load, these benefits are not sufficient to displace the required investment in new generation.

EV Load Shifting

While dynamic rates offer the potential for significant peak demand reductions (approximately 50 MW by 2040 under an Opt-Out EV TOU)³ this capacity benefit has already been accounted for in the application through the 2024 and 2025 load forecast. The Utilities will need to work together to develop an EV demand response program by 2035; if not, the system peak demand will be higher than what is contemplated in this application.

Conclusion

Evidence from the most recent CDM Potential Study indicates that EV demand management offers the greatest opportunity to reduce peak demand. In this application, Hydro has

² “Conservation, Demand Management and Electrification Plan,” Newfoundland Power Inc. and Newfoundland and Labrador Hydro, sch. C, Exhibit 9, filed as Attachment 1 to “Reliability and Resource Adequacy Study Review – Semi-Annual Update for the Second Quarter of 2026,” Newfoundland and Labrador Hydro, June 30, 2026.

³ “Conservation, Demand Management and Electrification Plan,” Newfoundland Power Inc. and Newfoundland and Labrador Hydro, sch. C, Exhibit 130, filed as Attachment 1 to “Reliability and Resource Adequacy Study Review – Semi-Annual Update for the Second Quarter of 2026,” Newfoundland and Labrador Hydro, June 30, 2026.

1 already incorporated comparable peak demand savings from EV home charging into the
2 2024 and 2025 load forecasts, consistent with the CDM Potential Study findings. Hydro will
3 continue to support the development of an EV demand response program.

4 However, CDM and EV demand management alone are insufficient to defer the need for
5 new generation investments, such as the Avalon Combustion Turbine or Bay d’Espoir Unit 8.
6 To meet increasing customer demand in a least-cost, environmentally responsible, and
7 reliable manner, the system will require a balanced approach that includes CDM, EV
8 demand response, and the new generation resources included in this application.