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September 22, 2025

Board of Commissioners of Public Utilities
Prince Charles Building
120 Torbay Road, P.O. Box 21040
St. John's, NL A1A 5B2

Attention: Jo-Anne Galarneau
Executive Director and Board Secretary

Re: Application for the Construction and Installation of Ultra-Fast Electric Vehicle Charging Stations – Phase 2 – Hydro's Reply

On August 8, 2025, Newfoundland and Labrador Hydro ("Hydro") filed an application with the Board of Commissioners of Public Utilities ("Board") requesting approval of capital expenditures for the construction and installation of certain Ultra-Fast electric vehicle ("EV") charging stations on the island portion of the province, as well as Fast Chargers in Southern Labrador. Hydro advised that the proposed project is in partnership with the Government of Newfoundland and Labrador ("Government"), who will fund the majority of the capital cost of the $4.3 million project. Hydro will contribute the remaining funds necessary ($0.5 million) beyond what is funded by the Government. Hydro's application did not propose recovery of the capital funds or operating costs Hydro will incur from the project.

The Board issued a review schedule for the application, which allowed for the filing of Requests for Information ("RFI") by the parties. Hydro replied to various RFIs issued by the Board, Newfoundland Power Inc. ("Newfoundland Power") and the Consumer Advocate, with all responses filed with the Board on September 3, 2025.

Comments from parties were due by September 8, 2025, and Hydro received comments from Newfoundland Power on that date. The Consumer Advocate requested and was approved for an extension and filed comments on September 12, 2025. No comments were received from any other party.

Newfoundland Power's Comments

Newfoundland Power does not object to Hydro's application, based on certain specific points. First, that all revenues and costs associated with the assets in the application will be recorded to Hydro's non-regulated operations and not recovered from Newfoundland Power or its customers, and second, that the operation of the solar and battery system that will be paired with the chargers proposed for Southern Labrador is sufficiently designed to meet the annual energy usage at those sites for the initial years following installation.

Newfoundland Power also submitted that the operation of the solar and battery system should not have a cost impact on the rural deficit and considered that Hydro's tracking of the site's energy consumption versus solar production could allow actual and forecast rural deficit impacts to be reported to the Board.

As Hydro noted in its responses to RFIs PUB-NLH-001 and PUB-NLH-002 of this proceeding, Hydro proposed the specific configuration for the Direct Current Fast Chargers ("DCFC") located in Southern Labrador to specifically avoid any system upgrade or annual fuel costs, or any negative impact on the rural deficit. No capacity upgrades are necessary on either the distribution system or isolated generation systems as a result of the EV charger installation, and the only expected system costs will be those associated with connecting the chargers as a standard new customer connection.

Hydro has confirmed that the costs associated with the construction and installation, and operation of the chargers will not be placed in the Electrification Cost Deferral Account for future recovery, and will instead be recorded in non-regulated operations. This will ensure that no recovery from ratepayers will take place. Hydro noted that it may, at a later date, propose recovery of prospective costs; however, that would be through a new application to the Board, wherein Hydro would need to justify the recovery of those costs.

Regarding the rural deficit, Hydro noted in its response to PUB-NLH-001 that it would be able to track site energy consumption versus solar production. If EV charging requires less energy than solar production, excess solar generation will be supplied to the grid. Hydro advised that if EV charging exceeds solar generation consistently and on aggregate over a period of time, Hydro will have the option to add more solar generation to better match the growth in charging. Hydro will report on the impact of EV charging on the rural deficit within its annual Report on the Rural Deficit.

Consumer Advocate's Comments

The Consumer Advocate made several comments on the proposed project, ultimately recommending that the Board reject the application. His comments generally question the benefit provided by the installation of EV chargers and the impact on the overall electrical system and ratepayers.

Unfortunately, the Consumer Advocate's comments contain several incorrect assumptions and suppositions, combined with a misunderstanding of the evidence provided in support of the application. Hydro's response to the Consumer Advocate's submission is as follows.

Recovery of Costs

The Consumer Advocate references Hydro's 2026 Capital Budget Application ("CBA"), and Hydro's statement that it is "... *only recommending work scopes that absolutely and urgently must be completed to support reliability and prepare for load growth*," and argues that this application is contrary to that statement. The Consumer Advocate states that "*Spending an estimated $4,263,000 in capital cost on electric vehicle chargers is not consistent with Hydro's claim*…" However, the Consumer Advocate's submission is not consistent with the evidence in this proceeding as it relates to the recovery of costs associated with Ultra-Fast EV chargers. Hydro's statement in the 2026 CBA relates to its proposed capital expenditures; as clearly and repeatedly stated throughout the evidence for this application, more than 90% of the capital cost associated with this project will be funded by the Government, not ratepayers. Further, Hydro is not seeking recovery of its share of capital or operating costs that would result from this application.

Hydro will keep all charging revenues, which will serve to partially offset operating costs. Further, Hydro has gone to great lengths in the design of its proposed Southern Labrador chargers to ensure there is minimal to no impact on the rural deficit. Further, if demand for EV charging in Southern Labrador is below Hydro's projections, the project will, in fact, serve to reduce the rural deficit funded by ratepayers. Although the Consumer Advocate believes the possible reductions are minor, the possibility

itself validates Hydro's proposed design and intention to have no negative impact on the isolated system and the rural deficit.

The Consumer Advocate also opposes this project on the basis that a potential operating deficit of $0.1 million per year would *"…reduce Hydro's ability to pay for rate mitigation or affect its financial position in a way that has implications for ratepayers."*[1] Hydro notes that rate mitigation is being funded by consolidated income, and an operating deficit of $0.1 million for Ultra-Fast EV charging would not impact Hydro's ability to fund rate mitigation. For example, this forecast annual deficit represents approximately 0.02% of the rate mitigation paid to date in 2025.[2] Similarly, a $0.1 million forecast operating deficit is an immaterial impact to Hydro's consolidated net income, including non-regulated operations.[3] There are no material implications of this potential operating deficit to ratepayers.

Hydro submits that the Consumer Advocate's assertion that forecast operating deficits would negatively impact Hydro's financial position or ability to fund rate mitigation is incorrect and not supported by evidence.

Least Cost Approach for Isolated Systems

Hydro's application seeks to install chargers in Southern Labrador. As noted in the response to PUB-NLH-007 of this proceeding, Hydro has proposed that its isolated DCFCs include solar generation for energy, batteries for capacity, and a small grid connection for reliability. This approach is in recognition of the potential impact that a stand-alone 120 kW charger could have on an isolated system and the rural deficit, which is funded by ratepayers. Hydro's proposed approach is intended to avoid an impact on the rural deficit; it has the potential to lower the rural deficit, albeit minimally, in years where EV charging is below its initial forecast. Hydro submits that its proposal strikes an appropriate balance between providing isolated charging services, impacts on the isolated system and its customers, and is consistent with the practice undertaken by at least one other Canadian utility.[4]

The Consumer Advocate's submission incorrectly asserts that any system concerns associated with the installation by an operator other than Hydro could be wholly addressed through rate design. Specifically, the Consumer Advocate states these concerns could simply be addressed if *"… a new General Service rate class could be added to the isolated system schedule of rates for customers with large maximum demands."*[5] This position by the Consumer Advocate is not consistent with legislation in the province, not consistent with how rates are set for Hydro's isolated systems generally, and would do nothing to address system costs or potential capital investments for generating capacity.

Section 3(a)(i) of the *Electrical Power Control Act, 1994* ("*Act*") states that rates charged for the supply of power "…*should be reasonable and not unjustly discriminatory*." It would therefore be inconsistent with the *Act* to set a rate for "customers with large maximum demands" (i.e., over 100 kW) that fully recovers Hydro's cost of service, when all other non-government entities pay subsidized rates. A rate class encompassing demands above 100 kW, for example, would also capture other community

[1] "NLH-Application for the Construction and Installation of Ultra-Fast Electric Vehicle Charging Stations – Phase 2," Office of the Consumer Advocate, September 12, 2025, p. 4.
[2] Rate mitigation funding is detailed to the Board monthly in Hydro's Supply Cost Variance Deferral Account reports.
[3] Hydro's consolidated net income is reported quarterly in its consolidated financial statements that are posted to its website and filed with the Board.
[4] Please refer to part c) of Hydro's response to PUB-NLH-001 of this proceeding.
[5] "NLH-Application for the Construction and Installation of Ultra-Fast Electric Vehicle Charging Stations – Phase 2," Office of the Consumer Advocate, September 12, 2025, p. 5.

buildings in isolated systems—not just EV fast chargers. Even if Hydro were to design an isolated rate class for larger services, it would still reflect a level of subsidization through the rural deficit and need to consider the rate impact for similarly large loads in isolated systems.

With respect to the Consumer Advocate's position regarding Hydro's obligation to connect new customers, the Consumer Advocate stated that Hydro cannot dictate a customer's location and questioned why Hydro should control the location of EV chargers'. Hydro agrees, it cannot dictate a customers' location. Hydro has noted, in its response to PUB-NLH-007, that if another operator were to request service and place a DCFC on Hydro's isolated system, Hydro would be legislatively obligated to provide service. It could not dictate the location or require that operator to incur the additional cost associated with batteries or renewable generation. Hydro noted that such a standalone DCFC install by a customer could then have negative implications for the isolated system and ratepayers.

An EV fast charger without a battery storage system would introduce a significant demand on Hydro's isolated systems. Depending on the charger's power level, this would significantly impact firm capacity requirements, increasing the risk that capital investment in generating capacity would be required if further unexpected load growth were to occur in Port Hope Simpson. The cost of these upgrades would be borne primarily through the rural deficit. Given the subsidy provided to Isolated General Service customers, any rates charged would not be sufficient to fully recover these additional costs, and they would ultimately be borne by ratepayers.

The Consumer Advocate, with respect to the Southern Labrador charging system, submits that those sites produce electricity at a cost of $7,250 per MWh. The Consumer Advocate arrives at that figure by adding the annual depreciation cost of the entire charging system to the annual cost to maintain the EV chargers, and dividing that figure by the amount of energy produced annually from solar generation. This is an over-simplified and incorrect calculation.

In Table 1 of Hydro's response to PUB-NLH-004 of this proceeding, Hydro provides the details of the Southern Labrador charging system. The system includes many components necessary for this site to operate in a least cost, environmentally responsible, and reliable manner. These include a 120 kW dc fast charger, a backup level 2 charger, a battery storage system, solar generation, lighting, and a cellular signal booster (among other items). The Consumer Advocate's submission takes the total cost of the system and its related depreciation, including maintenance of charging equipment, and takes them entirely to the solar generation. However, it would only be the cost and depreciation related to the specific assets necessary for that generation that should be included in that computation. The production cost of the electricity, none of which would be recovered from ratepayers in any event, is not the extreme amount of $7,250 per MWh incorrectly calculated by the Consumer Advocate.

Implications for the Island Interconnected System

The Consumer Advocate's submission also attempts to draw a connection between this project and increased production at the Holyrood Thermal Generating Station ("Holyrood TGS"). As noted in Hydro's response to CA-NLH-008 of this proceeding, over 90% of the energy Hydro generated in 2024 came from renewable sources (i.e., excluding the Holyrood TGS). This year, the Holyrood TGS has been on a total plant outage since the beginning of May 2025. The evidence in Hydro's application clearly shows that public charging peak occurs in the summer months, when the Holyrood TGS is offline.[6] During the winter

[6] Ultra-Fast Direct Current Fast Chargers – Phase 2 – Construction and Installation," Newfoundland and Labrador Hydro, August 8, 2025, sch. 1, p. 1, Chart 1.

period, the Holyrood TGS is online for reliability requirements. Energy from the Labrador-Island Link allows the Holyrood TGS to operate at minimum unit loading. Incremental EV demand is therefore not expected to increase the operation of the Holyrood TGS from minimum operation. The Consumer Advocate's assertion that growth of EVs *"…will increase requirements from Holyrood on the margin and as a result there will be more GHG emissions"* is not consistent with the operation of Hydro's system or the emission reduction potential of this project.

The Consumer Advocate references Hydro's ongoing *Reliability and Resource Adequacy Study* proceeding and its 2025 Build Application for the addition of generation capacity to address increased power demand in the province due to population growth and electrification. As Hydro notes throughout its responses to RFIs, and particularly in response to CA-NLH-002, increased levels of EV adoption and penetration rates are accounted for in Hydro's load forecast and were driven by industry EV forecast expert, Dunsky Climate Advisors, reflecting provincial and federal government policies.

The Government of Canada has established the *Electric Vehicle Availability Standard,* requiring 100% of vehicles sold in Canada to be zero emissions by 2035. The Government released its Climate Change Action Plan for 2025 to 2030 and has targeted a reduction in greenhouse gas emissions by "*…investing in electric vehicle incentives and charging infrastructure….*"[7] In recognition of this target and policy objective, the Government is funding over 90% of the proposed project.

The Consumer Advocate notes that the Government of Canada has commenced a review of the *Electric Vehicle Availability Standard* and paused the 2026 requirement for zero-emission vehicle sales. Although the results of this review are unknown at this time, and the exact timing and form of zero-emission vehicle adoption will continue to be uncertain, it is reasonable to expect the continued adoption of EVs. Hydro's involvement in the proposed project ensures Newfoundland and Labrador's transition occurs in a planned and prudent manner consistent with Hydro's mandate for least-cost, environmentally responsible, reliable service to customers.

Hydro must plan for the load growth and other implications for the electrical system based on the impacts of customer, demographic, and economic factors on the future provincial electricity load requirements. Government policy is encouraging increased levels of EV adoption, and the impacts of that policy have been included in Hydro's load forecast; however, they are certainly not the only aspect contributing to the forecast load growth that requires additional investment. Ultimately, both the provincial and federal governments are encouraging, even requiring, EV adoption. That decision is not within Hydro's control, or within the scope of this application.

Conclusion

Hydro's application seeks approval to construct Ultra-Fast EV charging infrastructure, with no recovery from ratepayers. The majority of the project is funded by the Government, consistent with their published Climate Change Mitigation Plan. This ensures EV charging is offered in the province in the most efficient, least-cost manner. This benefit is most evident when considering the application's proposed approach to providing charging services in Southern Labrador, which ensures little to no impact on the isolated system or the rural deficit.

Hydro respectfully requests that the Board approve the application as filed.

[7] "Climate Change Mitigation Action Plan – 2025–2030," Government of Newfoundland and Labrador, item 1.1, p. 9.

Should you have any questions, please contact the undersigned.

Yours truly,

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