Q. **Reference: Application**

Are Hydro and NP considering policy changes to promote customer-owned generation? For example, BC Hydro has around 9,000 net metering participants, and closer to home, Nova Scotia has over 11,000 net-metered solar installations, and New Brunswick has 1,350 net metering participants. It is understood that although Hydro has a $2 billion Build Application before the Board, there are only 14 net metering projects in service across the province.

a) Has Hydro considered modifying the net metering program to a simultaneous buy-sell arrangement whereby customers would be paid unmitigated rates for power supplied to the grid and would pay approved mitigated rates for power taken from the grid? Would this have a significant uptake on net metering given that Hydro is forecasting rates of the order of 25 cents/kWh in 2035 (Hydro Build Application, Schedule 3, Attachment 1, Table 5)?

b) Is the 25 cents/kWh figure in the Build Application representative of mitigated or unmitigated rates? If mitigated, what is the estimate of unmitigated rates in 2035?

A. **a)** Newfoundland Labrador Hydro's ("Hydro") application to implement a Net Metering Program for its rural customers ("Net Metering Application"), filed December 2, 2016, was made pursuant to the Provincial Net Metering Policy Framework released by the Government of Newfoundland and Labrador. Hydro has not considered modifications to the existing net metering program.

In Hydro's Net Metering Application, Hydro proposed the use of a payout for net excess generation to the customer reflective of system marginal generation costs, instead of the energy retail rate. This was a deviation from the Framework, proposed by Hydro to limit the risk of subsidization of the net metering program by non-participants. In its Order No. P.U. 17(2017)[1] approving the Net Metering Program, the Board of Commissioners of Public

[1] Board Order No. P.U. 17(2017).

Utilities ("Board") agreed with Hydro's and Newfoundland Power Inc. ("Newfoundland Power") proposal regarding the settlement rate for net excess generation.

Modifying the program as proposed in the Consumer Advocate's question would not be appropriate and would cause the very issue that Hydro intended to avoid – the subsidization of the net metering program by non-net metering customers.

At the end of 2024, Newfoundland Power had 55 in-service net metering customers, the majority of which use solar generation.[2] For the same time period, Hydro had 3 in-service net metering customers all using solar generation.[3] As noted in Hydro's 2024 Resource Adequacy Plan,[4] the estimated levelized cost of energy from solar generation is $87/MWh. Modifying the Net Metering Service Option to pay nearly three times this amount through net metering for the same resource would not be prudent or consistent with Hydro's statutory obligation for least-cost, environmentally responsible, reliable service.

b) The referenced table is the rate forecast utilized for the Reference Case and load forecast scenarios provided in the 2025 Build Application.[5] The rates are estimates based on assumptions made at a point in time. Actual customer rates could differ from those outlined for a variety of reasons, including assumptions around rate mitigation post-2030, actual customer load, rate increases associated with Newfoundland Power's costs, etc.

[2] "2024 Net Metering Service Option Annual Report," Newfoundland Power Inc., Table 2.
[3] "Net Metering Program Report for the Year Ended December 31, 2024," Newfoundland and Labrador Hydro, Table 1.
[4] "2024 Resource Adequacy Plan – An Update to the Reliability and Resource Adequacy Study," Newfoundland and Labrador Hydro, rev. August 26, 2024 (originally filed July 9, 2024), app. C, p. 26, Table 1: Summary of Resource Options and Cost Estimates.
[5] "2025 Build Application," Newfoundland and Labrador Hydro, March 21, 2025.