

1 **Q. (2021 Electrification, Conservation and Demand Management Application, Volume**
2 **2, page 3) It is stated “based on a residential retail rate of 13.5¢/kWh and an export**
3 **sales value of 4.2¢/kWh, each additional kWh consumed domestically will provide a**
4 **benefit of 9.3¢.” Footnote 2 indicates that this calculation does not include utility**
5 **investments such as distribution system upgrades and supply capacity**
6 **considerations. Why not? How would inclusion of these costs affect the comparison?**
7

8 A. The excerpt referenced in this Request for Information is provided as an illustrative
9 example only. The purpose of this example is to illustrate, at a conceptual level, the rate
10 mitigating benefits associated with increasing domestic load versus increasing export
11 sales.¹
12

13 The Utilities completed a net present value (“NPV”) analysis to assess the customer
14 benefits associated with the electrification initiatives planned for 2021 to 2025. The NPV
15 analysis includes all costs, including distribution system upgrades and supply capacity
16 considerations. The NPV analysis showed that planned electrification initiatives are
17 forecast to provide a customer rate mitigation benefit of 0.5¢/kWh by 2034.² This is the
18 result of additional net revenue of approximately \$127 million over the period 2021 to
19 2034, or \$62 million on an NPV basis.

¹ See the *2021 Electrification, Conservation and Demand Management Application*, Volume 2, Electrification, Conservation and Demand Management Plan: 2021-2025, Section 2.2 Rate Mitigation, pages 2-3.

² *Ibid.*, Section 5.0 Customer Benefits, pages 26-30.