

1 **Q. Newfoundland Power’s response to PUB-NP-029 suggests that federal incentives**  
 2 **may be important contributors to the cost-effectiveness evaluation of electrification**  
 3 **programs.**

4  
 5 **a) Do the mTRC analyses provided assume the same level of federal incentives**  
 6 **available for each year of the full analysis period 2021-2025?**

7  
 8 **b) If these incentives decreased or are eliminated over the same period how would**  
 9 **the mTRC results change?**

10  
 11 **c) If the federal incentives are reduced or eliminated during this period, would the**  
 12 **utilities seek to replace the loss of federal incentives or increase the utility**  
 13 **incentive to reflect the loss?**

14  
 15 **A.** *This Request for Information relates to the Electrification, Conservation and Demand*  
 16 *Management Plan: 2021-2025 (the “2021 Plan”) developed in partnership by*  
 17 *Newfoundland Power and Newfoundland and Labrador Hydro (“Hydro” or, collectively,*  
 18 *the “Utilities”). Accordingly, the response reflects collaboration between the Utilities.*

19  
 20 a) Yes, the mTRC analyses provided assume the same level of federal incentives  
 21 available for each year from 2021 to 2025.

22  
 23 b) Table 1 outlines the mTRC results if the federal incentives were decreased by 50% or  
 24 eliminated entirely.<sup>1</sup>

**Table 1:**  
**mTRC Results**  
**Changes in Federal Incentives**

|  | Existing <sup>2</sup> | 50% Reduction | Eliminated |
|--|-----------------------|---------------|------------|
| Residential EV & Charging Infrastructure Program | 1.9                   | 1.7           | 1.4        |
| Commercial EV & Charging Infrastructure Program  | 2.2                   | 1.9           | 1.7        |

25 The analysis shows that planned electrification programs would remain cost-effective  
 26 if federal incentives were reduced or eliminated.<sup>3</sup>

---

<sup>1</sup> Current federal incentive amounts are \$5,000 for an all-electric vehicle and \$2,500 for a plug-in hybrid vehicle. The 50% scenario assumes a \$2,500 rebate for all-electric vehicles and \$1,250 for plug-in hybrids. The analysis applies the reduction consistently throughout the 2021 to 2025 period.

<sup>2</sup> The mTRC results in Table 1 reflect the combined results for the programs of both Utilities under the 2021 Plan. See Newfoundland Power’s *2021 Electrification, Conservation and Demand Management Application*, Volume 2, Schedule L, page 5 of 5.

<sup>3</sup> An mTRC result of 1.0 indicates a program is cost-effective.

1 c) If federal incentives are reduced or eliminated during this period, the Utilities will  
2 complete an analysis to determine whether any changes in incentive amounts would  
3 be required. This analysis would consider:

4  
5 (i) **Changes in the purchase price of an electric vehicle (“EV”).** If the  
6 incremental purchase price of an EV declined significantly, an increase in  
7 the Utilities’ incentive amounts may not be required to replace the benefit  
8 provided by the federal incentives.

9  
10 (ii) **Actions taken in other jurisdictions.** If an assessment showed that other  
11 jurisdictions were increasing their incentives to replace the benefit  
12 provided by the federal incentives, the Utilities would consider whether a  
13 similar approach is required in this jurisdiction.

14  
15 (iii) **Effects on customer participation levels.** If customer participation is  
16 significantly reduced following reduction/elimination of the federal  
17 incentive, the Utilities would consider whether increasing their incentive  
18 amounts would be a cost-effective means of increasing customer  
19 participation.

20  
21 (iv) **Impacts on the net present value (“NPV”) analysis.** The study by  
22 Dunsy Energy Consulting showed that higher incentive amounts lead to  
23 higher adoption rates and, therefore, higher energy sales.<sup>4</sup> If the federal  
24 incentive was reduced/eliminated, the Utilities would update the NPV  
25 analysis to determine whether a change in their incentive amounts is  
26 necessary to improve the rate mitigating benefits provided to customers.

27  
28 These factors will be considered on an annual basis to determine whether changes to  
29 programs are required, regardless of whether federal incentives are reduced or  
30 eliminated.

---

<sup>4</sup> For example, the analysis showed that energy consumption would increase by an additional 16% by 2025 when a \$2,500 incentive is added to the existing federal incentive. See Newfoundland Power’s *2021 Electrification, Conservation and Demand Management Application*, Volume 2, Schedule C, page 140 of 325.