

1 Q. Which of the electrification and CDM expenditures included in the Electrification, Conservation
2 and Demand Management Plan 2021-2025 (the 2021 Plan) for programs during 2021 to 2025
3 have been approved by the Board? Do all the 2021 Plan expenditures have to be approved by
4 the Board?

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7 A. *This Request for Information relates to the Electrification, Conservation and Demand*
8 *Management Plan 2021–2025 (“2021 Plan”) developed in partnership by Newfoundland and*
9 *Labrador Hydro (“Hydro”) and Newfoundland Power Inc. (“Newfoundland Power”) (collectively,*
10 *the “Utilities”) and the related Technical Conference presented by the Utilities on February 1,*
11 *2022. Accordingly, the response reflects collaboration between the Utilities.*

12 **CDM Programs**

13 There are 3 categories of expenditures related to Conservation and Demand Management
14 (“CDM”) initiatives included in the 2021 Plan: (i) program costs, which include incentive costs
15 and the cost of research over \$100,000; (ii) general costs, which include plan administration
16 costs; and (iii) capital costs, which include costs associated with takeCHARGE website. These
17 costs are reviewed by the Board of Commissioners of Public Utilities (“Board”) through various
18 proceedings.

19 CDM program costs are evaluated using the Total Resource Cost (“TRC”) test and the Program
20 Administrator Cost (“PAC”) test. The Board approved the use of these tests to evaluate the cost-
21 effectiveness of CDM programs in Board Order No. P.U. 18(2016).¹ The approval of economic
22 tests, rather than specific programs, ensures that all CDM programs are cost-effective for
23 customers, while providing the Utilities with flexibility to respond to changing market
24 conditions.

¹ *Public Utilities Act*, RSNL 1990, c P-47, Board Order No. P.U. 18(2016), Board of Commissioners of Public Utilities, June 8, 2016, p. 50, para. 9.

1 Hydro’s program costs associated with CDM programs that pass the TRC and the PAC tests are
2 deferred in accordance with Board Order No. P.U. 49(2016).² These costs are amortized over 7
3 years and recovered annually from customers. Capital costs associated with CDM programs are
4 reviewed and approved by the Board through annual capital budget applications.

5 Additionally, the Board ensures appropriate oversight of CDM programs through annual reports
6 required to be filed by the Utilities. These reports provide annual updates on customer
7 participation, annual energy and peak demand savings, all costs associated with delivering CDM
8 programs, and the TRC and PAC test results.

9 **Electrification Programs**

10 The Utilities have proposed that costs associated with electrification programs be treated in a
11 manner consistent with the Board’s longstanding practices for reviewing and approving costs
12 associated with CDM programs.

13 Electrification program costs are proposed to be evaluated using a modified Total Resource Cost
14 (“mTRC”) test. The mTRC test is used to ensure that electrification programs are sufficiently
15 economic to enable customer participation. A net present value analysis is then used as a
16 secondary assessment to ensure that electrification programs are beneficial for all ratepayers.

17 Similar to CDM programs, the approval of an economic test, rather than specific programs,
18 would provide the Utilities with flexibility to adapt to changing market conditions while ensuring
19 programs remain cost-effective for customers. Costs associated with electrification programs
20 that pass the mTRC test are proposed to be recovered through the Electrification, Conservation
21 and Demand Management Cost Deferral Account.

22 With respect to capital costs, in Board Order No. P.U. 30(2021), the Board approved
23 supplemental capital expenditures for 2021 associated with the Utilities’ Electric Vehicle
24 Charging Network. The Board has indicated that capital costs proposed for 2022 will be
25 considered following consideration of the Utilities’ current applications.

² *Public Utilities Act*, RSNL 1990, c P-47, Board Order No. P.U. 49(2016), Board of Commissioners of Public Utilities, December 1, 2016.

- 1 Consistent with the Utilities' approach to delivering CDM programs, Board oversight of
- 2 electrification programs would be achieved through annual reporting requirements that outline
- 3 the costs and benefits of program delivery.