

1    **Q.     Reference slide 4**

2           (a) Is it accurate to state that the driving force behind encouraging more IIS consumption of  
3           electricity is that Muskrat Falls will create a surplus of energy that would otherwise have to  
4           be sold at lower prices on export markets?

5           (b) Confirm that the anticipated surplus of energy is currently approximately 3 million MWh and  
6           the price advantage for selling to IIS ratepayers rather than exporting is about 10 cents per  
7           kWh (\$100 per MWh) as long as capacity constraints are not binding.

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10    A.     *This Request for Information relates to the Electrification, Conservation and Demand*  
11           *Management Plan 2021–2025 (“2021 Plan”) developed in partnership by Newfoundland and*  
12           *Labrador Hydro (“Hydro”) and Newfoundland Power Inc. (“Newfoundland Power”) (collectively,*  
13           *the “Utilities”) and the related Technical Conference presented by the Utilities on February 1,*  
14           *2022. Accordingly, the response reflects collaboration between the Utilities.*

15           (a) The primary objective of the proposed electrification programs is to increase domestic  
16           consumption of electricity on the Island Interconnected System in a manner that provides a  
17           rate mitigating benefit for customers.

18           This is consistent with the findings of the Board of Commissioners of Public Utilities  
19           (“Board”) during the Reference on Rate Mitigation Options and Impacts. In its final report  
20           issued in February 2020, the Board found that:

21                   “[M]aximizing domestic load through electrification, improving energy efficiency  
22                   and using demand response to reduce peak and all for increased export sales  
23                   leads to the best outcomes for customers.”<sup>1</sup>

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<sup>1</sup> “Reference to the Board – Rate Mitigation Options and Impacts Muskrat Falls Project – Final Report,” Newfoundland & Labrador Board of Commissioners of Public Utilities, February 7, 2020, p. iii.

1           (b) It is confirmed that approximately 3 TWh of surplus energy is expected following the  
2           commissioning of the Muskrat Falls Project.

3           In terms of a simple illustration, each additional kWh consumed domestically will provide a  
4           benefit of approximately 10¢ based on a residential retail rate of 13.5¢/kWh and a non-firm  
5           export sales value of approximately 3.5¢/kWh.<sup>2</sup>

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<sup>2</sup> This illustration of the net benefit of electrification does not include utility investments such as distribution system upgrades and supply capacity considerations.