

WHENEVER. WHEREVER.
We'll be there.



March 24, 2023

Board of Commissioners
of Public Utilities
P.O. Box 21040
120 Torbay Road
St. John's, NL A1A 5B2

Attention: G. Cheryl Blundon
Director of Corporate Services
and Board Secretary

Re: Newfoundland Power's 2022 Net Metering Service Option Annual Report

Dear Ms. Blundon:

Please find enclosed Newfoundland Power's *2022 Net Metering Service Option Annual Report*.

In Order No. P.U. 17 (2017), the Board ordered that Newfoundland Power file annual progress reports on its Net Metering Service Option. The Board specified that the annual report include application and take-up rates, total customer generation installed, associated costs, and additional relevant information. This report is filed in compliance with Order No. P.U. 17 (2017).

I trust the enclosed is found to be in order. If you have any questions on the enclosed, please contact the undersigned at your convenience.

Yours truly,

A handwritten signature in blue ink that reads "D. Foley". The signature is stylized and cursive.

Dominic Foley
Legal Counsel

Enclosures

cc. Shirley Walsh
Newfoundland and Labrador Hydro

Dennis Browne, K.C.
Browne Fitzgerald Morgan & Avis

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2022 Net Metering Service Option Annual Report

March 24, 2023

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1.0 Introduction

In Order No. P.U. 17 (2017), the Board approved Newfoundland Power’s (the “Company”) Net Metering Service Option effective July 1st, 2017.¹ The Net Metering Service Option provides customers with the option to generate electricity from small-scale renewable sources to offset their own use. Customers maintain a secure connection to the electricity system for times when they need to purchase electricity.

The Company’s Net Metering Service Option is based on the principles outlined in the Provincial Government’s Net Metering Policy Framework (the “Framework”).² The Framework established a provincial subscription limit of 5.0 MW. Government, in consultation with Newfoundland Power, Newfoundland and Labrador Hydro (“Hydro”), and the Board, will monitor the response to net metering in the province and may adjust the overall capacity limit in the future.³

In Order No. P.U. 17 (2017), the Board ordered the Company to file annual progress reports on application and take-up rates, total customer generation installed, associated costs, and any additional relevant information.⁴ This report is Newfoundland Power’s 2022 progress report on its Net Metering Service Option.

2.0 Net Metering Service Option

Newfoundland Power’s Net Metering Service Option facilitates the safe interconnection of customer-owned generating resources to the Company’s electrical system. To qualify for the Net Metering Service Option, a customer’s generation must: (i) be designed not to exceed the customer’s annual energy requirements; (ii) be 100 kW or less; and (iii) produce electricity from a renewable resource.

On a monthly basis, Net Metering Service Option customers will continue to pay the applicable basic customer charge. General Service customers will also pay demand charges, if applicable. If more energy (kWh) is used than generated in a given month, the customer will be charged for the net amount of energy used. If more energy is generated than used, the customer will avoid paying an energy charge. The surplus energy generated in that month will be banked and applied to future bills.

Net Metering Service Option customers receive a credit for any surplus energy remaining on the customer’s bill for the Annual Review Billing Month.⁵ Compensation for these credits is based on the 2nd block energy charge of Hydro’s Utility Rate applicable to wholesale supply for Newfoundland Power.

¹ Newfoundland and Labrador Hydro’s Net Metering program was also approved in Order No. P.U. 17 (2017).

² The Newfoundland and Labrador Net Metering Policy Framework was released in July 2015.

³ See the Newfoundland and Labrador Net Metering Policy Framework, July 2015, Section 3.5, Page 5.

⁴ See Order No. P.U. 17 (2017), Page 6, lines 10-13.

⁵ In accordance with the latest version of the Company’s Schedule of Rates, Rules and Regulations, the balance of the customer’s Banked Energy Credits carried forward will be settled annually by means of a credit on the customer’s bill for the Annual Review Billing Month. The Annual Review Billing Month is determined by the customer, in consultation with the Company, during the process of implementing Net Metering Service.

Customers interested in participating in Newfoundland Power's Net Metering Service Option are required to submit a Net Metering Interconnection Application and sign a Net Metering Interconnection Agreement. The Company's net metering interconnection requirements, interconnection application form, and a sample interconnection agreement are available on the Newfoundland Power website.⁶

3.0 2022 Net Metering Service Option Results

Newfoundland Power received a total of 11 Net Metering Service Option applications between January 1st, 2022 and December 31st, 2022, ten of which were approved. Four of these applicants had generation systems in service by the end of 2022.

3.1 2022 Applications and Take-up Rates

Table 1 shows the number of Net Metering Service Option applications received in each of the Company's three operating regions in 2022. It also provides a breakdown of the generation system type, and proposed generation capacity, in kW, that has been submitted, approved, and placed in service.

Table 1
Net Metering Service Option
2022 Customer Applications and Capacity (kW)

Location	Generation System Type	Submitted		Approved ⁷		In Service ⁸	
		Projects	kW	Projects	kW	Projects	kW
St. John's Region	Solar (0-25 kW)	4	39.5	4	39.5	2	18.6
	Solar (>25 kW)	-	-	-	-	1	44.2
Eastern Region	Solar (0-25 kW)	1	2.5	1	2.5	-	-
Western Region	Solar (0-25 kW)	6	67.3	7	71.3	4	30.4
Total		11	109.3	12	113.3	7	93.2

The applications approved in 2022 proposed a total generation capacity of 113.3 kW. The total generation capacity of actual installations in 2022 was 93.2 kW.

⁶ Information relating to Newfoundland Power's Net Metering Service Option is available to customers at: <https://www.newfoundlandpower.com/My-Account/Usage/Electricity-Rates/Net-Metering>.

⁷ Quantities include applications from 2021.

⁸ Quantities include generation that was approved in preceding years.

3.2 2022 Costs

The total cost of administering Newfoundland Power's Net Metering Service Option in 2022 was approximately \$29,000. This includes costs associated with responding to customer inquiries, reviewing and assessing applications, site visits for commissioning, and incremental and recurring metering and billing costs.

3.3 2022 Net Metering Energy Deliveries, Credits, and Payments

In 2022, the total amount of energy delivered to Newfoundland Power by Net Metering Service Option customers was 90,508 kWh. By December 31st, 2022, 21 customers had reached their Annual Review Billing Month. Three of the customers were eligible to receive an annual settlement of Banked Energy Credits for energy delivered to the Company's electrical system. The total amount of Energy Credits for which a billing credit was applied in 2022 was 9,460 kWh.

4.0 Total Net Metering Service Option Results

Newfoundland Power's Net Metering Service Option was made available to customers on July 1st, 2017. Out of the 55 applications received by December 31st, 2022, the Company had a total of 28 customers with generation systems installed with approximately 303.3 kW of aggregate capacity. This represents approximately 6.1% of the 5.0 MW aggregate capacity limit for net metering generation within the province.⁹

4.1 Total Applications and Take-up Rates

Table 2 provides a summary of the customers that applied for the Net Metering Service Option, projects that were approved, and projects that came into service in 2017 through 2022. This table also provides a regional breakdown of each project and the generation system type.

⁹ $(0.3033 \text{ MW} / 5.0 \text{ MW}) \times 100\% = 6.1\%$.

Table 2
Total Net Metering Activities from
July 1, 2017 to December 31, 2022

Location	Generation System Type	Submitted		Approved		In Service ¹⁰	
		Projects	kW	Projects	kW	Projects	kW
St. John's Region	Solar (0-25 kW)	21	211.8	21	211.8	12	122.5
	Wind (0-25 kW)	1	20.0	1	20.0	-	-
	Solar (>25 kW)	2	73.1	2	73.1	1	44.2
Eastern Region	Solar (0-25 kW)	7	65.0	7	65.0	5	52.5
	Wind (0-25 kW)	2	15.0	2	15.0	2	15.0
Western Region	Solar (0-25 kW)	18	164.8	15	137.2	9	69.1
	Wind (0-25 kW)	2	25.5	2	25.5	-	-
	Wind (>25 kW)	2	180.0	1	90.0	-	-
Total		55	755.2	51	637.6	29	303.3

Table 3 shows the Net Metering Service Option capacities, in kW, for all applications approved and projects placed in service, as a percentage of the 5.0 MW provincial aggregate generating capacity as of December 31st, 2022.

Table 3
Net Metering Service Option
Percentage of 5.0 MW Provincial Limit

Year	Approved		In Service	
	kW	%	kW	%
2017	66.0	1.3	0.0	0.0
2018	235.1	4.7	37.2	0.7
2019	17.2	0.3	40.8	0.8
2020	109.2	2.2	17.5	0.4
2021	96.8	1.9	114.6	2.3
2022	113.3	2.3	93.2	1.9
Total	637.6	12.7	303.3	6.1

¹⁰ One Net Metering Service Option customer expanded their initial net metering project in 2021. As a result, the 29 projects in service represent 28 separate customers.

4.2 Annual Program Administration Costs

Table 4 reflects the annual costs incurred to administer Newfoundland Power's Net Metering Service Option since implementation in 2017.

Table 4
Net Metering Service Option
Program Administration Costs
(\$000s)

Year	Costs
2017	\$12
2018	17
2019	8
2020	10
2021	31
2022	29

The year over year cost fluctuations indicated in Table 4 are attributable to the changes in customer participation in the program. This includes: (i) the number of new net metering systems that were commissioned; (ii) changes in customer net metering enquiries; and (iii) an overall increase in the number of net metering customer accounts that require manual billing each month.¹¹

5.0 Summary

Newfoundland Power's Net Metering Service Option became available on July 1st, 2017. In 2022, the Company received 11 new applications from customers planning to install solar generation systems less than 25 kW. 12 applications were approved for construction.¹²

In 2022, 7 customers had completed their generation systems and began availing of the Company's Net Metering Service Option. The total amount of energy generated and delivered to the Company's electrical system from all customers was 90,508 kWh. The cost of administering the Net Metering Service Option to these customers was approximately \$29,000. By December 31st, 2022, 21 of the Net Metering Service Option customers have reached the Annual Review Billing Month required to settle any Banked Energy Credits for energy delivered to the Company's electrical system. The total amount of Energy Credits for which a billing credit was applied in 2022 was 9,460 kWh.

¹¹ In 2022 the number of Net Metering Service Option Customers requiring manual monthly billing increased from 21 to 29.

¹² Quantities include applications from 2021.