Newfoundland & Labrador

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

REASONS FOR DECISION

ORDER NO. P.U. 30(2021)

BEFORE:

Darlene Whalen, P. Eng., FEC
Chair and Chief Executive Officer

Dwanda Newman, LL.B.
Vice-Chair

John O'Brien, FCPA, FCA, CISA
Commissioner

Christopher Pike, LL.B., FCIP
Commissioner

NEWFOUNDLAND AND LABRADOR
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

REASONS FOR DECISION

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IN THE MATTER OF the *Electrical Power Control Act, 1994*, SNL 1994, Chapter E-5.1 (the "*EPCA*") and the *Public Utilities Act*, RSNL 1990, Chapter P-47 (the "*Act*"), as amended, and regulations thereunder; and

IN THE MATTER OF an application filed by Newfoundland Power Inc. on December 16, 2020 for approval of, among other things, supplemental 2021 capital expenditures related to the construction of an electric vehicle charging network associated with the implementation of new electrification programming set out in the joint utility Electrification, Conservation and Demand Management Plan 2021-2025; and

IN THE MATTER OF an application filed by Newfoundland and Labrador Hydro on June 16, 2021 for approval of, among other things, supplemental 2021 capital expenditures related to the construction of an electric vehicle charging network associated with the implementation of new electrification programming set out in the joint utility Electrification, Conservation and Demand Management Plan 2021-2025; and

IN THE MATTER OF the application by Newfoundland Power Inc. and Newfoundland and Labrador Hydro for approval of 2021 capital expenditures for electric vehicle charging stations pursuant to section 41 of the *Act*.

Applications

On December 16, 2020 Newfoundland Power Inc. ("Newfoundland Power") filed an application (the "Newfoundland Power Application") for approvals required for the execution of electrification programming related to the joint utility Electrification, Conservation and Demand Management Plan 2021-2025 (the "2021 Plan"). This application requested approval of, among other things, supplemental 2021 capital expenditures of approximately $1.5 million for the construction of ten electric vehicle ("EV") charging stations throughout its service territory. The

Newfoundland Power Application was copied to Newfoundland and Labrador Hydro ("Hydro") and the Consumer Advocate, Dennis Browne, Q.C. (the "Consumer Advocate"). Requests for information ("RFIs") were answered by Newfoundland Power on February 9, 2021. Hydro filed comments on February 15, 2021, and the Consumer Advocate filed a written submission on March 1, 2021. Newfoundland Power filed a reply submission on March 5, 2021.

On June 16, 2021 Hydro filed an application (the "Hydro Application") for approvals required for the execution of electrification programming related to Hydro's participation in the 2021 Plan. This application requested approval of, among other things, supplemental 2021 capital expenditures of approximately $1.6 million for the construction of nine EV charging stations throughout its service territory. The Hydro Application was copied to Newfoundland Power; the Consumer Advocate; Hydro's Island Industrial customers: Corner Brook Pulp and Paper Limited, NARL Refining Limited Partnership, Vale Newfoundland and Labrador Limited (the "Island Industrial Customers"); Iron Ore Company of Canada; Teck Resources Limited; Praxair Canada Inc.; and the communities of Sheshatshiu, Happy Valley-Goose Bay, Wabush, and Labrador City.

On June 30, 2021 the Board wrote the parties in the Newfoundland Power Application to advise that, having reviewed the record and the Hydro Application, the Board required additional information. A schedule was set for the filing of further RFIs on the Newfoundland Power Application.

RFIs were filed with respect to both the Newfoundland Power Application and the Hydro Application in mid-July. The date for the filing of responses was extended from July 26, 2021 to August 13, 2021 as a result of two requests for an extension from both Newfoundland Power and Hydro. Responses to the RFIs were filed by Newfoundland Power on August 12, 2021 and by Hydro on August 13, 2021.

On August 18, 2021 the Consumer Advocate filed correspondence requesting that the Board ensure the capital costs for EVs and EV charging infrastructure, including EV charging stations, are not borne by ratepayers.

On August 30, 2021 the Board advised the parties that the Newfoundland Power Application and the Hydro Application would be joined and proceed as one matter (the "Electrification Applications"). The Board established September 13, 2021 for intervenor submissions and September 20, 2021 for reply submissions from the utilities.

On September 7, 2021 the Industrial Customer Group requested that a technical conference be convened for Hydro to provide additional information on certain identified issues prior to the filing of submissions. Hydro submitted on September 10, 2021 that a technical conference is not necessary but if one is to be held, the proposed supplemental 2021 capital expenditure for EV charging stations should be considered separately to minimize the risk of losing some of the federal funding. Hydro noted that the loss of all or a portion of the approved funding will increase the cost of the electrification infrastructure to customers.

In correspondence dated September 13, 2021 the Consumer Advocate supported the request of the Industrial Customer Group for a technical conference. The Consumer Advocate did not address

Hydro's request for the separate consideration of the proposed supplemental 2021 capital expenditures for the EV charging stations. On September 14, 2021 Newfoundland Power advised that it concurred with Hydro that the regulatory process should continue and submitted that the issues identified by the parties could be addressed through the written submission process. Newfoundland Power acknowledged the practical constraints regarding the federal government funding but observed that the proposals contained in the Newfoundland Power Application are interrelated and approval of all proposals is necessary to achieve the rate mitigating benefits of the electrification programs. On September 14, 2021 the Industrial Customer Group reiterated its request for a technical conference and supported the bifurcation of the supplemental 2021 capital expenditures for EV charging stations from the other approvals sought by Hydro.

On September 17, 2021 the Board wrote the parties to advise that a technical conference would be held and that, to ensure a timely decision with respect to the proposed supplemental 2021 EV charging station capital expenditures, this matter would be addressed separately on a stand-alone basis as soon as possible. The Board set out three specific issues related to the proposed supplemental 2021 capital expenditures for EV charging stations to be considered in this process:

i) Whether the Board has the jurisdiction to order that the costs of the EV charging stations will be borne by ratepayers.
ii) Whether the 2021 capital expenditures proposed by Hydro and Newfoundland Power for public EV charging stations should be approved by the Board.
iii) Whether there should be recovery of the associated costs from ratepayers.

This order relates to these issues only. The remaining issues in this matter will be addressed in a subsequent order.

On September 22, 2021 the Consumer Advocate and the Industrial Customer Group filed written submissions relating to the proposed supplemental 2021 EV charging station capital expenditures. The utilities filed reply submissions on September 24, 2021.

Submissions

In his March 1, 2021 submission in relation to the Newfoundland Power Application the Consumer Advocate opposed the proposed supplemental 2021 capital expenditures for EV charging stations. The Consumer Advocate questioned whether utility funding of charging stations and passing costs on to ratepayers is consistent with the legislation and whether it is fair to other potential developers. In the opinion of the Consumer Advocate the private sector would undertake development of charging stations if provided the right incentives. According to the Consumer Advocate the evidence did not show that customers will benefit and further that customers cannot afford additional capital spending during this very difficult economic time in the province. The Consumer Advocate questioned whether both utilities should be involved and submitted that, if the utilities want to own and operate EV charging stations, they should be willing to take on the risk rather than placing 100% of the risk on ratepayers.

On August 18, 2021 the Consumer Advocate filed correspondence requesting that the Board ensure that none of the capital costs for EVs and EV charging stations are borne by ratepayers. The Consumer Advocate again questioned whether the Board has the jurisdiction to allow the costs

to be recovered from ratepayers. The Consumer Advocate stated that these projects are distinct business initiatives which are extraneous to the needs of ratepayers and the costs should be recovered through shareholders. According to the Consumer Advocate this is a private business opportunity in which other providers may wish to compete.

On September 22, 2021, after the Electrification Applications were joined and the Board decided that the proposed supplemental 2021 capital expenditures for EV charging stations would be addressed separately, the Consumer Advocate filed a submission related to the proposed supplemental 2021 EV charging station capital expenditures. The Consumer Advocate stated:

> At the start, we emphasize that we support electrification that is beneficial to ratepayers. However, achieving that goal does not require construction and ownership of charging station infrastructure by provincial utilities. Their role is to supply electricity to such stations. Providing the electricity is a public utility service but the construction and ownership of EV charger stations, which can be done by other entities, is not. Therefore, we are opposed to allowing capital cost recovery from ratepayers.[1]

The Consumer Advocate set out the following position on the three questions posed by the Board:

i) The Board does not have the jurisdiction to order that the cost of the EV charging stations be paid by ratepayers.
ii) The Board should not approve the supplemental 2021 capital expenditures proposed by Hydro and Newfoundland Power for EV charging stations. According to the Consumer Advocate the long-term implications of utilities dominating the EV charging market in a coordinated way have not been sufficiently investigated. The Consumer Advocate submitted that the demand for EV charging services can be met by others and there may be negative long-term consequences of allowing the utilities to proceed in a coordinated fashion to enter a market that is not for a public utility service, to set prices in that market and to gain early entry advantage over potential competitors.
iii) The Board should not approve the recovery of the costs from ratepayers. Utility construction, ownership and operation of EV charging station infrastructure is an unregulated business and is not subject to Board jurisdiction or cost recovery from ratepayers.

The Consumer Advocate provided the following comments in relation to the proposed supplemental 2021 capital expenditures for EV charging stations:

i) There is no need for the utilities to accelerate electrification by investing in an EV charging network as the adoption of EVs and the deployment of EV charging stations will happen anyway. There are many entities investing in EV charging stations in other provinces.
ii) The proposal for the utilities to build and own EV charging stations is not fair to potential private sector developers and would effectively present a barrier to private sector entry while transferring all the risk to ratepayers.
iii) Entry by others into the EV charging market may be deterred by the utilities advantaged and dominant position which may not be in accordance with competition law.

[1] Consumer Advocate Submission, September 22, 2021, page 3.

iv) There does not appear to be evidence that the utilities sought private-sector or non-profit entities to invest in for-fee public access to EV charging stations.
v) The construction and ownership of EV charging stations is not a public utility matter and as such should not be before the Board and the utilities' comments as to the Board's jurisdiction are problematic.
vi) The utilities have neither identified nor quantified the risks of utility owned and operated EV charging infrastructure.
vii) There is no evidence that the proposals were discussed with customers and therefore no evidence that customers value the benefits and are willing to accept the risks.
viii) It is not clear why both utilities are developing EV charging stations rather than only one to avoid the duplication of costs.
ix) Newfoundland Power's comment that the proposals are consistent with conservation and demand management ("CDM") programs was supported with one very weak example.

The Consumer Advocate submitted that it is concerning that the possible loss of fairly limited one-time federal government assistance should be the impetus for making a decision with long-term implications.

On September 14, 2021 the Industrial Customer Group filed comments on the proposed supplemental 2021 capital expenditures for EV charging stations as part of a submission related to the bifurcation of the issues in the Electrification Applications. The Industrial Customer Group submitted that, while there is reason to question why there should be cost recovery from Hydro's ratepayers with respect to the proposed supplementary 2021 capital expenditures, the group would not comment further on these expenditures on the basis that:

i) the dollar amount is relatively small;
ii) it would be unfortunate to jeopardize maximum access to funding;
iii) the existing record is adequate in the circumstances;
iv) this position is not acceptance with respect to Hydro's other proposals; and
v) further regulatory process is warranted for other issues.

On September 22, 2021 the Industrial Customer Group filed submissions in relation to the proposed supplemental 2021 capital expenditures for EV charging stations. The Industrial Customer Group provided the following comments on the three issues outlined by the Board:

i) The Board has jurisdiction to order that the costs of the EV charging stations be borne by ratepayers.
ii) The informational imbalance between the utility and the ratepayers does not make it reasonable or practical for ratepayers to challenge Hydro's assertions that there are no viable lower cost alternatives, especially in the context of the tight time constraints for available federal funding. Hydro's responses indicate that there is a great deal of uncertainty as to whether the proposed expenditures will cause the desired rate mitigation. Ratepayers are placed in an impossible position and ratepayers should not automatically be deemed to have accepted all of the risk and costs if the electrification programs do not achieve meaningful rate mitigation.
iii) It is premature to answer whether there should be recovery from ratepayers and, at most, the proposed expenditures should be recorded in a deferral account with the recovery from ratepayers addressed in a separate broader proceeding to allow for sufficient time,

> evidence and consideration of all issues related to recovery, including the differences in CDM and electrification programming, the practice in other jurisdictions, and Hydro's approach with respect to the already installed charging stations and the EV charger rates.

In its March 5, 2021 submission Newfoundland Power stated that the proposed supplemental 2021 capital expenditures for the construction of EV charging stations are consistent with current utility practice and the least-cost delivery of reliable service to customers and should be approved. According to Newfoundland Power utility investment in fast charging infrastructure is a critical success factor in realizing the customer benefits of electrification and deferral would delay these benefits and eliminate the potential benefits of the available federal government funding. Newfoundland Power stated that recovery of infrastructure investments through customer rates is common utility practice in North America, though the approach taken in Canada with respect to the regulation of EV charging services vary in response to the unique circumstances in each province. Newfoundland Power submitted that recovery of program costs, including infrastructure investments, is permissible under provincial legislation on the basis that the rate mitigating benefits over the long term are consistent with the least-cost delivery of reliable service. In Newfoundland Power's view the claim by the Consumer Advocate that the proposed EV charging network may violate "monopoly/anti-competition laws" is unfounded and EV charging services do not exhibit monopolistic characteristics. In relation to whether the proposals would present a barrier to private sector entry Newfoundland Power submitted that the business case is weak for private sector investment due to the high upfront cost and the low number of EV's in the province. According to Newfoundland Power there is a compelling business case for utility investment in EV charging infrastructure programs as such investment will provide a rate mitigating benefit for customers which will not be realized without utility intervention.

Newfoundland Power's September 24, 2021 submission stated that the 2021 Plan seeks to accelerate the adoption of EVs by addressing specific barriers to adoption. Newfoundland Power noted that the Dunsky Energy Consulting Report ("Dunsky Report") found that the single largest factor influencing the adoption of EVs in the province is access to charging infrastructure. Newfoundland Power submitted that while access to charging stations is growing throughout Canada it is not in this province and, in fact, this province lags behind other provinces. According to Newfoundland Power the EV charging station deployment in other provinces referenced by the Consumer Advocate underlines the weak business case for private sector development in this province as it shows that private investment is occurring elsewhere and not here. Newfoundland Power stated:

> The weak business case in this province reflects both the upfront costs of installing EV charging stations and the limited number of EVs in the province. EV adoption will continue to be constrained in Newfoundland and Labrador without sufficient access to a planned and deliberate public charging network that allows for travel across the province.[2]

Newfoundland Power stated that the Dunsky Report reiterates that it is not reasonable to expect sufficient private sector investment in this province in the near-term. Newfoundland Power also submitted that the suggestion of the Consumer Advocate that approval would grant the utilities an unfair advantage is unfounded, stating:

[2] Newfoundland Power Submission, September 24, 2021, page 5.

> The 2021 Plan effectively represents the minimum number of chargers required to achieve geographic coverage that would allow travel across the Island of Newfoundland. It is expected that, once this barrier is addressed, EV adoption will increase, improving the business case for future private sector investment over time.[3]

Newfoundland Power stated that achieving geographic coverage across the Island will address customer's range anxiety related to owning an EV, which is a primary barrier to EV adoption. Newfoundland Power noted that the 2021 Plan was informed by a thorough consultation with customers and industry experts and that letters of support were provided by the provincial government, the Alliance for Transportation Electrification and Drive Electric NL. Newfoundland Power noted that private sector involvement will be encouraged through the proposed make-ready model. Newfoundland Power disagreed with the Consumer Advocate's assertion that the 2021 Plan contravenes the competition law and stated that the utilities are not competitors engaged in price fixing.

According to Newfoundland Power it is within the Board's jurisdiction to approve capital expenditures that contribute to lower rates for customers and to permit the recovery of those costs in customer rates when they are appropriate, reasonable and prudent. Newfoundland Power noted that section 78(2)(h) permits the Board to include in rate base other fair and reasonable expenses the Board thinks appropriate and basic to the utilities operation and section 80(2) provides that a utility's return shall be in addition to those expenses the Board allows as reasonable and prudent and properly chargeable to an operating account. Newfoundland Power submitted that the legislative framework is designed to be interpreted liberally and allows the Board to exercise its judgement in ensuring the requirements of the provincial power policy are met. Newfoundland Power set out that it is within the Board's jurisdiction to determine which costs are consistent with least-cost, reliable service delivery.

Newfoundland Power submitted that the capital expenditures associated with the EV charging network are consistent with least-cost, reliable service delivery and current utility practice and should therefore be recovered from customers. Newfoundland Power noted that its electrification programs will provide a rate mitigating benefit to its customers over the long term estimated to be 0.65 ¢/kWh by 2034. Newfoundland Power submitted that the recovery of electrification program costs from ratepayers is consistent with the approval of costs related to CDM programs.

On February 15, 2021, before the matters were joined, Hydro filed a submission supporting the Newfoundland Power Application. On September 24, 2021 Hydro filed a submission addressing the three issues set out by the Board in relation to the proposed supplemental 2021 EV charging station capital expenditures. Hydro submitted that the Board has the power to consider the expenses incurred by a utility and to allow those expenses to be recovered from customers if they are reasonable and prudent. Hydro cited sections 41(3), 64, 78(2)(b), 80(2) and 118 of the *Act* and paraphrased the comments of the Court of Appeal to the effect that it is necessary to give an interpretation which follows generally accepted principles of sound public utility practices and advances the stated legislative policy of the province.

[3] Newfoundland Power Submission, September 24, 2021, page 9.

Hydro stated that the promotion of transportation electrification through the construction of supporting EV charging infrastructure will contribute to the delivery of power on the Island Interconnected system at the lowest possible cost consistent with reliable service. Hydro noted that upon commissioning of the Muskrat Falls Project, there will be a material excess of energy available on the system which will be sold into the export market at rates which are substantially less than retail rates charged in this province. Therefore, electrification initiatives which promote replacement of fossil fuels with electricity, while enabling the management of peak demand, will not only provide savings to participating customers they will result in rate-mitigation benefits.[4] Hydro submitted that a federal government target for zero-emission vehicles alone will not drive rate mitigation benefits without corresponding investments in supporting infrastructure to enable the switch to EVs. Hydro cited the Dunsky Report as to the significance of utility investment in EV charging stations and the 2019 survey as to the importance of access to charging facilities.

Hydro stated that there is no evidence on the record to support the Consumer Advocate's suggestion that private capital will be attracted to the market to provide EV charging stations. Hydro noted that Newfoundland and Labrador would be the only province without any fast-charging infrastructure but for its existing network. According to Hydro these allow for increased domestic ownership of EVs and promote EV-based tourism which in turn will improve the business case for private sector investment. Hydro also noted the make-ready program and stated that it is not in Hydro's interest to take any actions to preclude competition of EV charging services which would only serve to discourage EV use and adoption. Hydro stated:

> Hydro and Newfoundland Power are not attempting to remove, reduce, or prevent competition. Indeed, the 2021 ECDM Plan encourages private sector investment in EV charging infrastructure through appropriate incentives.[5]

Hydro submitted there is no basis for any suggestion that the proposed EV charging infrastructure in any way violates the *Competition Act* and the prices for the use of the EV charging stations are set based on market rates and are consistent with those in Atlantic Canada.

According to Hydro recovery of EV charging infrastructure costs is consistent with past practice with respect to the recovery of capital expenditures and existing CDM program costs. Hydro noted that the Board has approved the recovery of CDM costs which are not related to a utilities service, including rebates for insulation in customers' homes, energy efficient air exchangers and commercial lighting. Hydro noted the recovery of Maritime Electric's cost to install EV charging infrastructure was approved in Prince Edward Island. Hydro stated that approval at this time will allow it to avail of federal funding which will lower the net amount to be recovered from customers and therefore increase the benefits to customers. Hydro stated:

> Hydro submits that the Board has jurisdiction to approve the recovery of EV charging station costs from customers. The evidence currently before the Board demonstrates that Hydro's capital investment in charging infrastructure is consistent with past practice of the Board for capital and CDM costs, is consistent with the statutory obligation for least-cost

[4] Hydro noted that the incremental energy sales with utility investment would be approximately 720 GWh by 2034, almost as much as the 2019 test year forecast energy sales to all the Island Industrial customers, of 743 GWh as compared to the baseline scenario, without investment, of only 266 GWh.

[5] Hydro Submission, September 24, 2021, page 8.

service under the *EPCA*, and are therefore prudently incurred costs for which the Board should permit recovery from customers in accordance with the *Act*.[6]

The Electrification Applications also included correspondence from other interested persons. The Minister of Industry, Energy and Technology and Attorney General for the province, Drive Electric NL and the Alliance for Transportation Electrification (the "Alliance") supported the 2021 Plan. According to the Alliance, the EV infrastructure is still in a nascent stage and only a strong utility role can help accelerate the transformation of these infrastructure investments and serve as a catalyst or enabler to allow the overall market to succeed.[7]

Board Findings

The Electrification Applications request that the Board approve supplemental 2021 capital expenditures for the construction of EV charging stations throughout the service territories of Newfoundland Power and Hydro. The applications do not request approval of the planned capital expenditures for EV charging stations in future years.[8] The Newfoundland Power Application proposes the approval of supplemental 2021 capital expenditures for the construction of ten EV charging stations. The estimated cost of these stations is $1.5 million with the amount to be recovered from customers reduced by the funding which is received from the federal government, estimated to be $550,000.[9] The Hydro Application proposes the approval of supplemental 2021 capital expenditures of approximately $1.6 million for the construction of six EV charging stations on the Island and three in Labrador. The costs proposed by Hydro to be recovered from customers for the Island charging stations, of approximately $1.1 million, would be reduced by the funding which is received from the federal government for these sites, estimated to be $330,000. Hydro is not requesting recovery of the capital expenditures for the Labrador EV charging stations.[10]

Whether the Board has the jurisdiction to approve the proposed capital expenditures for EV charging stations and the recovery of the costs from customers was raised as an issue during this proceeding. The Consumer Advocate submitted that the Board did not have jurisdiction to order that the costs of the EV charging stations be paid by ratepayers. Newfoundland Power, Hydro and the Industrial Customer Group agree that the Board does have the jurisdiction to approve the EV charging station costs and order the recovery from customers. The authority of the Board with respect to the approval and recovery of capital expenditures and expenses associated with the EV charging stations is set out in sections 41, 78, and 80 of the *Act*. In addition section 118 provides that the *Act* is to be construed liberally. These provisions in combination with sections 3 and 4 of the *EPCA* provide for the approval of and recovery from customers of capital expenditures and other expenses which are consistent with the provision of least-cost reliable service. Reading the legislation in its entire context in the grammatical and ordinary sense, harmoniously with the scheme and intention of the legislature, the Board is satisfied that it has the authority to approve capital expenditures for EV charging stations and to allow for the recovery of the costs from

[6] Hydro Submission, September 24, 2021, page 9.
[7] Newfoundland Power Application, Schedule M, page 5.
[8] The 2021 Plan, page 24, provides the estimated utility EV infrastructure investment of $7.7 million over the 2021-2025 period. PUB-NP-046 sets out that there would be a total of 45 EV charging stations by the end of 2022, with 42 on the Island Interconnected system, 14 already installed by Hydro, 19 to be installed in 2021 and 12 in 2022.
[9] Newfoundland Power Application, Evidence, page 23.
[10] Hydro Application, Schedule 1-Evidence, page 5.

customers if the expenditures are shown to be consistent with the provision of least-cost reliable service.

The utilities argued that the recovery of the proposed supplemental 2021 capital expenditures for EV charging stations from ratepayers would be consistent with current utility practice. The Board notes however that many of the cited examples were from the United States and there were few instances of such approvals in Canada.[11] In addition these examples do not appear to set out a consistent approach with respect to the recovery of these costs from customers. In Prince Edward Island, the regulator approved utility capital expenditures of approximately $150,000 for an EV charging station pilot project. In British Columbia utility investment in public charging infrastructure is also recoverable, pursuant to recent legislative amendments. In New Brunswick, Nova Scotia and Quebec utility investments in public charging infrastructure are unregulated. It would appear that the determination as to whether recovery of EV charging station costs from customers is permitted largely depends on the particular circumstances in each province.

It is the utilities' position that the proposed supplemental 2021 capital expenditures for EV charging stations should be recovered from customers on the basis that these costs are consistent with the provision of least-cost service. With the commissioning of the Muskrat Falls Project, which is expected in the coming months, the province is forecast to have surplus energy. Since the expected export sales price for this energy is anticipated to be significantly lower than the retail rates in the province, increased sales through electrification initiatives may have benefits for customers.[12] Based on the information provided residential transportation electrification is the largest part of the estimated increase in customer energy usage.[13] According to the utilities the EV charging stations will contribute to increased revenues and ultimately rate mitigation which will benefit all customers.

The Board notes that the rate mitigation benefits estimated by the utilities were based on the electrification program as a whole.[14] The evidence does not include an analysis showing that the charging station infrastructure would, on its own, result in rate mitigation. Despite this, the evidence does show that the proposed 2021 deployment of the EV charging stations by the utilities may benefit customers. The evidence is clear that access to fast charging infrastructure in the province is limited and lags behind the other provinces.[15] Newfoundland and Labrador, in fact, ranks last in terms of the number of EV charging stations in the country.[16] It is clear that EV charging station infrastructure is not being deployed by the private sector in this province. The evidence shows that private sector investment in EV charging stations is constrained by a weak

[11] Newfoundland Power Application, Schedule B and PUB-NP-027. Hydro Application, PUB-NLH-013 and PUB-NLH-014.
[12] See the comments of the Board in its report, Rate Mitigation Options and Impacts Muskrat Falls Project, February 7, 2020, page iii.
[13] The 2021 Plan, page 18.
[14] Whether the electrification programs as a whole would result in rate mitigation will be addressed as part of the Board's consideration of the remaining issues to be decided in relation to the Newfoundland Power Application and the Hydro Application.
[15] Newfoundland Power Application, Evidence, page 25.
[16] Newfoundland Power Application, Evidence, page 25.

business case in this province as a result of the high upfront cost and the low number of EVs.[17] The Dunsky Report stated:

> The current lack of a solid business case for DCFC charging stations for third-party market actors suggests that DCFC deployment in the province will be limited in the absence of utility or government intervention.[18]

The Board accepts that there is currently a weak business case for private investment in EV charging infrastructure and, as a result, there has been no such investment. Without intervention this is likely to continue in the short-term. Given this, the Board does not believe that the proposed deployment of EV charging stations by Newfoundland Power and Hydro in 2021 would serve to deter investment by other private sector operators and more likely will support private investment. In addition the utilities propose a make-ready program which would reduce the cost for private operators for the deployment of EV charging stations. As such the Board does not believe that the proposed investment by the utilities is anti-competitive.

Access to fast charging infrastructure was shown to be one of the most significant barriers to the adoption of EVs in this province.[19] Access to public fast charging stations was found to have the greatest impact on expected EV adoption rates.[20] Expansion of public charging infrastructure has the potential to more than triple the number of EVs on the road by 2034 and to be especially important to avoid congestion as the EV population grows.[21] Improved public charging infrastructure would also result in a shift from plug-in hybrid vehicles to all-electric vehicles.[22] The proposed EV charging stations for 2021 would significantly enhance the geographic coverage of the EV charging stations to allow travel across the Island.[23] This would contribute to accelerated EV uptake and, combined with appropriate load management measures, increased utility revenues. The Dunsky Report stated:

> Early investments should be mostly – if not fully – dedicated to DCFC deployment to ensure sufficient geographical coverage and availability of a charging network on key highway corridors and population centres across the province.[24]

Utility involvement in the deployment of EV charging stations would allow for the location of the stations to provide for optimum geographic coverage which may not be the case if it is left to individual private operators.[25] In addition utility involvement ensures the distribution system is adequately designed and constructed to meet required standards and would allow the optimization

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[17] Newfoundland Power Application, Evidence, Schedule C, Dunsky Report, pages 145 and 150.
[18] Newfoundland Power Application, Evidence, Schedule C, Dunsky Report, page 145.
[19] The 2019 MQO Research survey of Newfoundland and Labrador residents found that 24% of respondents ranked the availability of EV charging stations as the primary barrier to EV adoption. See Newfoundland Power Application, Evidence, page 25 of 25 and PUB-NP-035. Hydro Application, Schedule 1, Evidence, page 4.
[20] The 2021 Plan, pages 6 to 7.
[21] Newfoundland Power Application, Evidence, Schedule C, Dunsky Report, pages 139-140.
[22] Newfoundland Power Application, Evidence, Schedule C, Dunsky Report, page 139.
[23] PUB-NLH-015, pages 2 and 3. By the end of 2022 there would be 42 charging stations for the Island Interconnected system resulting in an average distance between the charging stations of approximately 60 kms.
[24] Newfoundland Power Application, Evidence, Schedule C, Dunsky Report, page 146.
[25] CA-NLH-008, page 3.

of locations within the distribution system to avoid infrastructure upgrades.[26] This will optimize the benefits and minimize costs for ratepayers.

Based on the evidence provided in this proceeding it is clear that the proposed deployment of EV charging stations throughout the province at this time is an important part of the development of an electrification program for the province. The Board believes that there is a strong business case for the proposed investment in EV charging stations by the utilities in 2021 on the basis of the demonstrable need for a minimum level of infrastructure in this province and the weak business case for private operators at this time. These stations are a critical first step toward the electrification of the province so as to maximize the benefits of the forecast surplus energy upon the commissioning of the Muskrat Falls Project. The geographic coverage provided by the proposed EV charging stations will address a primary barrier to EV adoption and the resulting increase in EV uptake should improve the business case for future private investment. The Board is satisfied that investment by the utilities in EV charging infrastructure is the best currently available tool to contribute to increased EV uptake in the province which will ultimately contribute to increased sales of electricity, increased revenues and, with appropriate load management measures, reduced costs for customers. In addition approval at this time would allow the utilities to avail of available funding which may offset a significant portion of the costs. The Board is satisfied that the 2021 capital expenditures proposed in the Newfoundland Power Application and the Hydro Application for EV charging stations will benefit customers and should be approved with recovery of the costs associated with the Island EV charging stations from customers, net of federal funding.

The issue as to how these costs will be treated for accounting purposes and recovered from customers will be addressed in the subsequent order of the Board related to the Electrification Applications. In addition the Board would like to highlight that the approval of the supplemental 2021 EV charging station capital expenditures is based on the unique circumstances in the province at this time. The circumstances surrounding electrification programming are rapidly changing and this may require different approaches in the future with respect to EV charging station capital expenditures. In future years the utilities will have to demonstrate that further capital expenditures for additional EV charging stations are justified in the circumstances. Future EV charging station capital expenditure requests should be supported with updated information, including information relating to the actual and forecast EV uptake in the province and forecast load as well the planned approach to load management.

[26] The 2021 Plan, page 15; Newfoundland Power Application, Evidence, Schedule C, Dunsky Report, page 145.

DATED at St. John's, Newfoundland and Labrador, this 18th day of October, 2021.

Darlene Whalen, P. Eng., FEC
Chair and Chief Executive Officer

Dwanda Newman, LL.B.
Vice-Chair

John O'Brien, FCPA, FCA, CISA
Commissioner

Christopher Pike, LL.B., FCIP
Commissioner

Cheryl Blundon
Board Secretary