Q. Please provide a sensitivity analysis of the estimated rate mitigation benefits, provided in Exhibit 2, Appendix A, associated with the electrification proposals addressing potential differences in the significant assumptions such as the rates and the load?

A. See Attachment A for a *pro forma* revenue requirement sensitivity analysis associated with key assumptions in Newfoundland Power's net present value ("NPV") analysis.[1]

[1] See the *2021 Electrification, Conservation and Demand Management Application,* Volume 1, Exhibit 2, Appendix A for the NPV Analysis.

Pro Forma **Revenue Requirement Sensitivity Analysis**

***Pro Forma* Revenue Requirement Sensitivity Analysis**
Change in Net Revenues
($millions)

Year	Change in Electricity Rates[1]		Change in Marginal Costs[2]		Change in Sales from Electrification[3]	
	10% Higher	10% Lower	10% Higher	10% Lower	10% Higher	10% Lower
2021	0.0	(0)	(0.0)	0	0.0	(0)
2022	0.0	(0.0)	(0.0)	0.0	0.0	(0.0)
2023	0.1	(0.1)	(0.0)	0.0	0.0	(0.0)
2024	0.2	(0.2)	(0.1)	0.1	0.1	(0.1)
2025	0.3	(0.3)	(0.2)	0.2	0.1	(0.1)
2026	0.7	(0.7)	(0.4)	0.4	0.3	(0.3)
2027	1.3	(1.3)	(0.8)	0.8	0.6	(0.6)
2028	2.1	(2.1)	(1.2)	1.2	0.8	(0.8)
2029	3.0	(3.0)	(1.8)	1.8	1.1	(1.1)
2030	4.0	(4.0)	(2.5)	2.5	1.6	(1.6)
2031	5.3	(5.3)	(3.2)	3.2	2.0	(2.0)
2032	6.7	(6.7)	(4.1)	4.1	2.6	(2.6)
2033	8.3	(8.3)	(5.1)	5.1	3.2	(3.2)
2034	10.1	(10.1)	(6.2)	6.2	3.9	(3.9)
Change in Cumulative NPV	**22.1**	**(22.1)**	**(13.5)**	**13.5**	**8.6**	**(8.6)**
Change in ¢/kWh by 2034	**0.155**	**(0.155)**	**(0.095)**	**0.095**	**0.059**	**(0.059)**

[1] Based on a 10% change in incremental revenues. For example, if current electricity rates increased by 10%, 2034 net revenues would be approximately $44 million, or approximately $10 million higher than 2034 net revenues of $34 million estimated in Appendix A. The estimated rate mitigation benefit would be approximately 0.7 ¢/kWh in 2034 [current estimate of 0.519 ¢/kWh + 0.155 ¢/kWh = 0.674 ¢/kWh].

[2] Based on a 10% change in incremental energy and capacity system costs.

[3] Based on a 10% change in both incremental revenues and system costs resulting from additional sales and demand requirements from electrification.