

1 **Q. (Reference slide 4)**

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

5 **(b) Confirm that the anticipated surplus of energy is currently approximately 3**
6 **million MWh and the price advantage for selling to IIS ratepayers rather than**
7 **exporting is about 10 cents per kWh (\$100 per MWh) as long as capacity**
8 **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 (the “2021 Plan”) developed in partnership by*
12 *Newfoundland Power Inc. (“Newfoundland Power”) and Newfoundland and Labrador*
13 *Hydro (“Hydro”) (collectively, the “Utilities”) and the related Technical Conference*
14 *presented by the Utilities on February 1, 2022. Accordingly, the response reflects*
15 *collaboration between the Utilities.*

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

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21 This is consistent with the findings of the Board during the Reference on Rate
22 Mitigation Options and Impacts. In its final report issued in February 2020, the
23 Board found that:

24
25 *“[M]aximizing domestic load through electrification, improving energy efficiency*
26 *and using demand response to reduce peak and all for increased export sales*
27 *leads to the best outcomes for customers.”¹*

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

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32 In terms of a simple illustration, each additional kWh consumed domestically will
33 provide a benefit of approximately 10¢ based on a residential retail rate of 13.5¢/kWh
34 and a non-firm export sales value of approximately 3.5¢/kWh.²

¹ See *Reference to the Board: Rate Mitigation Options and Impacts, Muskrat Falls Project – Final Report*, February 7, 2020, page iii.

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