Q. (Application Volume 1, pages 2-15 and 2-16) The cumulative energy saving from CDM over 2021 to 2025 is given as 1,279 GWh at an average program cost of approximately $7.5 million annually over that time period.

a) Do participating customers bear any additional costs? If so, please identify.

b) Why spend an average of $3.6 million annually (page 2-13) from 2021 to 2025 to encourage electrification and simultaneously spend an average of $7.5 million annually on programs that lead to reduced electricity consumption?

c) Shouldn't CDM programs be focused solely on reducing growth in system peak? Please identify and explain which of the proposed CDM programs for 2021-2025 are exclusively or primarily designed to reduce system peak. Also, show the cost of each.

A. a) Participating customers bear incremental costs for the products they purchase as part of participating in a CDM program. For example, if a customer insulated their attic at a cost of $750, they would be eligible to receive 50%, or $375, of this cost back through a rebate. The customer would bear the cost of the other 50%. These incremental customer costs are accounted for when evaluating the cost-effectiveness of CDM programs using the Total Resource Cost test.

b) Customer CDM and electrification programs are complementary. As customers' energy usage increases through electrification, it becomes increasingly important to manage impacts on system peak and related system costs through CDM. Both CDM and electrification programs result in lower overall costs for customers.[1]

c) No, CDM programs should not focus solely on reducing system peak.

Newfoundland Power engaged Dunsky Energy Consulting to evaluate the cost-effectiveness of programs focused solely on reducing peak demand, such as direct load control programs and dynamic rate programs. The results of the *Potential Study Addendum: Demand Response Assessment* show that these programs are not cost-effective until after 2030.[2]

The demand response programs determined to be cost-effective are those that Newfoundland Power and Newfoundland and Labrador Hydro ("Hydro") already have in place through the *Curtailable Service Option* (Newfoundland Power) and the industrial curtailment program (Hydro).

[1] For example, a customer who upgrades their insulation and thermostats through a CDM program would experience overall net savings of approximately $8,800 over the life of those technologies. Similarly, a customer who purchases an electric vehicle would experience overall net savings of approximately $5,200 through reduced maintenance and fuel costs over the life of that vehicle. See the *2022/2023 General Rate Application, Volume 1, Application, Company Evidence and Exhibits, Section 2: Customer Operations,* pages 2-10 to 2-11.

[2] See *2021 Electrification, Conservation and Demand Management Application, Volume 2, Schedule E*, pages 20 to 21.

However, all CDM programs planned for 2021 to 2025 will contribute to reductions in system peak.

Table 1 provides the peak demand reduction that is forecast to be achieved by Newfoundland Power's customers for each CDM program over the period 2021 to 2025, including program costs.

Table 1:
CDM Programs
Peak Demand Reductions and Program Costs
(2021F to 2025F)

CDM Program	Peak Demand Reduction (MW)	Program Costs ($000s)
Insulation and Air Sealing Program	27.4	9,147
Thermostat Program	4.3	2,315
Small Technology Program	17.8	2,584
HRV Program	0.9	1,104
Benchmarking	1.7	4,970
Low Income	3.2	1,885
Business Efficiency Program	14.5	9,954
Total	**69.8**	**31,959**