

1 **Reference: Section 3: Finance**

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3 **Q. Volume 1, page 3-56, Footnotes 151 and 152. Provide examples of recovery periods**
4 **for costs used in Canadian jurisdictions.**

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6 A. Newfoundland Power has planned a portfolio of customer electrification programs.
7 Electrification program costs are proposed to be recovered through the Electrification
8 Cost Deferral Account (the “Deferral Account”). The Company has proposed an
9 amortization period of 10 years for costs included in the Deferral Account. Costs
10 included in the Deferral Account include, among other items, rebates for electric vehicles
11 (“EV”) and chargers, pilot programs, and EV infrastructure investments through a make
12 ready model.¹

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14 EVs are a rapidly emerging technology globally. EV and charging infrastructure
15 incentives are currently being pursued throughout North America to meet specific policy
16 goals, including greenhouse gas reductions. In Newfoundland Power’s view, given the
17 emerging nature of the technology, it is appropriate for the Board to consider not only the
18 experience in Canadian jurisdictions, but North American jurisdictions more broadly.

19
20 Footnotes 151 and 152 relate to the recovery periods of electrification program costs in
21 North American jurisdictions. The examples provided are:

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23 (i) Consumers Energy in Michigan recovers pilot program costs over 5 years;
24 (ii) Xcel Energy in Colorado recovers program costs over 10 years;
25 (iii) EV program costs in Maryland are recovered over 5 years;
26 (iv) Utilities in New York recover costs for make ready charging infrastructure for
27 EVs over 15 years;
28 (v) Rebates for EV chargers are recovered over 10 years in New Mexico; and
29 (vi) Rebates for EV chargers are recovered over 10 years in Oregon.

30
31 In Canada, incentive programs are often administered directly by municipal, provincial or
32 federal governments. In some cases, the incentive programs are administered by a utility,
33 but are funded by government. Examples include:

- 34
35 (i) BC Hydro’s and FortisBC’s EV charger rebate programs. These programs
36 provide rebates for the purchase and installation of EV chargers for homes and
37 workplaces throughout British Columbia. These programs are offered as part of
38 the province’s CleanBC plan and are funded by the Government of British
39 Columbia.²

¹ For information on the costs proposed to be recovered through the Deferral Account, see response to Request for Information CA-NP-034.

² See <https://goelectricbc.gov.bc.ca/>.

1 (ii) Nova Scotia Power’s EV Smart Charging Program. This is a pilot program aimed
2 at collecting information on how smart charging systems can help lower energy
3 usage during peak times. The pilot program is implemented as part of the Smart
4 Grid Nova Scotia initiative, which is supported by Natural Resources Canada and
5 the Government of Nova Scotia.³
6

7 As existing EV incentive programs in Canada are supported by government funding,
8 there has not yet been a business case to require recovery of costs from utility customers.
9

10 There are, however, examples of recovery periods for investment in EV charging
11 infrastructure among Canadian utilities. In Prince Edward Island, the Island Regulatory
12 and Appeals Commission approved the recovery of Maritime Electric’s cost to install EV
13 charging infrastructure.⁴ The expected useful life of Maritime Electric’s EV charging
14 infrastructure is 10 years.⁵ In British Columbia, FortisBC currently owns 30 public
15 direct-current fast charging (“DCFC”) stations.⁶ FortisBC’s cost-of-service model
16 assumes a 10-year depreciation period for this infrastructure. Additionally,
17 Newfoundland Power’s *2019 Depreciation Study* indicates EV charging stations should
18 be amortized over 10 years.⁷
19

20 Given the proposed Deferral Account includes costs associated with EV charging
21 infrastructure, these examples are also relevant for the Board’s consideration of the
22 appropriate amortization period for electrification program costs.⁸

³ See <https://www.nspower.ca/cleanandgreen/innovation/smart-grid-nova-scotia>.

⁴ See Island Regulatory and Appeals Commission, Docket #UE20732, Order UE20-05.

⁵ See Response to Interrogatories IR-1 to IR-19 from Commission Staff as part of Maritime Electric’s *2020 Supplemental Capital Budget Request Electric Vehicle Charging Stations*.

⁶ See British Columbia Utilities Commission Order G-215-21 with Reasons.

⁷ See the *2022/2023 General Rate Application, Volume 3, Expert Evidence, 2019 Depreciation Study*, page I-6.

⁸ The make ready model, as referenced above, includes the installation of electrical infrastructure to enable customers to purchase and install DCFC stations.