

September 24, 2021

Board of Commissioners of Public Utilities  
Prince Charles Building  
120 Torbay Road, P.O. Box 21040  
St. John's, NL A1A 5B2

Attention: Ms. Cheryl Blundon  
Director of Corporate Services & Board Secretary

Dear Ms. Blundon:

**Re: Approvals Required to Execute Programming Identified in the Electrification, Conservation and Demand Management Plan 2021 – Hydro's Reply**

Please find enclosed Newfoundland and Labrador Hydro's ("Hydro") reply to the parties' comments with regard to the 2021 supplemental capital expenditures proposed by Hydro in the above-mentioned application.

### **Application Background**

On June 16, 2021, Hydro filed an application<sup>1</sup> with the Board of Commissioners of Public Utilities ("Board") for the Approvals Required to Execute Programming Identified in the Electrification, Conservation and Demand Management Plan 2021–2025 ("Application").

Within the Application, pursuant to Section 41(3) of the *Public Utilities Act, RSNL 1990*, ("Act"), Hydro has requested approval for supplemental 2021 capital expenditures associated with the expansion of Hydro's electric vehicle ("EV") charging network. This project includes approximately \$1.6 million for nine additional charging sites to be located on the Great Northern Peninsula and in Labrador. Further, Hydro is seeking recovery of approximately \$0.7 million of this expenditure through customer rates, net of federal funding and Nalcor Energy and Hydro's contribution towards the Labrador locations.<sup>2</sup>

Newfoundland Power Inc. ("Newfoundland Power") had filed its 2021 Electrification, Conservation and Demand Management Application with the Board on December 16, 2020 which also included a request for approval of supplemental 2021 expenditures related to EV charging stations.

On August 30, 2021, the Board advised the parties that the above applications, which relate to joint utility electrification initiatives, would be joined and proceed as one matter. Subsequently, on September 7, 2021, the Island Industrial Customer Group ("IIC") wrote the Board expressing concerns about the sufficiency of Hydro's responses to specific requests for information. The IIC requested a technical conference be held prior to the filing of submissions to address the issues raised by the IIC, and any other issues identified by the Board or other parties. Newfoundland Power's and Hydro's positions were that a technical conference was not necessary. Hydro did suggest that were the Board to determine that a technical conference or any additional regulatory process was necessary, the Board

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<sup>1</sup> "Approvals Required to Execute Programming Identified in the Electrification, Conservation and Demand Management Plan 2021," Newfoundland and Labrador Hydro, rev. 1, July 8, 2021 (originally filed June 16, 2021).

<sup>2</sup> *Ibid*, sch. 1, at p. 5, Table 1.

consider separating the request for approval for the supplementary capital expenditure for EV charging stations from the other issues to allow it to be considered in time frames that may permit Hydro and Newfoundland Power to access approved federal funding of more than \$1 million. The Consumer Advocate, in comments on September 13, 2021, supported the IIC's request for a technical conference.

On September 16, 2021, the Board advised that—in order to ensure a timely decision in relation to the 2021 supplemental capital expenditures for both Hydro's and Newfoundland Power's proposed public EV fast-charging stations, and in an effort to maintain the utilities' ability to access federal funding—this matter was separated from the other proposals in the Application and would be considered on a stand-alone basis as soon as possible. The Board identified specific issues to be addressed in the separate process, which are:

- 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; and
- iii. Whether there should be recovery of the associated costs from ratepayers.

Hydro's reply to these issues and the comments of the Consumer Advocate and the IIC follow.

### Hydro's Reply

#### Board's Jurisdiction to Order Recovery of EV Charging Station Costs

As stipulated in the *Act*, Section 16, the Board is the statutory body which has the authority and duty for the "general supervision of all public utilities" in Newfoundland and Labrador. The *Act* contains a variety of general and specific provisions which describe the Board's authority over aspects of public utilities' operations, including approval of capital expenditures, establishment of rates, and recovery of expenses.

Section 118 of the *Act* stipulates that the *Act* be interpreted and construed liberally in order to accomplish its purposes. Indeed, in *Section 101 of the Public Utilities Act (Newfoundland) (Re) 1998 CanLII 18064 (NL CA) ("Stated Case")* Justice Green noted that in determining the application of existing legislation, it is necessary to ". . . examine the specific legislative provisions in the larger regulatory context and against the background of the purposes of the legislation and the general principles which have been developed as part of regulatory practice."<sup>3</sup>

Justice Green also noted that the Board must ". . . apply tests which are consistent with generally accepted sound public utility practice"<sup>4</sup> and must avoid a ". . . literal and technocratic interpretation and application of the provisions of the Act . . . in favour of an interpretation which will advance the underlying purpose of the legislation, as well as the power policy of the province and be consistent with generally accepted sound public utility practice."<sup>5</sup>

Justice Green further stated: "In answering the questions posed, therefore, it is necessary to identify generally accepted principles of sound public utility practice and to give to the legislation an interpretation which follows those principles and advances the stated legislative policy of the Province."<sup>6</sup>

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<sup>3</sup> 1998 CanLII 18064, para. 16

<sup>4</sup> *Ibid*, para. 17.

<sup>5</sup> *Ibid*, para. 18.

<sup>6</sup> *Ibid*, para. 19.

The requirement to implement the legislated policy of the province is noted at Section 4 of the *Electrical Power Control Act, SNL 1994* (“EPCA”), with the policy itself set out at Section 3. In particular, Section 3(b)(iii) states:

3. It is declared to be the policy of the province that

...

(b) all sources and facilities for the production, transmission and distribution of power in the province should be managed and operated in a manner

...

(iii) that would result in power being delivered to consumers in the province at the lowest possible cost consistent with reliable service,

...

The Board has a specific power, under Section 70, to approve a schedule of rates, tolls, and charges for the utility to use to obtain compensation for a service which it provides and a utility must not charge, demand, collect, or receive compensation for such a service prior to Board approval of those rates. Hydro previously submitted to the Board that the provision and operation of EV chargers was not a “service” as considered in the *Act*. In Board Order P.U. 27(2020), the Board agreed with Hydro’s submission that the operation of EV charging stations are not public utility services which are subject to the requirements set out in the *Act* and that Board approval of a rate, toll, or charge for EV charging services was not required.

However, this decision does not impact the Board’s general supervision of the utility or impede the Board’s jurisdiction or powers pursuant to other aspects of the *Act*. For example, Section 41(3) requires the utility to obtain Board approval prior to any construction, purchase, or lease of improvements or additions to its property where the cost of construction or purchase exceeds \$50,000 or the cost of the lease exceeds \$5,000 per year. This is not specific to a “service” under the *Act* and is instead a broad and general requirement. Hydro applied to the Board for approval of the construction of the EV charging stations pursuant to this requirement. Hydro notes that the IIC agrees with this obligation.

The Board’s powers extend to consideration of the expenses incurred by a utility and to allow those expenses to be recovered from customers if they are reasonable and prudent. These powers are not impacted by the determination that EV charging stations are not public utility services that require Board approval of a rate, toll, or charge. Section 78 of the *Act* permits the Board to fix and determine the rate base of a utility. In fixing a utility’s rate base, the Board is to consider the value of the property and assets as determined under Section 64, as well as a range of additional allowances and expenses, including under Section 78(2)(b), organizational expenses to the extent of the sum that the public utility establishes to the satisfaction of the board as reasonable.

Additionally, Section 80(2) of the *Act* provides for the opportunity to recover those expenses that the Board may allow as reasonable and prudent.

To paraphrase Justice Green in the Stated Case, as referenced above, in determining jurisdiction and interpreting legislation it is necessary to give to the legislation an interpretation which follows generally accepted principles of sound public utility practice and advances the stated legislative policy of the Province.

In its conclusions regarding the *Rate Mitigation Options and Impacts Reference* proceeding, the Board noted that:

The examination of whether it is more advantageous to maximize export sales or maximize domestic load concluded that maximizing domestic load through electrification, improving energy efficiency and using demand response to reduce peak and allow for increased export sales leads to the best outcomes for customers.<sup>7</sup>

While the EV charging stations do not provide a “service” within the meaning of the *Act*, EV charging station usage will assist in reducing the cost of electrical service to customers and thus support the provision of efficient, least-cost electrical service over the long term, consistent with other conservation and demand management (“CDM”) programs. As the investment associated with EV charging stations provide benefit to customers, consistent with Hydro’s mandate, these reasonable and prudently incurred expenses are within the Board’s jurisdiction to approve and allow Hydro to recover. This is also consistent with the Board’s historical treatment of costs associated with CDM programs.

The IIC, in its submission on September 22, 2021, acknowledge that the Board has jurisdiction to order that the costs of the EV charging stations be borne by ratepayers. The Consumer Advocate stated his agreement with Hydro and the Board “. . . that EV charging is not a public utility service that is subject to the requirements of the *Act*.”<sup>8</sup> However, the Consumer Advocate’s position appears to be that if the Board does not have jurisdiction over the rates, it does not have jurisdiction over any aspect of the infrastructure or its operation including recovery of expenses. Hydro disagrees. As detailed above, Hydro’s position is that the Board has the jurisdiction to order the recovery of EV charging station costs.

### **Approval of the Proposed EV Charging Station Capital Expenditures**

As noted above, the *EPCA* states that all sources and facilities for the production, transmission, and distribution of power in the province should be managed and operated in a manner “that would result in power being delivered to consumers in the province at the lowest possible cost consistent with reliable service.”<sup>9</sup> Hydro submits that the promotion of transportation electrification, through the construction of supporting EV charging infrastructure, will contribute to delivery of power on the Island Interconnected System at the lowest possible cost consistent with reliable service.

Upon commissioning of the Muskrat Falls Project, there will be a material excess of energy available to customers on the Island Interconnected System.<sup>10</sup> As reflected in Hydro’s marginal costs, energy that is not used within the province will be sold into export markets at rates which are substantially less than the retail rates approved by the Board.<sup>11</sup> As such, 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,<sup>12</sup> they will result in rate-mitigation benefits for all customers on the Island Interconnected System.<sup>13</sup>

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<sup>7</sup> “Reference To The Board – Rate Mitigation Options and Impacts Muskrat Falls Project – Final Report,” Board of Commissioners of Public Utilities, February 7, 2020, at p. iii.

<sup>8</sup> Dennis Brown, Q.C. “Newfoundland Power and NL Hydro Applications for Approvals of Electrification Programs and Expenditures – 2021 Supplemental Capital Expenditures for Utility-Owned EV Charging Infrastructure,” Consumer Advocate, September 22, 2021, at p. 7.

<sup>9</sup> *Electrical Power Control Act, SNL 1994*, c E-5.1, s 3(b)(iii).

<sup>10</sup> CA-NLH-033.

<sup>11</sup> IIC-NLH-028.

<sup>12</sup> PUB-NLH-025.

<sup>13</sup> “Approvals Required to Execute Programming Identified in the Electrification, Conservation and Demand Management Plan 2021,” Newfoundland and Labrador Hydro, rev. 1, July 8, 2021 (originally filed June 16, 2021), sch. 1, app. A.

One of the most significant opportunities in Newfoundland and Labrador is the potential electrification of light-duty vehicles with EVs.<sup>14</sup> According to Dunsky, with the correct investments there could be 145,000 EVs in the province by 2034 (the Upper Scenario); adoption to this level would result in incremental energy sales of approximately 720 GWh.<sup>15</sup> By way of context, Hydro notes that the 2019 Test Year forecast energy sales to all Island Industrial customers combined was 743 GWh.<sup>16</sup>

This forecast is in stark contrast to the outcome without any investments to promote EV adoption (the Baseline Scenario),<sup>17</sup> which is forecast to result in only 41,000 EVs and 266 GWh of new energy sales by 2034,<sup>18</sup> a reduction of some 104,000 EVs and 477 GWh when compared to Upper Scenario. Hydro notes that the Baseline Scenario reflects a Federal Government requirement for all light duty vehicles purchased after 2040 to be zero emission. As noted by Dunsky “Under baseline conditions, uptake in Newfoundland and Labrador is forecasted to be much lower than these national and global targets, primarily due to charging infrastructure barriers . . .”<sup>19</sup>

The Consumer Advocate’s submission that “There is no need for the NL utilities to “*accelerate*” electrification by investing in an EV charging network themselves”<sup>20</sup> is therefore not supported by the evidence in this proceeding. The potential study shows that there are a range of possible adoption levels of EVs in Newfoundland and Labrador in the short and medium term, regardless of potential long-term federal regulatory requirements. Hydro submits 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.

The Upper Scenario forecasts EV adoption supported by utility investments in charging infrastructure, EV incentives, and public education and awareness initiatives; however, the primary difference in EV adoption rates between the Baseline and Upper Scenarios is attributed to variations in access to public charging infrastructure.<sup>21</sup>

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<sup>14</sup> “Approvals Required to Execute Programming Identified in the Electrification, Conservation and Demand Management Plan 2021,” Newfoundland and Labrador Hydro, rev. 1, July 8, 2021 (originally filed June 16, 2021), sch. 3, at p. 6, fig. 1.

<sup>15</sup> “Approvals Required to Execute Programming Identified in the Electrification, Conservation and Demand Management Plan 2021,” Newfoundland and Labrador Hydro, rev. 1, July 8, 2021 (originally filed June 16, 2021), sch. 3, at p. 6.

<sup>16</sup> 743.3 GWh forecast Island Industrial customer load as approved in the 2019 Test Year.

<sup>17</sup> The first phase of Hydro’s charging network as approved in Board Order No. P.U. 7(2020) which is reflected in the Baseline Scenario. See “Approvals Required to Execute Programming Identified in the Electrification, Conservation and Demand Management Plan 2021,” Newfoundland and Labrador Hydro, rev. 1, July 8, 2021 (originally filed June 16, 2021), sch. 3, at p. 24, f.n. 62.

<sup>18</sup> “Approvals Required to Execute Programming Identified in the Electrification, Conservation and Demand Management Plan 2021,” Newfoundland and Labrador Hydro, rev. 1, July 8, 2021 (originally filed June 16, 2021), sch. 3, at p. 6, fig. 1.

<sup>19</sup> “Approvals Required to Execute Programming Identified in the Electrification, Conservation and Demand Management Plan 2021,” Newfoundland and Labrador Hydro, rev. 1, July 8, 2021 (originally filed June 16, 2021), sch. 3, sch. C, at pp. 132 of 325–133 of 325.

<sup>20</sup> Dennis Brown, Q.C. “Newfoundland Power and NL Hydro Applications for Approvals of Electrification Programs and Expenditures – 2021 Supplemental Capital Expenditures for Utility-Owned EV Charging Infrastructure,” Consumer Advocate, September 22, 2021, at p. 3.

<sup>21</sup> “Approvals Required to Execute Programming Identified in the Electrification, Conservation and Demand Management Plan 2021,” Newfoundland and Labrador Hydro, rev. 1, July 8, 2021 (originally filed June 16, 2021), sch. 3, at p. 6.

As noted in the potential study by Dunsky:

**Under both the low and high scenarios, DCFC and L2 deployment have the highest impact on adoption in both the short and long terms.** The limited availability of charging infrastructure in the province severely constrains market adoption of LDVs under baseline conditions, and any deployment increases both geographical coverage and availability of charging and has a significant impact on the market.<sup>22</sup>

In order to achieve the rate-mitigating benefits associated with the Upper Scenario, investment in EV charging infrastructure is required in Newfoundland and Labrador. The results of a 2019 survey indicated that residents of Newfoundland and Labrador ranked access to charging facilities as one of the highest barriers to EV ownership.<sup>23</sup>

While the Consumer Advocate acknowledges that Newfoundland and Labrador is lagging other provinces in EV adoption and infrastructure,<sup>24</sup> he also states that “. . . the provision of public EV chargers will happen anyway” and “Private capital will be attracted to the market to provide EV chargers.”<sup>25</sup> There is no evidence on the record before the Board, or in the Consumer Advocate’s submission, to support these assertions.

In fact, the record currently before the Board demonstrates the opposite; a lack of investment in EV charging infrastructure in this province has, and will continue to, constrain EV adoption.<sup>26</sup> As noted in Hydro’s evidence, and in the Consumer Advocate’s submission, recent private sector investment in charging infrastructure in Canada has excluded Newfoundland and Labrador, despite investments in every other province by major network providers.<sup>27</sup> This is likely due to the current weak business case for private investment in public fast-charging assets in Newfoundland and Labrador.<sup>28</sup>

But for Hydro’s existing network of chargers approved by the Board in Order No. P.U. 7(2020), Newfoundland and Labrador would be the only province in Canada without any fast-charging infrastructure. Hydro’s investments (current and proposed) in public fast-charging assets allow for increased domestic ownership of EVs and promote EV-based tourism,<sup>29</sup> which in turn will improve the business case for private sector investment. Additionally, as part of Hydro and Newfoundland Power’s proposed 2021–2025 Electrification, Conservation and Demand Management (“ECDM”) Plan, the utilities will provide financial assistance to the private sector for new investments in EV fast-charging infrastructure.<sup>30</sup> These proposals are consistent with Hydro’s goal, to promote EV ownership to drive

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<sup>22</sup> “Approvals Required to Execute Programming Identified in the Electrification, Conservation and Demand Management Plan 2021,” Newfoundland and Labrador Hydro, rev. 1, July 8, 2021 (originally filed June 16, 2021), sch. 3, sch. C, at p. 139 of 325.

<sup>23</sup> Schedule 1, Page 4. The survey results indicate that 32% of respondents ranked cost as the primary barrier to EV adoption, while 24% ranked availability of charging stations as the primary barrier to EV adoption.

<sup>24</sup> Dennis Brown, Q.C. “Newfoundland Power and NL Hydro Applications for Approvals of Electrification Programs and Expenditures – 2021 Supplemental Capital Expenditures for Utility-Owned EV Charging Infrastructure,” Consumer Advocate, September 22, 2021, at p. 4.

<sup>25</sup> Dennis Brown, Q.C. “Newfoundland Power and NL Hydro Applications for Approvals of Electrification Programs and Expenditures – 2021 Supplemental Capital Expenditures for Utility-Owned EV Charging Infrastructure,” Consumer Advocate, September 22, 2021, at p. 4.

<sup>26</sup> Approvals Required to Execute Programming Identified in the Electrification, Conservation and Demand Management Plan 2021,” Newfoundland and Labrador Hydro, rev. 1, July 8, 2021 (originally filed June 16, 2021), sch. 3, sch. C, at p. 139 of 325.

<sup>27</sup> CA-NLH-009.

<sup>28</sup> “Approvals Required to Execute Programming Identified in the Electrification, Conservation and Demand Management Plan 2021,” Newfoundland and Labrador Hydro, rev. 1, July 8, 2021 (originally filed June 16, 2021), sch. 3, at p. 15.

<sup>29</sup> CA-NLH-027.

<sup>30</sup> The Make-Ready Program would see the provision of a credit of \$50,000 per site towards up-front costs is intended to spur private investment in the network.

rate-mitigation benefits; 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.

In Hydro's view, the record clearly demonstrates that private sector investment in charging infrastructure is not imminent; waiting or hoping for such investment to materialize as suggested by the Consumer Advocate<sup>31</sup> will only result in lost rate-mitigation opportunities, the cost of which will be borne by customers on the Island Interconnected System.

Despite the current weak business case for private investment in Newfoundland and Labrador, Hydro's public fast-charging network has seen robust use even before the project was complete. While most sites were commissioned in March and April of 2021 (and final completion of all sites not until August 2021), the charging network has seen more than 750 charging sessions to the end of July 2021.<sup>32</sup> Hydro notes that network usage has remained strong beyond July 2021 and believes this speaks to local demand for such infrastructure.

Hydro has demonstrated the rate-mitigating benefits associated with investments in electrification initiatives in detail through a positive Net Present Value Analysis.<sup>33</sup> This analysis shows that the incremental revenues from electrification (including public EV fast charging) will not only recover the cost the proposed investment by Hydro, but provide additional revenues to help mitigate customer rates over the long term.

Hydro submits that approval of the proposed EV charging infrastructure, will contribute to delivery of power on the Island Interconnected System at the lowest possible cost consistent with reliable service, consistent with the statutory obligations under the *EPCA*.

### **Should Proposed EV Charging Station Capital Expenditures be Recovered from Ratepayers**

In addition to the benefits that will be afforded to ratepayers as a result of investment in EV charging infrastructure, as set out above, recovery of EV charging infrastructure costs from ratepayers is consistent with past practice of the Board with respect to recovery of capital expenditures and existing CDM program costs.

It is typical for upfront costs to be required in order to achieve long-term efficiency benefits that enable least-cost service delivery. The Board has, on several occasions, approved capital investments by both Hydro and Newfoundland Power that increased customer costs in the short term but ultimately resulted in lower overall system costs. Recent examples include Newfoundland Power's LED<sup>34</sup> street lighting replacement plan and Hydro's refurbishment of the Ebbegunbaeg Control Structure, where increased capital investment in the near term was forecast to result in lower overall costs for customers in the long term.<sup>35</sup>

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<sup>31</sup> Dennis Brown, Q.C. "Newfoundland Power and NL Hydro Applications for Approvals of Electrification Programs and Expenditures – 2021 Supplemental Capital Expenditures for Utility-Owned EV Charging Infrastructure," Consumer Advocate, September 22, 2021, at p. 4 states: "Many other businesses, municipal governments, and educational institutions across Canada are installing EV charging stations. It is difficult to imagine that this phenomenon will not reach NL in the near future."

<sup>32</sup> CA-NLH-029.

<sup>33</sup> "Approvals Required to Execute Programming Identified in the Electrification, Conservation and Demand Management Plan 2021," Newfoundland and Labrador Hydro, rev. 1, July 8, 2021 (originally filed June 16, 2021), sch. 1, app. A.

<sup>34</sup> Light-emitting diode ("LED").

<sup>35</sup> PUB-NLH-049. Hydro's application seeks to recover electrification programming costs over a seven-year period. This amortization period is a reflection of the long-term nature of the benefits associated with ECDM programming, similar to the approach taken to the recovery of CDM investments.

Hydro submits that the proposed investment in EV charging infrastructure is consistent with the approach to capital investment in this jurisdiction, and the obligations for least-cost service under the *EPCA*.

Since 2017, the Board has approved the recovery of Hydro's CDM costs. Examples of costs included for deferral and recovery include rebates for insulation for customer's homes, energy efficient air exchangers, and commercial lighting. These are not costs related to a utilities' service by definition (i.e., the generation, transmission, or distribution of electricity); however, they are costs incurred by Hydro in order to lower system costs to be borne by all customers. In this respect, they are prudently incurred costs in the provision of least-cost, reliable service for which the Board has approved for recovery.<sup>36</sup>

Hydro submits that recovery of public EV charging investments should be assessed in the same manner. Hydro is seeking to recover these costs in order to achieve its statutory obligation to provide least-cost, reliable service as required by the *EPCA*. The electrification costs proposed by Hydro are therefore no different than the costs incurred for insulation or lighting that are currently approved for recovery from all customers by the Board but where the assets are ultimately owned by the customers.

Hydro notes that the IIC does not object to the approval of capital expenditures for the EV charging stations, but stipulates that it is premature to consider recovery of any approved expenditures from customers. Hydro submits that the record is detailed and compelling, as summarized above, and supports both the expenditures and the recovery thereof.

## **Additional Issues**

### **Consumer Advocate**

The Consumer Advocate raises additional points within his submission. Generally these relate to whether Hydro and Newfoundland Power should be permitted to build and operate EV charging stations, specifically—whether these actions are necessary, whether they are fair to potential private sector developers of charging stations, and whether the collaboration between Hydro and Newfoundland Power with respect to the EV charging stations as an aspect of its ECDM Program is contrary to the federal *Competition Act R.S.C., 1985, c C-34* ("*Competition Act*"). Whether these actions are necessary and whether there is any impact on the private sector are discussed above.

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. Specifically, the plan includes a make-ready investment model to encourage private sector investment in EV charging infrastructure. The Consumer Advocate references his concern about anti-competitive behavior prohibited under the *Competition Act*, such as price fixing. Hydro submits that there is no basis for any suggestion that the proposed EV charging infrastructure proposed by the utilities in any way violates the *Competition Act* and further notes that prices for the use of the EV charging stations are set based on market rates and are consistent with those in Atlantic Canada.

### **Island Industrial Customer Group**

The IIC raise several factors which they believe should be considered in the context of recovery from ratepayers of EV infrastructure costs. In Hydro's view, the issues raised by the IIC have been addressed in this proceeding and do not preclude recovery of costs from ratepayers.

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<sup>36</sup> Most recently approved in Board Order Nos. P.U. 22(2021) and P.U. 25(2021).

The IIC state that the previous marginal cost of No. 6 fuel had “greater predictability” in the context of CDM savings versus the proposed electrification initiatives.<sup>37</sup> Hydro submits that marginal energy rates based on forecast world oil prices are no more predicable than marginal costs based on forecast export electricity markets. Further, the IIC’s assertion that EV incentive programs in Canada are exclusively supported by governments and not utility customers is incorrect with respect to EV charging assets; in Prince Edward Island, the Island Regulatory and Appeals Commission approved the recovery of Maritime Electric’s cost to install EV charging infrastructure.<sup>38</sup>

## Conclusion

Approval of the proposed capital expenditures will result in rate-mitigation benefits for all customers on the Island Interconnected System and are therefore consistent with the statutory requirements under the *EPCA*. Further, approval at this time will allow Hydro to avail of external funding which will lower the net amount to be recovered and therefore increase benefits to customers.<sup>39</sup>

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 service under the *EPCA*, and are therefore prudently incurred costs for which the Board should permit recovery from customers in accordance with the *Act*. Hydro submits that its proposed capital expenditures be approved and the costs approved for future recovery from ratepayers pursuant to the Application.

Should you have any questions, please contact the undersigned.

Yours truly,

## NEWFOUNDLAND AND LABRADOR HYDRO



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Senior Legal Counsel, Regulatory  
SAW/sk

Encl.

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<sup>37</sup> Paul. L. Coxworthy, “Newfoundland and Labrador Hydro – Application Required to Execute Programming in the Electrification, Conservation and Demand Management Plan 2021-2025 Application,” Island Industrial Customer Group, September 22, 2021, at p. 4.

<sup>38</sup> PUB-NLH-014.

<sup>39</sup> PUB-NLH-041.

**Consumer Advocate**

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