

- 1 **Q. (Reference CA-NP-063) With respect to rates in Newfoundland Power's 2022-2023**
 2 **GRA, please provide any elasticity studies undertaken by the company showing**
 3 **trends in electricity rates, and if the company has completed no elasticity studies,**
 4 **please explain why such studies are not relevant?**
 5
- 6 A. Price elasticity for each customer rate class is derived from econometric models
 7 completed as part of the Company's *Customer, Energy and Demand Forecast*.¹ Overall,
 8 customer response to changes in the price of electricity in the short-term is relatively
 9 inelastic. Current analysis indicates that a 1% increase in the price of electricity will
 10 result in a 0.23% decrease in energy sales.²
 11
- 12 Table 1 provides the elasticity impact by rate class of a 1% increase in the price of
 13 electricity.

Table 1
Elasticity Impact of a 1% Increase in
Electricity Price

	Impact (%)
Domestic	(0.37)
General Service	
Rate 2.1	(0.05)
Rate 2.3	0.00
Rate 2.4	0.00
Total General Service	(0.02)
Street and Area Lighting	0.00
Total Company	(0.23)

¹ See the 2022/2023 General Rate Application, Volume 2, Supporting Materials, Tab 3, Customer, Energy and Demand Forecast.

² Ibid., page 5.