

1 **Q. (Reference Application Schedule B, page iii) It is stated “*The Assessment of***
 2 ***Alternatives sections discuss only those alternatives the Company has***
 3 ***identified as relevant, and are provided for projects and programs in excess of***
 4 ***\$1 million, with the exception of expenditures classified as Access’.***
 5

6 a) What criteria has Newfoundland Power used to determine if an
 7 alternative is “*relevant*”? Are environmental impacts one such criterion?

8 b) Are behind the meter alternatives such as distributed generation, rate
 9 design, etc. considered “*relevant*”?

10 c) How has Newfoundland Power incorporated future trends in its
 11 assessment? Specifically, has Newfoundland Power considered
 12 sensitivity studies relating to shorter asset lifespans in the event that
 13 new environmentally sensitive options become available in, for example,
 14 the next 5 years?
 15

16 A. a) Newfoundland Power determines whether an alternative is relevant based on
 17 whether it could reasonably be expected to meet an identified requirement at the
 18 lowest possible cost.
 19

20 In certain instances, the alternatives listed in the Provisional Guidelines may not
 21 be available to meet a particular requirement. For example, opportunities to
 22 extend the useful life of an asset may not be relevant for capital projects that
 23 represent new additions to the Company’s property, such as the addition of
 24 automated downline reclosers.
 25

26 In other instances, it may be obvious that one alternative is orders of magnitude
 27 more costly than another. For example, mobile generation could be used as an
 28 alternative strategy to offload peak demand on the overloaded sections of
 29 distribution feeders. However, this alternative would not be identified as relevant
 30 on the basis of excessive cost.
 31

32 Environmental impacts are considered when assessing alternatives where
 33 relevant. For example, in the case of transmission line rebuild projects, the
 34 selection of a right-of-way would depend on the locations of any environmentally
 35 sensitive areas such as watersheds.
 36

37 b) Behind the meter alternatives, such as distributed generation, rate design or
 38 other non-wires alternatives, may or may not be considered relevant depending
 39 on whether it could reasonably be expected to meet an identified requirement at
 40 the lowest possible cost. For example, the non-wires alternative of battery
 41 storage was considered for the proposed *Feeder Additions for Load Growth*
 42 project, but was deemed not viable due to excessive cost.¹
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44 For additional discussion on the Company’s approach to non-wires alternatives,
 45 see the response to Request for Information CA-NP-101.

¹ See the *2023 Capital Budget Application*, report 1.2 *Feeder Additions for Load Growth*.

1 c) Yes, the Company considers future trends in assessing alternatives. For
2 example, the *Mobile Hydro Plant Refurbishment* project is accompanied by an
3 economic analysis and sensitivity analyses to confirm that continued operation of
4 the plant would provide an economic benefit for the Company's customers. The
5 economic analysis is based on expected future trends in marginal costs.
6 Additionally, the sensitivity analyses for the project include a scenario where the
7 economic value of the plant's production is reduced to zero upon termination of
8 the Churchill Falls contract in 2041 which, in effect, represents a shortening of the
9 plant's service life. In all scenarios, continued operation of the Mobile Hydro
10 Plant was confirmed to provide an economic benefit for Newfoundland Power's
11 customers.²

12
13 Newfoundland Power did not identify any instances where proposed capital
14 projects could be exposed to risk of shorter asset lives due specifically to
15 environmental considerations. However, the Company would assess the
16 potential risks to its customers if such considerations were to arise in the future.

² See the *2023 Capital Budget Application*, report 4.2 *Mobile Hydro Plant Refurbishment*.