

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 **a) Please confirm that this same statement was made in NP’s 2023 CBA and**
 6 **that there has been no change in approach in the 2024 CBA.**

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

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

13
 14 **A. a) It is confirmed.**

15
 16 b) Newfoundland Power determines whether an alternative is relevant based on if it
 17 could reasonably be expected to meet an identified requirement at the lowest
 18 possible cost.

19
 20 In certain instances, the alternatives listed in the Provisional Guidelines may not be
 21 available to meet a particular requirement. For example, opportunities to extend the
 22 useful life of an asset may not be relevant for capital projects that represent new
 23 additions to the Company’s property, such as the addition of automated downline
 24 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 overloaded sections of distribution
 29 feeders. However, this alternative would not be identified as relevant on the basis of
 30 excessive cost.

31
 32 Environmental impacts are considered when assessing alternatives, where relevant.
 33 For example, in the case of transmission line rebuild projects, the selection of a
 34 right-of-way would depend on the locations of any environmentally sensitive areas,
 35 such as watersheds.

36
 37 c) Yes, the Company considers future trends in assessing alternatives. For example,
 38 the *Lookout Brook Hydro Plant Refurbishment* and *Mobile Hydro Plant Surge Tank*
 39 *Refurbishment* projects are accompanied by economic and sensitivity analyses to
 40 confirm that continued operation of the hydro plants would provide an economic
 41 benefit for the Company’s customers. The economic analyses are based on
 42 expected future trends in marginal costs. Additionally, the sensitivity analyses for
 43 the projects include a scenario where the economic value of each plant’s production
 44 is reduced to zero upon termination of the Churchill Falls contract in 2041 which, in
 45 effect, represents a shortening of each plant’s service life. In all scenarios,

1 continued operation of both hydro plants was confirmed to provide an economic
2 benefit for Newfoundland Power's customers.¹

3
4 Newfoundland Power did not identify any instances where proposed capital projects
5 could be exposed to risk of shorter asset lives due specifically to environmental
6 considerations. However, the Company would assess the potential risks to its
7 customers if such considerations were to arise in the future.

¹ See Newfoundland Power's *2024 Capital Budget Application*, reports *4.1 Lookout Brook Hydro Plant Refurbishment* and *4.2 Mobile Hydro Plant Surge Tank Refurbishment*.