

1 **Q. (Reference Application Schedule B, page iv) It is stated “Newfoundland Power**  
 2 **also considered risks of assets becoming stranded for each proposed project**  
 3 **and program”. How did NP incorporate the risk of an asset becoming stranded**  
 4 **owing to new technology, new environmental regulations such as zero-carbon**  
 5 **policies, distributed generation, rate design, etc., or owing to a significant rate**  
 6 **increase resulting from Muskrat Falls? Have the potential results of the retail**  
 7 **rate design review been incorporated, and if so, how?**

8  
 9 A. Newfoundland Power considered the risk of assets becoming stranded in preparing its  
 10 *2024 Capital Budget Application*, including due to new technology, system costs  
 11 following commissioning of the Muskrat Falls Project, and new environmental  
 12 regulations. With respect to new environmental regulations, see the responses to  
 13 Requests for Information CA-NP-014 and CA-NP-070.

14  
 15 Newfoundland Power recognizes that emerging technologies, including non-wires  
 16 alternatives (“NWAs”), may become consistent with the delivery of least-cost, reliable  
 17 service to customers in the future. The Company considers emerging technologies and  
 18 NWAs in its assessments of alternatives for capital projects, when relevant. Currently,  
 19 such alternatives have not been found to be least-cost for customers and do not expose  
 20 Newfoundland Power’s assets to a risk of becoming stranded. For example, the 2024  
 21 *Feeder Additions for Load Growth* project evaluates the use of commercial-grade battery  
 22 storage technology as an alternative to proposed feeder upgrades. This alternative was  
 23 determined to be cost prohibitive.

24  
 25 With respect to distributed generation, Newfoundland Power’s Net Metering Service  
 26 Option provides customers with the ability to generate electricity to offset their own  
 27 consumption.<sup>1</sup> Customer participation in the Net Metering Service Option has been low  
 28 since its introduction.<sup>2</sup> As a result, the Company does not currently consider customer  
 29 generation to be a factor that exposes its assets to a risk of becoming stranded.

30  
 31 Newfoundland Power has identified that potential future changes in customer rate  
 32 designs represent a risk of its Automated Meter Reading (“AMR”) technology becoming  
 33 stranded. This is due to a potential requirement to implement Advanced Metering  
 34 Infrastructure (“AMI”) in order to offer dynamic rates to customers in the future.<sup>3</sup> The  
 35 deployment of AMI technology would require most existing AMR meters to be removed  
 36 from service. Newfoundland Power would consider the risk of asset stranding in the  
 37 development of any future business case to implement AMI technology to ensure it is  
 38 least cost for customers.

<sup>1</sup> Newfoundland Power’s Net Metering Service Option is based on the principles outlined in the Provincial Government’s Net Metering Policy Framework.

<sup>2</sup> As of December 31, 2022, Newfoundland Power had 28 Net Metering Service Option customers, totaling 303.3 kW of generation capacity and 90,508 kWh of energy delivered to Newfoundland Power. This represents approximately 0.02% of Newfoundland Power’s peak demand for the 2022-2023 winter season and approximately 0.002% of the Company’s annual energy sales.

<sup>3</sup> See Newfoundland Power’s *2024 Capital Budget Application, 2024-2028 Capital Plan*, page 3, for information on the potential implementation of AMI technology.

1 Newfoundland Power is commencing a Rate Design Review in 2023.<sup>4</sup> Since the Rate  
2 Design Review is not complete, Newfoundland Power cannot speculate on how the  
3 potential results of the Rate Design Review may affect Newfoundland Power's assets  
4 beyond the Company's AMR meters.  
5

6 Newfoundland Power also considered changes in system costs following commissioning  
7 of the Muskrat Falls Project in assessing whether its assets are exposed to risks of  
8 becoming stranded. Economic analyses completed for the proposed refurbishments of  
9 the Lookout Brook Hydro Plant and Mobile Hydro Plant reflect the latest information  
10 available on marginal costs following commissioning of the Muskrat Falls Project. The  
11 analyses confirm that neither plant is exposed to a risk of asset stranding as both would  
12 continue to provide an economic benefit for customers following commissioning of the  
13 Muskrat Falls Project.<sup>5</sup>

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<sup>4</sup> Newfoundland Power submitted its *Load Research and Rate Design Framework* to the Board on December 30, 2022.

<sup>5</sup> See Newfoundland Power's *2024 Capital Budget Application*, report *4.1 Lookout Brook Hydro Plant Refurbishment, Section 5.0 Lifecycle Cost Analysis* and report *4.2 Mobile Hydro Plant Surge Tank Refurbishment, Section 5.0 Lifecycle Cost Analysis*.