

1 **Q. Reference slide 35**

2 a) Does Hydro intend to continue evaluating CDM programs using both the TRC and PAC tests?

3 b) Is the only difference between the TRC and mTRC tests that the latter includes non-
4 electricity benefits and costs while the former does not?

5 c) With respect to the TRC test, please provide a numerical illustration of its calculation for
6 Hydro’s Business Efficiency program (Application, Table 3, page 13 of 25) identifying the
7 benefits and costs by type for each year. Also, for each year please indicate the energy
8 saved (and coincident peak reduction) and the marginal valuation used for it.

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11 A. *This Request for Information relates to the Electrification, Conservation and Demand*
12 *Management Plan 2021–2025 (“2021 Plan”) developed in partnership by Newfoundland and*
13 *Labrador Hydro (“Hydro”) and Newfoundland Power Inc. (“Newfoundland Power”) (collectively,*
14 *the “Utilities”) and the related Technical Conference presented by the Utilities on February 1,*
15 *2022. Accordingly, the response reflects collaboration between the Utilities.*

16 a) Yes, Hydro intends to continue evaluating Conservation and Demand Management (“CDM”)
17 programs using both the Total Resource Cost (“TRC”) and Program Administrator Cost
18 (“PAC”) tests. The Board of Commissioners of Public Utilities (“Board”) approved the use of
19 the TRC and PAC tests for evaluating CDM programs in Board Order No. P.U. 18(2016).¹ A
20 review conducted in 2020 confirmed that use of these tests remains consistent with
21 industry best practice.²

¹ *Public Utilities Act*, RSNL 1990, c P-47, Board Order No. P.U. 18(2016), Board of Commissioners of Public Utilities, June 8, 2016.

² Please refer to "Application for Approvals Required to Execute Programming Identified in the Electrification, Conservation and Demand Management Plan 2021–2025," Newfoundland and Labrador Hydro, rev. July 8, 2021 (originally filed June 16, 2021), sch. 3, sch. I, p. 1 of 3, Table I-1.

- 1 b) The primary difference between the TRC and modified Total Resource Cost (“mTRC”) tests is
2 that the mTRC test includes non-electricity benefits.³ This is because fuel and maintenance
3 savings are essential to the customer economics of electrification programs, but are not
4 currently essential to the customer economics of CDM programs.⁴
- 5 c) TC-CA-NLH-036, Attachment 1 summarizes the results of the TRC test for the Utilities’
6 Business Efficiency Program.⁵

³ Utility supply costs affect customers differently under CDM and electrification programs. For CDM programs, energy and capacity costs are reduced and are therefore considered a benefit to customers. For electrification programs, energy and capacity costs increase and are therefore considered a cost to customers. For that reason, utility supply costs are considered a benefit in the Utilities’ evaluation of CDM programs using the TRC test, and a cost in evaluating electrification programs using the mTRC test.

⁴ While not currently essential to the customer economics of CDM programs, including fuel and maintenance savings in the TRC test would ultimately increase the cost-effectiveness of CDM programs.

⁵ The TRC benefits are calculated based upon the net present value of energy and peak demand savings over the lifetime of each technology, using the forecast marginal energy and capacity costs for those years. Energy and peak demand savings for cost-effectiveness calculations are net savings and reflect adjustments for: (i) the timing of customer installations giving rise to the energy savings, and (ii) program free ridership (i.e., an estimate of participants who would have chosen the more efficient product without the program).

