

1 **Q. Will all the electrification and CDM program expenditures under the 2021 Plan have**  
2 **to pass the modified Total Resource Cost (mTRC) test prior to a request to the Board**  
3 **for approval? If Board approval is not needed, would either utility proceed with**  
4 **programs that do not pass the mTRC test?**

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

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13 CDM programs are evaluated using the Total Resource Cost (“TRC”) test and the  
14 Program Administrator Cost (“PAC”) test in accordance with Order No. P.U. 18 (2016).  
15 All CDM programs included in the 2021 Plan pass both the TRC and PAC tests. The  
16 Utilities would not proceed with CDM programs that do not pass both the TRC and PAC  
17 tests. For example, the Utilities offered a rebate program for ENERGY STAR windows  
18 until 2014. ENERGY STAR windows became the industry standard at that time, which  
19 increased free ridership in the program and resulted in it no longer being cost-effective to  
20 offer to customers.

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22 Electrification programs are proposed to be evaluated using the mTRC test. All  
23 electrification programs included in the 2021 Plan have passed the mTRC test. The  
24 Utilities would not proceed with electrification programs that do not pass the mTRC test.<sup>1</sup>

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26 Costs associated with CDM and electrification programs that pass the required tests  
27 approved by the Board would be included in the respective deferral accounts and  
28 recovered through customer rates.<sup>2</sup> Board oversight of program costs would continue to  
29 be achieved through annual reporting requirements and general rate applications. See  
30 response to Request for Information TC-CA-NP-002 for further information.

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<sup>1</sup> The approval of economic tests for evaluating CDM programs, rather than specific programs, enables the Utilities to adapt programs in response to changing market conditions.

<sup>2</sup> CDM program costs are recovered through the CDM Cost Deferral Account approved in Order No. P.U. 13 (2013). Electrification program costs are proposed to be recovered through the Electrification Cost Deferral Account. See Newfoundland Power’s Application, Volume 1, Exhibit 1.