

1 Q. Reference: Bowman, Patrick, “Electrification, Conservation and Demand  
2 Management Plan Review, including Use of a Modified Total Resource Cost Test,”  
3 InterGroup Consultants Ltd., May 4, 2022, p. 2/20–22.

4 Hydro (and NP) should also be directed to ensure that assessments  
5 focus primarily on the early years of any program. Specifically,  
6 annual Net Revenue impacts should be positive from the outset or  
7 should achieve zero-to-positive within no more than about 5 years at  
8 the longest.

9 The National Standard Practice Manual (“NSPM”) states the following on Benefit-  
10 Cost Analysis (“BCA”) principles:

11 Long-run benefits and costs: BCAs should have a study period that  
12 is long enough to include long-run benefits and costs of DERs. This  
13 approach is necessary to account for the full benefits and costs of  
14 the DER being evaluated, particularly since energy resources,  
15 including many DERs and their alternatives, can last decades and  
16 thus resource decisions made today can affect costs and benefits far  
17 into the future.<sup>2</sup>

18 This principle is consistent with utilities having a responsibility to  
19 meet utility customer needs in a safe, reliable, and least-cost way  
20 over the long term, as well as regulators having a responsibility to  
21 protect customers over both the short term and the long term. Over-  
22 emphasis on short-term costs may lead to an increase in long-term  
23 costs for customers.<sup>3</sup>

24 Please reconcile Mr. Bowman’s recommendation for a maximum five-year time  
25 horizon with the guidance of the NSPM.

26 A. The referenced sections of the NSPM manual are emphasizing analysis or  
27 advocacy of energy efficiency resources as a means to “meet utility customer  
28 needs”. The Island system, with Muskrat supply, has the resources needed to  
29 meet customer needs from an energy perspective, plus to export material  
30 quantities of power. The Island customers do not, in general, require CDM as

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<sup>2</sup> “National Standard Practice Manual For Benefit-Cost Analysis of Distributed Energy Resources,”  
National Screening Energy Project, August 2020, p. 2-7.

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1 an added power resource – they require ECDM as a means to lower rates, and  
2 to increase competitiveness.

3 As an integrated resource that gives added generation and/or transmission  
4 capabilities, CDM should be considered in a manner comparable to a new  
5 generator or transmission line (along with considering revenue implications).  
6 This would include taking into account the full lifetime of the resource. As a  
7 rate mitigation measure, long-dated benefits would not be the ideal prime focus  
8 today.