

October 23, 2026

Board of Commissioners of Public Utilities
Prince Charles Building
120 Torbay Road, P.O. Box 21040
St. John's, NL A1A 5B2

Attention: Mike McNiven
Senior Regulatory Advisor & Board Secretary

**Re: Newfoundland Power Inc. 2027 Capital Budget Application – Consumer Advocate Motion
Regarding Advanced Metering Infrastructure**

Newfoundland and Labrador Hydro ("Hydro") has reviewed the Consumer Advocate's Motion, filed within Newfoundland Power Inc.'s ("Newfoundland Power") 2027 Capital Budget Application ("CBA") on September 10, 2026. The Consumer Advocate is requesting an Order from the Board of Commissioners of Public Utilities ("Board") directing an independent assessment of Advanced Metering Infrastructure ("AMI") to be conducted by a consultant retained by and reporting to the Board.

The Board set a schedule for comments from Newfoundland Power and Hydro to be filed by October 23, 2026. Hydro's comments are as follows.

Hydro recognizes that AMI can provide functionality beyond that available from automated meter reading ("AMR"), including the potential to facilitate dynamic rate structures, provide customers with timely usage information, enable remote connection and disconnection or power limiting, and improve utilities' information respecting their distribution systems and outage response. Hydro has previously acknowledged these potential benefits on the record of its 2026 CBA.¹ However, Hydro has also emphasized that, as with any utility investment, those benefits must be assessed against the costs of implementation and in the circumstances of the particular electrical system involved.

The Consumer Advocate's Motion does not, in Hydro's submission, establish that an additional Board-sponsored independent study is required at this time.

Existing Record

The Motion acknowledges that Newfoundland Power has now undertaken a preliminary cost-benefit analysis of AMI as part of its 2027 CBA. According to the Motion, that analysis indicates that investment in AMI would have a negative net present value of \$37 million and concludes that implementation of AMI at this time would not be consistent with Newfoundland Power's legislative obligation for least-cost service. The Motion further acknowledges Newfoundland Power's position that a transition to AMI would require a fulsome business case, including detailed engineering assessments and an assessment of alternatives and estimates, before an AMI capital project could be brought forward for approval. This is consistent with Newfoundland Power's position in its prior capital budget proceeding. In its 2026 CBA submission, Newfoundland Power advised that its AMR system was implemented between 2013

¹ "2026 Capital Budget Application – Hydro's Final Written Submission," Newfoundland and Labrador Hydro, December 9, 2025.

and 2018, that mass replacement is anticipated in the mid-2030s, and that it expected AMI to be a reasonable alternative to consider when that replacement becomes necessary. It also estimated that a fulsome AMI business case would cost approximately \$2.5 million and require roughly 16 months.² Newfoundland Power's existing AMI system assessment has continued to evolve. In the 2026 CBA proceeding Newfoundland Power provided a jurisdictional scan and preliminary implementation cost information. The Board required a further AMI update, and the Motion confirms that Newfoundland Power has now provided an updated jurisdictional scan, funding information and a preliminary cost-benefit analysis in its 2027 CBA.

As indicated above, this is not a circumstance in which AMI has gone unexamined, where there is no evidence for parties to consider, or no process through which further examination can occur. Instead, the question raised by the Motion is whether the Board should now commission an additional independent analysis, in advance of Newfoundland Power developing the business case, that Newfoundland Power itself says would be required before proposing an AMI project.

Hydro submits that the record identified in the Motion does not establish that such an additional process is necessary or a prudent use of ratepayer funds at this time.

Hydro's AMI evidence

Hydro submits that utility technologies, such as AMI, require careful jurisdiction specific consideration to ensure they represent a prudent investment. For Hydro's service area, current circumstances also do not support AMI deployment at this time.

Hydro has previously evaluated AMI against other metering alternatives. In the analysis refreshed in 2024 and filed again in Hydro's 2026 CBA proceeding, the cumulative present worth of the drive-by AMR alternative was approximately \$11.9 million, compared with approximately \$13.9 million for mesh AMI and \$15.6 million for continued manually-read metering. Hydro concluded that drive-by AMR remained the least-cost alternative.

The Motion relies in part on the 2020 Util-Assist study prepared for Hydro and notes that Util-Assist recommended an "AMI lite" option notwithstanding a higher calculated net present value for drive-by AMR. Hydro considered the Util-Assist recommendation as one factor in its assessment, rather than as determinative of the appropriate metering solution. While Util-Assist recommended AMI lite based in part on qualitative considerations regarding technological capability and industry trends, Util-Assist did not consider Hydro's legislative obligations under the *Electrical Power Control Act, 1994* in its conclusion. Hydro's own cost-benefit analysis, subsequently updated, demonstrated that drive-by AMR remained the least-cost alternative. Hydro therefore proceeded with AMR in accordance with its statutory mandate to provide service to customers at the lowest possible cost, in an environmentally responsible manner, consistent with reliable service.³

The difference between the consultant's recommendation and Hydro's ultimate determination does not, in Hydro's submission, demonstrate a need for the Board to commission an independent study of Newfoundland Power's AMI business case.

² "Newfoundland Power's 2026 Capital Budget Application – Submission of Newfoundland Power Inc.," Newfoundland Power Inc., November 13, 2025.

³ *Supra*, f.n. 1.

2025 Energy Solutions Potential Study

The Motion also relies on the 2025 Energy Solutions Potential Study ("2025 Potential Study") prepared by Posterity Group and jointly commissioned by Hydro and Newfoundland Power. That study assessed time-of-use and critical peak pricing measures and concluded that those measures were not cost-effective because of the program costs associated with installing and operating the AMI infrastructure required to administer them, despite the potential benefits to system peak.⁴

Hydro agrees with the Consumer Advocate that this study was not intended to constitute a complete AMI business case for Newfoundland Power. However, that does not support the conclusion that the Board must commission a separate AMI assessment. The study constitutes another piece of relevant evidence regarding a particular potential AMI benefit, while Newfoundland Power's own analysis provided in the 2027 CBA considers additional costs and benefits. Any future AMI capital proposal would require the development and regulatory examination of a fulsome business case.

Previous Board Consideration of AMI

Hydro notes that the issues raised by the Consumer Advocate in support of the Motion are not being considered by the Board for the first time. The Board has recently considered AMI in the capital budget proceedings of both Newfoundland Power and Hydro.

In Board Order No. P.U. 38(2025), issued in Newfoundland Power's 2026 CBA, the Consumer Advocate recommended that the Board direct Newfoundland Power to move to AMI technology, commence implementation before the end of 2026, and file an implementation plan. In support of that recommendation, the Consumer Advocate raised similar considerations to those underlying the present Motion, including the potential for AMI, together with changes to retail rate design and other behind-the-meter alternatives, to mitigate capital costs on the Island Interconnected System. The Board did not accept the recommendation. While recognizing that AMI could provide additional customer benefits beyond AMR, the Board concluded that "the evidence does not support a change at this time."⁵ Rather than directing further implementation activity or a fulsome business case, the Board directed Newfoundland Power to provide a further update on its review of AMI in its 2027 CBA.

Newfoundland Power has now provided the update directed by the Board. As described in the Motion, that update includes an updated jurisdictional scan, information regarding government funding opportunities, and a preliminary cost-benefit analysis. In Hydro's submission, the fact that the updated analysis remains preliminary does not demonstrate that the process previously established by the Board is inadequate or that an additional Board-sponsored independent assessment is now required.

Hydro recognizes that the present Motion seeks independent assessment rather than immediate AMI implementation. However, the matters relied upon in support of that relief substantially overlap with issues recently considered by the Board. Prior Orders, both in Newfoundland Power's CBAs and in Hydro's, demonstrate that the Board has been actively considering AMI, has recognized its potential benefits, and has established an ongoing process for reviewing its implementation. Hydro submits that the Motion does not demonstrate why that process is no longer sufficient or why a further, parallel assessment is necessary at this time.

⁴ Please refer to Hydro's response to CA-NLH-127 of Hydro's 2026 CBA proceeding.

⁵ As approved in Board Order No. P.U. 38(2025), p. 16.

Scope of the Motion

Although the Motion arises in Newfoundland Power's 2027 CBA, the proposed terms of reference extend beyond an examination of Newfoundland Power's metering assets and potential AMI investment. Among other things, the Consumer Advocate proposes that the consultant consider whether AMI-enabled demand response could defer or avoid generation and transmission investment on the Island Interconnected System, using load and capacity forecasts of both Newfoundland Power and Hydro and Hydro's forthcoming Resource Adequacy Plan. The Consumer Advocate also proposes that the independent assessment and Hydro's next Resource Adequacy Plan inform one another.⁶

To the extent that Newfoundland Power's potential AMI investment and associated demand-side measures have implications for Hydro's resource adequacy planning, those implications can be considered through the regulatory processes already established for those matters. The potential for such interaction does not, in Hydro's submission, establish the need for a separate and parallel assessment pursued by the Board.

Hydro's resource adequacy planning already assesses demand-side and alternative-resource opportunities. In Hydro's 2026 CBA proceeding, Hydro explained that its Expansion Plan considered wind, solar, battery installations, rate design, customer demand management and capacity assistance, together with traditional supply resources. Hydro also explained that non-wire alternatives and distributed energy resources are principally relevant to capacity- and load-driven needs and are considered through its resource adequacy planning where appropriate,⁷ and are informed by the aforementioned 2025 Potential Study which has already identified the peak demand reduction potential associated with AMI.⁸

The Board's recent decisions also support addressing such broader matters through the regulatory processes established for them. In Board Order No. P.U. 2(2026), in addressing broader Consumer Advocate submissions, including rate design and smart-grid matters, the Board noted that many of the issues raised were being considered through other ongoing review processes and found that it was not necessary to direct Hydro on those matters outside of the established processes.⁹

Independence

The Consumer Advocate further submits that utility-prepared analyses are structurally limited because the utility is not a neutral source of analysis. Hydro does not accept that a utility's responsibility for the implementation, cost, and operation of a proposed investment renders its evidence inherently less useful or provides, without more, a basis for requiring an independent assessment. A utility's direct knowledge of its system, operations and investment requirements is relevant to, rather than a limitation on, the evidentiary record.

The regulatory process does not depend upon a utility's analysis being accepted without scrutiny. Utility evidence is filed publicly, tested by the Board and intervenors, and ultimately assessed by the Board. Where an analysis of alternatives or a proposal is brought forward for approval, the relevant costs,

⁶ "Motion of the Consumer Advocate for an Order Directing an Independent Assessment of Advanced Metering Infrastructure," Consumer Advocate, September 10, 2026, para. 28.

⁷ *Supra*, f.n. 1.

⁸ As noted in Newfoundland Power's 2027 CBA AMI Update, dynamic rates enabled by AMI could reduce peak demand, excluding demand associated with electric vehicle charging, by less than 11 MW by 2040.

⁹ As approved in Board Order No. P.U. 2(2026), p. 20.

benefits, and assumptions can similarly be examined through the regulatory process. The Motion does not establish why those processes would be insufficient in this case.

Independent analysis may be appropriate where the Board determines that it requires additional expertise to decide a matter before it. However, the Motion proposes that such analysis be commissioned before Newfoundland Power has developed the fulsome business case that would itself define the proposed technology, implementation strategy, engineering requirements, costs, and alternatives to be analyzed.

Conclusion

Hydro agrees that any future proposal to make a significant investment in AMI should be supported by appropriate analysis demonstrating that the proposed investment is prudent and consistent with the statutory requirement to provide reliable service at the lowest possible cost in an environmentally responsible manner. However, the present record does not establish that the independent assessment requested by the Consumer Advocate is necessary at this time.

Newfoundland Power has continued to update its assessment of AMI and has now provided the additional analysis directed by the Board. Any proposal to transition to AMI would require a thorough business case and would be subject to further regulatory scrutiny. In addition, substantial elements of the Consumer Advocate's proposed terms of reference concern broader issues of resource adequacy, rate design, and Island Interconnected System planning that overlap with other regulatory processes.

The Board has recently considered AMI in the capital budget proceedings of both Newfoundland Power and Hydro. In each case, the Board recognized that AMI may provide additional benefits while concluding that the evidence did not support a change at that time. In Newfoundland Power's case, the Board established the next step it considered appropriate by directing a further AMI update in the 2027 CBA. Newfoundland Power has now provided that update. In Hydro's case, the Board accepted that AMR remained the least-cost alternative and declined to direct Hydro to redirect its metering investment to AMI.

The present Motion does not, in Hydro's submission, establish that the Board's existing review process has become inadequate or that circumstances have changed such that a broad independent assessment is now necessary.

Hydro therefore respectfully submits that the Consumer Advocate's Motion should not be granted.

Should you have any questions, please contact the undersigned.

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO



Shirley A. Walsh
Senior Legal Counsel, Regulatory
SAW/mc

ecc:

Mike McNiven

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Jacqui H. Glynn
Ryan Oake
Board General

Consumer Advocate

Adrienne H.Y. Ding, O'Dea Earle
Justin W. King, O'Dea Earle
Consumer Advocate General

Newfoundland Power Inc.

Dominic J. Foley
Douglas W. Wright
Regulatory Email