

**NEWFOUNDLAND AND LABRADOR
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**

AN ORDER OF THE BOARD

NO. P.U. 15(2016)

1 **IN THE MATTER OF** the *Electrical Power*
2 *Control Act, 1994*, SNL 1994, Chapter E-5.1 (the
3 “*EPCA*”) and the *Public Utilities Act, RSNL 1990*,
4 Chapter P-47 (the “*Act*”), as amended, and regulations
5 thereunder; and
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7 **IN THE MATTER OF** an amended general rate
8 application filed by Newfoundland and Labrador Hydro
9 on November 10, 2014; and
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11 **IN THE MATTER OF** proposed changes to the
12 interim transmission demand rate for Labrador
13 industrial customers.
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16 **WHEREAS** Newfoundland and Labrador Hydro (“Hydro”) is a corporation continued and
17 existing under the *Hydro Corporation Act, 2007*, is a public utility within the meaning of the *Act*,
18 and is also subject to the provisions of the *EPCA*; and
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20 **WHEREAS** pursuant to section 5.8 of the *EPCA*, as of January 1, 2015 the *Act* applies to the
21 transmission components of electricity rates for industrial customers in Labrador; and
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23 **WHEREAS** in Order No. P.U. 57(2014) the Board approved, on an interim basis, a transmission
24 demand rate for Labrador industrial customers of \$1.25 per kW per month to be implemented
25 effective January 1, 2015 with a billing demand equal to the customer’s Power on Order; and
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27 **WHEREAS** on January 29, 2016 Hydro applied to the Board to amend the Labrador Industrial-
28 Transmission Rate so that the billing demand will be equal to the greater of: (i) the customer’s
29 Power on Order; (ii) the actual monthly demand in the current month; and (iii) their maximum
30 demand in the calendar year less their interruptible demand (the “Application”); and
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32 **WHEREAS** the Application states that the billing demand approved in Order No. P.U. 57(2014)
33 allows Labrador industrial customers to increase their monthly demand requirements above the
34 level of their Power on Order plus their permitted interruptible demand without being required to
35 pay any additional transmission demand charge; and

1 **WHEREAS** Hydro submits that it is important that Labrador industrial customers be provided
2 an incentive to manage their peak load requirements to ensure adequate transmission capacity is
3 available to serve total load requirements on the Labrador Interconnected system; and
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5 **WHEREAS** Hydro further submits that the proposed approach is consistent with the service
6 agreements with Labrador industrial customers and would result in the Labrador industrial
7 customers' billing demand for the remainder of the calendar year being adjusted upwards, as
8 necessary, to reflect any additional load requirements beyond the original power on order and
9 interruptible demand; and
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11 **WHEREAS** the Application was circulated to Newfoundland Power Inc.; the Consumer
12 Advocate, a group of three Island Industrial customers (Corner Brook Pulp and Paper Limited,
13 North Atlantic Refining Limited, and Teck Resources Limited); Vale Newfoundland and
14 Labrador Limited ("Vale"); Innu Nation; Nunatsiavut Government; the Towns of Labrador City,
15 Wabush, Happy Valley-Goose Bay and North West River ("Towns of Labrador"); Yvonne
16 Jones, MP Labrador; and Iron Ore Company of Canada; and
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18 **WHEREAS** the Innu Nation filed Requests for Information which were answered by Hydro on
19 March 3, 2016; and
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21 **WHEREAS** on March 15, 2016 Newfoundland Power advised the Board that it had no
22 comments in relation to the Application; and
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24 **WHEREAS** the Consumer Advocate on March 15, 2016 advised that he had no objection to the
25 Application noting Hydro had agreed to undertake a number of studies in preparation for the
26 implementation of customer rates reflecting the costs of the Labrador-Island interconnection and
27 that the Application is interim; and
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29 **WHEREAS** the Innu Nation submitted on March 15, 2016 that the current amendment to the
30 Labrador Industrial-Transmission Rate should be approved, but the Board should order a more
31 comprehensive process where a principled approach to a Labrador transmission rate can be set
32 out in advance of potential customers applying for service and for capital upgrades required for
33 service; and
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35 **WHEREAS** the Innu Nation also suggested that the proposal be modified to include a rolling
36 ratchet effect rather than the calendar year calculation proposed; and
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38 **WHEREAS** Hydro submitted on March 21, 2016 that current commercial practices, as well as
39 the existing procedures of the Board, are sufficient to protect Labrador customer interests; and
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41 **WHEREAS** Hydro also advised that it had considered and rejected a rolling ratchet effect as it
42 removes operational flexibility for the customer; and
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44 **WHEREAS** the Board is satisfied that the proposed Labrador Industrial-Transmission Rate
45 should be approved on an interim basis and the issues raised by the Innu Nation can be addressed
46 when this rate is established on a final basis.

1 **IT IS THEREFORE ORDERED THAT:**

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1. The Labrador Industrial-Transmission Rate set out in Schedule A is approved on an interim basis.
2. Hydro shall pay all expenses of the Board arising from this Application.

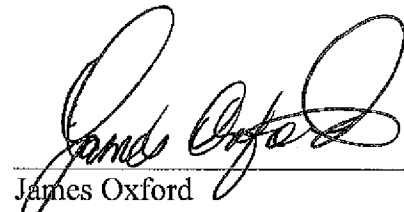
DATED at St. John's, Newfoundland and Labrador, this 3rd day of May, 2016.



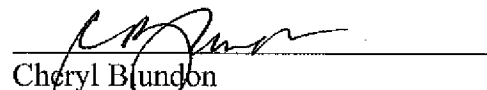
Andy Wells
Chair & Chief Executive Officer



Dwanda Newman, LL.B.
Commissioner



James Oxford
Commissioner



Cheryl Blundon
Board Secretary

NEWFOUNDLAND AND LABRADOR HYDRO
LABRADOR INDUSTRIAL-TRANSMISSION (INTERIM)

Availability:

Any person purchasing power, other than a retailer, supplied from the Labrador Interconnected bulk transmission grid at voltages of 66 kV or greater on the primary side of any transformation equipment directly supplying the person and has entered into a contract with Hydro for the purchase of power and energy (Labrador Industrial Customer).

Monthly Rate:

Demand Charge:

The rate for Firm Power shall be \$1.25 per kilowatt of billing demand. The billing demand shall be equal to the greater of (i) the customer's Power on Order; (ii) the actual monthly demand in the current month; and (iii) their maximum demand in the calendar year less their interruptible demand.

Specifically Assigned Charge:

This rate may include a specifically assigned charge upon approval by the Board.

General:

Details regarding the conditions of Service are outlined in the Industrial Service Agreements. **This rate schedule does not include the Harmonized Sales Tax (HST) which applies to the electricity bills.**