

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

**AN ORDER OF THE BOARD**

**NO. P.U. 9(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  
6

7 **IN THE MATTER OF** an application by  
8 Newfoundland and Labrador Hydro for  
9 approval of continued use, on an interim basis,  
10 of previously approved revisions to the utility  
11 rate charged to Newfoundland Power Inc.  
12 pursuant to sections 70 and 71 of the *Act*.  
13  
14

15 **WHEREAS** Newfoundland and Labrador Hydro (“Hydro”) is a corporation continued and  
16 existing under the *Hydro Corporation Act, 2007*, is a public utility within the meaning of the Act  
17 and is subject to the provisions of the *Electrical Power Control Act, 1994*; and  
18

19 **WHEREAS** in Order No. P.U. 47(2014) the Board approved revisions to Hydro’s Utility rate,  
20 on an interim basis, to provide for the efficient use of Newfoundland Power’s curtailable load by  
21 revising the computation of billing demand for Newfoundland Power to reflect a curtailable load  
22 credit (the “Curtailable Credit”); and  
23

24 **WHEREAS** the Curtailable Credit eliminates the incentive for Newfoundland Power to  
25 implement curtailments to reduce Newfoundland Power’s Billing Demand and eliminating this  
26 incentive ensures the availability of curtailable load to meet system load requirements, when  
27 needed; and  
28

29 **WHEREAS** on March 16, 2016 Hydro applied to the Board for approval to continue to use the  
30 Curtailable Credit to calculate Newfoundland Power’s billing demand (the “Application”); and  
31

32 **WHEREAS** the Application states that for the 2015-2016 winter season Newfoundland Power  
33 has continued to use curtailable load to support system requirements and not for the purpose of  
34 reducing its billing demand; and  
35

36 **WHEREAS** the Curtailable Credit was an issue in Hydro’s ongoing General Rate Application;  
37 and

1 **WHEREAS** the Application was copied to: Newfoundland Power Inc.; the Consumer Advocate,  
2 Mr. Tom Johnson; Corner Brook Pulp and Paper Limited, NARL Refining Limited Partnership  
3 and Teck Resources Limited; Vale Newfoundland & Labrador Limited; and Praxair Canada Inc.;  
4 and

5  
6 **WHEREAS** Newfoundland Power and the Consumer Advocate stated that the Application  
7 conforms to the Settlement Agreement filed in Hydro's General Rate Application and that they  
8 support approval of the Application; and

9  
10 **WHEREAS** the Board did not receive any other comments on the Application; and

11  
12 **WHEREAS** the Board is satisfied that the proposed Curtailable Credit should be continued on  
13 an interim basis.

14  
15  
16 **IT IS THEREFORE ORDERED THAT:**

- 17  
18 1. The proposed Utility rate is approved, on an interim basis, effective December 1, 2015.  
19  
20 2. Hydro shall pay all costs and expenses of the Board in connection with this Application.

DATED at St. John's, Newfoundland and Labrador, this 31<sup>st</sup> day of March 2016.



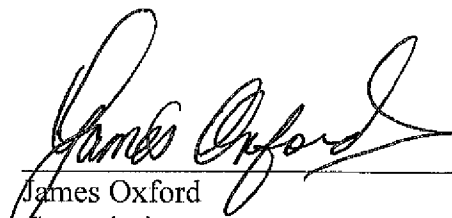
---

Darlene Whalen, P.Eng.  
Vice-Chair




---

Dwanda Newman, LL.B.  
Commissioner



---

James Oxford  
Commissioner



---

Cheryl Blundon  
Board Secretary

NEWFOUNDLAND AND LABRADOR HYDRO  
UTILITY (INTERIM)

Availability:

This rate is applicable to service to Newfoundland Power (NP).

Definitions:

"Billing Demand"

The Curtailable Credit shall apply to determine the billing demand as an adjustment to the highest Native Load established during the winter period beginning in December 1, 2014 and ending March 31, 2016. The computation of the adjustment to reflect the Curtailable Credit is provided in the definitions below. The use of the Curtailable Credit in determining billing demand for subsequent winter periods will be subject to a further Order of the Board.

In the Months of January through March, billing demand shall be the greater of:

- (a) the highest Native Load less the Generation Credit and the Curtailable Credit, beginning in the previous December and ending in the current Month; and
- (b) the Minimum Billing Demand.

In the Months of April through December, billing demand shall be the greater of:

- (a) the Weather-Adjusted Native Load less the Generation Credit and the Curtailable Credit, plus the Weather Adjustment True-up; and
- (b) the Minimum Billing Demand.

If at the time of establishing its Maximum Native Load, NP has been requested by Hydro to reduce its Native Load by shedding curtailable load, the calculation of Billing Demand for each month shall not deduct the Curtailable Credit.

"Generation Credit" refers to NP's net generation capacity less allowance for system reserve, as follows:

	kW
Hydraulic Generation Credit	80,104
Thermal Generation Credit	<u>37,826</u>
Total Generation Credit	117,930

In order to continue to avail of the Generation Credit, NP must demonstrate the capability to operate its generation to the level of the Generation Credit. This will be verified in a test by operating the generation at a minimum of this level for a period of one hour as measured by the generation demand metering used to determine the Native Load. The test will be carried out at

**NEWFOUNDLAND AND LABRADOR HYDRO  
UTILITY (INTERIM) (continued)**

a mutually agreed time between December 1 and March 31 each year. If the level is not sustained, Newfoundland Power will be provided an opportunity to repeat the test at another mutually agreed time during the same December 1 to March 31 period. If the level is not sustained in the second test, the Generation Credit will be reduced in calculating the associated billing demands for January to December to the highest level that could be sustained.

“Curtable Credit” is determined based upon NP's forecast curtable load available for the period in accordance with the terms and conditions set forth in NP's Curtable Service Option. NP will notify Hydro of its available curtable load with its forecast of annual and monthly electricity requirements.

In order to receive the Curtable Credit, NP must demonstrate the capability to curtail its customer load requirements to the level of the Curtable Credit. This will be verified in a test by curtailing load at a minimum of this level for a period of one hour. The test will be carried out at a mutually agreed time in December. If the level is not sustained, the Curtable Credit will be reduced to the level sustained. If Hydro requests NP to curtail load before a test is completed and NP demonstrates the capability to curtail to the level of the Curtable Credit, no test will be required.

NP will be required to provide a report to Hydro not later than April 15 to demonstrate the amount of load curtailed for each request of Hydro during the previous winter season. If the load curtailed is less than forecast for either request during the winter season, the annual Curtable Credit will be adjusted to reflect the average load curtailed for the winter season. If NP is not requested to curtail during the winter season, the Curtable Credit will be established based upon the lesser of the load reduction achieved in the test or the forecast curtable load (as provided in the previous two paragraphs).

“Maximum Native Load” means the maximum Native Load of NP in the four-Month period beginning in December of the preceding year and ending in March of the current year.

“Minimum Billing Demand” means ninety-nine percent (99%) of:

NP's test year Native Load less the Generation Credit and the Curtable Credit.

The Curtable Credit reflected in the Minimum Billing Demand will be set to equal the curtable load used to determine the Maximum Native Load for NP for the most recently approved Test Year.

“Month” means for billing purposes, the period commencing at 12:01 hours on the last day of the previous month and ending at 12:00 hours on the last day of the month for which the bill applies.

NEWFOUNDLAND AND LABRADOR HYDRO  
UTILITY (INTERIM) (continued)

"Native Load" is the sum of:

- (a) the amount of electrical power, delivered at any time and measured in kilowatts, supplied by Hydro to NP, averaged over each consecutive period of fifteen minutes duration, commencing on the hour and ending each fifteen minute period thereafter;
- (b) the total generation by NP averaged over the same fifteen-minute periods.

"Weather-Adjusted Native Load" means the Maximum Native Load adjusted to normal weather conditions, calculated as:

Maximum Native Load  
plus (Weather Adjustment, rounded to 3 decimal places, x 1000)

Weather Adjustment is further described and defined in the Weather Adjustment section.

"Weather Adjustment True-up" means one-ninth of the difference between:

- (a) the greater of:
  - the Weather Adjusted Native Load less the Generation Credit and the Curtailable Credit (if applicable), times three; and
  - the Minimum Billing Demand, times three; and
- (b) the sum of the actual billed demands in the Months of January, February and March of the current year.

NEWFOUNDLAND AND LABRADOR HYDRO  
UTILITY (INTERIM) (continued)

**Monthly Rates:**

**Billing Demand Charge:**

Billing Demand, as set out in the Definitions section, shall be charged at the following rate:

\$4.32 per kW of billing demand

**Energy Charge:**

First 250,000,000 kilowatt-hours\* ..... @ 3.506 ¢ per kWh  
All excess kilowatt-hours\* ..... @ 9.509 ¢ per kWh

**Firming-up Charge:**

Secondary energy supplied by  
Corner Brook Pulp and Paper Limited\* ..... @ 0.908 ¢ per kWh

**RSP Adjustment:**

Current Plan ..... @ (0.7151) ¢ per kWh  
Fuel Rider ..... @ 0.532 ¢ per kWh

Total RSP Adjustment – All kilowatt-hours ..... @ (0.183) ¢ per kWh

**\*Subject to RSP Adjustment:**

RSP Adjustment refers to all applicable adjustments arising from the operation of Hydro's Rate Stabilization Plan, which levelizes variations in hydraulic production, fuel cost, load and rural rates.

**Adjustment for Losses:**

If the metering point is on the load side of the transformer, either owned by the customer or specifically assigned to the customer, an adjustment for losses as determined in consultation with the customer prior to January 31 of each year, shall be applied to metered demand and energy.

**Adjustment for Station Services and Step-Up Transformer Losses:**

If the metering point is not on the generator output terminals of NP's generators, an adjustment for Newfoundland Power's power consumption between the generator output terminals and the metering point as determined in consultation with the customer prior to the implementation of the metering, shall be applied to the metered demand.

NEWFOUNDLAND AND LABRADOR HYDRO  
UTILITY (INTERIM) (continued)

**Weather Adjustment:** This section outlines procedures and calculations related to the weather adjustment applied to NP's Maximum Native Load.

- (a) Weather adjustment shall be undertaken for use in determining NP's Billing Demand.
- (b) Weather adjustment shall be derived from Hydro's NP native peak demand model.
- (c) By September 30<sup>th</sup> of each year, Hydro shall provide NP with updated weather adjustment coefficient incorporating the latest year of actuals.
- (d) The underlying temperature and wind speed data utilized to derive weather adjustment shall be sourced to weather station data for the St. John's, Gander, and Stephenville airports reported by Environment Canada. NP's regional energy sales shall be used to weight regional weather data. Hydro shall consult with NP to resolve any circumstances arising from the availability of, or revisions to, weather data from Environment Canada and/or wind chill formulation.
- (e) The primary definition for the temperature weather variable is the average temperature for the peak demand hour and the preceding seven hours. The primary definition for the wind weather data is the average wind speed for the peak demand hour and the preceding seven hours. Hydro will consult with NP should data anomalies indicate a departure from the primary definition on underlying weather data.
- (f) Subject to the availability of weather data from Environment Canada, Hydro shall prepare a preliminary estimate of the Weather-Adjusted Native Load by March 15<sup>th</sup> of each year, and a final calculation of Weather-Adjusted Native Load by April 5<sup>th</sup> of each year.

**General:**

**This rate schedule does not include the Harmonized Sales Tax (HST) which applies to electricity bills.**

With respect to all matters where the customer and Hydro consult on resolution but are unable to reach mutual agreement, the billing will be based on Hydro's best estimate.