

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

**AN ORDER OF THE BOARD**

**NO. P.U. 27(2018)**

1 **IN THE MATTER OF** the *Electrical Power*  
2 *Control Act, 1994*, SNL 1994, Chapter E-5.1  
3 (the “*EPCA*”) and the *Public Utilities Act*,  
4 RSNL 1990, Chapter P-47 (the “*Act*”), as  
5 amended, and regulations thereunder; and  
6

7 **IN THE MATTER OF** an application by  
8 Newfoundland and Labrador Hydro to enter  
9 into a Temporary Service Agreement with a  
10 new customer in Labrador West.  
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12

13 **Application**  
14

15 Newfoundland and Labrador Hydro (“Hydro”) received an application from 77849 Newfoundland  
16 and Labrador Inc., carrying on business as BlockLab, for electrical service enabling the use of 20  
17 MW of capacity to serve a blockchain technology data center in Wabush, Labrador. Hydro advised  
18 Blocklab that there is inadequate transmission capacity available on the 230 kV lines serving  
19 Labrador West to provide 20 MW firm capacity. Based on a Distribution System Impact Study  
20 Hydro determined that, if the request for service was accepted, there is a 7.75 MW capacity limit  
21 on the 46 kV transmission line that would be utilized. This firm capacity has already been  
22 committed to supply the Wabush Mine that is in the process of being reopened by Tacora  
23 Resources. BlockLab subsequently requested temporary service under Regulation 9(b) of the  
24 Schedule of Rates, Rules and Regulations to avail of the 7.75 MW of capacity available on a  
25 temporary basis until the mine enters full production mode.  
26

27 On June 8, 2018 Hydro filed an application (the “Application”) requesting that the Board approve  
28 a Temporary Service Agreement with Blocklab. The Application states that there is no provision  
29 in the Schedules of Rates, Rules and Regulations that would allow it to discontinue or disconnect  
30 a temporary service to a customer due to the conclusion of the expected term of the temporary  
31 service. According to the Application, under the current regulations, if Hydro accepted the  
32 temporary service request and Blocklab decided later to not terminate its temporary service, Hydro  
33 would have no legal basis to disconnect or discontinue service.  
34

35 The Application states that approval of the proposed Temporary Service Agreement would permit  
36 Hydro to limit the load provided to the temporary service so that there is no impact on Hydro’s  
37 ability to supply the Power on Order requirements of the Labrador Industrial Customers, and will

1 also permit Hydro to discontinue or disconnect the temporary service at the conclusion of the  
2 Temporary Service Agreement. A Temporary Service Agreement signed by Blocklab was filed as  
3 part of the Application. According to the Application Blocklab will incur the costs of the  
4 Temporary Connection Fee in accordance with Regulation 9(b).

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6 The Application was copied to: Newfoundland Power Inc. (“Newfoundland Power”); the  
7 Consumer Advocate, Dennis Browne, Q.C.; Hydro’s Island Industrial customers; Iron Ore  
8 Company of Canada (“IOC”); Rio Tinto; and the communities of Sheshatshui, Happy Valley-  
9 Goose Bay, Wabush and Labrador City (the “Labrador Interconnected Group”).

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11 On June 14, 2018 IOC filed requests for information (RFIs) and on June 19, 2018 the Board and  
12 the Labrador Interconnected Group filed RFIs.

13  
14 Hydro filed responses to the RFIs on June 26, 2018.

15  
16 On July 6, 2018 IOC and the Labrador Interconnected Group filed comments on the Application.

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18 On July 10, 2018 Hydro filed a reply submission and on July 13, 2018 filed a revised reply  
19 submission.

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21 On July 16, 2018 the Labrador Interconnected Group filed a reply to Hydro’s reply submission as  
22 well as an update on the position of the Town of Labrador City.

## 23 24 **Submissions**

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26 In its submission IOC stated that it did not object to the proposed Temporary Service Agreement  
27 between Hydro and BlockLab since it would be unlikely to have an impact upon Hydro’s service  
28 to IOC or other incumbent customers on the Labrador West transmission system. Specifically IOC  
29 noted that i) the service does not impose additional costs as the connection will be paid by  
30 BlockLab, ii) the service is interruptible upon 30 minutes notice by Hydro to ensure that contracted  
31 Power on Order with the Labrador Industrial Customers is not affected, and iii) the service is for  
32 a limited period of time, not exceeding three years. IOC did raise a matter surrounding the  
33 agreement Hydro has signed with Tacora Resources for provision of service to the Wabush Mine  
34 which would potentially result in the reduction in the Power on Order at IOC.

35  
36 The Labrador Interconnected Group expressed concern with the impact on existing transmission  
37 capacity of accepting requests for service from cryptocurrency miners and the resulting impact on  
38 the ability of the system to meet the needs of existing customers and new community infrastructure  
39 and businesses located in the community. According to the Labrador Interconnected Group ad-hoc  
40 applications such as this Application should be avoided and “a comprehensive cryptocurrency  
41 policy must be in place as soon as possible, and that this policy must be tied to planning for future  
42 capacity needs in the Labrador Interconnected system”. The submission stated that Sheshatshiu  
43 and Happy Valley-Goose Bay were of the position that the Application must be denied until a new  
44 comprehensive cryptocurrency policy is in place. The Town of Wabush and Town of Labrador  
45 City initially took no position. The Town of Labrador City subsequently registered its objection to

1 the Application on the basis of concerns with how approval of the application would affect long-  
2 term planning for power capacity in the region.

3  
4 In reply to IOC's submission Hydro reiterated subsection 5.8(2) of the *EPCA*:

5  
6 The Public Utilities Act shall not apply to the setting of electricity rates for industrial  
7 customers in Labrador other than the transmission components of those rates, which shall be  
8 regulated under subsection (1).  
9

10 According to Hydro "it is clear that this subsection limits the Board's jurisdiction regarding  
11 Industrial Customers in Labrador to transmission components of rates." Hydro does not dispute  
12 IOC's assertion that "access to transmission and quality of service are both clearly within the  
13 Board's most traditional jurisdiction" to the extent that these obligations are imposed on Hydro  
14 pursuant to section 37 of the *Act*. Hydro further stated that it has discussed these issues outside of  
15 the regulatory process with the Labrador Industrial customers contemporaneously with the Board's  
16 consideration of this application and that it is committed to continue open dialogue with the  
17 Labrador Industrial Customers. Hydro noted that ultimately IOC did not object to the Application.  
18

19 In its reply to the comments of the Labrador Interconnected Group Hydro acknowledged that a  
20 plan to deal with data centers and cryptocurrency mining load additions is needed in Labrador.  
21 Hydro outlined a number of initiatives currently underway, including the Labrador West  
22 Transmission Planning Study, development of a new Load Addition Policy and an application  
23 before the Board to restrict new load additions in Labrador East. Hydro also stated that it is  
24 monitoring developments regarding data centers and cryptocurrency in other jurisdictions across  
25 North America. Hydro referenced IOC's submission that that the proposed Temporary Service  
26 Agreement would be unlikely to adversely impact Labrador Industrial Customers and submitted  
27 that the same is true for the Labrador Interconnected Group. Hydro also noted that it was made  
28 aware by BlockLab that on March 16, 2018 the Town of Wabush sent BlockLab a letter of support  
29 for BlockLab's business initiatives in the community.  
30

31 The Labrador Interconnected Group replied that the Town of Wabush letter to BlockLab makes  
32 no reference to the Application for Temporary Service Agreement and questioned the relevance  
33 of this letter to the Application. Further, it stated that, while Town of Wabush does not object to  
34 the Application, the communities of Labrador City, Sheshatshiu and Happy Valley-Goose Bay do  
35 object to approval of the Temporary Service Agreement.  
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37 The Board did not receive any other submissions.  
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### 39 **Board Findings**

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41 In the Application Hydro referenced Regulations 11 and 12 of the Schedule of Rates, Rules and  
42 Regulations that provide guidelines with respect to the Discontinuance of Service and  
43 Disconnection of Service respectively. There is no provision in the Schedule of Rates, Rules and  
44 Regulations that would allow Hydro to disconnect a temporary service to a customer. Hydro  
45 proposed a Temporary Service Agreement that outlines the terms and conditions it would place on  
46 BlockLab including limiting Maximum Demand to 7.75 MW, the customer agreeing to reduce its  
47 demand requirements within 30 minutes of Hydro's request, and limiting the period of time of the

1 agreement. The cost of the Temporary Connection Fee is to be paid for by BlockLab in accordance  
 2 with section 9(b) of the Schedule of Rates, Rules and Regulations.

3  
 4 The Board notes that IOC does not object to the Application. Further, while the communities of  
 5 Labrador City, Sheshatshiu and Happy Valley-Goose Bay object to the Application, their  
 6 objections center around the lack of a comprehensive cryptocurrency policy to address future needs  
 7 of the Labrador Interconnected System. The Board shares these concerns and notes that, as  
 8 indicated by Hydro, there are several initiatives currently underway intended to address the issues  
 9 raised. Hydro will be reporting back to the Board on these initiatives and the parties will have  
 10 opportunity for further input once additional information is received.

11  
 12 The Board is satisfied that approval of the Temporary Service Agreement as proposed by Hydro  
 13 will not adversely impact existing customers or impose any additional costs on the Labrador  
 14 Interconnected System.

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 17 **IT IS THEREFORE ORDERED THAT:**

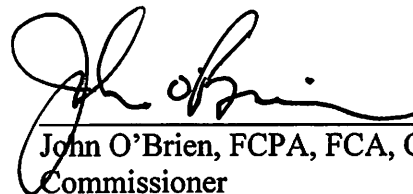
- 18  
 19 1. The proposed Temporary Service Agreement with 77849 Newfoundland and Labrador Inc.,  
 20 carrying on business as Blocklab is approved.  
 21  
 22 2. Hydro shall file a copy of the Temporary Service Agreement with the Board within five  
 23 business days of execution.  
 24  
 25 3. Hydro shall pay all expenses of the Board arising from this Application.

**DATED** at St. John's, Newfoundland and Labrador, this 10<sup>th</sup> day of August, 2018.



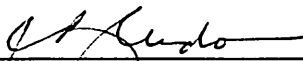

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Darlene Whalen, P. Eng., FEC  
 Chair




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John O'Brien, FCPA, FCA, CISA  
 Commissioner




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Cheryl Blundon  
 Board Secretary