

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

AN ORDER OF THE BOARD

NO. P.U. 19(2020)

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
4 1990, Chapter P-47 (the “Act”), as amended, and
5 regulations thereunder; and
6

7 **IN THE MATTER OF** an application by
8 Newfoundland and Labrador Hydro for the
9 approval of a change in the CDM Cost Recovery
10 Adjustment to be charged to Island Industrial
11 customers effective July 1, 2020.
12
13

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

18 **WHEREAS** in Order Nos. P.U. 49(2016) and P.U. 22(2017) the Board approved the deferral of
19 annual customer energy conservation program costs in a Conservation and Demand Management
20 (“CDM”) Cost Deferral Account with recovery over a seven-year period through the CDM Cost
21 Recovery Adjustment, to be updated annually to reflect the ongoing amortizations and the deferred
22 CDM program costs for the previous year; and
23

24 **WHEREAS** in Order No. P.U. 26(2017) the Board approved rates for Island Industrial customers,
25 including a CDM Cost Recovery Adjustment of 0.009 cents per kWh, to be effective from July 1,
26 2017 to June 30, 2018; and
27

28 **WHEREAS** in Order No. P.U. 21(2018) the Board approved rates for Island Industrial customers,
29 including a CDM Cost Recovery Adjustment of 0.010 cents per kWh, to be effective from July 1,
30 2018 to June 30, 2019; and
31

32 **WHEREAS** in Order No. P.U. 24(2019) the Board approved interim rates for Island Industrial
33 customers, including a CDM Cost Recovery Adjustment of 0.011 cents per kWh, to be effective
34 from July 1, 2019 to June 30, 2020; and

1 **WHEREAS** in Order No. P.U. 30(2019) the Board approved final rates for Island Industrial
2 customers, including a CDM Cost Recovery Adjustment of 0.011 cents per kWh, to be effective
3 October 1, 2019; and
4

5 **WHEREAS** on June 9, 2020 Hydro filed an application requesting approval to charge a CDM
6 Cost Recovery Adjustment to Island Industrial customers of 0.012 cents per kWh, effective July
7 1, 2020 (the “Application”); and
8

9 **WHEREAS** the Application submitted that approval of the proposed Island Industrial customer
10 CDM Cost Recovery Adjustment would permit recovery of deferred customer energy conservation
11 program costs as provided for in Order Nos. P.U. 49(2016) and P.U. 22(2017); and
12

13 **WHEREAS** the Application provided information and support in relation to the increase in the
14 proposed CDM Cost Recovery Adjustment to 0.012 cents per kWh from 0.011 cents per kWh,
15 including the 2019 Conservation and Demand Management Report dated April 1, 2020; and
16

17 **WHEREAS** the Application was copied to: Newfoundland Power; the Consumer Advocate,
18 Dennis Browne, Q.C.; Corner Brook Pulp and Paper Limited; NARL Refining Limited
19 Partnership; Vale Newfoundland & Labrador Limited; Teck Resources Limited; and Praxair
20 Canada Inc.; and
21

22 **WHEREAS** the Board received no comments in relation to the Application; and
23

24 **WHEREAS** on June 19, 2020 Hydro filed a reply requesting the Application be approved as
25 submitted; and
26

27 **WHEREAS** the Board is satisfied that the proposed Island Industrial customer CDM Cost
28 Recovery Adjustment of 0.012 cents per kWh will provide for recovery of deferred customer
29 energy conservation costs in accordance with Order Nos. P.U. 49(2016) and P.U. 22(2017) and
30 that the Application should be approved.
31

32
33 **IT IS THEREFORE ORDERED THAT;**
34

- 35 1. The proposed Island Industrial customer rates, to be effective on all electrical consumption
36 on and after July 1, 2020, as set out in Schedule A to this Order, are approved.
37
- 38 2. Hydro shall pay the expenses of the Board incurred in connection with this matter.

DATED at St. John's, Newfoundland and Labrador, this 30th day of June, 2020.



Darlene Whalen, P. Eng., FEC
Chair and Chief Executive Officer



Dwanda Newman, LL.B.
Vice-Chair



Cheryl Blundon
Board Secretary

NEWFOUNDLAND AND LABRADOR HYDRO
INDUSTRIAL – FIRM

Availability:

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

Base Rate*:

Demand Charge:

The rate for Firm Power, as defined and set out in the Industrial Service Agreements, shall be \$10.73 per kilowatt (kW) per month of billing demand.

Firm Energy Charge:

Base Rate @ 4.428 ¢ per kWh

2017 GRA Cost Recovery Rider (to conclude May 31, 2021)..... @ 0.042 ¢ per kWh

RSP Adjustment:

RSP Adjustment:

Current Plan @ 0.226 ¢ per kWh

Fuel Rider..... @ (0.059) ¢ per kWh

Total RSP Adjustment – All kilowatt-hours @ 0.167 ¢ per kWh

CDM Cost Recovery Adjustment..... @ 0.012 ¢ per kWh

NEWFOUNDLAND AND LABRADOR HYDRO
INDUSTRIAL – FIRM

Specifically Assigned Charges:

The table below contains the additional annual specifically assigned charges for customer plant in service that is specifically assigned to the Customer.

	Annual Amount
Corner Brook Pulp and Paper Limited	\$ 13,311
North Atlantic Refining Limited	\$ 107,678
Teck Resources Limited	\$ 51,789
Vale	\$ 145,352

***Subject to RSP Adjustments and CDM Cost Recovery Adjustment:**

RSP Adjustments 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.

The CDM Cost Recovery Adjustment is updated annually to provide recovery over a seven year period of costs charged annually to the Conservation and Demand Management (CDM) Cost Deferral Account.

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.

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 electricity bills.**

NEWFOUNDLAND AND LABRADOR HYDRO
INDUSTRIAL – Non-Firm

Availability:

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

Rate:

Non-Firm Energy Charge (¢ per kWh):

Non-Firm Energy is deemed to be supplied from thermal sources. The following formula shall apply to calculate the Non-Firm Energy rate:

$$\{(A \div B) \times (1 + C) \times (1 \div (1 - D))\} \times 100$$

- A = the monthly average cost of fuel per barrel for the energy source in the current month or, in the month the source was last used
- B = the conversion factor for the source used (kWh/bbl)
- C = the administrative and variable operating and maintenance charge (10%)
- D = the average system losses on the Island Interconnected grid for the last five years ending in 2016 (3.34%).

The energy sources and associated conversion factors are:

1. Holyrood, using No. 6 fuel with a conversion factor of 583 kWh/bbl
2. Gas turbines using No. 2 fuel with a conversion factor of 475 kWh/bbl
3. Diesels using No. 2 fuel with a conversion factor of 556 kWh/bbl.

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.

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 electricity bills.**

NEWFOUNDLAND AND LABRADOR HYDRO
INDUSTRIAL - WHEELING

Availability:

Any person purchasing power, other than a retailer, supplied from the Interconnected Island bulk transmission grid at voltages of 66 kV or greater on the primary side of any transformation equipment directly supplying the person and who has entered into a contract with Hydro for the purchase of firm power and energy and whose Industrial Service Agreement so provides.

Rate:

Energy Charge:

All kWh (Net of losses)* @ 0.831 ¢ per kWh

*For the purpose of this Rate, losses shall be 3.34%, the average system losses on the Island Interconnected Grid for the last five years ending in 2016.

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 electricity bills.**