

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

AN ORDER OF THE BOARD

NO. P.U. 19(2023)

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 for the
9 approval of a change in the Conservation and
10 Demand Management Cost Recovery Adjustment
11 to be charged to Island Industrial customers
12 effective July 1, 2023.
13
14

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

19 **WHEREAS** on June 27, 2023 Hydro filed an application requesting approval to charge a CDM Cost
20 Recovery Adjustment to Island Industrial customers of 0.005 cents per kWh, effective July 1, 2023
21 (the “Application”); and
22

23 **WHEREAS** in Order Nos. P.U. 49(2016) and P.U. 22(2017) the Board approved the deferral of
24 annual customer energy conservation program costs in a Conservation and Demand
25 Management (“CDM”) Cost Deferral Account with recovery over a seven-year period through the
26 CDM Cost Recovery Adjustment, to be updated annually to reflect the ongoing amortizations and
27 the deferred CDM program costs for the previous year; and
28

29 **WHEREAS** in Order No. P.U. 23(2022) the Board approved an Island Industrial customers CDM
30 Cost Recovery Adjustment of 0.014 cents per kWh, to be effective July 1, 2022; and
31

32 **WHEREAS** in Order No. P.U. 37(2022) the Board approved a revised CDM Cost Recovery
33 Adjustment Definition effective January 1, 2023 increasing the amortization period from seven
34 to ten years for both historical balances and annual charges; and

1 **WHEREAS** the Application submitted that approval of the proposed Island Industrial customer
2 CDM Cost Recovery Adjustment would permit recovery of deferred customer energy
3 conservation program costs as provided for in Order No. P.U. 22(2017) and Order No. P.U.
4 37(2022); and

5
6 **WHEREAS** the Application provided information and support in relation to the decrease in the
7 proposed CDM Cost Recovery Adjustment from 0.014 cents per kWh to 0.005 cents per kWh
8 which is primarily the result of the approved change in the amortization period; and

9
10 **WHEREAS** the Application was copied to: Newfoundland Power Inc. (“Newfoundland Power”);
11 the Consumer Advocate, Dennis Browne, K.C.; a group of Island Industrial customers: Corner
12 Brook Pulp and Paper Limited, Braya Renewable Fuels (Newfoundland) GP Inc., and Vale
13 Newfoundland and Labrador Limited; Teck Resources Limited; and Linde Canada Inc.; and

14
15 **WHEREAS** on July 7, 2023 Newfoundland Power and the Island Industrial customers submitted
16 that they did not have any comment on the Application; and

17
18 **WHEREAS** the Board received no other comments in relation to the Application; and

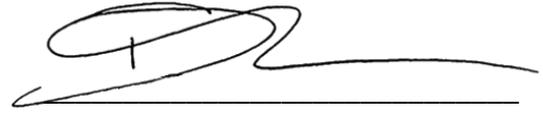
19
20 **WHEREAS** on July 13, 2023 Hydro filed a reply requesting the Application be approved as
21 submitted; and

22
23 **WHEREAS** the Board is satisfied that the proposed Island Industrial customer CDM Cost Recovery
24 Adjustment of 0.005 cents per kWh will provide for recovery of deferred customer energy
25 conservation program costs in accordance with Order Nos. P.U. 49(2016), P.U. 22(2017) and P.U.
26 37(2022) and that the Application should be approved.

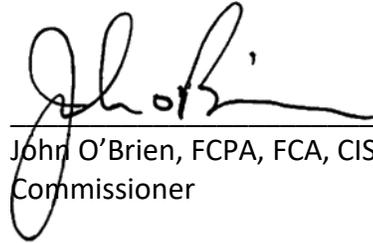
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28
29 **IT IS THEREFORE ORDERED THAT:**

- 30
31 1. The proposed Island Industrial customer rates, as set out in Schedule A to this Order, to be
32 effective on all electrical consumption on and after July 1, 2023 are approved.
33
34 2. Hydro shall pay the expenses of the Board incurred in connection with this matter.

DATED at St. John's, Newfoundland and Labrador, this 21st day of July 2023.



Dwanda Newman, LL.B.
Vice-Chair



John O'Brien, FCPA, FCA, CISA
Commissioner



Christopher Pike, LL.B., FCIP
Commissioner



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

RSP Adjustment

Current Plan@ 1.477¢ per kWh

CDM Cost Recovery Adjustment.....@ 0.005¢ 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
Braya Renewable Fuels (Newfoundland) GP Inc.	\$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 ten-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) that 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) that 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) that applies to electricity bills.