

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

AN ORDER OF THE BOARD

NO. P.U. 32(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 approval
9 of the terms of a Capacity Assistance Agreement
10 between Hydro and Corner Brook Pulp and Paper
11 Limited, pursuant to sections 70, 71 and 80 of
12 the **Act**.
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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
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19 **WHEREAS** in Order No. P.U. 4(2021) the Board approved a revised Power Service Agreement, a
20 Firm Energy Power Purchase Agreement, and a Second Amended and Restated Capacity
21 Assistance Agreement (the “Second Amended CAA”) with Corner Brook Pulp and Paper Limited
22 (“CBPP”); and
23

24 **WHEREAS** the Second Amended CAA expired on April 30, 2023; and
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26 **WHEREAS** on November 16, 2023 Hydro filed an application for approval of the terms for a new
27 Capacity Assistance Agreement (the “CAA”) with CBPP (the “Application”); and
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29 **WHEREAS** the Application stated Hydro and CBPP have agreed on the terms of a CAA where CBPP
30 will provide Hydro with up to 90 MW in the winter period, which may be increased as tested and
31 agreed upon by the parties, and 50 MW in the summer period over a 15-year term; and
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33 **WHEREAS** the Application stated that entering into the CAA would:
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35 (i) allow Hydro to ensure reliable service to customers during peak hours and periods
36 of system constraint without incurring the higher costs associated with additional
37 generation; and

- 1 (ii) provide increased flexibility, on a cost-effective basis, for Hydro to deal with
2 unanticipated generation or load events that may otherwise require the
3 implementation of a customer outage program to affect peak load management
4 in order to maintain system integrity; and
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6 **WHEREAS** the Application was copied to: Newfoundland Power Inc. (“Newfoundland Power”);
7 the Consumer Advocate, Dennis Browne, KC (the “Consumer Advocate”); a group of Island
8 Industrial customers: Corner Brook Pulp and Paper Limited, Braya Renewable Fuels
9 (Newfoundland) GP Inc. and Vale Newfoundland & Labrador Limited; Teck Resources Limited;
10 and Linde Canada Inc.; and
11

12 **WHEREAS** the Board and Newfoundland Power issued requests for information which were
13 answered by Hydro on December 1, 2023; and
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15 **WHEREAS** in response to PUB-NLH-005 Hydro stated that year-round capacity assistance is
16 required due to a forecast increase in summer electricity demand and to provide flexibility in the
17 peak summer maintenance period; and
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19 **WHEREAS** in response to PUB-NLH-008 Hydro stated that the cost for CBPP capacity assistance
20 is lower than Hydro’s 2022 Marginal Cost Projection of the Marginal Cost of Capacity for the 15-
21 year term of the agreement; and
22

23 **WHEREAS** on December 6, 2023 Newfoundland Power, CBPP and the Consumer Advocate
24 submitted comments; and
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26 **WHEREAS** Newfoundland Power supported the Application stating that capacity assistance is
27 required on the Island Interconnected System to mitigate both near-term and long-term risks to
28 customer reliability and the cost for the capacity assistance is lower than Hydro’s forecast
29 marginal cost of capacity over the 15-year term; and
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31 **WHEREAS** CBPP submitted that the proposed terms for the CAA represent a balanced and
32 reasonable approach to allow capacity assistance to be available to Hydro over a longer term at
33 a time when there is a need for reliable backup generation; and
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35 **WHEREAS** the Consumer Advocate submitted that the terms of the proposed CAA appear
36 reasonable; and
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38 **WHEREAS** no other comments were received by the Board; and
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40 **WHEREAS** on December 8, 2023 Hydro filed a reply requesting that the Board approve the
41 Application as submitted; and
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43 **WHEREAS** the Board is satisfied that the proposed terms of the CAA between Hydro and CBPP
44 for up to 90 MW of capacity assistance in the winter period and 50 MW in the summer period for
45 a 15-year term will provide cost-effective flexibility for Hydro to deal with unanticipated

1 generation or load events and is necessary to ensure the continued provision of adequate and
2 reliable supply to Hydro’s customers on the Island Interconnected system at the lowest possible
3 cost, in an environmentally responsible manner, and should be approved.

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6 **IT IS THEREFORE ORDERED THAT:**

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8 1. The terms of the Capacity Assistance Agreement between Hydro and Corner Brook Pulp and
9 Paper are approved.

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11 2. Hydro shall continue to file a report no later than May 30 of each year during the term of the
12 Capacity Assistance Agreement setting out for the latest winter and summer period:

- 13 i) the capacity assistance requested and provided, including dates, times and duration;
- 14 ii) the system conditions at the time of the capacity assistance request, including generation
15 available and calculation of system reserve; and
- 16 iii) payments made.

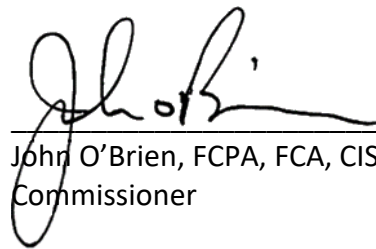
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18 3. Hydro shall pay all expenses of the Board arising from this Application.

DATED at St. John’s, Newfoundland and Labrador, this 18th day of December 2023.



Dwanda Newman, LL.B.
Vice-Chair



John O'Brien, FCPA, FCA, CISA
Commissioner



Christopher Pike, LL.B., FCIP
Commissioner



Jo-Anne Galarneau
Executive Director and Board Secretary