

1 **Undertaking Request (U-14)**

2 **Transcript Reference: Pg. 35, line 4-9**

3 **Re: Labrador Industrial Transmission Rate Policy**

4 **Undertake to provide copy of Policy, if not confidential.**

5

6 **Undertaking Response**

7 Hydro is not aware of a Labrador Industrial Rates Policy document; however, the Labrador  
8 Industrial Rates Policy was developed by the Government of Newfoundland and Labrador  
9 in 2012 to establish uniform rates for Labrador industrial customers, effective beginning in  
10 January 2015. In order to implement the policy, amendments were made to the *Electrical*  
11 *Power Control Act, 1994* and the *Churchill Falls (Labrador) Corporations Lease Act, 1961* in  
12 2012.<sup>1</sup> In addition to legislative amendments, the *2015 Energy Plan Progress Report* states  
13 that “[t]he Labrador industrial rate sheet as per the Labrador Industrial Rates Policy had  
14 *been posted to Newfoundland and Labrador Hydro’s website.*” [Emphasis added].

15

16 In the absence of a Labrador Industrial Rates Policy document, Hydro has provided its 2017  
17 Labrador industrial rate sheet as Attachment 1 to this undertaking.

---

<sup>1</sup> See Bill 53, *An Act to Amend the Churchill Falls (Labrador) Corporation Limited (Lease) Act 1961 and the Electrical Power Control Act, 1994* (Assented to December 22, 2012)

**NEWFOUNDLAND AND LABRADOR HYDRO**

**LABRADOR INDUSTRIAL**

**Availability:**

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

These rates will apply to power sold by Hydro to Labrador Industrial Customers served from the Labrador Interconnected Grid.

**Monthly Rate:**

**Transmission Demand Charge (CLOSED RATE – AVAILABLE TO EXISTING CUSTOMERS ONLY)**

The rate for Firm Power, as defined in the Industrial Service Agreement, shall be \$1.19 per month per kilowatt of Billing Demand.

**Specifically Assigned Transmission Charges:**

This rate may include specifically assigned charges upon approval by the Board.

Rates for transmission service are subject to approval of the Board of Commissioners of Public Utilities of Newfoundland and Labrador.

**Generation Demand Charge:**

The rate for Firm Power, as defined and set out in the Industrial Service Agreement, shall be \$0.42 per month per kilowatt of Billing Demand.

The generation demand charge shall be based upon the most recent Test Year Cost of Service approved for the establishment of customer rates by Board of Commissioners of Public Utilities of Newfoundland and Labrador.

**NEWFOUNDLAND AND LABRADOR HYDRO**

**LABRADOR INDUSTRIAL**

**Billing Demand:**

The billing Demand shall be equal to the greater of (i) the customer's Power on Order; (ii) the actual monthly demand in the current month; and (iii) their maximum demand in the calendar year less their interruptible demand.

**Firm Energy Charge:**

The Firm Energy rate shall be applied to the quantity of energy in the billing month that is less than or equal to the forecast of energy consumption that was provided by the Labrador Industrial Customer no later than the 19<sup>th</sup> day of the previous month.

The Firm Energy Rate shall be calculated monthly based on the following formula:

$$\text{Firm Energy Rate, } R_{\text{FIRM}} = \{ (E_D \times R_D) + (E_M \times R_M) \} / E_{\text{TOTAL}}$$

where:

$E_{\text{TOTAL}}$  is the Total Labrador Industrial Energy Forecast, expressed in MWh, for the billing month as provided by the Labrador Industrial Customers no later than the 19<sup>th</sup> day of the previous month;

$E_D$  is the lesser of the maximum quantity of the Development Energy Block adjusted for losses, expressed in MWh, for the billing month as defined in Schedule A, or  $E_{\text{TOTAL}}$ ;

$E_M$  is the quantity of Market Block Energy, expressed in MWh, for the billing month and is calculated as:

$$E_M = E_{\text{TOTAL}} - E_D, \text{ when } E_{\text{TOTAL}} > E_D ; \text{ otherwise}$$

$$E_M = 0$$

**NEWFOUNDLAND AND LABRADOR HYDRO**

**LABRADOR INDUSTRIAL**

$R_D$  is the Development Block Energy Rate which, effective January 1, 2018 through December 31, 2018, is \$23.06/MWh. The Development Block Energy Rate will be adjusted annually according to the percentage change over 12 months in the All-items Consumer Price Index for Canada; and

$R_M$  is the Market Block Energy Rate which shall be calculated annually based on the New York Mercantile Exchange (NYMEX) settlement price for New York Independent System Operator (NYISO) Zone A Swap Peak and Off-Peak electricity after the end of trading on the 19th day of November of the previous calendar year, converted to Canadian dollars using the exchange rate at the closing of the same day, adjusted for losses and other market fees. Effective January 1, 2018 through December 31, 2018 the Market Block Energy Rate is \$32.70/MWh.

**Imbalance Energy Charge (Interim):**

The Imbalance Energy Charge shall be applied to all energy in the billing month that is in excess of the forecast of energy consumption that was provided by the Labrador Industrial Customer no later than the 19<sup>th</sup> day of the previous month.

The Imbalance Energy Charge shall be calculated monthly based on a blend of the New York Mercantile Exchange (NYMEX) settlement price for New York Independent System Operator (NYISO) Zone A Swap Peak and Off-Peak electricity after the end of trading on the 19th day of the previous month, converted to Canadian dollars using the exchange rate at the closing of the same day, adjusted for losses and other market fees.

**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**

**LABRADOR INDUSTRIAL**

**SCHEDULE A**

The Development Energy Block for each month is specified as follows:

<b>Month</b>	<b>Development Energy Block (MWh)</b>
January	167,503
February	152,644
March	167,503
April	162,099
May	167,503
June	162,099
July	167,503
August	167,503
September	162,099
October	167,503
November	162,099
December	167,503