



OLTHUIS KLEER
TOWNSHEND - LLP

BARRISTERS AND SOLICITORS

Senwung Luk
sluk@oktlaw.com
416.981.9443
416-981-9350
73925

September 9, 2018

The Board of Commissioners of Public Utilities
Ms. G. Cheryl Blundon, Board Secretary
Prince Charles Building
210 - 120 Torbay Road,
St. John's, NL A1A 2G8

Re: NLH GRA 2017 Compliance Application – Submissions of the Labrador Interconnected Group

Dear Ms Blundon:

Please find attached to this letter the submissions of the Labrador Interconnected Group, filed in the above-noted proceeding. We apologize once again for the misunderstanding regarding the deadline for this submission and appreciate the Board's indulgence in permitting us to file it at this time.

Should you have any questions, please be sure to contact me.

Respectfully,
Olthuis, Kleer, Townshend LLP
PER:

A handwritten signature in black ink, appearing to read 'Senwung Luk', written in a cursive style.

SENWUNG LUK
PARTNER

SL/tw

IN THE MATTER OF the *Public Utilities Act*, RSN 1990, Chapter P-47 (the “Act”):
and

IN THE MATTER OF a General Rate Application (the “Application”) by Newfoundland and Labrador Hydro (“Hydro”) for approvals of, under Section 70 of the Act, changes in the rates to be charged for the supply of power and energy to Newfoundland Power, Rural Customers and Industrial Customers; and under Section 71 of the Act, changes in the Rules and Regulations applicable to the supply of electricity to Rural Customers.

SUBMISSIONS OF THE LABRADOR INTERCONNECTED GROUP

THE SUBMISSIONS OF THE LABRADOR INTERCONNECTED GROUP STATE:

Introduction

1. The Labrador Interconnected Group (the “LIG”) represents the communities of Sheshatshiu, Happy Valley-Goose Bay, Wabush, and Labrador City. These communities are all part of the Labrador Interconnected System. The LIG wishes to offer brief comments on Hydro’s Compliance Application in the above-noted Application.

Muskkrat Falls to Happy Valley Interconnection (“MFHVI”)

2. In LAB-NLH-007, Hydro has forecast an in-service date of December 15, 2019, for a portion of the MFHVI project, but not the entire MFHVI project.

3. In the Labrador Settlement Agreement, it was agreed by the parties that if “the MF-HV Project is not approved by the Board for construction to be completed in 2019”, that the Project costs should be excluded from the 2019 Test Year rate base.
4. In our submission, the Labrador Settlement Agreement intended to identify the completion of the MFHVI in its entirety as a condition precedent for the inclusion of any MFHVI costs in the rate base. Inclusion of partial costs upon partial completion of construction was not contemplated. It means that the MFHVI is not, in its entirety, used and useful for providing service and as such it should be excluded from the rate base.
5. In the alternative, Hydro should be required to report on the state of completion for the first portion of the MFHVI project on December 15. In the event of schedule slippage resulting in commissioning and energizing after December 31, 2019, the amounts attributable to the MFHVI should be removed from the 2019 rate base and rates.

Cryptocurrency demand and implications for both Island and Labrador Interconnected Systems

6. In LAB-NLH-001, Hydro’s answer shows that the updated forecast consumption by data centres in the 2019 Test Year is 111.7 GWh, more than double the 2019 Test Year forecast in the initial 2017 Application for data centre customers. Hydro indicates that the 111.7 GWh number is lower than the October 2018 forecast of 147.9 GWh, “owing to a slower load ramp-up [of the data centre customers] than had been originally forecast.” Data centre consumption is clearly becoming a more and more significant source of energy consumption, and is due to become an even greater one soon.

7. In LAB-NLH-010, Hydro has set out the differences between available exports in the 2019 Test Year that were forecast in its October 2018 filing versus the forecast available during the Compliance Filing. It appears that the Recapture Energy available to export has been reduced to close to zero.
8. In LAB-NLH-010, Hydro unfortunately did not identify the factors contributing to the reduction in Recapture Energy available for export, nor did it quantify those contributions, as requested. However, its response does show that the total Labrador Requirement under the Compliance Filing is 1000 GWh, which means that the 111.7 GWh taken by data centres (according to LAB-NLH-001) is more than 10% of total consumption in Labrador. In the absence of the information requested, it is appropriate to assume that data centres are a significant contributor to the fact that Recapture Energy available for export is expected to fall to zero by the end of 2019.
9. In our submission, these numbers reinforce the concerns expressed in other dockets by the Labrador Interconnected Group with respect to the effects of data centres and cryptocurrency customers on both the Labrador and Island Interconnected Systems. While the load restriction currently in place (Regulation 17) provides some protection in the short term, the Labrador Interconnected Group wishes to reiterate the urgency of the need for the Board to determine the appropriate regulatory response to this development.

Conclusions

10. The LIG makes the foregoing submissions in respect of Hydro's Compliance Application.

ALL OF WHICH IS RESPECTFULLY SUBMITTED.

DATED at Toronto, Ontario, this 9th day of September, 2019.

OLTHUIS KLEER TOWNSHEND LLP



Senwung Luk

TO: The Board of Commissioners of Public Utilities
Suite E210, Prince Charles Building
120 Torbay Road
PO Box 21040
St. John's, NL A1A 5B2
Attn: Board Secretary

TO: Newfoundland & Labrador Hydro
PO Box 12400
500 Columbus Drive
St John's, NL A1B 4K7
Attn: Geoffrey P Young
Senior Legal Counsel

TO: Newfoundland Power
55 Kenmount Road
St John's, NL A1B 3P6
Attn: Gerard Hayes

TO: The Consumer Advocate
Browne Fitzgerald Morgan & Avis
Terrace on the Square, Level 2
PO Box 23135
St John's, NL A1B 4J9
Attn: Dennis Browne, QC

TO: Industrial Customer Group
Stewart McKelvey Stirling Scales
Cabot Place, 100 New Gower St
PO Box 5038
St John's, NL A1C 5V3
Attn: Paul Coxworthy

TO: Iron Ore Company of Canada
1190 av. des Canadiens-de-Montréal
Suite 400

Montreal QC H3A 0E3
Attn: Benoît Pepin