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Email to Town of Charlottetown - May 25, 2023



From: Deanne Fisher/NLHydro
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Cc: Robert Collett/NLHydro@NLHydro, Kevin Fagan/NLHydro@NLHYDRO, Krista Fowler/NLHydro@NLHYDRO, Dana Pope/NLHydro@NLHYDRO, Matthew Halloran/NLHydro@NLHYDRO, Rick Kennedy/NLHydro@NLHYDRO, Scott Crosbie/NLHydro@NLHydro
Date: 05/25/2023 04:43 PM
Subject: Update regarding amendments to Hydro's legislation

Hello Mayor Oram and Stewart,

As discussed in my phone call with Stewart yesterday, I'm following up with an email which can be shared with the Town Council and others as you see fit. Apologies for the lengthy email; however, I want to ensure we cover everything.

This week Government proposed some amendments to the the 1) Electrical Power Control Act (EPCA) and 2) the Public Utilities Act. These were introduced in the House of Assembly on Tuesday.

During most of our meetings, you have heard Hydro talk about the legislation that we must follow when determining how to provide electricity service i.e. it must be least-cost, reliable power. This is specifically outlined in the EPCA. You've also heard us reference the Public Utilities Board legislation, and how the PUB is responsible for regulating utilities, Hydro and Newfoundland Power, by approving/not approving our applications for how we spend our money to ensure that the rates charged to customers in the province are just and reasonable.

My point in highlighting the above is to advise you that this week, Government introduced some amendments to the EPCA and PUB Acts. The one of importance to Hydro and Charlottetown is an amendment to the EPCA, which now says a utility must ensure power is being provided in "an environmentally responsible manner, in addition to least cost, reliable service." The news release is added below for your information.

I want to assure you and the residents that this addition to the legislation will not change our proposal for servicing Charlottetown and Southern Labrador. We intend to move forward with the 'same application' and proposal to build a regional plant and interconnect all communities in Southern Labrador. And that application will go to the PUB by the end of May.

We are confident that our proposed approach meets the criteria of balancing least -cost, reliable and environmental responsibility power. As we know, Midgard Consulting, the independent third-party consultant's report, stated that "Hydro should **proceed with the interconnection of the communities of southern Labrador with a regional plant with the full**

interconnection immediately rather than a phased implementation'. And that this option is not only the most cost-effective and reliable solution but also has "greater potential for renewable penetration".

We expect that some communities will feel that the addition of 'environmentally responsible' to the EPCA language could mean that Hydro should proceed with building the transmission line to Goose Bay; however, as has been pointed out by Midgard, this is not least-cost, even when considering the cost of emissions. Our VP Rob Collett has pointed out in our meetings that the carbon price needed to justify the transmission line to Happy Valley - Goose Bay is roughly \$4000 per tonne, which is well above the Government of Canada's proposed 2030 cost of carbon pollution of \$170 per tonne. In addition, as we've noted in our meetings, a transmission line to Goose Bay is over 400 kms. In order to ensure reliable service to remote communities, this length of transmission line requires backup generation, which would in fact be the regional plant with interconnection as proposed. Therefore, our proposed alternative for supplying Southern Labrador does not negate the potential for the transmission line, should it be decided upon in the future, but in fact supports it as a backup source would already be in place.

We also intend to send a similar message to all communities in Southern Labrador to advise of the changes and Hydro's intent to continue with our existing proposal.

If you have any questions, please do not hesitate to reach out.

Thanks
Deanne

Industry, Energy, and Technology

Justice and Public Safety

May 23, 2023

Amendments Being Introduced Following Review of Public Utilities Legislation; Ministers Available to Media

The Provincial Government is introducing amendments today to the Electrical Power Control Act and the Public Utilities Act that, if passed, will increase transparency and strengthen the Board of Commissioners of Public Utilities (PUB).

The Honourable Andrew Parsons, KC, Minister of Industry, Energy and Technology and the Honourable John Hogan, KC, Minister of Justice and Public Safety, will be available to the media today (Tuesday, May 23) at 10:30 a.m. to discuss the amendments. The availability will take place in front of the House of Assembly, East Block, Confederation Building. A technical briefing for media will be held in the Media Centre at 10:00 a.m.

The amendments are being recommended following a review of Public Utilities legislation announced last year.

Amendments to the Electrical Power Control Act would require a utility to ensure that power is being provided in an environmentally responsible manner , in addition to least cost, reliable service. Further, the Lieutenant-Governor in Council may direct the Public Utilities Board to hold an in-person hearing with respect to any matter , including capital budget applications .

Amendments to the Public Utilities Act are intended to balance appointment terms and the PUB's operational requirements. The changes would ensure that knowledge and experience are retained within the Board. The amendments are outlined in detail in the backgrounder below.

The PUB is responsible for the regulation of the electric utilities in the province to ensure that the rates charged are just and reasonable , and that the service provided is safe and reliable . The PUB is also responsible for the supervision of rates charged by automobile insurers for the various automobile insurance coverages under the Automobile Insurance Act ; limited regulation of the motor carrier industry in relation to certain passenger and ambulance operations under the Motor Carrier Act ; as well as conducting hearings and other required activities under the Expropriation Act . Since 1994, the PUB has been responsible for the regulation of maximum prices for petroleum products in the province in accordance with the Petroleum Products Act.

The latest amendments follow changes in 2022 to the Petroleum Products Act and Regulations that allowed for improved transparency within the fuel pricing process regulated by the PUB , requiring the PUB to make more information available to the public . The amendments also provided opportunities for Newfoundlanders and Labradorians to express opinions directly to the PUB on the fuel pricing process, through public hearings, and allowed the Minister of Digital Government and Service NL to direct the PUB to review all fuel -pricing components, which she did on June 7, 2022. That review is ongoing.

Quotes

“Given our commitment to net zero, amendments to the Electrical Power Control Act will now provide the Public Utilities Board with the ability to consider environmentally responsible decisions related to all sources and facilities for the production , transmission and distribution of power in the province, in addition to the lowest cost option . In addition, the Provincial Government now has the authority to direct the Public Utilities Board as to whether a hearing is required in relation to a matter before the Public Utilities Board . This matter has been raised by the Consumer Advocate and is an important change to the Act .”

Honourable Andrew Parsons, KC

Minister of Industry, Energy and Technology

“The Board of Commissioners of Public Utilities does important work that impacts all residents of the province. These amendments ensure the board can operate effectively to achieve its objectives in the best interests of the people of Newfoundland and Labrador . I want to thank the project team and all those that participated in the review for their work ensuring Public Utilities legislation is effective and based on best practices .”

Honourable John Hogan, KC

Minister of Justice and Public Safety

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Learn more

[New Petroleum Products Act Increases Transparency of Fuel Costs](#)

[Provincial Government to Review Public Utilities Legislation ; Ministers Available to Media](#)

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BACKGROUNDER

Amendments to the Electrical Power Control Act, 1994 and Public Utilities Act

This Bill would amend the **Electrical Power Control Act, 1994** to:

- Expand the power policy of the province ;
- Allow the Lieutenant-Governor in Council to direct the Public Utilities Board as to whether a hearing is required in relation to a matter before the Public Utilities Board ;
- Clarify that an exemption order under the Act is subordinate legislation ;
- Replace the reference “Trial Division” with the reference “Supreme Court”; and
- Incorporate gender-neutral language.

This Bill would amend the **Public Utilities Act** to:

- Remove references to services related to water and sewage from the definition of “public utility” and from other provisions of the Act;
- Add definitions for “minister” and “temporary commissioner”;
- Clarify that an exemption order under the Act is subordinate legislation for greater transparency;
- Increase the maximum number of full-time commissioners that may be appointed to the Public Utilities Board;
- Decrease the term of full-time commissioners from the current 10 year term appointments;
- Allow full-time commissioners to be appointed for a first 7 year term with up to 2 additional 5 year terms;
- Allow a commissioner whose term expires to continue unfinished matters before the panel;
- Allow the appointment of temporary commissioners;
- Establish the terms on which a temporary commissioner may be appointed;
- Allow the amounts for construction, purchases or leases by a public utility that require approval of the board to be prescribed in regulations;
- Clarify that the public utilities board may relieve a public utility from the requirement to supply electrical power to one customer or a group of customers;
- Replace the reference “Trial Division” with the reference “Supreme Court”;
- Replace the reference “power company” with the reference “public utility”;
- Replace the reference “Summary Proceedings Act” with the reference “Provincial Offences Act”;
- Add regulation making authority; and
- Incorporate gender-neutral language.

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