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November 25, 2024

Board of Commissioners of Public Utilities
Prince Charles Building
120 Torbay Road, P.O. Box 21040
St. John's, NL A1A 5B2

Attention: Jo-Anne Galarneau
Executive Director and Board Secretary

Re: Supply Cost Variance Deferral Account Monthly Report

Further to correspondence from the Board of Commissioners of Public Utilities accompanying Board Order No. P.U. 4(2022), please find enclosed Newfoundland and Labrador Hydro's report on the activity and balance of the Supply Cost Variance Deferral Account to the end of October 2024.

Should you have any questions, please contact the undersigned.

Yours truly,

NEWFOUNDLAND AND LABRADOR HYDRO

Shirley A. Walsh
Senior Legal Counsel, Regulatory
SAW/rr

Encl.

ecc:

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Supply Cost Variance Deferral Account Report (Unaudited)

October 2024

November 25, 2024

A report to the Board of Commissioners of Public Utilities



**Supply Cost Variance Deferral Account
 Summary
 October 31, 2024**

	Supply Cost Variance Deferral Account Balance (\$) (from page 2)	Utility Balance (\$) (from page 3)	Industrial Balance (\$) (from page 4)	Total to Date (\$)
Opening Balance	283,716,067	(12,444,308)	-	271,271,759
Adjustment	-	-	-	-
Adjusted Opening Balance	283,716,067	(12,444,308)	-	271,271,759
January	312,104,403	(13,625,254)	-	298,479,149
February	342,262,573	(14,578,410)	-	327,684,163
March	398,249,665	(15,412,310)	-	382,837,355
April	459,363,624	(16,162,803)	-	443,200,821
May	514,047,548	(17,010,097)	-	497,037,451
June	473,583,285	(17,510,869)	-	456,072,416
July	534,079,642	(17,854,603)	-	516,225,039
August	440,090,431	(18,531,573)	-	421,558,858
September	473,051,734	(19,151,386)	-	453,900,348
October	532,091,269	(20,082,269)	-	512,009,000
November				
December				

Supply Cost Variance Deferral Account Report for October 2024 (Unaudited)

Supply Cost Variance Deferral Account
Section A - Summary
October 31, 2024

	Project Cost Recovery Rider		Load Variation				Financing Charges ¹				Cumulative Net Balance (\$)				
	Muskat Falls Project Cost Variance (\$)	Rate Mitigation Fund ^{2,3} (\$)	Utility ⁴ (\$)	Industrial ⁵ (\$)	Holyhood TGS ⁶ Fuel Cost Variance ⁷ (\$)	Other IIS ⁸ Supply Cost Variance ⁹ (\$)	Net Revenue From Exports Variance ¹⁰ (\$)	Transmission Tariff Revenue Variance ¹¹ (\$)	Greenhouse Gas Credit Revenue Variance ¹² (\$)	Subtotal Monthly Variances (\$)		Utility (\$)	Industrial (\$)	Other ¹³ (\$)	Transfers (\$)
Opening Balance Adjustment	855,037,017	(335,104,321)	(65,690,947)	-	(114,193,068)	(48,568,155)	(48,570,916)	(26,781,096)	(35,494,446)	270,145,913	(2,474,924)	-	-	-	283,716,067
Adjusted Opening Balance	855,037,017	(335,104,321)	(65,690,947)	-	(114,193,068)	(48,568,155)	(48,570,916)	(26,781,096)	(35,494,446)	270,145,913	(2,474,924)	-	16,045,078	-	283,716,067
January	60,516,084	-	(5,919,516)	(302,776)	(22,011,159)	264,112	(446,394)	(1,498,023)	(17,559)	27,070,167	(305,206)	-	-	-	312,104,403
February	60,093,165	-	(5,193,050)	(330,240)	(20,917,636)	(3,525,372)	(407,397)	(1,498,023)	(29,082)	28,708,106	(332,708)	(1,407)	1,784,179	-	342,262,573
March ¹⁰	61,108,742	-	(4,865,806)	(321,551)	863,536	(7,862,356)	(558,056)	(1,498,023)	(253,875)	54,396,911	(356,836)	(2,941)	1,949,958	-	398,249,665
April	60,246,161	-	(4,120,230)	(149,332)	2,406,427	(1,237,916)	(430,715)	(1,498,023)	1,441	59,263,657	(379,443)	(4,435)	2,234,180	-	459,363,624
May	59,780,821	-	(3,530,077)	(248,519)	2,252,471	(1,651,819)	(350,006)	(1,498,023)	(1,688)	52,549,682	(398,586)	(5,129)	2,537,957	-	514,047,548
June	49,022,047	(90,000,000)	(2,498,638)	(395,759)	(2,883,308)	(980,286)	(1,81,385)	(1,498,023)	10,889	(42,852,572)	(414,987)	(6,283)	2,809,579	-	473,583,285
July	61,557,803	-	(2,407,637)	(409,504)	120,315	(746,360)	(130,886)	(1,498,023)	(35,560)	58,296,049	(426,595)	(8,122)	2,635,025	-	534,079,642
August	57,372,009	(150,329,113)	(3,442,297)	(342,362)	(211,467)	2,100,276	(140,467)	(1,498,023)	1,351	(96,470,590)	(437,782)	(10,025)	2,929,186	-	440,090,431
September ¹¹	61,247,178	-	(3,463,905)	(356,058)	(5,434,284)	(1,620,647)	(248,639)	(1,498,911)	(19,782,371)	30,916,605	(453,775)	(11,615)	2,510,088	-	473,051,734
October	61,647,822	-	(4,581,342)	(316,756)	2,298,435	(2,843,636)	(184,666)	(1,498,368)	670	56,841,696	(469,868)	(13,270)	2,680,977	-	532,091,269
November															
December															
Year-to-Date	592,591,832	(240,329,113)	(40,022,498)	(3,172,857)	(43,516,070)	(18,104,004)	(3,078,411)	(14,981,463)	(20,105,784)	228,719,711	(3,975,786)	(63,227)	23,694,504	-	248,375,202
Total	1,447,628,849	(575,433,434)	(105,713,445)	(3,172,857)	(157,709,738)	(66,672,159)	(51,649,327)	(41,762,559)	(55,600,230)	498,865,624	(6,450,710)	(63,227)	39,739,582	-	532,091,269

¹ Financing charges accrued at the 2023 short-term cost of borrowing of 5.72% for the period of January to November 2024. In December, financing costs will be trueed up to reflect the actual short-term cost of borrowing for 2024.

² As per Order in Council (OC) 2024-062 dated May 7, 2024, Newfoundland and Labrador Hydro ("Hydro") has been directed by the Government of Newfoundland and Labrador ("Government") to retire the 2023 Supply Cost Variance Deferral Account balance of \$271.3 million over the 2024 to 2026 period using its own sources of funding. In June 2024, the Government provided further direction for Nalcor Energy to transfer \$50.0 million of rate mitigation funding to Hydro, for the purpose of offsetting a portion of the 2023 Supply Cost Variance Deferral Account balance.

³ In 2022, as part of the Government's rate mitigation plan, Hydro, the Government and the Government of Canada signed term sheets enabling access, upon commissioning of the Labrador-Island Link ("LIL"), to a \$1.0 billion investment by the Government of Canada in the LIL, in the form of a convertible debenture. In August 2024, funding was received by LIL (2021) Limited Partnership, and transferred to Hydro for the purpose of rate mitigation, reducing the balance in the Supply Cost Variance Deferral Account.

⁴ As per Order No. P.U. 15(2024), the Board of Commissioners of Public Utilities ("Board") approved a Project Cost Recovery Rider of 1.124 cents per kWh effective August 1, 2024.

⁵ As per Order No. P.U. 4(2024), the Board approved a Project Cost Recovery Rider of 0.888 cents per kWh that became effective as of January 1, 2024.

⁶ Holyhood Thermal Generating Station ("Holyhood TGS").

⁷ In 2021, Nalcor commenced delivery of the Nova Scotia Block that, combined with limited LIL capacity, meant Hydro could not be delivered as much energy from the Muskrat Falls Hydroelectric Generating Facility as it would otherwise. Nalcor committed to indemnify Hydro for any damages suffered as a result of this reduction in deliveries including compensating Hydro for incremental costs of fuel and/or imports over the lifetime Link. The 2024 balance reflects adjustments to the calculation to eliminate incremental costs incurred by Hydro as a result of reduced deliveries. The balances in this report reflect the true-up of initial estimates made throughout the period.

⁸ Island Interconnected System ("IIS").

⁹ Any adjustments to any component in the Supply Cost Variance Deferral Account that results in a change to the Subtotal Monthly Variances will result in a corresponding adjustment to financing charges.

¹⁰ In March 2024, the actual settlement value for net export sales for 2023 was finalized. The settlement did not change the revenue that was accrued in December 2023, therefore, no true-up was required.

¹¹ In September 2024, Hydro sold 330,494 Greenhouse Gas Performance Credits within the province for \$19.8 million.

Supply Cost Variance Deferral Account
Section B: Utility Customer Balance
October 31, 2024

	Allocation Rural Rate Alteration ¹ (\$)	Financing Charges (\$)	Transfers (\$)	Cumulative Net Balance (\$)
Opening Balance	(11,788,153)	(656,155)	-	(12,444,308)
Adjustments	-	-	-	-
Adjusted Opening Balance	(11,788,153)	(656,155)	-	(12,444,308)
January	(1,123,129)	(57,817)	-	(13,625,254)
February	(889,852)	(63,304)	-	(14,578,410)
March	(766,167)	(67,733)	-	(15,412,310)
April	(678,886)	(71,607)	-	(16,162,803)
May	(772,200)	(75,094)	-	(17,010,097)
June	(421,742)	(79,030)	-	(17,510,869)
July	(262,377)	(81,357)	-	(17,854,603)
August	(594,016)	(82,954)	-	(18,531,573)
September	(533,714)	(86,099)	-	(19,151,386)
October	(841,904)	(88,979)	-	(20,082,269)
November	-	-	-	-
December	-	-	-	-
Year-to-Date	(6,883,987)	(753,974)	-	(7,637,961)
Total	(18,672,140)	(1,410,129)	-	(20,082,269)

¹ The Rural Rate Alteration is allocated between Utility and Labrador Interconnected customers in the same proportion that the rural deficit was allocated in the approved 2019 Cost of Service Study, which is 96.1% and 3.9%, respectively. The Labrador Interconnected amount is then removed from the plan and written off to net income (loss).

The only transactions posted to the Utility's Customer Balance are Newfoundland Power's allocation of Rural Rate Alteration and associated interest until further approval is obtained from the Board.

Supply Cost Variance Deferral Account
Section B: Industrial Customers Balance¹
October 31, 2024

	Financing Charges (\$)	Transfers (\$)	Cumulative Net Balance (\$) (to page 1)
Opening Balance	-	-	-
January	-	-	-
February	-	-	-
March	-	-	-
April	-	-	-
May	-	-	-
June	-	-	-
July	-	-	-
August	-	-	-
September	-	-	-
October	-	-	-
November	-	-	-
December	-	-	-
Year-to-Date	-	-	-
Total	-	-	-

¹ No transactions will be applied to this balance until further approval is obtained from the Board.