

1 Q. **Reference: November 30, 2022, Hydro Presentation**

2 **Non-Firm Rates Review & Interruptible/Capacity Assistance in NL**

3 With respect to Slide 8, what are the material differences in service obligations for interruptible  
4 load/capacity assistance and non-firm or surplus /excess energy?

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7 A. There are several material differences between interruptible load/capacity assistance and non-  
8 firm/surplus energy. The main difference relates to the frequency and duration of customer  
9 interruptions under each type of service. Common attributes of each are described in  
10 Newfoundland and Labrador Hydro's ("Hydro") presentation—slide 9 for interruptible  
11 load/capacity assistance and slide 11 for non-firm or surplus/excess energy.<sup>1</sup>

12 With interruptible load, there are generally limits on the number and duration of interruptions on  
13 an annual basis. For example, interruptible/curtailable service at Newfoundland Power Inc. is  
14 limited to 100 hours in a year or a maximum of 1.1% of the year. The utility must plan to serve the  
15 peak demand requirements of these customers the other 98.9% of the time. There are often years  
16 when customers on interruptible/curtailable rates do not experience any interruptions. Rates paid  
17 by these customers are typically the published firm rate with a credit provided as compensation  
18 for enabling their firm service to be interrupted on an infrequent basis.

19 With non-firm or surplus/excess energy, there may be no limits on the frequency or duration of  
20 interruptions. This type of service is typically used to enable large customers to have temporary  
21 access to energy beyond their firm load requirements (when available). For example, on the Island  
22 Interconnected System, Industrial customers pay the non-firm energy charge when they are using  
23 demand in excess of their Power on Order. The utility does not have an obligation to ensure  
24 surplus energy is available and does not make asset investments to ensure supply availability. As a  
25 result, the customer purchasing surplus energy is not normally required to pay the firm energy  
26 rate. The price for surplus energy generally considers the incremental cost of supplying the

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<sup>1</sup> "Non-Firm Rate Application – Information Session for Interested Parties," Newfoundland and Labrador Hydro, November 30, 2022.

1 energy. When the sale of surplus energy reduces the energy available to export, the pricing  
2 approach of the utility normally considers the market value of exports in determining the  
3 incremental cost.