

1 Q. Re: Non-Firm Rate Application, page 38-38 (pdf)

2 Citation:

3 5.2 Potential Rate Structure

4 Based on the foregoing, Hydro believes the following rate design approach would be
5 appropriate for non-firm service on the Labrador Interconnected System.

Table 6: Potential Labrador Interconnected System Non-Firm Rate Structure

Rate	Details
Demand Charge	Demand charge based on transmission costs ⁹ (non-ratcheted)
Energy Charge	Greater of market-based energy charge ¹⁰ or incremental energy supply cost ¹¹ (updated monthly) Plus: an administrative and variable operating and maintenance charge (10.0%)

6 As the non-firm customers would use the transmission system, Hydro believes it would
7 be appropriate for the customers to pay a transmission demand charge based on the
8 average embedded cost of demand. This is currently \$1.08 per kW on the Labrador
9 Interconnected System. As this service is non-firm, the rate would apply to the
10 maximum monthly demand and would not apply to the maximum annual demand as
11 is the case for firm demand.

12 a) Is Hydro open to the possibility of returning to the potential rate structure originally
13 presented on pages 38-39 (pdf) of the Application? If not, why not?

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16 A. a) Newfoundland and Labrador Hydro ("Hydro") believes the proposed non-firm rate is just
17 and reasonable. Please refer to Hydro's response to PUB-NLH-006 of this proceeding with
18 respect to why Hydro has proposed no demand charge in the non-firm rate. Please refer to
19 Schedule 1 of the application,¹ which explains why Hydro is not proposing to implement a
20 10% adder in deriving the incremental energy charge.

¹ "Application for a Non-Firm Rate for Labrador," Newfoundland and Labrador Hydro, rev. March 29, 2023 (originally filed September 15, 2022), sch. 1, sec. 2.3.5, p. 10.